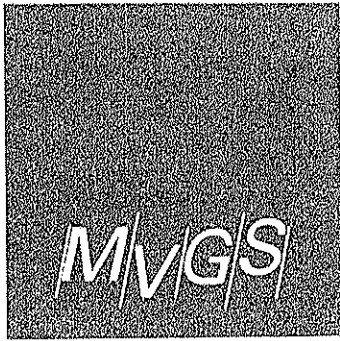




MARTINEZ VERGARA GONZALEZ & SERRANO

Suite 2401, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center
1600 Pasig City, Metro Manila
Philippines

Telephone (632) 687.1195
Facsimile (632) 687.1197
www.mvgsllaw.com

May 14, 2015

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: Director Vicente Graciano P. Felizmenio, Jr.
Markets and Securities Regulation Department

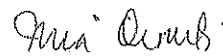
Re: BDO Unibank, Inc. -
Amended SEC 17A - Annual Report

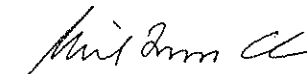
Gentlemen:

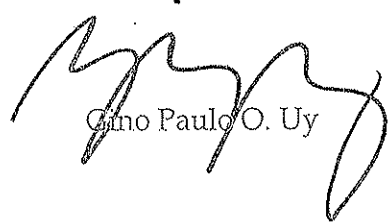
On behalf of our client, BDO Unibank, Inc. (BDO), we submit BDO's *amended* Annual Report for 2014. The amendment consists of adding in Part IV, Item 13 (Corporate Governance) a statement on BDO's compliance with the Revised Code of Corporate Governance under the relevant issuances of the Securities and Exchange Commission.

We trust that you will find the foregoing documents in order.

Very truly yours,


Mia M. Ormita


Phil Ivan A. Chan

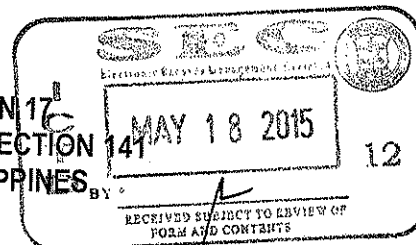

Gino Paulo O. Uy

Encls.a/s

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES



1. For the fiscal year ended: 31 December 2014
2. SEC Identification Number: 34001 3. BIR Tax Identification No. 000-708-174-000
4. Exact name of registrant as specified in its charter: BDO UNIBANK, INC.
5. Manila 6. [REDACTED] (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. BDO Corporate Center, 7899 Makati Avenue, Makati City 0726
Address of principal office Postal Code
8. (632) 840-7000
Issuer's telephone number, including area code
9. N.A
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common Stock, ₱10.00 par value	3,580,875,328
Preferred Stock, ₱10.00 par value	515,000,000

11. Are any or all of these securities listed on a Stock Exchange.

Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange 3,580,875,328 Common Shares

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ [X]

No ☐ []

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

Yes ☒ [X]

No ☐ []

13. Aggregate market value of the voting stock held by non-affiliates: P176,749,698,171.60
(BDO share price of P109.80)

TABLE OF CONTENTS

Page No.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1	Business	1
Item 2	Properties	12
Item 3	Legal Proceedings	65
Item 4	Submission of Matters to a Vote of Security Holders	65

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5	Market for Issuers Common Equity and Related Stockholders Matters	66
Item 6	Management's Discussion and Analysis or Plan of Operations	69
Item 7	Financial Statements	76
Item 8	Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	76

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9	Directors and Executive Officers of the Issuer	78
Item 10	Executive Compensation	104
Item 11	Security Ownership of Certain Beneficial Owners and Management	106
Item 12	Certain Relationships and Related Transactions	111

PART IV – CORPORATE GOVERNANCE

Item 13	Corporate Governance	113

PART V - EXHIBITS AND SCHEDULES

Item 14	List of Branches, Reports on SEC Form 17-C	114

SIGNATURES	119

EXHIBITS & ANNEXES

Audited Financial Statements and Independent Auditors' Report (December 31, 2014, 2013 and 2012)	
Supplementary Schedules	
Annual Corporate Governance Report (Consolidated Changes as of December 31, 2014)	

Part I – Business and General information

Item 1. Business

1) Business Development

(a) Form and Year of Organization

BDO Unibank, Inc. (BDO or the "Bank"), originally known as Acme Savings Bank, was acquired by the SM Group in 1976. The SM Group is one of the largest conglomerates in the Philippines, with substantial interests in financial services, real estate development, and tourism and entertainment, founded around its core business in commercial centers and retailing. BDO listed its shares on the Philippine Stock Exchange (PSE) on 21 May 2002.

BDO is now the market leader in most of its core business lines following its merger with Equitable PCI Bank (EPCI) in May 2007. The Bank offers a complete array of products and services, i.e. Retail Banking, Lending (Corporate, Commercial, Consumer, and SME), Treasury, Trust, Credit Cards, Corporate Cash Management and Remittances. Through its subsidiaries, the Bank offers Leasing and Financing, Investment Banking, Private Banking, Bancassurance, Insurance Brokerage and Stock Brokerage services. It has one of the largest branch networks, with 875 operating domestic branches, 1 branch in Hongkong and 2,591 ATMs and 61 Cash Accept Machines as of 31 December 2014.

Over the past several years, the Bank has experienced significant growth. This resulted from organic growth arising from increased market coverage and a wider array of products and services, as well as through mergers and acquisitions. Sustaining earlier gains, the Bank is currently the largest bank in the Philippines in terms of assets, loans, deposits and trust assets as of the end of the fourth quarter of 2014. BDO's market shares of the commercial banking sector are as follows:

- o Assets - 17%
- o Assets Under Management (Trust) - 32%
- o Customer Loans - 21% and
- o Deposits - 18%

BDO reported a net income of P22.8 billion for the year 2014. Total resources climbed by 11% year-on-year to P1.9 trillion owing to an expansion in customer receivables. Net Loans and Other Receivables grew 31% with gross customer receivables expanding by 20% buoyed by continued demand for corporate and consumer loans. Total Deposit Liabilities went up by 11%, driven by the 24% growth in CASA deposits, on continued marketing efforts supported by additional branch redeployments. Trust Assets under Management likewise expanded year-on-year to P817.5 billion. Meanwhile, Total Equity stood at P179.7 billion from the Bank's continued profitable operations.

BDO's diverse subsidiaries and investments in allied undertakings provide an extensive range of banking and other financial services. The Bank's subsidiaries and associates are as follows:

Philippine Subsidiaries	% Interest Held
BDO Private Bank, Inc. (BDO Private)	100%
BDO Strategic Holdings, Inc. (BDOSHI, formerly EBCII)	100%
BDO Leasing and Finance, Inc.	89%
Banco de Oro Savings Bank, Inc.	100%
BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.)	99%
BDO Capital & Investment Corporation (BDO Capital)	100%
Equimark – NFC Development Corp.	60%
PCIB Securities, Inc.	100%
PCI Realty Corporation	100%
BDO Insurance Brokers, Inc. (BDOI)	100%
PCI Insurance Brokers, Inc. (PCI Insurance)	100%
MDB Land, Inc.	100%

Foreign Subsidiaries	% Interest Held
Express Padala (Hongkong) Ltd.	100%
BDO Remittance (USA), Inc.	100%
PCIB Europe, S.P.A	100%
Express Padala Frankfurt GmbH	100%
BDORO Europe Ltd.	100%
BDO Remit (Japan) Ltd.	100%
BDO Remit (Canada) Ltd.	100%

Associates	% Interest Held
Manila North Tollways Corporation (MNTC)	12%
SM Keppel Land, Inc.	50%
Generali Pilipinas Holdings, Inc.	40%
Northpine Land Incorporated	20%
Taal Land	33%

None of the Bank's subsidiaries and associates is under any bankruptcy, receivership or similar proceedings. Further, such subsidiaries and associates have not engaged in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets that is not in the ordinary course of business.

2) Business of Issuer

(i) Principal Products and Services

Deposits

BDO offers a wide array of Peso, Dollar, and Third Currency deposit products and services catering to a broad and diversified client base. These products cut across all age groups and customer profiles (such as kids, young professionals, entrepreneurs, OFWs and their beneficiaries and retirees). Further details on the Bank's various deposit products can be accessed at its website www.bdo.com.ph.

Remittances

BDO's strength in providing top remittance services lies in its extensive international reach spanning Asia, Europe, North America, and the Middle East. On the distribution side, a strong domestic coverage consisting of the Bank's wide branch network and remittance partners that include, among others, SM, thrift banks, pawnshops, as well as other financial service partners, complements the Bank's international presence. BDO also has tie-ups with SM and its partner establishments, as well as food outlets (like Jollibee and Max's) that provide clients with unique value-added services such as gift and food remittance delivery.

Trust Services

In addition to investment management and wealth advisory services, BDO offers a good mix of collective investment products such as the Unit Investment Trust Funds (UITFs) for individual and corporate clients; as well as escrow, agency and specialized corporate trust services.

Treasury

The bank provides treasury products and services to clients ranging from retail, middle market and large corporates, both onshore and offshore. These services include purchase and sale of foreign exchange, fixed income securities as well as offering hedging tools (in the form of derivatives) to mitigate the clients' interest and foreign exchange risks. As the bank is committed to be its clients' partner for growth, the bank holds periodic economic briefings and forums to keep its clients abreast of the financial market conditions. This also serves as a venue for the bank to listen to clients' needs and offer solutions. On several occasions, the Bank has been recognized and has been a recipient of various awards in the area of foreign exchange and fixed income securities.

Transaction Banking

BDO's transaction-based services provide high value-added cash management government entities, and small- and medium-enterprises (SMEs). The Bank's electronic banking services, which include the Bank's over 2,600 ATMs nationwide, as well as browser-based, mobile app, and landline banking facilities, allow customers to access their accounts and perform an extensive range of banking transactions at their convenience anytime and anywhere. Meanwhile, the Bank's debit card facility lets customers enjoy the convenience of hassle-free cashless payments and easy cash access using either pre-loaded or account-funded cards.

Credit Cards

The Bank offers an extensive array of locally- and internationally-accepted credit cards bearing the BDO Shopmore, American Express, JCB, MasterCard, Union Pay, and Visa brands, as well as other co-brand tie-ups (Amex, Cathay Pacific, Forever 21 and Bench). BDO credit cards likewise cover a broad market spectrum across different age groups ranging from the young upwardly mobile generation (with Amex Blue) to high net worth individuals (Elite cards).

Investment Banking

Through its subsidiary, BDO Capital & Investment Corp., the Bank provides expertise and optimal solutions to address the capital raising needs of corporations and government entities plus meet the investment needs of retail and institutional investors.. The Bank's strong origination and structuring capabilities, robust distribution network, dominant presence in both the equities and capital markets, and established track record all highlight BDO's brand of investment banking.

Insurance

The Bank provides its clients property and casualty insurance through BDO Insurance Brokers, Inc., a wholly-owned subsidiary. In partnership with Generali Pilipinas Holding, the Bank also acquired a bancassurance license that permits it to market and sell life insurance products through its nationwide network of more than 875 branches, permitting customers access to a wide array of insurance products.

Trade Services

The Bank offers a complete range of trade finance products and services, ranging from letters of credit to inventory financing that respond to the specific trade- and international requirements of its corporate customers.

Wholesale Lending and International Desks

BDO provides teams or specialized desks with relationship managers who are able to speak foreign languages to address the Bank's growing number of clients from different countries. In addition to Desks covering Japan, Korea, Mainland China, Taiwan and Southeast Asia, the Bank

also has teams focused on clients from North America, Europe and Australia/New Zealand as well as the diplomatic corps for their banking needs. Access to multilateral institutions such as the International Finance Corporation, the Asian Development Bank and export credit agencies such as USEximbank, Korea Exchange Bank, Taiwan Eximbank and the Japan Bank for International Cooperation is also provided as sources of guarantee facilities and fixed rate medium to long term loans for the bank's eligible customers. Domestic funding sources for specialized lending facilities from the Development Bank of the Philippines and the Land Bank as well as rediscounting facilities from the Bangko Sentral are also provided.

Leasing

BDO Leasing and Finance, Inc. offers comprehensive leasing and financing solutions to commercial clients across various industries.

From the above mentioned products and services, the Bank's revenues are divided into two major categories, namely, (1) interest income from the Bank's deposit taking, lending and investing activities which accounts for 68% of revenues, and (2) other income which includes service charges, fees & commissions, trading gain, foreign exchange gains, trust fees, income from sale of acquired assets and other miscellaneous income which account for 32% of revenues. Of all the revenue accounts, the following contributes more than 10% to total revenues:

Income Accounts	% to Total Income
1. Interest Income on Loans & Other Receivables	57.9%
2. Service Charges, Fees and Commissions	16.5%

Subsidiaries and Associates

BDO Private Bank, Inc.

BDO Private Bank, Inc. ("BDO Private Bank"), a wholly-owned commercial bank subsidiary of the Bank, was acquired on August 29, 2003 to provide a dominant presence in the Philippine private banking sector. BDO Private Bank focuses in providing wealth management and bespoke private banking services to a niche market of emerging affluent and high net worth individuals as well as corporate and institutional clients.

BDO Strategic Holdings, Inc.

BDO Strategic Holdings, Inc. ("BDOSHI"), formerly, EBC Investments, Inc. is a domestic corporation incorporated on October 4, 1995 and licensed to operate as a holding company. BDOSHI, which is wholly owned by the Bank, owns three (3) offshore remittance companies.

BDO Leasing and Finance, Inc.

BDO Leasing and Finance, Inc. ("BDO Leasing"), an 88.54%-owned subsidiary, incorporated on May 10, 1981 and was listed in the PSE on January 6, 1997. BDO Leasing's principal business is to provide leasing and financing products. Its leasing products include direct leases, sale and leaseback arrangements, and dollar-denominated leases. Its financing products include commercial and consumer loans, installment paper purchases, floor stock financing, and receivables discounting and factoring. Assets financed include automobiles, trucks, office equipment, industrial, agricultural and office machinery, real property, and financial assets such as receivables.

Banco De Oro Savings Bank, Inc.

Banco De Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.) is a thrift bank subsidiary of the Bank acquired in March 25, 2014. The Company's banking business was integrated with the Bank in August 2014. It remains a subsidiary with a separate legal entity and assets of P865 million as of December 31, 2014.

BDO Elite Savings Bank, Inc.

While BDO Elite Savings Bank, Inc.'s operations were integrated with the Bank on May 17, 2010, it remains a subsidiary with a separate legal entity and assets of P804 million as of December 31, 2014.

BDO Capital & Investment Corporation

BDO Capital & Investment Corporation ("BDO Capital"), a wholly-owned investment house, is the investment banking arm of the Bank that started operations in March 1999. BDO Capital was established to address the capital raising needs of the Bank's larger corporate and institutional accounts, as well as Government-owned and controlled corporations and match these with the investment requirements of the more sophisticated investors including high net worth individuals, fund managers and other institutions.

Equimark-NFC Development Corporation

Equimark-NFC Development Corp. is 60% owned by the Bank and 40% owned by China Non-ferrous Metals Industry. The company has a joint venture project with Avida Land, an Ayala subsidiary, involving two residential condominium towers in Makati City.

PCIB Securities, Inc.

PCIB Securities, Inc., a wholly-owned subsidiary, was incorporated in the Philippines on June 29, 1994 and was licensed by the SEC primarily to engage as dealer in the business of offering, buying, selling, dealing or trading of securities of all kinds for its own account and as a broker in the

purchases, sales or other transactions relating to all kinds of securities of any person, corporation or entity.

BDO Insurance Brokers, Inc.

BDO Insurance Brokers, Inc. ("BDOI") is a wholly-owned subsidiary of the Bank engaged in insurance brokerage. It began commercial operations in September 1997 as an insurance intermediary for the Bank, its customers, and the Bank's affiliates, including the SM Group. For the years ended December 31, 2012, 2013 and 2014, and the two months ended February 28, 2015, P3.9 billion, P4.6 billion, P5.9 billion and P1.1 billion, respectively, of gross insurance premiums were arranged by BDOI. While BDOI has the technical capability to evaluate insurance risks, it does not underwrite or absorb insurance risks.

MDB Land, Inc.

MDB Land, Inc. was incorporated on August 30, 1996 and is currently under dissolution.

Express Padala (HK) Ltd.

Express Padala (HK) Ltd. provides remittance services to the Philippines from Hong Kong. It is wholly-owned by the Bank.

BDO Remit (USA), Inc.

BDO Remit (USA), Inc., a wholly-owned subsidiary, was incorporated in California on February 15, 1991. It offers a full range of remittance services to the Philippines through its offices in West Covina, Los Angeles, and San Francisco, and its agents in California and other states.

PCIB Europe SpA

PCIB Europe SpA ceased operations on May 25, 2010 and is on liquidation basis.

Express Padala Frankfurt GmbH

Express Padala Frankfurt GmbH provides remittance services to the Philippines from Germany. It is currently under liquidation.

BDORO Europe Ltd.

BDORO Europe Ltd., a wholly owned subsidiary, was formed in London and registered with the Companies House on May 30, 2012. It is now in the process of completing the documents to support its application for a banking license in the United Kingdom. While waiting for the authorization process to be completed and with the acquisition of a real estate property in London, it will initially operate as a property lessor but will eventually provide commercial banking services to the Filipino communities in UK and Europe.

BDO Remit (Japan) Ltd.

BDO Remit (Japan) Ltd. was incorporated on August 18, 2014 and is presently preparing its application for a money service license.

BDO Remit (Canada) Ltd.

BDO Remit (Canada) Ltd. was incorporated on June 23, 2014. It can operate a money service business but as of the moment remains non-operational.

Manila North Tollways Corporation

Manila North Tollways Corporation ("MNTC"), one of the country's leading toll road developers and operators, was incorporated on February 4, 1997. MNTC is the builder and concessionaire of the North Luzon Expressway and is involved in all aspects of tollway operations and maintenance, which includes toll collection, traffic management, motorists' assistance and roadway maintenance. On February 2015, the Bases Conversion and Development Authority (BCDA) awarded the contract to MNTC for the management, operation and maintenance of the 94-kilometer Subic-Clark-Tarlac Expressway.

BDO owns 12.375% of MNTC. The other shareholders of MNTC are Metro Pacific Tollways Development Corporation, Egis Investment Partners Philippines Inc., Globalfund Holdings Inc. and the Republic of the Philippines.

SM Keppel Land, Inc.

SM Keppel Land, Inc. ("SM Keppel") is 50% owned by the Bank and 50% owned by the Keppel Group of Singapore. It is a private corporation organized on January 11, 1994, which owns approximately two hectares of land in the Ortigas district where SM Keppel operates a five-storey retail podium geared towards upper market lifestyle shopping.

Generali Pilipinas Holding Company, Inc.

In March 1999, the Bank established Generali Holding, a joint venture holding company with Generali, Jerneh Asia Berhad ("Jerneh Asia") and Vantage Equities, Inc., to enter into life and general insurance businesses. Generali is one of the largest insurance groups in the world, while Jerneh Asia is a member of the Kuok Group of Companies, one of the largest conglomerates in Malaysia, providing a wide range of general, marine and medical insurance products. Subsequently, BDO Capital acquired the 10% holdings of Vantage Equities, Inc. in Generali Holding. Generali Holding is effectively 40% owned by the Bank and 60% by Generali Asia, which, in turn, is 60% owned by Generali and 40% owned by Jerneh Asia.

Generali Pilipinas Life Assurance Company, Inc. ("Generali Assurance") and Generali Pilipinas Insurance Company, Inc. ("Generali Insurance") were both incorporated in July 1999 as wholly-owned subsidiaries of Generali Holding and were subsequently launched in March 2000 to serve

as the operating companies for life and general insurance, respectively. Generali Assurance and Generali Insurance are among the largest capitalized insurers in the Philippine insurance industry and are positioned to provide the Bank with an opportunity to become a one-stop financial shop, providing a wide range of insurance products and services through its branches.

NorthPine Land, Inc.

NorthPine Land Incorporated, where the Bank holds a 20% interest, is a real estate company incorporated on April 25, 1996 and is involved in horizontal development targeting the middle-income to high-end housing market. Current projects are located in Cavite, Laguna and Rizal. The other shareholders of the company are Hong Kong Land, Inc., San Miguel Properties, Inc. and Metrobank.

Taal Land, Inc.

Taal Land, Inc. is 33% owned by the Bank and was incorporated on January 28, 1997. It owns 25% of Jaka Tagaytay, developer of the Splendido resort.

(ii) Distribution Methods of Products or Services

The Bank's products and services are available mainly through the branches, but select services are also accessible through other channels such as call centers, mobile and landline telephones, internet, and point-of-sale terminals. The Bank's extensive distribution network provides it good market coverage that is superior to many of its competitors. Aside from a branch in Hong Kong and a consolidated domestic network of 875 operating branches, the Bank has 2,591 ATMs and 61 Cash Accept Machines as of 31 December 2014.

The Bank's foreign operations comprises a banking branch in Hong Kong and various remittance subsidiaries operating in Asia, Europe and the United States accounted for 0.9%, 0.7% and 0.4%, of the Group's total revenues in 2014, 2013 and 2012, respectively.

(iii) Status of Publicly Announced New Products or Service

None

(iv) Competition

The Philippine commercial banking sector consisted of 36 commercial banks, 17 of which are private domestic banks, 16 are branches/subsidiaries of foreign commercial banks and 3 are government-controlled banks. Of the 36 commercial banks, 21 are universal banks, of which 6 are branches of foreign banks.

Based on consolidated published statements of condition, the total assets of the commercial banking system as of 31 December 2014 reached P10.8 trillion. The five largest banks, namely,

BDO, Metropolitan Bank and Trust Company, Bank of the Philippine Islands, Land Bank of the Philippines, and Philippine National Bank, accounted for 60% of total assets.

As of 31 December 2014, the loans and receivables (net) of the commercial banking system amounted to P5.5 trillion, while total deposits was at P8.3 trillion. The total capital accounts of the commercial banking system amounted to P1.1 trillion as of December 2014.

Note: All the data used in the discussion above are based on consolidated published statements of condition of all commercial banks.

(v) Transactions with and/or Dependence on Related Parties

In the ordinary course of business, the Bank has loans, deposits and other transactions with its related parties, and with certain directors, officers, stockholders and related interest (DOSRI). These loans and other transactions are made on the same terms as with other individuals and businesses of comparable risks and in compliance with all regulatory requirements.

(vi) Patents, Trademarks, Licenses, Franchises, Concession, Royalty Agreement or labor contracts including duration

The Bank has registered the following trademarks with the Intellectual Property Office of the Philippines:

Trademark	Duration
Express Padala	17 March 2008 to 17 March 2018
We find ways	7 April 2008 to 7 April 2018

(vii) Governmental Approval of Principal Products or Services

The Bank secures approval from the Bangko Sentral ng Pilipinas (BSP) for all its products and services, as required.

(viii) Effect of Existing or Probable Governmental Regulations on the Business

Being a banking institution subject to the General Banking Law and banking regulations, BDO is under the supervision of the BSP, whose approval BDO requires to undertake certain activities. BDO strictly complies with the BSP requirements in terms of reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other regulatory requirements.

(ix) Estimate of Amount Spent for Research and Development Activities

This is not applicable to the Bank.

(x) Total Number of Employees

The Bank has a total of 24,779 employees as of 31 December 2014 broken down as follows:

	Non-Officers	Officers	TOTAL
Total Head Office	2,900	5,719	8,619
Branches	11,124	4,045	15,169
Total for Subsidiaries	340	651	991
TOTAL EMPLOYEES	14,364	10,415	24,779

The Bank has an existing Collective Bargaining Agreement (CBA) with the Banco de Oro National Union of Bank Employees covering substantially all of the Bank's staff level employees, except those as expressly excluded in the Agreement. The Agreement is effective for a period of five (5) years from 1 November 2010 to 31 October 2015, in so far as Union representation is concerned. Other covered provisions with effect until October 31, 2013 were renegotiated and concluded for the succeeding period of two (2) years until 31 October 2015. The Bank has not suffered any labor strikes in the past 27 years, and considers the maintenance of harmonious relations with its employees and the Union as one of its key human capital agenda.

The Bank anticipates having 25,000 total employees (in all levels; including those not included in the CBA) by 31 December 2015.

(xi) Risk Management

Risk management at BDO begins at the highest level of the organization. At the helm of the risk management infrastructure is the Board of Directors who is responsible for establishing and maintaining a sound risk management system. The Board of Directors assumes oversight over the entire risk management process.

The Board of Directors has the ultimate responsibility for all risks taken by the Bank. It regularly reviews and approves the institution's tolerance for risks, as well as, the business strategy and risk philosophy of the Bank. It takes the lead in disseminating the institution's risk philosophy and control culture throughout the organization. It approves strategies and implementing policies affecting the management of all types of risks relating to the Bank's activities. It sets the risk-based organizational structure that will implement and ensure the effectiveness of the overall risk control system of the Bank. Towards this end, it is regularly updated on developments that could materially affect the Bank's liquidity position or the value of its resources. Likewise, the Board is responsible for overseeing the investment and credit activities of the Bank.

The Board of Directors has created committees tasked with key functions in the over-all risk framework of the Bank. The Risk Management Committee (RMC) is responsible for the development and oversight of the Bank's risk management program. The Executive Committee (EXCOM) has responsibility over the approval processes of the Bank's loans and

investments, property-related proposals, as well as, other credit-related issues over a prescribed amount delegated by the Board of Directors. The Asset and Liability Committee (ALCO) is tasked with managing the Bank's balance sheet and off-balance sheet activities, maintaining adequate liquidity, ensuring sufficient capital and appropriate funding to meet all business requirements within regulatory limits. The Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the Bank's activities across the different risk areas (i.e. credit, market, liquidity, and operational risks).

The Bank operates an integrated risk management system to address the risks it faces in its banking activities, including credit, market, liquidity, and operational risks. The Bank's Risk Management Committee has overall responsibility for the Bank's risk management system and sets risk management policies across the full range of risks to which the Bank is exposed. It is responsible for approving the risk management plan developed by management, defining the policies, limits, and strategies for managing and controlling the major risks of the Bank. It oversees the system of limits of discretionary authority that the Board of Directors delegates to management under its purview, ensures that the system of limits of discretionary authority remains effective, that the limits are observed, and immediate corrective actions are taken whenever limits are breached. It is also responsible for evaluating the risk management plan as needed to ensure its continued relevance, comprehensiveness and effectiveness.

The Risk Management Committee is a Board-Level Committee composed of four (4) members of the Board of Directors, with Jones M. Castro, Jr. (Independent) as Chairman, and Nestor V. Tan, Josefina N. Tan and Christopher A. Bell-Knight as members.

Item 2 – Properties

Description of Property

1) Principal Properties Owned

- A. Presented below is a list of the Bank's principal properties as of 31 December 2014 owned by the Bank and utilized as head offices.

No.	NAME	ADDRESS
1	BDO Corporate Tower	BDO Corporate Tower, 7899 Makati Avenue cor. H.V. Dela Costa st., Makati City
2	Equitable Bank Tower	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
3	Pacific Star	Pacific Star Building, Makati Avenue, Makati City
4	Radio Marine – Mtech	EBC Bldg., Paseo de Roxas cor. Gil Puyat Avenue, Makati City
5	Robinsons Tower	Robinsons PCIBank Tower, ADB Avenue, Ortigas Center, Pasig City

- B. Presented below is a list of the Bank's real properties as of 31 December 2014 owned by the Bank and utilized as BDO branches.

(a) Metro Manila Branches

No.	BRANCH	ADDRESS
1	ADB Avenue Ortigas	Robinson's PCIBank Tower, ADB Avenue, Ortigas Center, Pasig City
2	Airport Road	Airport Road corner Quirino Avenue, Baclaran, Parañaque City
3	Alfaro - Salcedo Village	GF PCCI Bldg. , 118 Leviste Street (Formerly Alfaro St.), Salcedo Village, Makati City
4	Arranque - T. Alonzo	733 T. Alonzo St., Manila
5	Asia Tower - Paseo	G/F Asia Tower corner Paseo De Roxas & Benavides St., Makati City
6	Aurora Blvd - Notre Dame	0137 Aurora Blvd. corner Notre Dame St., Cubao, Quezon City
7	Aurora Blvd - Yale	Aurora Boulevard corner Yale Street, Cubao, Quezon City
8	A. Santos - St. James	8406 A. Santos Ave., Sucat, Parañaque City
9	Baclaran - Redemptorist Road	Redemptorist Road, Baclaran, Parañaque City
10	Bagtikan - Chino Roces Avenue	Unit 102 G/F Pryce Center Condominium, 1179 Chino Roces Avenue corner Bagtikan St., San Antonio Village, Makati City
11	BDO Corporate Center	BDO Corporate Center, Makati Avenue, Makati City
12	Bel Air - Gil Puyat	Country Space 1 Condo. Building, Sen. Gil Puyat Avenue, Bel-Air Village, Makati City
13	Binondo	411 Quintin Paredes Street, Binondo, Manila
14	Blumentritt	2325 Rizal Avenue corner Antipolo Street, Sta. Cruz, Manila
15	Blumentritt - San Juan	Lot 11-B, Blk. 127 Blumentritt corner Sto. Toribio St., San Juan, Metro Manila
16	Boni - Maysilo	74 Maysilo Circle corner Boni Avenue, Mandaluyong City
17	Caloocan - Sangandaan	No. 628 A. Mabini St., 1408 Sangandaan, Caloocan City
18	Capitol-Pasig	125 Shaw Blvd. corner Danny Floro St., Pasig City
19	Corinthian Gardens	BDO Leasing Center, Ortigas Ave., Quezon City
20	C. Palanca - Quiapo	132 Carlos Palanca St., Quiapo, Manila
21	C. M. Recto	C. M. Recto Avenue corner Nicanor Reyes St., Manila
22	C. M. Recto - San Sebastian	2070 C.M. Recto St., Sampaloc, Manila
23	Dasmariñas St. - Binondo	PCIBank Bldg., Dasmariñas St., Binondo, Manila
24	Dian - Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue corner Dian St., Makati City
25	E. Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon

No.	BRANCH	ADDRESS
		City
26	Edsa - Reliance St.	G/F Paragon Plaza, corner Reliance St., Mandaluyong City
27	Fairview	Don Mariano Marcos Avenue, Barangay Fairview, Quezon City
28	Grace Park - 8th Avenue	Rizal Avenue Extension, Grace Park, Caloocan City
29	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, Caloocan City
30	Greenhills - Roosevelt	EBC Bldg. Ortigas Avenue corner Roosevelt Avenue, Greenhills, San Juan, Metro Manila
31	Ilaya - M. De Santos	632 M. De Santos Street, Manila
32	Kalentong	MRDC Bldg., Shaw Boulevard corner Gen. Kalentong Street, Mandaluyong City
33	Las Piñas - Pamplona	Alabang-Zapote Road, Pamplona, Las Piñas City
34	Las Piñas - Philamlife Avenue	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas, Metro Manila
35	Leveriza - Libertad	212 Libertad St., Pasay City, Metro Manila
36	Luneta - T.M. Kalaw	707 T.M. Kalaw St. corner Churrucua St., Ermita, Manila
37	Makati Avenue - Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
38	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
39	Malabon	725 Rizal Avenue, San Agustin, Malabon City
40	Malabon - Rizal Avenue	694 Rizal Ave., 1470 Malabon, Metro Manila
41	Marikina - Bayanbayanan	No. 48 Bayanbayanan Avenue, Brgy. Concepcion Uno, Marikina City
42	Marikina - Concepcion	17 Bayan-bayanan Avenue, Barangay Concepcion 1, Marikina City
43	Marikina - Sumulong Highway	Corner E. Dela Paz Street Amang Rodriguez Avenue, Sto. Nino, Marikina City
44	Marulas - McArthur Highway	Lot 16 & 17 McArthur Highway, Valenzuela, Metro Manila
45	Mayon	GF, Alpha Building, 174 Mayon Street, La Loma, Quezon City
46	Medical Plaza - Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo Street corner Dela Rosa Street, Legaspi Village, Makati City
47	Novaliches - Forest Hills	Lot 2 D 1 Quirino Ave., Novaliches, Quezon City
48	Ortigas Avenue	209 Ortigas Avenue, Greenhills, San Juan, Metro Manila
49	Ortigas Ave. - San Juan	Unit 102-103 Sunrise Condominium, Ortigas Avenue, 1500 San Juan, MM
50	Ortigas - Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
51	Paco - A. Linao	1635-1641 A. Linao St., Paco, Manila
52	Padre Faura - A. Mabini	A .Mabini Cor. Padre Faura Sts., 1000 Ermita, Manila

No.	BRANCH	ADDRESS
53	Pasay	Libertad corner Colayco Streets, Pasay City
54	Pasay Road	845 Corporate Plaza Bldg. , Pasay Road, Makati City
55	Paseo - Gil Puyat	EBC Bldg., Paseo de Roxas corner Gil Puyat Avenue, Makati City
56	Paseo Tower - Makati	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
57	Pasig - Manggahan	Amang Rodriguez Avenue, Barangay Manggahan, Pasig City
58	Pasig - Sixto Antonio Ave. Pilapil	Lot 2 B, Sixto Antonio Ave., Brgy. Kapasigan, Pasig City
59	Perea-Paseo	G/F Universal Re Bldg., 106 Paseo De Roxas, 1228 Makati City
60	Pitimini - Roosevelt	EBC Bldg. Roosevelt Avenue corner Pitimini St., SFDm, Quezon City
61	Plaza Sta. Cruz - Dasmariñas St.	377 Plaza Sta. Cruz, 1003 Sta. Cruz, Manila
62	Potrero	110 MacArthur Highway corner Riverside St., Potrero, Malabon
63	President's Avenue - BF Parañaque	President's Ave. corner J. Elizalde St., BF Homes Parañaque, Metro Manila
64	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
65	Quezon Avenue – West Triangle	Lot 3-B, Quezon Ave. Extension, Brgy. West Triangle, Quezon City
66	Reposo - Makati	EBC Bldg., JP Rizal corner N. Garcia, Makati City
67	Rizal Avenue	2502-2504 Rizal Avenue corner Cavite St., Sta. Cruz, Manila
68	Rockwell Center - Makati	Lot 3, Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
69	Shaw Blvd. - Stanford	EBC Bldg., Shaw Blvd. corner Stanford St., Mandaluyong City
70	St. Ignatius - Katipunan	137 Katipunan Avenue, St. Ignatius Village, Quezon City
71	Strata 100 - Ortigas	G/F Strata 100 Bldg., Don Francisco Ortigas Jr., Pasig City
72	Taft - Vito Cruz	Bankard Bldg., 2422 Taft Ave., 1004 Malate, Manila
73	Timog – South Triangle	G/F President Tower, 81 Timog Ave. corner Scout Ybardolaza St., Brgy. South Triangle, Diliman, Quezon City
74	Tomas Morato - Kamuning	Corner Kamuning & Tomas Morato, Quezon City
75	U.N. Avenue - J. Bocobo	EBC Bldg., UN Avenue corner J. Bocobo St., Ermita, Manila
76	V. A. Rufino	GF Chatham House, Herrera St. corner Valero and San Agustin St., Salcedo Village, Makati City

No.	BRANCH	ADDRESS
77	West Trade Center - West Avenue	Unit # 1, G/F West Trade Center, West Avenue, Quezon City
78	Yakal - Chino Roces Avenue	Avida Tower 2, Yakal St., San Antonio Village, Makati City

(b) Provincial Branches

No.	BRANCH	ADDRESS
1	Angeles – Balibago	BDO Building along Ramon Tang Avenue, Diamond Subd., Balibago, Angeles City, Pampanga
2	Angeles City - Miranda	PCIB Bldg., Miranda St., 2009 Angeles City, Pampanga
3	Antique	Corner Gov. Villavert St. and Gov. Gella St., San Jose, Antique
4	Bacolod - Capitol Shopping	Benigno Aquino Drive, Capitol Shopping, 6100 Bacolod City, Negros Occidental
5	Bacolod - Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
6	Bacolod - Lacson	Lacson cor. Galo Sts., 6100 Bacolod City, Negros Occidental
7	Bacolod Plaza	Araneta corner Gonzaga Sts., 6100 Bacolod City, Negros Occidental
8	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. cor. Rosario St., Bacolod City, Negros Occidental
9	Balanga - A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
10	Baliwag - J. P. Rizal	J.P. Rizal St., San Jose, Baliuag, Bulacan
11	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., 4200 Batangas, Batangas City
12	Batangas - Nasugbu	JP Laurel St., Barangay Poblacion, Nasugbu, Batangas
13	Batangas - Sto. Tomas	Maharlika Highway, San Antonio, Sto. Tomas, Batangas
14	Biñan	A. Bonifacio Street, Barrio Canlalay, Biñan, Laguna
15	Bukidnon - Valencia	M. L. Quezon St. cor. G. Laviña Ave., Valencia City, Bukidnon
16	Cabanatuan - Maharlika Road	Maharlika Road near cor. Sanciango St., Cabanatuan City
17	Cabanatuan - Maharlika South	BDO Building, Maharlika Highway, Barangay Dicarma, Cabanatuan City, Nueva Ecija
18	Cagayan - Aparri	Rizal St. cor. R.F. Balisi St., Aparri, Cagayan
19	Cagayan de Oro - Lapanan	CM Recto Highway, Lapanan, 9000 Cagayan de Oro City, Misamis Oriental
20	Cagayan De Oro-Limketkai	L-6 B-2, Limketkai Ave., Limketkai Commercial Complex, Brgy. 31, Poblacion, Cagayan De Oro City, Misamis

No.	BRANCH	ADDRESS
		Oriental
21	Cagayan de Oro - Velez	Velez Road corner Abejuela Street, Cagayan de Oro
22	Calamba Crossing - North	Calamba Crossing, National Highway, 4027 Calamba, Laguna
23	Cavite City - P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City
24	Cavite - Dasmariñas Technopark	Governor's Drive, Brgy. Paliparan I, Dasmariñas, Cavite
25	Cavite - General Trias Gateway	Gateway Business Park, C. Delos Reyes Ave., 4107 Gen. Trias, Cavite
26	Cavite - Imus Anabu	Gen. Aguinaldo corner Ambrosia Road, Anabu I, Imus, Cavite
27	Cebu - Borromeo	Magallanes corner Borromeo St., Cebu City
28	Cebu - F. Gonzales	F. Gonzales corner Magallanes St., Cebu City
29	Cebu - Fuente Circle	Fuente Osmena Rotonda, Cebu City
30	Cebu - Gorordo	Gorordo Avenue, Lahug, 6000 Cebu City, Cebu
31	Cebu - Magallanes Plaridel	Magallanes corner Plaridel Sts., 6000 Cebu City
32	Cebu - North Mandaue	National Highway, Mandaue City
33	Cebu - North Reclamation	Blk.20-A cor. Port Centre Ave. and Juan Luna Ave., North Reclamation Area, Cebu City
34	Cotabato - Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato
35	Cotabato - Makakua	Makakua St., 9600 Cotabato City, Maguindanao
36	Dagupan - Fernandez	A.B. Fernandez Ave., 2400 Dagupan City, Pangasinan
37	Davao - Claveria	BDO Building, No. 30 C.M. Recto Avenue, Poblacion, Davao City
38	Davao - C.M. Recto	383 Claro M. Recto St., Davao City
39	Davao - Digos	Rizal Avenue, Zone II, Digos, Davao del Sur
40	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Davao City
41	Davao - Mati	Rizal cor. Mabini Sts., 8200 Mati, Davao Oriental
42	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
43	Davao - Toril	Agton St., Toril, Davao City
44	Dipolog	Quezon Ave, 7100 Dipolog City, Zamboanga Del Norte
45	Dumaguete	Colon St. fronting Bldg. V of City Public Market, Poblacion 003, Dumaguete City
46	General Santos - Pioneer	Pioneer Avenue, General Santos City, 9500
47	General Santos - Santiago St.	Ireneo Santiago Blvd., 9500 Gen. Santos St., South Cotabato
48	Iligan - Del Pilar	BC Labao corner Del Pilar St., Iligan City
49	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
50	Iloilo - Valeria	Valeria Street, Iloilo City

No.	BRANCH	ADDRESS
51	Isabela - Roxas	23 Osmeña Rd., Bantug, Mallig Plain, 3320 Roxas, Isabela
52	Isabela - Santiago Centro	BDO Building City Rd. cor. Guzman St., Calao West, Santiago City, Isabela
53	Isabela - Santiago Maharlika Highway	BDO Bldg., No. 57 Maharlika Highway corner Quezon Avenue St., Santiago City, Isabela
54	Koronadal - Gensan Drive	NE of Gensan Drive, Zone 1, Koronadal City, South Cotabato
55	Koronadal – R. Alunan Avenue	R. Alunan Ave. cor. Osmeña St., 9506 Koronadal, South Cotabato
56	Laoag - Balintawak	Cor.Rizal & Balintawak Sts., 2900 Laoag City, Ilocos Norte
57	La Union San Fernando - Q. Avenue	Quezon Ave., 2500 San Fernando, La Union
58	Leyte - Ormoc	Corner Burgos & Rizal St., 6541 Ormoc City, Leyte
59	Lipa - C. M. Recto	131 C. M. Recto St, 4217 Lipa City, Batangas
60	Lipa - Rotonda	C.M. Recto Avenue, Lipa City
61	Malolos - Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
62	Meycauayan - Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
63	Negros Occ - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
64	Negros Occ - Escalante	National Highway, Escalante City, 6124 Negros Occidental
65	Negros Occ - Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
66	Nueva Ecija - Gapan	Tinio St., 3105 Gapan, Nueva Ecija
67	Nueva Ecija - Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
68	Nueva Ecija - Muñoz	T. Delos Santos St., Science City of Munoz, Nueva Ecija
69	Ozamiz	Cebedo St. corner Gallardo St., Centro, Ozamiz City, Misamis Occidental
70	Pagadian	F. S. Pajaras Ave., Pagadian City, 7016 Zamboanga Del Sur
71	Pampanga - Guagua	Lot 4876 Plaza Brgos St., Guagua, Pampanga
72	Puerto Princesa	261 Rizal Ave., 5300 Puerto Princesa City, Palawan
73	Quezon - Candelaria	Rizal corner Valle St., Candelaria, Quezon
74	Roxas - Roxas Avenue	Roxas Avenue, Roxas City, Capiz
75	San Pablo - Rizal St	2nd Floor, Equitable PCI Bldg., Rizal St. cor. P. Alcantara, San Pablo City, Laguna
76	Silay – Figueroa	Figueroa cor. Rizal St., Silay City, 6116 Negros Occidental
77	Sta. Rosa - South Expressway	National Road, Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
78	Sultan Kudarat - Isulan	075 National Highway, Kalawag 2, Isulan, Sultan

No.	BRANCH	ADDRESS
		Kudarat
79	Sultan Kudarat - Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
80	Tarlac - J. Luna	J. Luna St. near corner Mc Arthur, Tarlac, Tarlac
81	Tarlac - Luisita	MacArthur Highway, Barangay San Miguel, Tarlac City
82	Tuguegarao - Bonifacio St.	Bonifacio Street, Tuguegarao, Cagayan
83	Urdaneta - Alexander	Alexander St., Urdaneta City, Pangasinan
84	Vigan - Quezon Avenue	Corner Bonifacio St. & Quezon Ave., 2900 Vigan, Ilocos Sur
85	Zamboanga - Rizal St.	Rizal St., Zamboanga City, 7000, Zamboanga Del Sur

- C. Presented below is a list of the Bank's real properties as of 31 December 2014 owned by the Bank and utilized as warehouses and staffhouses.

No.	NAME	ADDRESS
1	Baguio Staffhouse	Poblete Ext. South Drive, Baguio Country Club, Baguio City
2	Howmart warehouse	63 & 65 Howmart st., Brgy. Apolonio Samson, Quezon City
3	Nuvali Sta. Rosa	Lot 6 Block 9, Nuvali, Sta. Rosa, Laguna
4	Taguig warehouse	Arthuro cor. Franco Drive, Sta. Maria Industrial Estate, Barrio Bagumbayan, Taguig, Metro Manila
5	The Real Bank Masinag	Masinag St., Antipolo City

- D. Presented below is a list of the Bank's real properties (vacant lots and buildings) as of 31 December 2014 owned by the Bank reserved for future branch or regional use.

No.	NAME	ADDRESS
1	Premises Management Division (Cebu – J. Mall)	National Highway, 6014 Mandaue City, Cebu
2	Juan Luna Binondo	J. Luna/Quintin Paredes & Hormiga Sts., Binondo, Manila
3	Leyte- Maasin	Tomas Oppus St., 6600 Maasin, Southern Leyte
4	Malabon General Luna	Gen. Luna St., Barangay San Agustin, Malabon City
5	Malungon Gensan	Brgy. Upper Balulang, Cagayan de Oro City
6	Office Head – Region 1 – Northern Luzon	Lot 3 & 5 MacArthur Highway, Brgy. San Vicente, Apalit, Pampanga
7	Office Head – Region 6 – Southern	Lot 2903 Merchan st., cor. C.M. Recto st., cor. Caban st., Brgy. IV, Lucena City
8	Premises Management Division (Naga Plaza, Rizal)	Gen. Luna St., 4400 Naga City, Camarines Sur
9	RBSJ N. Domingo building	N. Domingo cor. Katubusan st., San Juan, Metro Manila

No.	NAME	ADDRESS
10	RBSJ Tarlac building (Monarch)	Lot 3-H & 3-I-2 Sto. Cristo, J.P. Rizal Extension, Tarlac City
11	Tarlac (UOB)	27 F. Tanedo st., Tarlac City
12	The Real Bank	Unit 301, 701-712, 714, 801 and parking space of Presidents Tower, Timog Ave., Quezon City

- E. Presented below is a list of the Bank's real properties (lot and building) as of 31 December 2014 owned by the Bank which are currently tenanted

No.	NAME	ADDRESS
1	Gercon Plaza	Lot 5 & 6 Gercon Plaza along Makati Ave., Brgy. Bel Air, Makati City

(2) Leased Properties

BDO Unibank Group leases the premises of its head office and most of its branch offices for periods ranging from one to 15 years from the date of the contracts; terms are renewable upon the mutual agreement of the parties. Rent expense, reported as part of Occupancy under Other Operating Expenses account in the statements of income, amounted to P2,199 million in 2014, P1,971 million in 2013 and P1,744 million in 2012 and in BDO Unibank Group's financial statements and P2,131 million in 2014, P1,875 million in 2013 and P1,672 million in 2012 in the Parent Bank's financial statements.

A list of these leased properties is as follows:

- (a) Utilized as head office as of 31 December 2014:

No.	NAME	ADDRESS
1	JMT Building	JMT Corporate Condominium, ADB Ave., Ortigas, Pasig City

- (b) Utilized as regional offices as of 31 December 2014:

No.	NAME	ADDRESS
1	Rudel Building (CLG Office)	3f & 4f Rudel Building, Perez Blvd. Cor. Guilig St, Dagupan City
2	SM Hypermarket (CLG Office)	3f, SM Hypermarket, Laoag

(c) Metro Manila Branches

1. Lot leased

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Better Living	Doña Soledad Avenue corner France St., Better Living, Parañaque City	Dec 01, 2006	-	Nov 30, 2026
2	Congressional - Mindanao Avenue	Congressional Avenue Extension corner Mindanao Avenue, Quezon City	Oct 01, 2004	-	Apr 30, 2017
3	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City	May 01, 2013	-	Apr 30, 2023
4	Isidora Hills	BDO Bldg., Pook Ligaya Riding Ground, Interneighborhood Road, Isidora Hills Subdivision, Barangay Holy Spirit, Quezon City	May 07, 1998	-	May 06, 2018
5	JAS – Recto	1174 J. Abad Santos Avenue, Tondo, Manila	Oct 01, 1995	-	Sep 30, 2020
6	J. P. Rizal	872 JP Rizal St., Barangay Poblacion, Makati City	Jun 15, 2013	-	Jun 14, 2023
7	Las Piñas - BF Resort	BDO Bldg. , BF Resort Drive, Phase 4, BF Resort Village, Las Piñas City	May 15, 2003	-	May 14, 2018
8	Malanday - McArthur Highway	KM 17 MacArthur Highway, Malanday, 1444 Valenzuela, Metro Manila	Apr 02, 1999	-	Apr 02, 2019
9	Makati - P. Ocampo Sr.Ext.	243 P. Ocampo Sr. corner Flor de Lis St., Brgy La Paz, Makati City	Jan 01, 2013	-	Dec 31, 2037
10	Marikina - Tañong	A. Bonifacio Avenue, Brgy. Tañong, Marikina City	Jun 01, 2012	-	May 31, 2037
11	Novaliches	1016 Quirino Highway Town Proper, Brgy. Monica, Novaliches, Quezon City	Sep 01, 1991	-	Aug 31, 2016
12	Novaliches - Lagro	Lot 2-B-6 233 (LRC) PSD 341349, Quirino Highway, Lagro, Novaliches, Quezon City	Apr 15, 2009	-	Apr 14, 2029
13	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn Street, Brgy. Toro, Project 8, Quezon City	Oct 01, 1999	-	Sep 30, 2019
14	Quezon Avenue - Cordillera	Quezon Avenue corner Cordillera St., Quezon City	Apr 15, 2000	-	Apr 14, 2015
15	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City	Sep 01, 2013	-	Aug 31, 2023

2. Building leased

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	A Place – Coral Way	G/F A Place, Coral Way Drive, MOA Complex, Central Business Park 1, Island A, Pasay City	Nov 01, 2013	-	Oct 31, 2023
2	ABS - CBN Mother Ignacia St.	Stall No. 25 South Wing, G/F ELJCC Bldg., Sgt. E.A. Esguerra Avenue corner Mother Ignacia St., Quezon City	Aug 05, 2012	-	Dec 31, 2014
3	Acropolis - E. Rodriguez Jr.	G/F The SPA Bldg., E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Apr 18, 2013	-	Apr 17, 2023
4	ADB Avenue – Opal	G/F Malayan Plaza ADB Ave. corner Opal Rd., Ortigas Center, Pasig City	Oct 16, 2010	-	Oct 15, 2015
5	Alabang Hills	RBC Corporate Centre, Don Jesus Blvd., Barangay Cupang, Muntinlupa	Aug 01, 2014	-	Jul 31, 2016
6	Alabang - Madrigal Avenue	Units 5 & 6, Molito Commercial Complex, Madrigal Business Park, Madrigal Avenue, Alabang, Muntinlupa City	Jun 01, 2010	-	May 31, 2015
7	Alabang - Muntinlupa	Yellow 1 Bldg., South Station Bargain Center, Filinvest Corporate City, Alabang-Zapote Road, Alabang, Muntinlupa	Oct 01, 2012	-	Oct 31, 2017
8	Anonas - Aurora Blvd.	5 Belmont Place Bldg., Anonas St., Project 3, Quezon City	Aug 01, 2012	-	Aug 01, 2017
9	Anonas - Kamias	Security Bank Bldg., Anonas St. corner K-6 St., East Kamias, 1102 Quezon City	Sep 01, 2011	-	Aug 31, 2016
10	Arranque	1359-1361 Soler St., Sta. Cruz, Manila	Sep 01, 2011	-	Aug 31, 2017
11	Arranque - Severino Reyes	1451-1457 C.M. Recto corner Severino Reyes St., Sta. Cruz, Manila	Jul 03, 2007	-	Jul 03, 2017
12	Aurora Blvd. - Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City	Dec 01, 2008	-	Nov 30, 2018
13	Aurora Blvd - Broadway Centrum	Broadway Centrum Cond., Aurora Blvd. cor. Dona Juan Rodriguez St., Valencia, QC	Jan 01, 2014	-	Dec 31, 2014
14	Aurora Blvd - Hemady	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City	Jun 01, 2013	-	May 31, 2018
15	Ayala Alabang	G/F Unioil Center Bldg., Acacia Avenue corner Commerce Avenue, Ayala Alabang, Muntinlupa	Aug 01, 2011	-	Jul 31, 2016
16	Ayala Alabang - Richville Center	Richville Center, 1314 Commerce Avenue Extension, Madrigal Business Park, Ayala Alabang, Muntinlupa	Jul 01, 2013	-	Jun 30, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
17	Ayala Avenue	6805 Multinational Bancorporation Bldg., Ayala Avenue, Makati City	Nov 01, 2011	-	Oct 31, 2016
18	Ayala Avenue - People's Support	G/F People Support Center, Amorsolo St. corner Ayala Avenue, Makati City	Dec 16, 2010	-	Jan 31, 2015
19	Ayala Avenue - SGV 1 Bldg.	G/F SGV 1 Building, 6760 Ayala Avenue, Makati City	May 01, 2012	-	Apr 30, 2022
20	Ayala – Paseo	G/F ILAC Building, Ayala Ave. corner Paseo de Roxas, Makati City	Feb 01, 2013	-	Jan 31, 2015
21	Ayala - Rufino	G/F Rufino Bldg., Ayala Avenue corner Herrera St., 1226 Makati City	Feb 01, 2012	-	Jan 31, 2032
22	Ayala Triangle 1	GM-B G/F Tower 1, Ayala Triangle, Ayala Avenue, Makati City	May 01, 2011	-	Apr 30, 2016
23	A.Arnaiz - Paseo	G/F Joni's Bldg., 832 Arnaiz Ave. Corner Edades St., Makati City	Oct 01, 2010	-	Sep 30, 2015
24	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City	Dec 01, 2013	-	Nov 30, 2018
25	A. Bonifacio Ave. - Balintawak	960 A. Bonifacio Avenue, Balintawak, Quezon City	Jun 01, 2010	-	May 31, 2020
26	Baclaran	2987 Taft Avenue Extension, Pasay City	Oct 01, 2002	-	Sep 30, 2017
27	Banawe - Agno	202-204 Banawe corner Agno St., 1103 Quezon City	Mar 01, 2010	-	Feb 28, 2015
28	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City	Jan 01, 2011	-	Dec 31, 2015
29	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City	Sep. 16, 2012	-	Sep. 15, 2017
30	Banawe - N. Roxas	71 Nicanor Roxas St. corner Banawe St., Quezon City	Dec 01, 2012	-	Nov 30, 2017
31	Bel Air	G/F SM Makati Cyberzone 1, Sen. Gil Puyat Avenue, Makati City	Sep 15, 2013	-	Sep 14, 2018
32	Better Living - Bicutan	43 Doña Soledad Avenue, Better Living Subdivision, Don Bosco, Parañaque, Metro Manila	Mar 24, 2007	-	Mar 23, 2017
33	BF Homes - Aguirre	RGM Bldg., 326 Aguirre Avenue, BF Homes, Parañaque	Feb 16, 2008	-	Feb 15, 2018
34	BF Homes - Puregold Southpark	Units 4 & 5, G/F Puregold Avelino, President's Avenue, BF Homes, Parañaque City	Jul 25, 2014	-	Jul 24, 2024
35	BF Homes – Teoville	G/F Aurora Comm Bldg., President's Ave., Teoville Subd., Brgy. BF Homes, Paranaque City	Oct 01, 2010	-	Sep 30, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
36	Bicutan - South Super Highway	Columbian Motors Compound, Km 16 West Service Road, South Super Highway, Bicutan, 1700 Parañaque, Metro Manila	Month	-	Month
37	Bicutan - Waltermart	G/F Waltermart Bicutan, Km 16 East Service Road corner Mañalac Avenue, Brgy San Martin de Porres, Bicutan, Parañaque	Mar 14, 2013	-	Mar 13, 2018
38	Binondo – Rosario	G/F Quintin Paredes St., Binondo, Manila	May 01, 2011	-	Apr 30, 2016
39	Bocobo - Pedro Gil	G/F, Altra Center, 1663 Jorge Bocobo St., Brgy 698, Malate, Manila	Jul 01, 2012	-	Jun 30, 2022
40	Boni - Ligaya	654 Boni Avenue, 1550 Mandaluyong City	Sep 01, 2011	-	Aug 31, 2017
41	Bonifacio Global City - Burgos Circle	Unit 1-F & 1-E G/F, Crescent Park Residences, 2nd Avenue corner Burgos Circle, Bonifacio Global City, Taguig City	Oct 01, 2010	-	Sep 30, 2020
42	Bonifacio Global City – Ecotower	G/F Ecotower, 32nd St., corner 9th Avenue, Bonifacio Global City, Taguig City	Apr 01, 2013	-	Mar 31, 2018
43	Bonifacio Global City - Fort Legends	G/F Fort Legends Tower corner 31st St. & 3rd Avenue, Bonifacio Global City, Taguig City	Mar 15, 2009	-	Mar 14, 2019
44	Bonifacio Global City - Grand Hamptons Tower	GF, Grand Hamptons Tower, 1st Avenue corner 31st St., Bonifacio Global City, Taguig City	Aug 01, 2012	-	Jul 31, 2022
45	Bonifacio Global City - J.Y. Campos Center	G/F J.Y. Campos Center, 30th St. corner 9th Avenue, Bgy. Nichols-McKinley, Bonifacio Global City, Taguig City	May 01, 2013	-	Apr 30, 2028
46	Bonifacio Global City - Market Market	Space No. 101, Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, Metro Manila	Oct 01, 2013	-	Sep 30, 2016
47	Bonifacio Global City - MC Home Depot	G/F MC Home Depot, 32nd St. corner Bonifacio Avenue, Bonifacio Global City, Taguig	Jun 08, 2013	-	Jun 07, 2017
48	Bonifacio Global City - One Mckinley Place	G/F One McKinley Place, 4th Avenue corner 25th St., Bonifacio Global City, Taguig	Aug 16, 2010	-	Aug 15, 2020
49	Bonifacio Global City - Picadilly Star	G/F Picadilly Star Corporate Center, 4th Avenue corner 27th St., Bonifacio Global City, Taguig	Sep 01, 2009	-	Aug 31, 2019

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
50	Bonifacio Global City - St. Luke's	St. Luke's Medical Center, Rizal Drive corner 5th Avenue & 32nd St., Fort Bonifacio Global City, Taguig	Aug. 28, 2009	-	Aug. 27, 2019
51	Bonifacio Global City - The Infinity Tower	Unit 103 The Infinity Tower, 26th St., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig	Feb. 01, 2013	-	Jan. 31, 2017
52	Bonifacio Global City - University Parkway	G/F Avecshares Center, 1132 University Parkway, Bonifacio North Triangle, Bonifacio Global City, Taguig	Apr 16, 2010	-	Apr 15, 2015
53	Bonny Serrano Avenue	Unit 11 & 12, Aguinaldo Corporate Centre 125 Col. Bonny S. Serrano Avenue Brgy. Socorro, Quezon City	May 01, 2013	-	Apr 30, 2023
54	Buendia - Taft	No. 401 Sen. Gil Puyat Ave. corner Dominga St., Brgy. 48, Zone 60, Pasay City	Mar 01, 2013	-	Feb 28, 2018
55	C5 - Taguig	G/F Ridgewood Square, C5-Avenue, Ususan, Taguig City	Dec 01, 2013	-	Dec 31, 2014
56	Caloocan	Rizal Avenue Extension near corner 11th Avenue, Grace Park, Caloocan City	Sep 01, 2008	-	Aug 31, 2018
57	Caloocan - A. Mabini	G/F Corazon Bldg., 432 A. Mabini St., Poblacion, Caloocan City	Oct 15, 2005	-	Oct 14, 2015
58	Caloocan 7th ave.	Rizal Avenue Extension corner 7th Avenue, Caloocan City	May 01, 2011	-	Apr 30, 2016
59	Carmen Planas	Nos. 822, 824 & 826 Carmen Planas St., Brgy. 269, Zone 25, District 3, Manila	May 25, 2013	-	May 24, 2019
60	Carmen Planas - Padre Rada	1033-1035 C. Planas St., 1012 Tondo, Manila	Jul 14, 2003	-	Jul 13, 2018
61	Carmen Planas - Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila	Aug 01, 2005	-	Jul 31, 2015
62	Cash & Carry	G/F Unit No. G01A, Cash & Carry Mall, South Super Highway & Filmore St., Makati City	Oct 01, 2012	-	Sep 30, 2017
63	Central Market - V. Fugoso	1724 V. Fugoso St., Brgy. 311 Zone 31, District 3 Sta. Cruz, Manila	May 01, 2012	-	Apr 30, 2022
64	Chino Roces Avenue	Units 3 & 4 La Fuerza Plaza, Chino Roces, Makati City	May 01, 2008	-	Apr 30, 2018
65	City of Dreams Manila	2nd Level, City of Dreams Manila, Aseana cor. Roxas Blvd., Brgy. Tambo, Parañaque City	Dec 14, 2014	-	Jan 31, 2020
66	C. M. Recto - Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila	Aug 01, 2010	-	Jul 31, 2020

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
67	Commonwealth	G/F Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City	Nov 01, 2005	-	Oct 31, 2015
68	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio (former Holy Spirit Drive), Don Antonio Heights Subdivision, Quezon City	Dec 01, 2012	-	Nov 30, 2019
69	Congressional Avenue	The Excelland System I, Congressional Avenue, Quezon City	Aug 01, 2013	-	Jul 30, 2028
70	Connecticut	G/F Belomed Bldg., No. 49, Connecticut St., Brgy. Greenhills, San Juan City	Jan 01, 2014	-	Dec 31, 2023
71	Cubao - General Araneta	G/F Philamlife Cubao Bldg., Aurora Blvd. cor. Gen. Araneta Malvar Avenue, Cubao, Quezon City	Feb 01, 2008	-	Jan 31, 2018
72	Cubao - P. Tuazon	MEC Tower, P. Tuazon Ave. cor. 21st St., Cubao, Quezon City	Feb 18, 2013	-	Feb 17, 2023
73	Dapitan St. - A. H. Lacson Ave.	Dioresa Plaza, Dapitan St. corner A.H. Lacson Avenue, Sampaloc, Manila	Jul 01, 2010	-	Jun 30, 2015
74	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada St., Legaspi Village, 1229 Makati City	May 01, 2013	-	Apr 30, 2018
75	Del Monte - Araneta Avenue	641 Del Monte Avenue, San Francisco Del Monte, Quezon City	Oct 01, 2011	-	Mar 31, 2022
76	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City	Mar 01, 2008	-	Feb 28, 2018
77	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105	Oct 16, 2007	-	Oct 15, 2017
78	Diliman Capitol Hills	16 Capitol Hills Drive, Old Balara, Diliman, Quezon City	Dec 01, 2008	-	Nov 30, 2018
79	Diliman - Matalino	G/F J & L Bldg., Matalino St., Diliman, Quezon City	Jan 01, 2013	-	Dec 31, 2017
80	Divisoria	744 - 746 Ilaya St. Tondo, Manila	Apr 01, 2013	-	Mar 31, 2018
81	Divisoria - Sta. Elena	668 Sta. Elena St., Binondo, Manila	Jul 01, 2008	-	Dec 31, 2016
82	Dr. A. Santos Ave.	LT Bldg. Dr. A. Santos Avenue, Paranaque City	Jun 01, 2013	-	May 31, 2023
83	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Jun 16, 2012	-	Jun 15, 2022
84	Eastwood City - IBM Plaza	G/F IBM Plaza, Eastwood City, E. Rodriguez Jr., Avenue, Bagumbayan, Quezon City	Jun 15, 2014	-	Apr 30, 2019
85	Eastwood City - Olympic Heights	G/F Olympic Heights, Eastwood City Cyberpark, Bagumbayan, Quezon City	Aug 01, 2011	-	Jul 31, 2016
86	Echague	No. 116-120 C. Palanca St. Quiapo,	Mar 16,	-	Mar 15, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		Manila	2005		
87	EDSA - A. de Jesus	474 EDSA corner B. Serrano & A. De Jesus St, 1403 Caloocan City	Mar 01, 2012	-	Feb 28, 2022
88	EDSA - Balintawak	G/F, 1310 Edsa, Brgy Apolonio Samson, Balintawak, Quezon City	Jan 01, 2014	-	Dec 31, 2023
89	EDSA - Bangkal	No. 3 EDSA, Barangay Bangkal, Makati City	May 16, 2011	-	May 15, 2021
90	Edsa Cubao	596 Simeon Medalla Bldg., corner Gen. McArthur Avenue, EDSA, Quezon City	Feb 01, 2011	-	Jan 31, 2016
91	EDSA - East Avenue	G/F Macdouton Building, 768 Edsa near cor. East Avenue, Brgy. Pinyahan, Cubao, Quezon City	Oct 01, 2012	-	Sep 30, 2022
92	EDSA East - Caloocan	L & E Bldg. EDSA corner Gen. Concepcion St, Caloocan City	Dec 01, 2014	-	Nov 30, 2021
93	EDSA New Farmers Plaza	Unit 1-B, G/F New Farmers Plaza, General Roxas Avenue, Araneta Center, Cubao, Quezon City	Jul 18, 2010	-	Jul 17, 2020
94	EDSA - New York	EDSA corner New York St., Cubao 1111 Quezon City	Sep 01, 2013	-	Aug 31, 2015
95	EDSA – Ortigas	Maranaw Plaza, 187 Edsa, Brgy. Wack-Wack, Greenhills East, Mandaluyong City	Aug 16, 2013	-	Aug 15, 2023
96	EDSA POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong City	Jul 01, 2013	-	Jun 30, 2018
97	Elcano	SHC Tower 619 Elcano St. San Nicolas, Manila	Nov 01, 2013	-	Oct 31, 2018
98	Emerald Avenue	G/F Unit 101 Taipan Place, Don Francisco Ortigas Jr. Road, Pasig	Jul 16, 2014	-	Jul 15, 2019
99	E. Rodriguez - Welcome Rotonda	G/F AEK Bldg., 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City	Nov 01, 2008	-	Oct 31, 2018
100	España	Carmen Bldg. Espana corner G. Tolentino St. Sampaloc, Manila	Jul 03, 2013	-	Jul 02, 2018
101	España – Basilio	España St. corner Basilio St. corner Intruccion St., Brgy 512, Manila	Sep 01, 2013	-	Aug 31, 2023
102	España Blumentritt	2101-2103 España Avenue corner Blumentritt St. 1008 Sampaloc, Manila	Feb 01, 2012	-	Jan 31, 2017
103	España - M. Dela Fuente	Esperanza Place, España Blvd. corner M. Dela Fuente St., Sampaloc, Manila	Apr 01, 2009	-	Mar 31, 2019
104	Evangelista - Makati	1695 Evangelista St corner Gen. Lacuna St. Bangkal, Makati City 1233	Jan 01, 2013	-	Dec 31, 2022
105	Fairview – Regalado	G/F Regalado Hive, Regalado Ave., Brgy Fairview, quezon City	Sep 16, 2013	-	Sep 15, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
106	Filinvest - Alabang	G/F Tower 1, Insular Life Corporate Center, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City	Nov 01, 2012	-	Dec 31, 2018
107	Filinvest Avenue	G/F BC Group Bldg., Filinvest Ave. corner Commerce Ave., Brgy. Ayala Alabang, Filinvest Corporate City, Alabang, Muntinlupa	Mar 01, 2014	-	Feb 29, 2024
108	Fort Bonifacio - Bayani Road	Bayani Road corner M. Roxas St., Fort Bonifacio, Taguig	Jun 01, 2010	-	May 31, 2020
109	Fort Bonifacio - Mckinley Hill	G/F Three World Square, McKinley Hill, Fort Bonifacio, Taguig	Oct 01, 2014	-	Jul 31, 2017
110	Gandara	811-813 Sabino Padilla St. (formerly Gandara St.) Sta. Cruz , Manila	Feb 01, 2012	-	Jan 31, 2017
111	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006 Binondo, Manila	Mar 01, 2013	-	Feb 28, 2028
112	GC Corporate Plaza - Legaspi St.	150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City	Jan 01, 2011	-	Dec 31, 2015
113	General Luis	297 Gen. Luis Street, Bo. Kaybiga, Caloocan City	Sep 01, 2012	-	Aug 31, 2027
114	Gil J. Puyat	No. 331, Union Ajinomoto Bldg., Sen. Gil J. Puyat Avenue, Bgy. Bel Air, Makati City	Jan 01, 2014	-	Dec 31, 2014
115	Grace Park	GF A & R Bldg., 213 Rizal Avenue Extension, Grace Park, Caloocan City	Mar 01, 2014	-	Feb 28, 2019
116	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City	Jan 01, 2014	-	Dec 31, 2018
117	Greenbelt	GF 108 Legaspi St corner Paseo De Roxas, Pioneer House Bldg., Legaspi Village, Makati City	Nov 01, 2011	-	Oct 31, 2016
118	Greenhills	Greenhills Shopping Complex, Ortigas Avenue, San Juan, Metro Manila	Jan 01, 2014	-	Dec 31, 2015
119	Greenhills - Annapolis	Unit 101, GF Vasquez Madrigal Plaza, Annapolis St., Greenhills, San Juan	Jun 01, 2010	-	May 31, 2015
120	Greenhills Shopping Center	GF Jeweller Center, Greenhills Shopping Center, Ortigas Avenue, San Juan, Metro Manila	Jan 01, 2014	-	Dec 31, 2014
121	Greenhills - West	101 Limketkai Bldg., Ortigas Avenue, San Juan, Metro Manila	Mar 01, 2012	-	Feb 28, 2017
122	Greenhills - Wilson	227 Wilson Street corner Don Miguel Street, San Juan, Metro Manila	Jul 01, 2005	-	Jun 30, 2015
123	G. Araneta - Brixton Hill	GF ILO Bldg., 195 G. Araneta Avenue, Quezon City	Jul 01, 2005	-	Jun 30, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
124	Harrison Plaza	Unit R-5 URDI Building, Harrison Plaza Shopping Complex, F. B. Harrison, Malate, Manila	Mar. 01, 2012	-	Feb. 28, 2017
125	Herrera	V.A. Rufino Street corner Sotto Street, Legaspi Village, Makati City	May. 15, 2012	-	May. 14, 2018
126	H.V. Dela Costa	120 Westgate Plaza Condominium, Salcedo Village, Makati City	Feb 01, 2013	-	Jan 31, 2018
127	Ilaya	1049-1051 Ilaya Street, Divisoria, Manila	Jun 01, 2012	-	May 31, 2018
128	Ilaya - Padre Rada	940-942 Ilaya St., Tondo, Manila	Mar 01, 2005	-	Feb 28, 2015
129	Intramuros	GF Chamber of Commerce Bldg., 3 Magallanes Drive, Intramuros, Manila	Dec 16, 1997	-	Dec 15, 2017
130	J. Abad Santos	GF Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila	Sep 01, 2005	-	Aug 31, 2015
131	JAS - Antipolo	GF Intercast Corp. Tower, Jose Abad Santos Avenue, Tondo, Manila	Aug 01, 2006	-	Jul 31, 2016
132	Juan Luna	262 Juan Luna Street, Binondo, Manila	Jul 01, 2009	-	Dec 31, 2014
133	Julia Vargas	IBP Building, Julia Vargas Avenue, Ortigas, Pasig City	Jan 01, 2012	-	Dec 31, 2016
134	Jupiter - Reposo	GF CEI Headquarters, 158 Jupiter Street corner N. Garcia Street, Bel-Air Village, Makati City	Aug 01, 2009	-	Jul 31, 2019
135	Kamagong	2567 P. Ocampo (Vito Cruz Ext.) corner Madre Perla Street, Manila	Jan 01, 2014	-	Dec 31, 2018
136	Kamias Road	Trinidad Bldg., Kamias Road corner K- J St., Quezon City	Aug 01, 2007	-	Jul 31, 2017
137	Karrivin Plaza - Chino Roces Avenue Ext.	G/F Building A, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City	Feb 01, 2012	-	Jan 31, 2022
138	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila	May 01, 2012	-	Apr 30, 2022
139	Katipunan	Regis Center, No. 327 Katipunan Avenue corner F. dela Rosa St., Loyola Heights, Quezon City	Oct 01, 2011	-	Sep 30, 2021
140	Katipunan - B. Gonzales	G/F SMRC Bldg., Katipunan corner B. Gonzales St., Loyola Heights, Quezon City	Oct 01, 2010	-	Sep 30, 2015
141	Katipunan - Xavierville Avenue	GF Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights, Quezon City	Nov 01, 2008	-	Oct 31, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
142	Las Piñas - Almanza	Alabang Zapote Road, Almanza Uno, Las Piñas, Metro Manila	Aug 31, 2006	-	Aug 30, 2016
143	Las Piñas – Evia Daang Hari	Evia Lifestyle Center, Daang Hari Road, Tindig na Mangga, Brgy. Almanza Dos, Las Piñas City	Dec 15, 2012	-	Dec 31, 2017
144	Las Piñas – J. Aguilar Avenue Casimiro	Blk. 1 Lot 9 J. Aguilar Avenue, Casimiro Village 3, Brgy BF International, Las Piñas City	Nov 01, 2013	-	Oct 31, 2023
145	Las Piñas - Naga Road	Near corner Naga Road and Main Access Road, E.T. Homes 2, Pulanglupa 2, Las Piñas City	May 16, 2011	-	May 15, 2021
146	Las Piñas - Talon	GF MotionTrade Bldg, Alabang-Zapote Road, Talon, Las Piñas City	Jan 01, 2006	-	Dec 31, 2015
147	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba Street., Binondo, Manila	Jan 16, 2009	-	Jan 15, 2019
148	Legaspi Village - C. Palanca	G/F Colonade Residences, No. 132 Legaspi Village, Makati City	Nov 01, 2010	-	Oct 31, 2020
149	Legaspi Village - Salcedo St.	Maxicare Tower, 203 Salcedo St., Legaspi Village, Makati City	Apr 01, 2012	-	Mar 31, 2017
150	Loyola Heights - Berkeley Residences	G/F Berkeley Residences, Katipunan Ave. corner Escaler St., Loyola Heights, Quezon City	Nov 19, 2010	-	Nov 18, 2020
151	Magallanes Village	Unit 104, The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City	Aug 01, 2013	-	Jul 31, 2018
152	Makati Avenue – Singian	4466 Makati Avenue corner Singian St., Makati City	Jan 26, 2010	-	Jan 25, 2015
153	Makati Avenue - Zuellig	G/F Zuellig Building, Paseo de Roxas corner Makati Avenue, Makati City	Dec 19, 2012	-	Dec 18, 2017
154	Makati - Esteban	GF A & V Crystal Tower, 105 Esteban St., Legaspi Village, Makati City	Jun 01, 2010	-	May 31, 2015
155	Makati – Gramercy Residences	G/F Gramercy Residences, The Century City, Salamanca St., Brgy. Poblacion, Makati	Mar 01, 2014	-	Feb 28, 2024
156	Makati – Jazz Residences	G/F Jazz Residences, Jupiter St. corner N. Garcia St., Brgy. Bel-Air, Makati City	Sep 12, 2013	-	Oct 31, 2018
157	Makati Medical Center	G/F Makati Medical Center Bldg., Salcedo St. corner Dela Rosa St., Legaspi Village, Makati City	May 31, 2011	-	May 30, 2021
158	Makati Shangri-la Hotel	Unit 191 Shangri-la Hotel Manila, Ayala Center, Makati City	May 01, 2010	-	Apr 30, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
159	Malabon - Gov. Pascual	GF MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City	Aug 16, 2008	-	Aug 15, 2018
160	Malate - Adriatico	Adriatico Executive Center, Adriatico Street, Ermita, Manila	Mar 16, 2013	-	Mar 15, 2018
161	Mandaluyong - Calbayog	DMG Center, Libertad Street corner M. Cruz, Mandaluyong City	Jan 01, 2009	-	Dec 31, 2018
162	Mandaluyong Dansalan	G/F Exbonytz, Inc. Bldg. Boni Avenue corner M. Vicenter St., (formerly Dansalan St), Mandaluyong City	Jul 01, 2011	-	Jun 30, 2021
163	Mandaluyong - Libertad	Sierra Madre Street corner Libertad Street, Mandaluyong City	Jun 01, 2009	-	May 31, 2019
164	Manila - Otis	1763 Paz Mendoza Guanzon St., Paco, Manila	Jan 01, 2013	-	Dec 31, 2022
165	Marikina - Calumpang	Florida 1 Bldg., JP Rizal corner M. A. Roxas Sts., Calumpang, Marikina City	Jul 16, 2008	-	Jul 15, 2018
166	Marikina - Gil Fernando Avenue	Gil Fernando Avenue corner Dragon Street, Marikina City	Oct 01, 2007	-	Sep 30, 2017
167	Marikina - J.P. Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City	Mar 01, 2008	-	Feb 28, 2018
168	Marikina - Katipunan	G/F 107 Guerdon Commercial Center, Katipunan Avenue corner Rainbow St., Brgy. Concepcion Dos, Marikina City	Sep 01, 2012	-	Aug 31, 2022
169	Marikina - Lamuan	J. P. Rizal St. near corner Malaya St., Barangay Lamuan, Marikina City	May 01, 2009	-	Apr 30, 2019
170	Marikina - Nangka	Unit 1A-GF Bldg 2, Citi Centre Nangka, J.P.Rizal Avenue corner Puerto Rico St., Marikina City	Jun 01, 2010	-	May 31, 2020
171	Marikina - Parang	No. 65 G. Del Pilar St., Parang, Marikina City	Jan 01, 2014	-	Dec 31, 2018
172	Masangkay	Lung Hong Townmates Association Bldg., 1226 Masangkay, Sta. Cruz, Manila	Month	-	Month
173	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila	Apr 01, 2011	-	Mar 31, 2021
174	Masangkay - Luzon St.	907 Luzon St. corner Masangkay St., Tondo, Manila	Jun 01, 2012	-	May 31, 2022
175	Mascardo - Chino Roces Avenue	1101 Chino Roces corner Mascardo St., Brgy Sta. Cruz, Makati City	Aug 01, 2012	-	Jul 31, 2022
176	Mayon - Amoranto	489 Units A & B, Mayon Street, Sta. Mesa Heights, Quezon City	Oct 01, 2008	-	Sep 30, 2018
177	Mayon - N. Roxas	No. 241 Mayon Avenue corner Nicanor Roxas St., 1111 Quezon City	Aug 01, 2014	-	Jul 31, 2024

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
178	Meralco - Ortigas	Meralco Compound, Ortigas Avenue, 1604 Pasig City	Jan 01, 2013	-	Dec 31, 2017
179	Metropolitan Avenue	GF Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart(formerly Dao St), Makati City	Jul 01, 2011	-	Jun 30, 2016
180	Mezza Residences	G/F Mezza Residences, Aurora Blvd. corner Araneta Avenue, Guirayan St., Barangay Doña Imelda, Quezon City	Month	-	Month
181	Monumento	MacArthur Highway corner Calle Uno, Caloocan City	Month	-	Month
182	Muñoz - Roosevelt	No. 328 Mesa Holding Bldg., Roosevelt Avenue, SFDM, Quezon City	Apr 21, 2005	-	Apr 20, 2015
183	Muntinlupa - Poblacion	GF Elizabeth Center Bldg., National Road Poblacion, Muntinlupa City	Dec 01, 2008	-	Sep 01, 2018
184	NAIA	Arrival Area, Ninoy Aquino Intl. Airport, Ninoy Aquino Avenue, 1705 NAIA, Parañaque City	Month	-	Month
185	NAIA 3	Stall No.13, Arrival Lobby of Terminal 3, Ninoy Aquino International Airport, Andrews Avenue, Brgy. Villamor, Pasay City	Nov 01, 2014	-	Oct 31, 2015
186	Nagtahan	GF SM Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Sampaloc, Manila	Month	-	Month
187	Navotas	Seafront Commercial Bldg., North Bay Blvd., Navotas, Metro Manila	Jan 01, 2008	-	Dec 31, 2017
188	Neptune - Makati Avenue	101 Neptune St. corner Makati Avenue, 1209 Makati City	May 01, 2010	-	Apr 30, 2015
189	New Manila - E. Rodriguez Sr.	Unit 1G & 2E 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City	Mar 01, 2011	-	Feb 29, 2016
190	Newport City	GF Newport Office Building 1, Newport City, Pasay City	Month	-	Month
191	Northbay - Virgo Drive	Melandrea V Bldg., Honorio Lopez Blvd. near corner Virgo, North Bay, Navotas City	Sep 01, 2013	-	Aug 31, 2023
192	Novaliches - Zabarte	G/F C.I. Plaza, 1151 Quirino Highway corner Zabarte Road, Barangay Kaligayahan, Novaliches, Quezon City	May 24, 2010	-	May 23, 2020
193	Old Sta. Mesa - Albina	Newton Plaza, Old Sta. Mesa corner Albina Street, Sampaloc, Manila	May 16, 2010	-	May 15, 2020
194	One E-com Center	GF One E-com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay	Mar 01, 2013	-	Feb 28, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		City			
195	Ongpin	Unit ABC Imperial Sky Garden, Ongpin Street corner T. Pinpin, Binondo, Manila	Month	-	Month
196	Ongpin - T. Alonzo	Unit 564 and 566 Gel Tower, T. Alonzo St., Sta. Cruz, Manila	Jan 01, 2010	-	Jun 30, 2015
197	Ongpin-Tomas Mapua	1004-1006 Ongpin Street, Sta. Cruz, Manila	Mar 01, 2011	-	Feb 29, 2016
198	Ortigas Avenue Ext. - Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City	Jul 16, 2008	-	Jul 15, 2018
199	Ortigas Avenue Ext. - St. Joseph	15 A, Ortigas Avenue Extension corner Monaco St., Pasig City	Jan 01, 2008	-	Dec 31, 2017
200	Ortigas Center	UGF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City	Month	-	Month
201	Ortigas – Garnet Road	Unit 1 G/F Cyberscape Alpha Bldg., Garnet & Sapphire Rds., Ortigas Central Business District, San Antonio, Pasig City	Mar 01, 2014	-	Apr 30, 2019
202	Ortigas - Octagon Center	GF Octagon Center, San Miguel Avenue, Ortigas Center, Pasig City	Mar 01, 2014	-	Feb 28, 2019
203	Pablo Ocampo Sr. St. - Arellano Avenue	Barko Bldg., P. Ocampo Sr. St. corner Arellano Avenue & Enriquez St., Malate, Manila	Jun 16, 2010	-	Jun 15, 2020
204	Pacific Star - Makati	GF Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City	Mar 01, 2011	-	Feb 28, 2016
205	Paco	1054-1060 Pedro Gil St., Paco, Manila	Jun 01, 2009	-	May 31, 2019
206	Padre Rada	Gosiupo Bldg., 480-482 Padre Rada Corner Elcano St., Tondo, Manila	Jan 01, 2013	-	Dec 31, 2022
207	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City	Apr 26, 2005	-	Apr 25, 2015
208	Parañaque - Moonwalk	G/F Seal I Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City	Apr 01, 2014	-	Mar 31, 2024
209	Parañaque - N. Aquino Avenue	JJM Bldg., 2 N. Aquino Ave., Sto. Niño, Parañaque City	Jun 16, 2013	-	Jun 15, 2016
210	Parañaque - Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, St. Niño, Parañaque City	Mar 01, 2008	-	Feb 28, 2018
211	Parañaque - San Antonio Valley 1	San Antonio Plaza, Blk 6 Lot 20 & 21, San Antonio Ave., Brgy. San Antonio Valley 1, Sucat, Parañaque	Dec 01, 2012	-	Nov 30, 2022
212	Pasay - Domestic	Caltex Compound (PDSC/Park 'N Fly	Oct 01, 2010	-	Sep 30, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
	Road	Bldg.), NAIA corner Domestic Road, 1300, Pasay City			
213	Pasay - Two Shopping Center	2nd Level. Retail Shops Area, Two Shopping Center, Taft Avenue, Pasay City	Nov 15, 2011	-	Nov 14, 2021
214	Paseo de Roxas 2	GF BDO Plaza, 8737 Paseo de Roxas St., Makati City	Dec 16, 2007		Dec 15, 2017
215	Pasig Caruncho	SG Bldg. Caruncho Avenue corner Market Avenue, Pasig City	Apr 01, 2010	-	Mar 31, 2020
216	Pasig - C. Raymundo Ave.	JEMCO Bldg., Raymundo Avenue corner Bernal St., Rosario, Pasig City	Jun 11, 2012	-	Jun 10, 2027
217	Pasig - Capitol Commons Estancia	Estancia Mall, Capitol Commons, Pasig City	Sep 01, 2014	-	Aug 31, 2016
218	Pasig - E. Rodriguez Jr. Ave.	G/F P & J Bldg., Pasig Blvd corner E. Rodriguez Jr. Ave., Brgy Ilog, Pasig City	Mar 01, 2013	-	Feb 28, 2023
219	Pasig - Kapasigan	Mariposa Arcade, A. Mabini cor. Dr. Pilapil St., Pasig City	May 16, 2014	-	May 15, 2024
220	Pasig - Kapitolyo	GF AB Sandoval Bldg., Shaw Blvd. corner Oranbo Drive, Pasig City	Oct 01, 2012	-	Sep 30, 2017
221	Pasig – Maybunga	G/F Armal Bldg. 3, Blk 1 Lot 1-3, C. Raymundo Avenue, Maybunga, Pasig City	Oct 01, 2013	-	Dec 31, 2023
222	Pasig - Meralco Avenue	GF One Corporate Bldg., Julia Vargas Avenue corner Meralco Avenue, Pasig City	Jun 01, 2010	-	May 31, 2020
223	Pasig - Mercedes Avenue	No. 628 MK Building, Mercedes Avenue, Brgy. San Miguel, Pasig City	Oct 16, 2012	-	Oct 15, 2022
224	Pasig - Pioneer	Pioneer Centre, Pioneer St. corner Brixton and United Streets, Pasig City	Dec 16, 2008	-	Dec 15, 2018
225	Pasig – Puregold San Joaquin	G/F Puregold, 165 M. Concepcion St., Brgy. Buting, Pasig City	Sep 01, 2014	-	Aug 31, 2024
226	Pasig - Valle Verde	Reliance Center, 99 E. Rodriguez Jr. Avenue, Barrio Ugong, Pasig City	Jun 01, 2010	-	May 31, 2020
227	Paso de Blas - North Expressway	97 Paso De Blas, 1442 Valenzuela, Metro Manila	Sep 01, 2012	-	Aug 31, 2017
228	Pasong Tamo Ext.	GF Allegro Center, Pasong Tamo Extension, Makati City	Dec 01, 2011	-	Nov 30, 2016
229	Pateros - Poblacion	GF Milaor Bldg., No. 509 M. Almeda St., Poblacion, Pateros	Oct 01, 2008	-	Sep 30, 2018
230	Pedro Gil - Adriatico	Adriatico near corner Pedro Gil St., Malate, Manila	Oct 01, 2010	-	Sep 30, 2020

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
231	Pedro Gil - A. Mabini	1567-1571 Salud Bldg., Pedro Gil corner A. Mabini St., Ermita, Manila	Feb 16, 2014	-	Feb 15, 2017
232	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) LG/F Globe Telecom Plaza 1 Bldg., Pioneer St. Corner Madison St., Mandaluyong City	Jan 01, 2013	-	Dec 31, 2017
233	Plaza Calderon - Pedro Gil	GF Unit C, Harmonic Seven Bldg., 2332-2334 Pedro Gil corner Vesta St., Sta. Ana, Manila	Jan 21, 2012	-	Jan 21, 2022
234	Port Area - South Harbor	GF Velco Centre, RS Oca Corner A. C. Delgado Streets, Port Area, Manila	May 01, 2008	-	Apr 30, 2016
235	Q. I. - E. Rodriguez Sr.	GF Ablaza Bldg., 117 E. Rodriguez Ave., Quezon City	May 01, 2012	-	Apr 30, 2017
236	Quezon Avenue - Araneta	103 Aries Building, Quezon Avenue, Q.C	Mar 07, 2011	-	Mar 06, 2021
237	Quezon Avenue – Examiner	G/F maxmor Bldg., Examiner St. corner Quezon Ave. Brgy. West Triangle, Quezon City	Oct 01, 2010	-	Sep 30, 2015
238	Quezon Avenue – Fisher Mall	UB-Bank 1, Fisher Mall, Quezon Ave. corner Roosevelt Ave., Brgy Sta. Cruz, Quezon City	Nov 08, 2013	-	Dec 31, 2018
239	Quiapo - Quezon Blvd.	Quezon Blvd., 1001 Quiapo, Manila	Jun 01, 2012	-	May 31, 2022
240	Quiapo - Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila	Jan 16, 2008	-	Jan 15, 2018
241	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St. corner Carvajal St., Binondo, Manila	Apr 01, 2013	-	Mar 31, 2023
242	Quirino Paco	CRS Tower Center, Perdigon Street, Pres. Quirino Avenue, Paco, Manila	Mar 01, 2011	-	Feb 28, 2021
243	Rada	GF One Legaspi Place, Rada Street, Legaspi Village, Makati City	Sep 01, 2011	-	Aug 31, 2016
244	Resorts World Manila	Newport Blvd., Newport City, Pasay City	Jun 08, 2010	-	May 31, 2015
245	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila	Nov 01, 2011	-	Oct 31, 2021
246	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila	Sep 01, 2013	-	Aug 31, 2028
247	Robinsons Galleria - Ortigas	Robinson's Galleria, Ortigas Avenue, 1602 Quezon City	Nov 01, 2013	-	Oct 31, 2018
248	Robinson's - Metro East	Level 1 (L1 160 & 162), Robinson's Metro East, Marcos Highway, Pasig City	May 01, 2012	-	Apr 30, 2017
249	Robinson's Place - Manila	G/F Robinson's Mall corner Pedro Gil M. Orosa St., Ermita, Manila	Aug 16, 2013	-	Aug 15, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
250	Rockwell	GF Power Plant Mall, Rockwell Centre , Amapola corner Estrella St., Makati City	May 15, 2009	-	Oct 31, 2015
251	Rockwell - Ortigas	Level 1, Tower 2 The Rockwell Business Center, Ortigas Avenue, Pasig City	Oct 01, 2014	-	Sep 30, 2019
252	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila	Mar 01, 2005	-	Feb 28, 2015
253	Salcedo	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City	Jan 01, 2014	-	Dec 31, 2018
254	Salcedo - Gamboa	Optima Building along Salcedo St. near corner Gamboa St., Legaspi Village, Makati City	Jul 01, 2012	-	Jun 30, 2022
255	Sales St. - Raon	545 Sales St. cor. G. Puyat St. (Raon), 1016 Sta. Cruz, Manila	Jun 01, 2011	-	May 31, 2021
256	Samson Road	GF Unit G Ma. Cristina Bldg., Samson Road corner UE Tech, Caloocan City	Aug 01, 2007	-	Jul 31, 2017
257	San Andres	San Andres corner A. Linao St., Malate, Manila	Jul 01, 2012	-	Jun 30, 2022
258	San Juan	88 N. Domingo Street, San Juan	Sep 01, 2012	-	Aug 31, 2017
259	Savemore - Amang Rodriguez	G/F Savemore Amang Rodriguez, GBU Bldg. Amang Rodriguez Avenue corner Evangelista St., Barangay Santolan, Pasig City	Jul 29, 2010	-	Jul 28, 2015
260	Savemore Novaliches	Savemore Novaliches, General Luis St., Novaliches, Quezon City	Jan 01, 2010	-	Dec 31, 2014
261	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Sgt. Limbaga Street, 1103, Quezon City	Dec 01, 2013	-	Nov 30, 2018
262	Scout Albano - Quezon Avenue	1488 Quezon Avenue, 1103 South Triangle, Quezon City	Apr 01, 2014	-	Mar 31, 2019
263	Shangri-la Plaza Mall - EDSA	Unit 516-517, Level 5 Shangri-La Plaza Mall, EDSA cor. Shaw Blvd., Brgy Wack-wack, Mandaluyong City	Mar 18, 2013	-	Mar 17, 2018
264	Shaw Blvd. - Beacon Plaza	UG 105-UG 106 Beacon Plaza, Shaw Blvd. corner Ideal St., Mandaluyong City	Oct 15, 2013	-	Oct 14, 2016
265	Shaw Blvd. - Escriva Drive	Amber Square, Shaw Blvd. near Escriva Drive, Pasig City	Apr 01, 2010	-	Mar 31, 2015
266	Shaw Blvd. - Liberty Center	G/F Units 1 & 2 Bldg. B, Liberty Center, Shaw Blvd., Mandaluyong City	Mar 16, 2011	-	Mar 15, 2021
267	Shaw Blvd.-Wack-Wack	Unit A, BCC Showroom, 545 Shaw Blvd., Brgy Wack-Wack, Mandaluyong City	Apr 01, 2013	-	Mar 31, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
268	Shaw Blvd.-Yulo	285 Shaw Blvd. corner L. Cruz Street, Mandaluyong City	Jan 01, 2013	-	Dec 31, 2017
269	Shaw - Pasig Blvd.	145 Shaw Boulevard, Pasig City	Mar 01, 2010	-	Feb 29, 2020
270	Silver City - Pasig	L1-012, L1-013 & L1-014, Level 1, Auto Mall, Frontera Verde Drive corner Julia Vargas St., Ortigas, Pasig City	Sep 08, 2013	-	Sep 07, 2015
271	Sixto Antonio - Pasig	Sixto Antonio Avenue corner R. Bedaña St., Pasig City	Oct 27, 2014	-	Oct 26, 2015
272	SM Aura Premier	LG/F SM Aura Premier, Bonifacio Global City, Brgy Fort Bonifacio, Taguig City	Mar 15, 2013	-	Apr 30, 2018
273	SM Center Angono	UG/F SM Center Angono, Manila East Road, Brgy. San Isidro, Angono, Rizal	Oct 01, 2014	-	Oct 31, 2019
274	SM Center Las Piñas	LGF SM Center Las Piñas, Alabang-Zapote Road, Barangay Pamplona Dos, Las Piñas City	Month	-	Month
275	SM Center Muntinlupa	UGF Center Muntinlupa, Barangay Tunasan, National Road, Muntinlupa City	Feb 01, 2013	-	Jan 31, 2018
276	SM Center Valenzuela	Unit 126 G/F SM Center Valenzuela, McArthur Highway, Karuhatan Valenzuela City	Month	-	Month
277	SM City BF Parañaque	G/F SM City BF Parañaque, Dr. A. Santos Avenue, Brgy. BF Homes, Sucat, Parañaque City	Sep 29, 2013	-	Oct 31, 2018
278	SM City Bicutan	LG/F SM City Bicutan, Dona Soledad Avenue corner West Service Road, Paranaque City	Feb 01, 2010	-	Jan 31, 2015
279	SM City Fairview A	Quirino Highway corner Regalado St. Fairview, Quezon City	Aug 01, 2009	-	Jul 31, 2015
280	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City	Nov 01, 2010	-	Oct 31, 2015
281	SM City Fairview C	LGF, Annex 2, SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City	Feb 01, 2014	-	Jan 31, 2019
282	SM City Manila	LG/F SM City Manila Concepcion corner Arroceros and San Marcelino St. Manila	Aug 01, 2010	-	Jul 31, 2015
283	SM City Marikina	G/F SM City Marikina, Barangay Calumpang, Marikina City	Aug 01, 2013	-	Jul 31, 2018
284	SM City North Edsa A	G/F The Block SM City North EDSA corner North Avenue, Quezon City	Aug 01, 2013	-	Jul 31, 2018
285	SM City North Edsa B	SM City North EDSA Annex I Bldg., North Avenue corner EDSA, Quezon City	Dec 12, 2008	-	Jan 31, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
286	SM City North EDSA C	SM Center Complex North EDSA, 1105 Quezon City	Feb 01, 2013	-	Jan 31, 2018
287	SM City Novaliches	G/F SM City Novaliches, Quirino Highway, Novaliches, Quezon City	Oct 22, 2010	-	Oct 31, 2015
288	SM City San Lazaro	Felix Huertas corner A.H. Lacson St. Sta. Cruz, Manila	Aug 01, 2012	-	Jul 31, 2017
289	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg. Aurora Blvd. Quezon City	Feb 01, 2014	-	Jan 31, 2019
290	SM City Sucat A	G/F SM Supercenter Sucat, Parangue City	Nov 01, 2009	-	Oct 31, 2015
291	SM City Sucat B	GF Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Parañaque City	Month	-	Month
292	SM Corporate Offices	Bldg. D, J.W Diokno Blvd., Mall of Asia Complex, Pasay City	Oct 10, 2013	-	Jan 31, 2018
293	SM Cubao	GF SM Cubao, Cubao, Quezon City	May 01, 2014	-	Oct 31, 2018
294	SM Hypermarket Adriatico	GF SM Hypermarket Adriatico, M. Adriatico St., Manila	Jul 01, 2010	-	Jun 30, 2015
295	SM Hypermarket Cubao	EDSA corner Main Street, Cubao, Quezon City	Sep 16, 2010	-	Sep 15, 2015
296	SM Hypermarket FTI Taguig	G/F SM Hypermarket FTI Taguig, Lot 85 A & B, DBP Avenue, FTI Complex, Brgy. Western Bicutan, Taguig City	Nov 15, 2013	-	Nov 30, 2018
297	SM Hypermarket Makati	SM Hypermarket Makati, 5560 Osmeña Highway corner Finlandia St, San Isidro, Makati City	Jun 29, 2010	-	Jun 28, 2015
298	SM Makati	G/F (GF05) Shoemart Bldg., Ayala Center, Brgy. San Lorenzo, Makati City	Oct 15, 2014	-	Oct 31, 2019
299	SM Mall Of Asia A	GF Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City	May 01, 2010	-	Apr 30, 2015
300	SM Mall of Asia B	G/F Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City	May 01, 2010	-	Apr 30, 2015
301	SM Megamall A	GF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City	Nov 01, 2012	-	Oct 31, 2017
302	SM Megamall B	UGF & LGF SM Megamall Bldg. B, Ortigas Center, Mandaluyong City	Nov 01, 2012	-	Oct 31, 2017
303	SM Southmall A	UGF SM Southmall, Alabang - Zapote Road, Las Piñas City	Feb 01, 2011	-	Jan 31, 2016
304	SM Southmall B	GF SM Southmall, Alabang - Zapote Road, Las Piñas City	Dec 24, 2012	-	Jan 31, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
305	SM Supercenter Pasig	GF SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig	Aug 01, 2011	-	Jul 31, 2016
306	Solaire - Manila Resort	Solaire Manila, Bagong Nayong Pilipino Entertainment City, Parañaque City	Mar 16, 2013	-	Mar 15, 2016
307	Soler	U-1118 & 1120 Gracetown Building corner Soler & Alvarado Sts., Binondo, Manila	Mar 15, 1997	-	Mar 14, 2017
308	Soler - Reina Regente	1087 Soler St., Binondo, Manila	Jan 01, 2012	-	Dec 31, 2014
309	Southgate Mall - EDSA	GF Southgate Mall, EDSA corner Pasonig Tamo Extension, Makati City	Aug 14, 2014	-	Aug 13, 2019
310	Starmall - Alabang	Unit G33 Manuela Metropolis, South Super Highway, Alabang Interchange, Muntinlupa City	Dec 01, 1996	-	Dec 01, 2016
311	Sto. Cristo	475-477 Kim Siu Ching Foundation Building, Sto. Cristo St., Binondo, Manila	Mar 01, 2009	-	Feb 28, 2015
312	Sto. Cristo - Comercio	No. 686 Sto Cristo St., Binondo, Manila	May 01, 2013	-	Apr 30, 2016
313	Sto. Domingo	6 Sto. Domingo Avenue, Quezon City	Mar 01, 2011	-	Feb 28, 2021
314	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City	Oct 16, 2008	-	Oct 15, 2018
315	Sucat	Parañaque Cable TV Bldg., 8210 Dr. A Santos Avenue, Parañaque City	Oct 01, 2012	-	Sep 30, 2017
316	Sucat - Villa Mendoza	Dr. A. Santos Avenue corner Villa Mendoza Subd., Sucat Road, Parañaque City	Oct 01, 2007	-	Sep 30, 2017
317	Sun Residences	G/F Sun Residences, España Blvd. corner Mayon St., Brgy. Sta. Teresita, Quezon City	Nov 16, 2013	-	Jan 31, 2019
318	Tabora	859-861 L & J Building, Tabora Street, Divisoria, Manila	Apr 01, 2013	-	Mar 31, 2019
319	Taft Avenue - J. Nakpil	1747 Taft Avenue Corner J. Nakpil Street, Manila	Feb 01, 2004	-	Jan 31, 2015
320	Taft Avenue - Pres. Quirino	Ground Floor, FFW Bldg., 1943 Taft Avenue, Malate, Manila	Sep 01, 2011	-	Aug 31, 2016
321	Taft - Libertad	MCF Building, 2250 Taft Avenue corner College Road, Pasay City	Jun 01, 2014	-	May 31, 2024
322	Taft - Pedro Gil	1430 Taft Avenue, Manila	Mar 01, 2012	-	Feb 28, 2022

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
323	Taguig - Levi Mariano Avenue	No. 160 Levi Mariano Avenue, Brgy Ususan, Taguig City	Dec 01, 2012	-	Nov 30, 2022
324	Tandang Sora	Tandang Sora Avenue corner Marcel Road, Quezon City	Oct 01, 2007	-	Sep 30, 2017
325	Tandang Sora – Commonwealth	Tierra Commercial Center Bldg., Commonwealth Ave. corner Tandang Sora Ave., Quezon City	Mar 01, 2012	-	Feb 28, 2022
326	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay, Brgy. New Era, Quezon City	Jan 01, 2009	-	Dec 31, 2018
327	Tayuman	GF Delton Bldg., 1808 Rizal Avenue, Sta. Cruz, Manila	Apr 01, 1996	-	Mar 31, 2016
328	Teacher's Village	GF Luisa 2 Bldg., 107 Maginhawa Street, Teacher's Village, Quezon City	Sep 01, 2013	-	Aug 31, 2023
329	Tierra Nueva - Alabang	Sycamore Arcade, Alabang-Zapote National Road, 1702 Alabang, Muntinlupa City	Apr 01, 2014	-	Mar 31, 2019
330	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City	Jan 01, 2010	-	Dec 31, 2014
331	Timog - Rotonda	GF Imperial Palace Suites, Tomas Morato corner Timog Avenue, South Triangle, Quezon City	Jan 16, 2003	-	Aug 31, 2015
332	Timog - Scout Torillo	Unit 11& 12, Timog Arcade, Timog Avenue corner Scout Torillo, Brgy. South Triangle, Quezon City	Oct 16, 2012	-	Oct 15, 2022
333	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City	Jun 15, 2013	-	Jun 14, 2018
334	Tomas Morato - Scout Gandia	No. 190 Tomas Morato Ave., Scout Gandia St., Quezon City	Mar 01, 2011	-	Feb 28, 2016
335	Tondo - Gagalangin	Juan Luna St. corner Paez St., Gagalangin, Tondo, Manila	Dec 16, 2010	-	Dec 15, 2020
336	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila	Dec 02, 2010	-	Apr 30, 2021
337	Tordesillas	GF MME Bldg., 108 Tordesillas St. corner Gallardo St., Salcedo Village, Makati City	May 01, 2009	-	Apr 30, 2019
338	Tordesillas – Dela Costa	G/F The Orient Mansion Condominium, 118 Tordesillas St., near corner H.V. dela Costa, Brgy Bel-Air, Salcedo Village, Makati City	May 01, 2013	-	Apr 30, 2023
339	Trident - Gil Puyat	GF Trident Tower Bldg., 312 Sen. Gil.	Feb 01,	-	Jan 31, 2019

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		Puyat Avenue, Makati City	2014		
340	Tutuban	DS-17-18 Tutuban Prime Block, Tutuban Center, CM Recto, Manila City	With Leasehold Rights.	-	With Leasehold Rights.
341	UN Avenue	Puso ng Maynila Bldg., UN Avenue corner A. Mabini Street, Ermita, Manila	Jul 01, 2012	-	Jun 30, 2022
342	UN Avenue – Times Plaza	Units 16 & 17 G/F, Units SC-3A & SC-8B 2F, Times Plaza Bldg., U.N. Avenue corner Taft Ave., Brgy. 666, Ermita, Manila	Jul 01, 2013	-	Jun 30, 2018
343	Valenzuela	Km. 15 MacArthur Highway, Dalandanan Valenzuela	Jan 01, 2014	-	Dec 31, 2023
344	Valenzuela - Gen. T. De Leon	Gen. T. De Leon Street, Valenzuela City	Sep 20, 2006	-	Sep 19, 2016
345	Valero	GF Pearl Center, 145 Valero Street, Salcedo Village, Makati City	Nov 16, 2014	-	Nov 15, 2017
346	V.A. Rufino - Tuscan	GF Tuscan Building, 114 V. A Rufino St., Legaspi Village, Makati City	Jun 01, 2010	-	May 31, 2020
347	Villar - Salcedo Village	Eurovilla III Condominium, 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City	Jun 15, 2010	-	Jun 14, 2016
348	V - Mall	GF New V- Mall, Greenhills Shopping Center, San Juan, Metro Manila	Jan 16, 2013	-	Jan 15, 2015
349	Visayas Avenue	No. 30 Visayas Avenue near corner Congressional Avenue, Brgy. Bahay Toro, Quezon City	Oct 01, 2013	-	Sep 30, 2023
350	Walter Mart - North EDSA	GF Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City	Feb 08, 2013	-	Feb 07, 2018
351	Waltermart - Sucat	G/F Waltermart Sucat, Dr. A Santos Ave, Paranaque City	Jan 31, 2012	-	Jan 30, 2017
352	Washington - Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City	May 05, 2008	-	May 04, 2018
353	West Avenue - Baler	No. 118 Jafer Bldg., West Avenue, Quezon City	Mar 01, 2011	-	Feb 29, 2016
354	West Avenue - Del Monte	No. 40 West Ave., 1104 West Triangle, Q.C	Jan 01, 2012	-	Dec 31, 2016
355	West Avenue-East Maya	160 West Avenue corner East- Maya Drive, Quezon City	Jul 01, 2011	-	Jun 30, 2016
356	Zurbaran	Rizal Avenue corner Fugoso Street, Sta. Cruz, Manila	Jan 01, 2011	-	Dec 31, 2015

(b) Provincial Branches:

1. Lot leased

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Antipolo - Sumulong Highway	BDO Bldg. Sumulong Highway, Masinag Highway, Mayamot, Antipolo	May 01, 1998	-	Apr 30, 2018
2	Bacoor - New Molino Blvd.	New Molino Blvd., Brgy. Molino 3, Bacoor, Cavite	Jun 01, 2013	-	May 31, 2043
3	Baliuag - Tagle	Corner Rizal & Tagle St., Baliuag, Bulacan	Feb 18, 2006	-	Sep 30, 2016
4	Bataan - Mariveles FAB	Avenue of the Philippines cor. 8th Avenue, Freeport Zone of Bataan (the FAB), Mariveles, Bataan	Jan 01, 2014	-	Dec 31, 2043
5	Batangas - Rosario	BDO Bldg., G. Carandang St. corner Barangay Poblacion, Rosario, Batangas	May 01, 2011	-	Apr 30, 2036
6	Bulacan - Obando	No. 224 J.P. Rizal St., Brgy Pag-asa, Obando, Bulacan	Jan 16, 2013	-	Jan 15, 2038
7	Cabanatuan - Sanciango	Sanciango St., Cabanatuan City	Apr 30, 2001	-	Apr 29, 2021
8	Cavite - Carmona	Governor's Drive, Barangay Maduya, 4116 Carmona, Cavite	Month	-	Month
9	Cavite - EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite	Aug 14, 2007	-	Aug 13, 2017
10	Cavite - Dasmariñas Aguinaldo Highway	Gen. Emilio Aguinaldo Highway corner Natividad St., Dasmariñas, Cavite	May 16, 2011	-	May 15, 2031
11	Cavite - Naic	Gov. Drive corner Soriano Highway, Naic, Cavite City	Nov 01, 2009	-	Oct 31, 2029
12	Dumaguete - Silliman Campus	National Highway, Silliman University Compound, Bgy. Looc, Dumaguete City	May 01, 2013	-	Apr 30, 2028
13	Iloilo Central	Iznart St. Lot 317-B-2-A-1, 5000, Iloilo City, Iloilo	May 29, 2002	-	May 28, 2022
14	Iloilo - Molo	M.H. Del Pilar St. corner Jocson St., Molo, Iloilo City	Feb 01, 2010	-	Jan 31, 2030
15	Kawit - Binakayan	1497 National Road, Binakayan, 4104 Kawit, Cavite	Month	-	Month
16	Legazpi City - Rotonda	Rizal St., 4500 Legaspi City, Albay	Jul 01, 1995	-	Jun 30, 2015
17	Mactan – EPZA	Mactan - EPZA Compound, 6000 Lapu-Lapu City, Cebu	May 27, 2007	-	May 26, 2017
18	Masbate	Quezon St., Brgy. Pating, Masbate City	May 01, 2014	-	Apr 30, 2034
19	Negros Occ -	Biscom Compound, Binalbagan, Negros	Dec 01,	-	Nov 30, 2020

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
	Binalbagan	Occidental	2005		
20	Pangasinan – Lingayen	80 Avenida Rizal East, Lingayen, Pangasinan	Mar 31, 2001	-	Apr 30, 2016
21	Quezon – Sariaya	Maharlika Road corner Rizal St. corner Quezon St., Brgy. Poblacion, Sariaya, Quezon	Mar 01, 2014	-	Feb 28, 2039
22	San Pedro - Rosario Complex 1	Lots 11 & 12, Rosario Avenue Complex 1, San Pedro, Laguna	May 01, 2011	-	Apr 30, 2031
23	Tagbilaran - C.P. Garcia Ave.	C.P. Garcia Avenue near corner Visarra St., Poblacion, Tagbilaran City, Bohol	May 01, 2012	-	Apr 30, 2032
24	Tarlac – Paniqui	M. H. Del Pilar St., McArthur H-way 2307, Paniqui, Tarlac	Oct 09, 1997	-	Oct 08, 2017
25	Taytay - Manila East Road	BDO Bldg., East Road, Taytay, Rizal	Jul 09, 1998	-	Jul 08, 2018

2. Building leased

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Abra - Bangued	Unit 12 the Rosario Bldg., Taft St. corner Magallanes St., 2800 Benguet, Abra	Feb 01, 2011	-	Jan 31, 2016
2	Aklan – Boracay	Station 2, Brgy. Balabag, Boracay Island, Malay, Aklan	Aug 01, 2013	-	Jul 31, 2023
3	Aklan - Kalibo	Along XIX Martyrs Street, Kalibo, Aklan	Feb 01, 2006	-	Jan 31, 2016
4	Albay – Daraga	Rizal St., corner Burgos St., Brgy Centro Ilawod, Daraga, Albay	Jun 01, 2013	-	May 31, 2023
5	Albay - Polanqui	Provincial Road corner Brgy. Road, Brgy. Ubaliw, Polangui, Albay	Apr 14, 2010	-	Apr 13, 2025
6	Albay - Tabaco	Along Ziga Avenue, Tabaco, Albay	Sep 16, 2005	-	Sep 15, 2015
7	Angeles City - Nepo Mart	GF, NTEC Bldg., Teresa Ave., Nepo Mart Complex, Brgy. Cutcut, Angeles City, Pampanga	Sep 01, 2012	-	Aug 31, 2022
8	Angeles - MacArthur Highway	GF Excelsior Bldg., 314 Macarthur Highway, Brgy. CM Recto, Angeles City, Pampanga	Dec 01, 2011	-	Nov 30, 2016
9	Angeles - Marlim Mansions	G/F Marlim Mansions, MacArthur Highway, Balibago, Angeles City	Oct 15, 2011	-	Oct 14, 2016
10	Angeles - Sto. Rosario	Plaza Rafael 1, 1151- D. Sto. Rosario St., Sto. Domingo, Angeles City	May 16, 2008	-	May 15, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
11	Angono - M.L. Quezon Avenue	G/F AB Commercial Plaza, M.L. Quezon Avenue, Barangay San Isidro, Angono, Rizal	Nov 16, 2010	-	Nov 15, 2020
12	Angono - National Highway	Aurora Bldg., Manila East Road corner Duhat St., Angono, Rizal	Jun 01, 2010	-	May 31, 2020
13	Antipolo - Circumferential Road	Unit 1-4, 1 Cirq Building along L. Sumulong Memorial Circle, Bgy. San Roque, Antipolo City	Apr 16, 2013	-	Apr 15, 2023
14	Antipolo - B. V. Soliven	Blk 24, Lot 1, Benito V. Soliven Avenue, Greenheights Subdivision, Barangay Mayamot, Antipolo City	May 01, 2010	-	Apr 30, 2020
15	Antipolo Plaza	Gatsby Bldg II, M. L. Quezon St., Antipolo	Aug 15, 1996	-	Aug 14, 2016
16	Bacolod - Araneta	Cineplex Complex, Araneta St., Bacolod City	Month		Month
17	Bacolod - East Block IT Park	G/F Villa Angela East Block Bldg A, The Block IT Park, Carlos Hilado National Highway, Bacolod City	Sep 01, 2013	-	Aug 31, 2023
18	Bacolod - Goldenfield	Goldenfield Comml Complex, Sincang Araneta St., Bacolod City 6100	May 01, 2004	-	Jun 30, 2015
19	Bacolod - Gonzaga	Gonzaga - Lopez Enterprise Building Gonzaga Street, Bacolod City	May 01, 2012	-	Apr 30, 2022
20	Bacolod - Hilado	Hilado corner F. Y. Manalo Sts., 6100 Bacolod City, Negros Occidental	Nov 01, 2007	-	Oct 31, 2017
21	Bacolod - Libertad	Corner Hernaez St. & Lopez Jaena St., Bacolod City, Negros Occidental	Apr 16, 2011	-	Apr 15, 2021
22	Bacolod - Mandalagan	GF Sta. Clara Estate Building, Lacson St., Mandalagan, Bacolod City	Oct 01, 2010	-	Sep 30, 2020
23	Bacoor - Aguinaldo Highway	Gen. E. Aguinaldo Highway, Panapaan, Bacoor, Cavite	Aug 01, 2009	-	Jul 31, 2024
24	Bacoor - Zapote	Zapote Centre, Aguinaldo Highway, Zapote Road, Barangay Zapote 4, Bacoor, Cavite	Oct 01, 2011	-	Sep 30, 2021
25	Baguio - Abanao Square	Abanao Square, Abanao corner Zanduetta Sts., Baguio City	Aug 01, 2014	-	Jul 31, 2024
26	Baguio - Legarda	Our Lady of Fatima Building, Yandoc St. Kayang Extension, Baguio City	Feb 01, 2008	-	Sep 30, 2018
27	Baguio - Luneta	Luneta Hill corner Governor Pack Road, Session Road, Baguio City	Month	-	Month
28	Baguio – Marcos Highway Balsigan	G/F ECCO Bldg., No. 39 Marcos Highway, Brgy. Imelda Village, Baguio City	Aug 01, 2013	-	Jul 31, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
29	Baguio – Marcos Highway Center Point Plaza	G/F Centerpoint Plaza, Marcos Highway, Brgy Bakakeng Central, Baguio City	Oct 01, 2013	-	Sep 30, 2023
30	Baguio - Session Road	GF National Life Bldg., Session Road, Baguio City	Apr 01, 2014	-	Mar 31, 2019
31	Balanga - Capitol Drive	G/F CT Edifice, Capitol Drive corner Kinatawan Road, Balanga City, Bataan	Apr 01, 2013	-	Mar 31, 2023
32	Batangas - Balayan	Antorcha St., Balayan, Batangas	Aug 01, 2013	-	Jul 31, 2023
33	Batangas – Bauan	Kapitan Ponso St., Bauan, Batangas	Jul 01, 2014	-	Jun 30, 2029
34	Batangas – First Phil. Industrial Park	G/F Administration Bldg., First Philippine Industrial Park, Brgy. Sta. Anastacia, Sto. Tomas, Batangas	Apr 01, 2014	-	Mar 31, 2019
35	Batangas - Kumintang	Along National Highway, Brgy. Kumintang Ilaya, Batangas City	Aug 01, 2008	-	May 31, 2018
36	Batangas – Lemery	Ilustre Avenue corner Lakandula St., Lemery, Batangas	Jan 01, 2012	-	Dec 31, 2021
37	Batangas - Pallocan West	Manuel Pastor Avenue, Pallocan West, Batangas City	May 05, 2005	-	May 04, 2015
38	Batangas City - Puregold Calicanto	Puregold Batangas City, P. Burgos St., Brgy Calicanto, Batangas City, Batangas	Apr 22, 2013	-	Apr 21, 2018
39	Batangas - San Juan	Marasigan corner Kalayaan Sts., San Juan, Batangas	Jun 01, 2008	-	May 31, 2018
40	Batangas - P. Burgos	P. Burgos St. corner Evangelista St., Barangay Poblacion, Batangas City	Dec 16, 2009	-	Dec 15, 2019
41	Benguet - La Trinidad	G/F VC Arcadain Bldg., Km. 5, La Trinidad, Benguet	Mar 01, 2011	-	Feb 28, 2021
42	Biñan - A. Mabini	Rey Bldg., A. Mabini St. Poblacion, 4024 Binan, Laguna	Jan 01, 2005	-	Dec 31, 2014
43	Biñan Central Mall	G/F Biñan Central Mall, Units 8 & 9, Malvar St. corner Old National Highway, Biñan, Laguna	Dec 01, 2011	-	Nov 30, 2021
44	Bohol - Tagbilaran	CP Garcia Avenue., 56300 Tagbilaran City, Bohol	Dec 01, 2013	-	Nov 30, 2023
45	Bulacan - Balagtas	McArthur Highway, Barangay San Juan, 3016 Balagtas, Bulacan	Oct 01, 2012	-	Sep 30, 2017
46	Bulacan - Bocaue	MacArthur Highway, Brgy. Biñang 1st, Bocaue, Bulacan	Apr 01, 2007	-	Mar 31, 2017
47	Bulacan - Hagonoy	GF Ang Puso ng Hagonoy Shopping Center Plaza, Hagonoy, Bulacan	Dec 01, 2009	-	Nov 30, 2019
48	Bulacan – Norzagaray	G/F Price Ken Bldg. II Circle, Gen. Alejo G. Santos Highway, Brgy. Partida,	Sep 01, 2013	-	Aug 31, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		Poblacion, Norzagaray, Bulacan			
49	Bulacan - Plaridel	Along Cagayan Valley Road, Banga, Plaridel, Bulacan	Feb 01, 2009	-	Jan 31, 2019
50	Bulacan - Pulilan	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan	Jul 01, 2014	-	Jun 30, 2024
51	Bulacan - Puregold Baliwag	G/F Puregold Baliwag, Benigno S. Aquino Ave., Brgy. Bagong Nayon, Baliwag, Bulacan	May 20, 2014	-	May 19, 2019
52	Bulacan - San Jose Del Monte	National Highway (Quirino Highway), Tungkong Mangga, San Jose Del Monte City, Bulacan	Jun 01, 2010	-	Dec 31, 2019
53	Bulacan – San Miguel	Maharlika Highway, Brgy. Camias, San Miguel, Bulacan	May 01, 2014	-	Apr 30, 2024
54	Bulacan - San Rafael	Km. 59.5, Cagayan Valley Road, Brgy. Maguinao, San Rafael, Bulacan	Jul 01, 2013	-	Jun 30, 2023
55	Bulacan - Sapang Palay	G/F Elizabeth Place 1 Bldg., Bagong Buhay Ave., Brgy. Sapang Palay, San Jose Del Monte City, Bulacan	Dec 01, 2013	-	Nov 30, 2023
56	Bulacan - Sta. Maria M.G. De leon	M. De Leon St., Poblacion, 3022 Sta. Maria, Bulacan	Apr 01, 2013	-	Mar 31, 2023
57	Bulacan - Sta. Maria Gov. F. Halili	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan	Feb 01, 2013	-	Jan 31, 2023
58	Bulacan - Sta. Rita Guiguinto	126 Cagayan Valley Road, Brgy. Sta. Rita, Guiguinto, Bulacan	Aug 01, 2014	-	Jul 31, 2024
59	Butuan - J.C. Aquino Avenue	D & V Plaza II Bldg., JC Aquino Avenue, Butuan City	Feb 18, 2012	-	Feb 17, 2021
60	Butuan - Montilla	Montilla Blvd. near corner Lopez Jaena St., Butuan City, Agusan Del Norte	Aug 16, 2012	-	Aug 15, 2027
61	Cabanatuan - Maharlika Highway North	G/F DGS Bldg., Along Maharlika Road, Bitas, Cabanatuan City	Aug 01, 2011	-	Jul 31, 2021
62	Cabanatuan - Paco Roman	Along Paco Roman Street, Cabanatuan City	Aug 01, 2010	-	Jul 31, 2020
63	Cabanatuan - Megacenter Mall	Unit 49- B and Unit 3 UGF Megacenter, The Mall, Gen. Tinio & Melencio Sts. Cabanatuan City	Oct 01, 1998	-	Sep 30, 2018
64	Cabanatuan - NE Pacific Mall	G/F Unit PA 5 & 6, NE Pacific Mall, Maharlika Highway, Cabanatuan City	Nov 30, 2009	-	Nov 29, 2017
65	Cagayan de Oro - Carmen	Max Y. Surriel St. corner V. Neri St., Carmen, Cagayan de Oro	Jul 01, 2008	-	Jun 30, 2018
66	Cagayan de Oro -	Georgetown Cyber Mall, Rodolfo N.	Apr 16, 2014	-	Apr 15, 2019

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
	R.N. Pelaez Blvd.	Pelaez Blvd., Kaswagan, Cagayan de Oro City			
67	Cagayan de Oro - Cogon	J. R Borja Street, Cagayan De Oro City	May 01, 2014	-	Apr 30, 2019
68	Cagayan de Oro - Hayes	GF Trendline Dept. Store, Arch James Hayes St., Cogon, Cagayan de Oro City	Sep 01, 2008	-	Aug 31, 2018
69	Cagayan de Oro - Osmeña	Pres. S. Osmena corner Ramon Chavez St., Cogon 9000, Cagayan de Oro, Misamis Oriental	Oct 01, 2009	-	Sep 30, 2019
70	Cagayan De Oro - Xavier	Library Annex Building Corrales Avenue, Cagayan de Oro City	Jun 01, 2012	-	May 31, 2018
71	Cainta Junction	Hipolito Bldg. Ortigas Avenue Extension Cainta Junction, Cainta, Rizal	Feb 01, 2014	-	Jan 31, 2024
72	Cainta - A. Bonifacio Ave.	Ledor Commercial Center, A. Bonifacio Avenue corner Samonte St., Barangay San Juan, Cainta, Rizal	Jan 01, 2012	-	Dec 31, 2016
73	Cainta – Puregold	Puregold Cainta Junction, A. Bonifacio Ave., Brgy. Sto. Domingo, Cainta, Rizal	Feb 25, 2013	-	Feb 24, 2018
74	Calamba - Paseo Uno	GF Paseo Uno de Calamba, National Highway, Barangay Paciano, Calamba City, Laguna	Dec 01, 2010	-	Nov 30, 2020
75	Calapan City – Puregold	Puregold Calapan Mindoro, J.P. Rizal St., Brgy Camilmil, Calapan City, Oriental Mindoro	Jun 03, 2013	-	Jun 02, 2018
76	Camarines Norte - Daet	J. Lukban Street corner Moreno Street Poblacion, Daet, Camarines Norte	Mar 06, 2014	-	Jun 05, 2024
77	Camarines Sur – Nabua	Lot 374 CZA Bldg., National Rd. near corner Maganda Street, Brgy. San Antonio, Poblacion, Nabua, Camarines Sur	Jun 01, 2014	-	May 31, 2024
78	Camarines Sur - Pili	Santiago, Pili, Camarines Sur	Oct 01, 2008	-	Sep 30, 2018
79	Canlubang iMall	Don Bosco Ave. corner Silangan Industrial Park Road, Brgy. Canlubang, Calamba City, Laguna	Apr 17, 2012	-	Apr 16, 2022
80	Catanduanes - Virac	San Juan corner Rizal Sts., 4800 Virac, Catanduanes	Month	-	Month
81	Cavite - Dasmariñas Central Mall	Central Mall Dasmariñas, Emilio Aguinaldo Highway cor. Salitran St., Dasmariñas, Cavite	May 01, 2012	-	Apr 30, 2022
82	Cavite – Dasmariñas FCIE	Governor's Drive, Barangay Langkaan, Dasmariñas, Cavite	Jan 01, 2013	-	Dec 31, 2022

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
83	Cavite - General Trias Manggahan	New Hall Commercial Center, Governor's Drive corner Crisanto delos Santos Ave., Brgy, Manggahan, General Trias, Cavite	Jul 01, 2013	-	Jun 30, 2023
84	Cavite - Imus Aguinaldo Highway	GF DCR Building, Aguinaldo Highway, 4103 Imus, Cavite	Nov 01, 2008	-	Oct 31, 2018
85	Cavite - Imus-Nueno Avenue	358 Exodus Building, Nueno, Imus, Cavite	Feb 01, 2011	-	Jan 31, 2016
86	Cavite - Puregold Noveleta	Puregold Noveleta Cavite, National Road, Brgy. Magdiwang, Noveleta, Cavite	Dec 19, 2013	-	Dec 18, 2018
87	Cavite - Puregold Tanza	GF Puregold Tanza, Provincial Road, Tanza, Cavite	Oct 07, 2010	-	Oct 06, 2015
88	Cavite - Silang	194 J. Rizal corner M. Belen Street, Silang, Cavite	Aug 01, 2010	-	Jul 31, 2020
89	Cavite - Trece Martires	El Paseo Arcade, Indang, Trece Road near corner Gov. Drive, Trece Martires City	Jul 16, 2008	-	Jul 15, 2018
90	Cebu - Asiatown IT Park	GF TGU Tower, Salinas Drive corner J. M. Del Mar St., Asiatown IT Park, Apas, Cebu City	Jul 01, 2014	-	Jun 30, 2019
91	Cebu - A. S. Fortuna	GF Tanaka Bldg., 869 A. S. Fortuna Banilad, Mandaue City	Jan 01, 2011	-	Jun 02, 2020
92	Cebu - Ayala Business Park	GF Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City	Jun 15, 2012	-	Jun 14, 2017
93	Cebu - Ayala Mall	Stall 286A Level 2, West Entry, Ayala Center Mall Cebu, Cebu Business Park, Cebu City	Jun 15, 2012	-	Jun 30, 2015
94	Cebu - Banilad	TPE Bldg., Governor Cuenco Avenue, Banilad, Cebu City	Oct 01, 2010	-	Sep 30, 2020
95	Cebu - Bogó	P. Rodriguez corner San Vicente Sts., 6010 Bogó, Cebu City	Jun 18, 2007	-	Jun 17, 2017
96	Cebu - Capitol	Osmeña Blvd. corner Ma. Cristina St., 6000 Cebu City	Jan 01, 2011	-	Dec 31, 2015
97	Cebu – Carcar	Dr. Jose Rizal St., Barangay Poblacion, Carcar City, Cebu	Jan 01, 2015	-	Dec 31, 2029
98	Cebu - Consolacion	GF Annex Bldg. Fooda Saversmart, Consolacion, Cebu	Aug 01, 2013	-	Jul 31, 2018
99	Cebu – Danao	Units 04 & 05 G/F Danao Central Mall Gaisano, Juan Luna St., Brgy Poblacion, Danao City, Cebu	Dec 20, 2013	-	Dec 19, 2023
100	Cebu - Elizabeth Mall	G/F Elizabeth Mall, Leon Kilat corner South Expressway, Cebu City	Dec 05, 2013	-	Dec 04, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
101	Cebu Escario	Cebu Escario St., Cebu City	Jul 01, 2012	-	Jun 30, 2022
102	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000	Jan 01, 2005	-	Dec 31, 2014
103	Cebu - Gaisano Minglanilla	UG/F Gaisano Grand Mall Minglanilla, Poblacion, Minglanilla, Cebu City	Apr 15, 2011	-	Apr 14, 2021
104	Cebu - Guadalupe	R. Duterte Corner V. Rama Sts. Guadalupe, Cebu City	Jul 01, 2010	-	Jun 30, 2020
105	Cebu - Insular Life Business Centre	G/F Insular Life Cebu Business Centre, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City	Jan 24, 2011	-	Jan 23, 2021
106	Cebu - J. Mall	National Highway, 6014 Mandaue City, Cebu	Sep 30, 2011	-	Sep 29, 2021
107	Cebu - Lapu-lapu	Unit 9, The Arcade, ML Quezon Highway, Pajo, Lapu Lapu City	Jun 01, 2010	-	May 31, 2015
108	Cebu Legaspi	Legaspi corner Zamora Street, Cebu City	Dec 16, 2012	-	Dec 15, 2022
109	Cebu Magallanes	Plaridel Street corner Magallanes St., Cebu City	Jun 01, 2011	-	May 31, 2016
110	Cebu - Mambaling	Grand Orchard Commercial Building, C. Padilla Street, Mambaling, Cebu City	May 16, 2010	-	May 15, 2020
111	Cebu Mandaue	La Fuerza Building, Subangdaku, Mandaue City	Sep 01, 2006	-	Aug 31, 2021
112	Cebu - Mez II	Unit 204 NGA Building 2, Pueblo Verde MEZ II, Basak, Lapu Lapu City	Sep 01, 2010	-	Aug 31, 2021
113	Cebu - North Road	National Highway, Labogon, Mandaue City, Cebu	Jan 01, 2008	-	Dec 31, 2017
114	Cebu Osmeña	JR Martinez Bldg., Osmena Blvd., Sta. Cruz, Cebu City	Jun 01, 2012	-	May 31, 2022
115	Cebu - Parkmall	Unit 29 - 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu	May 01, 2013	-	Apr 30, 2019
116	Cebu - Plaridel	21 Dy Bldg., Plaridel St., Cebu City	Aug 01, 2012	-	Jul 31, 2022
117	Cebu - Tabo-an	T. Abella St., San Nicolas Central, Cebu City	May 01, 2012	-	Apr 30, 2017
118	Cebu Tabunok	PBS Bldg., 2668 National Highway Tabunok, Talisay, Cebu City	Oct 16, 2003	-	Oct 15, 2018
119	Clark SEZ - Centennial	Centennial Road, Clark Special Eco. Zone, Clarkfield, Pampanga	Jan 01, 2007	-	Jan 01, 2022
120	Cotabato - Kabacan	Rizal Avenue, National Highway, 9407 Kabacan, North Cotabato	May 01, 2012	-	Apr 30, 2017

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
121	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato	May 01, 2008	-	Apr 30, 2018
122	Cotabato – S. K. Pendatun	G/F Insular Life Bldg., Salipada K. Pendatun Ave., Brgy. Poblacion 5, Cotabato City, Maguindanao	Jun 01, 2014	-	May 31, 2024
123	Dagupan – Mayombo	G/F BHF Family Plaza, MacArthur Highway, Brgy. Mayombo, Dagupan City, Pangasinan	Jan 01, 2014	-	Dec 31, 2023
124	Dagupan - Perez	386 Perez Boulevard, Dagupan City	Jul 01, 2010	-	Jun 30, 2016
125	Dagupan - Tapuac	Unit 8-10 Mother Goose Play House Bldg., MacArthur Highway, Tapuac District, Dagupan City, Pangasinan	Aug 18, 2005	-	Aug 17, 2015
126	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City	Sep 01, 2013	-	Aug 31, 2023
127	Davao - Bangoy	R. Magsaysay Avenue corner C. Bangoy St., 8000 Davao City	Jul 01, 2012	-	Jun 30, 2015
128	Davao - Buhangin	Carlos P. Garcia Highway, Buhangin Diversion Road, Davao City	Dec 01, 2008	-	Nov 30, 2018
129	Davao – Lanang	SJRDC Building, Insular Village 1 Commercial Area, Lanang, Davao City	May 01, 2007	-	Apr 30, 2017
130	Davao - Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur	Sep 01, 2013	-	Aug 31, 2023
131	Davao Magsaysay	R. Magsaysay Avenue, Davao City	Dec 16, 2007	-	Dec 15, 2017
132	Davao - Monteverde	GF Sequoia Inn, Monteverde Avenue, Davao City	Sep 01, 2008	-	Aug 31, 2018
133	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City	Nov 01, 2008	-	Oct 31, 2018
134	Davao - Quirino Avenue	Nicolas 1 Bldg. Quirino Ave., Davao City	Aug 01, 2012	-	Aug 31, 2022
135	Davao - Rizal	Caritas Building Rizal Street corner Pelayo Street, Davao City	Feb. 16, 2009	-	Jun 15, 2016
136	Davao – Rizal Philamlife	G/F Philamlife Bldg., J.P. Rizal, Downtown Area, Davao City	Jan. 01, 2010	-	Oct 31, 2015
137	Davao - Sta. Ana	Monteverde corner F. Bangoy Sts., 8000 Davao City, Davao del Sur	Oct 01, 2011	-	Sep 30, 2016
138	Davao - Sta. Ana Gempesaw	Sta. Ana Avenue corner Gempesaw St., Brgy. 015, Davao City	Oct 01, 2013	-	Sep 30, 2023
139	General Santos	Santiago Boulevard corner JP Laurel Street, General Santos City	Jun 16, 2011	-	Jun 15, 2021

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
140	General Santos - National Highway	Tandem Center, Pasiliao Subdivision, National Highway, Brgy. City Heights, General Santos City, South Cotabato	Aug 01, 2014	-	Jul 31, 2024
141	General Santos - Pendatun	GF Sydney Hotel, corner Pioneer and Pendatun Avenue, General Santos City 9500	Mar 19, 2010	-	Mar 18, 2020
142	Iligan - Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao, Del Norte	Mar 01, 2008	-	Feb 28, 2018
143	Ilocos Norte - Batac	Aoigan Bldg., Washington St. Batac 2906, Ilocos Norte	Oct 01, 2007	-	Sep 30, 2017
144	Ilocos Sur - Candon	National Highway corner Abaya St., 2710 Candon, Ilocos Sur	May 01, 2012	-	Apr 30, 2022
145	Ilocos Sur – Narvacan	National Road, Brgy. Sta Lucia, Narvacan, Ilocos Sur	Apr 01, 2014	-	Mar 31, 2024
146	Iloilo - Gen. Luna	48 LPHTP Bldg. Gen. Luna St., Iloilo City	Jun 01, 2009	-	May 31, 2019
147	Iloilo - Jaro	NB Bldg., Lopez Jaena Street, Jaro, Iloilo City	Jan 01, 2013	-	Dec 31, 2017
148	Iloilo - La Paz	GF INJAP Bldg., corner Luna St. & Huervana St., La Paz, Iloilo City	Jan 01, 2011	-	Dec 31, 2020
149	Iloilo - Ledesma	GF Esther Building, Ledesma Street, Iloilo City	Apr 01, 2008	-	Mar 31, 2018
150	Iloilo – Passi	G/F Fronthub Ventures Bldg., Simeon Aguilar St. (National Road) corner Commonwealth Drive, Brgy Ilawod, Passi City, Iloilo	Apr 01, 2013	-	Mar 31, 2023
151	Iloilo - Quezon St.	Lots 3 & 5, Quezon St., Iloilo City	Jan 01, 2008	-	Dec 31, 2017
152	Iloilo - Tabuc Suba	Roger's Bldg., MacArthur Highway, Tabuc Suba, Iloilo City	Aug 01, 2005	-	Jul 31, 2015
153	Iriga City	Iriga Plaza Hotel, Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur	Apr 21, 2008	-	Apr 20, 2018
154	Isabela - Cauayan	Along National Highway, Cauayan, Isabela	Jan 01, 2008	-	Dec 31, 2022
155	Isabela - Ilagan	Along Maharlika Highway, Calamagui 2nd, Ilagan, Isabela	Mar 28, 2011	-	Sep 30, 2017
156	Isabela Santiago – Xentro Mall	G/F Xentro Mall corner National Highway & 4 Lanes Rd., Brgy. Villasis, Santiago City, Isabela	May 01, 2013	-	Apr 30, 2018
157	Isabela - Tumauni	National Highway, Brgy. San Pedro, Tumauni, Isabela	Dec 01, 2012	-	Nov 30, 2027

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
158	Laguna – Alaminos	KCD Commercial Complex, National Highway, Barangay Il Poblacion, Alaminos, Laguna	May 01, 2013	-	Apr 30, 2025
159	Laguna - Cabuyao	GF Lim-Bell Business Center, JP Rizal St., Cabuyao, Laguna	Oct 01, 2010	-	Sep 30, 2015
160	Laguna – Carmelray II	Administration Bldg., Carmelray Industrial Park II, Km. 54 National Highway, Brgy. Milagrosa, Calamba City	Dec 01, 2013	-	Nov 30, 2023
161	Laguna - Pagsanjan	J P Rizal Street corner F. De San Juan St., Barangay Dos, Poblacion, Pagsanjan, Laguna	May 11, 2010	-	May 10, 2020
162	Laguna - Sta. Cruz	Along Regidor Street, Sta. Cruz, Laguna	Jul 01, 2008	-	Jun 30, 2018
163	Laguna - Sta. Cruz National Highway	G/F E Home Town Center, National Highway, Brgy. Pagsawitan, Sta. Cruz, Laguna	Oct 01, 2014	-	Sep 30, 2024
164	Laguna - Technopark	GF Laguna Technopark Admin. Bldg. 1, North Main Avenue, Laguna Technopark Biñan, Laguna	Dec 01, 2013	-	Nov 30, 2018
165	Laoag - Castro	Pichay Bldg., JP Rizal corner A. Castro St., Laoag City	Nov 01, 2012	-	Oct 31, 2017
166	La Union, Agoo	Along National Highway, Barangay San Nicolas, Agoo, La Union	May 16, 2009	-	May 15, 2019
167	La Union San Fernando – Manna Mall	G/F Manna Mall, National Highway corner Diversion Road, Brgy. Pagdaraoan, San Fernando City, La Union	Nov 01, 2013	-	Oct 31, 2023
168	La Union San Fernando - Rizal Avenue	Rizal Avenue corner Ortega Street, San Fernando, La Union	Dec 16, 2007	-	Dec 15, 2017
169	Legazpi City - Rizal St.	Rizal corner Gov. Imperial Street, Legaspi City	May 01, 2013	-	Apr 30, 2023
170	Legazpi City - Tahao	AGR Building, Alternate Road, Tahao, Legazpi City	Nov 01, 2012	-	Oct 31, 2022
171	Leyte - Maasin	Tomas Oppus Street, 6600 Maasin, Southern Leyte	Aug 01, 2014	-	Jul 31, 2015
172	Leyte - Ormoc Gaisano	G/F Gaisano Capital Ormoc Riverside, Brgy. Alegria, Ormoc City, Leyte	Jul 24, 2013	-	Jul 23, 2018
173	Lipa - Ayala Highway	Casa Esperanza Building, Pres. JP Laurel Highway, Mataas na lupa, Lipa City	Oct 01, 2013	-	Sep 30, 2023
174	Lipa – J. P. Laurel	J.P. Laurel St., Brgy Tambo, Lipa City, Batangas	Jun 01, 2013	-	May 31, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
175	Lipa – Puregold	G/F Puregold Lipa, Gen. Luna St., cor. D.P.Laygo St. & H.La Torre St., Brgy. 10, Lipa City, Batangas	Sep 28, 2014	-	Sep 27, 2019
176	Lipa - Robinson's Place	Level 1, Space L1- 177, Robinson's Place-Lipa, Lipa Highway, Lipa City, Batangas	Oct 29, 2013	-	Oct 28, 2018
177	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Brgy. Batong Malake, Los Baños	Apr 15, 2014	-	Dec 31, 2018
178	Lucena - Merchan	Merchan Street corner San Fernando Street, Lucena City	Nov 01, 2013	-	Oct 31, 2016
179	Lucena - Enriquez	Enriquez corner Evangelista St., Lucena City	Dec 01, 2012	-	Nov 30, 2022
180	Lucena - Gulang Gulang	No . 505 Quezon Avenue Extension, Brgy. Gulang Gulang, Lucena City	Aug 01, 2008	-	Jul 31, 2018
181	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon	Sep 20, 2010	-	Sep 19, 2015
182	Lucena – Tagarao	M.L. Tagarao St., Brgy. 5, Lucena City	May 01, 2013	-	Apr 30, 2023
183	Malolos - MacArthur Highway	S1 Cabana Space A, The Cabanas Mall, MacArthur Highway, Malolos City	Sep 01, 2008	-	Aug 31, 2018
184	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra, Cainta, Rizal	Oct 01, 2008	-	Sep 30, 2018
185	Marcos Highway - Vermont Park	Park Place Building, Marcos Highway corner Vermont Park, Brgy Mayamot, Antipolo City	Mar 16, 2013	-	Mar 15, 2023
186	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, Antipolo	Jul 07, 1992	-	Jul 07, 2017
187	Marilao - MacArthur Highway	Unit 1-3 Cecila Commercial Complex, Abangan Norte, MacArthur Highway, 3019 Marilao, Bulacan	Apr 01, 2013	-	Mar 31, 2023
188	Meycauayan - MacArthur Highway	Liberty Building, MacArthur Highway Calvario, Meycauayan, Bulacan	Jun 01, 2011	-	May 31, 2016
189	Meycauayan - Malhacan	Brgy. Northern Hills, Malhacan, Meycauayan, Bulacan	May 16, 2012	-	May 15, 2027
190	Mindoro – Calapan	JP Rizal St., 5200 Calapan, Oriental Mindoro	Jul 15, 2012	-	Jul 14, 2024
191	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental	Aug 01, 2007	-	Jul 31, 2017
192	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental	Sep 01, 2008	-	Aug 31, 2018

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
193	Naga – Elias Angeles	Chua O. Co Bldg., Elias Angeles St., Brgy. San Francisco, Naga City, Camarines Sur	Jul 01, 2012	-	Jun 30, 2022
194	Naga – Panganiban Drive	G/F DECA Corporate Center, Panganiban Drive, Brgy Tinago, Naga City, Camarines Sur	Sep 01, 2013	-	Aug 31, 2023
195	Naga - San Francisco	Brgy. San Francisco Peñafrancia Avenue, Naga City	Dec 01, 2013	-	Nov 30, 2023
196	Naga - General Luna	Nos. 80-82 Gen. Luna Street, Dinaga, Naga City	Feb 15, 2006	-	Feb 14, 2016
197	Naga - Magsaysay Avenue	Magsaysay Avenue, Naga City	May 12, 2008	-	May 11, 2018
198	Negros Occidental - Bago	Araneta Avenue St. corner J.P. Rizal Gen. Luna St., Bago City, Negros Occidental	Aug 01, 2014	-	Jul 31, 2024
199	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran 6106, Negros Occidental	Jun 23, 2008	-	Jun 22, 2018
200	Negros Occ – La Carlota	Yunque St. corner Gurrea St., Brgy. 1, La Carlota City, Negros Occidental	Feb 01, 2014	-	Jan 31, 2024
201	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental	Aug 01, 2005	-	Jul 31, 2015
202	Negros Occ - Victorias	Osmeña Avenue, Victorias City, Negros Occidental, 6119	Mar 01, 2009	-	Feb 28, 2019
203	Negros Oriental – Bayawan	G/F NVF Bldg. 441 National Highway, Brgy. Poblacion, Negros Oriental	May 01, 2014	-	Apr 30, 2024
204	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija	Dec 01, 2008	-	Nov 30, 2018
205	Nueva Ecija - San Jose	Maharlika Road, 3121 San Jose City, Nueva Ecija	Jun 19, 2011	-	Jun 18, 2021
206	Nueva Ecija - Talavera	Maharlika Highway, Marcos District, Talavera, Nueva Ecija	Dec 16, 2011	-	Sep 15, 2017
207	Nueva Ecija – Zaragoza	Along Tarlac-Sta. Rosa Road, Brgy. Del Pilar East, Zaragoza, Nueva Ecija	Nov 01, 2013	-	Oct 31, 2023
208	Nueva Vizcaya - Solano	National Highway, Solano, Nueva Vizcaya	Sep 15, 2013	-	Sep 14, 2028
209	Olongapo	GF & 2F KT Tower, Rizal Avenue East corner 18th St., Bajac, Olongapo City	Jan 16, 2008	-	Jan 15, 2018
210	Ortigas Avenue Ext. - Cainta	Units 7-9 Philfoam Furnishing Bldg., Km 23 Ortigas Avenue Extension, Cainta, Rizal	Apr 01, 2014	-	Mar 31, 2024
211	Pampanga - Apalit	GF Quintos Bldg., MacArthur Highway, San Vicente, Apalit, Pampanga	Aug 28, 2001	-	Aug 27, 2021

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
212	Pampanga - Lubao	Olongapo-Gapan Road, Lubao, Pampanga	Jul 01, 2010	-	Jun 30, 2020
213	Pampanga - Magalang	Poblacion San Pedro, Magalang, Pampanga	May 01, 2014	-	Apr 30, 2019
214	Pampanga – Puregold Dau	G/F & 2/F Puregold Dau, Mac Arthur Highway, Brgy. Dau, Mabalacat, Pampanga	Apr 22, 2014	-	Apr 21, 2019
215	Pampanga - San Fernando Dolores	McArthur Highway, Dolores, 2000 City of San Fernando, Pampanga	Jul 01, 2009	-	Jun 30, 2019
216	Pampanga San Fernando - MacArthur Highway	GF Doña IsaFel Building II, Dolores, City of San Fernando, Pampanga	Oct 01, 2007	-	Sep 30, 2017
217	Pampanga-San Fernando Sindalan	Palm Building, McArthur Highway, Sindalan, San Fernando City, Pampanga	Jan 01, 2013	-	Dec 31, 2022
218	Pangasinan - Alaminos	Marcos Avenue, Palamis, 2404 Alaminos, Pangasinan	Jun 01, 2010	-	May 31, 2015
219	Pangasinan – Bayambang	206 Rizal Avenue, Brgy. Poblacion, Bayambang, Pangasinan	Jun 01, 2014	-	May 31, 2024
220	Pangasinan - Calasiao	GF Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan	Jun 01, 2008	-	May 31, 2018
221	Pangasinan - Carmen	Macarthur Highway, Carmen East, 2441 Rosales, Pangasinan	Jun 11, 2014	-	Jun 10, 2024
222	Pangasinan – Malasiqui	ARLU Bldg., Magsaysay St., Brgy Poblacion, Malasiqui, Pangasinan	Sep 01, 2013	-	Aug 31, 2023
223	Pangasinan - Mangaldan	Along Rizal Avenue, Poblacion, Mangaldan, Pangasinan	Mar 01, 2012	-	Feb 28, 2022
224	Pangasinan - San Carlos	Palaris St., 2420 San Carlos City, Pangasinan	Apr 01, 2013	-	Mar 31, 2023
225	Pangasinan - Tayug	Along Quezon Blvd., Poblacion Tayug, Pangasinan	Jan 01, 2011	-	Dec 31, 2020
226	Puerto Princesa – San Pedro	G/F Palawan Uno Hotel, National Highway, Brgy. San Pedro, Puerto Princesa City, Palawan	Aug 16, 2013	-	Aug 15, 2023
227	Rizal - Montalban	G/F Montalban Town Center, Rodriguez Highway corner Lardizabal St., Barangay San Jose, Rodriguez, Rizal	Jun 16, 2010	-	Jun 15, 2020
228	Rizal – Morong	G/F & 2/F Morong Centerpoint, No. 58 T. Claudio St., Brgy. San Juan, Morong Rizal	Feb 01, 2014	-	Jan 31, 2024
229	Rizal – San Mateo	G/F & Mezzanine Flr., Doña Isabel Bldg., No. 29 Gen. Luna St., Brgy. Guitnang Bayan 1, San Mateo, Rizal	Oct 01, 2013	-	Sep 30, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
230	Rizal - Tanay	Tanay Town Center, Sampaloc Road corner F.T. Catapusan St., Plaza Aldea, Tanay, Rizal	May 16, 2010	-	May 15, 2020
231	Robinson's Dumaguete	Robinsons Dumaguete, Dumaguete Business Park, South Road, Calindagan, Dumaguete City	Mar 15, 2010	-	Mar 14, 2015
232	Robinson's Place - San Nicolas	Unit 1-0144, Robinson's Place, San Nicolas, Ilocos Norte	Nov 01, 2010	-	Oct 31, 2015
233	Samar – Catarman	E.B. Moore St. corner Anunciacion St., Brgy Lapu-Lapu, Catarman, Northern Samar	Apr 16, 2013	-	Apr 15, 2023
234	Samar - Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar	Jun 17, 2008	-	Jun 16, 2018
235	San Pablo - Maharlika Highway	GF Bien Paz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City	Jun 01, 2008	-	May 31, 2018
236	San Pablo - Paulino	M. Paulino St., San Pablo City	May 08, 2012	-	May 07, 2022
237	San Pedro	Tayao Bus. Ctr. Bldg., A Mabini St., San Pedro, Laguna	Mar 01, 2011	-	Feb 28, 2021
238	San Pedro - National Highway	Mega Building, National Highway, San Pedro, Laguna	Jan 01, 2011	-	Dec 31, 2017
239	San Pedro - Pacita	GF M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna	Jan 16, 2008	-	Jan 15, 2020
240	SM Center Molino	G/F (Units 127-130) SM Center Molino, Molino Road, Bacoar, Cavite	Sep 28, 2009	-	Oct 31, 2015
241	SM City Bacolod	GF Southwing Bldg., SM City Bacolod, Poblacion Reclamation Area, Bacolod City	Jul 01, 2012	-	Jul 31, 2017
242	SM City Bacoar	UG/F SM City Bacoar Gen. Aguinaldo Highway corner Tirona Highway Bacoar, Cavite	Aug 01, 2014	-	Jul. 31, 2019
243	SM City Baguio	UGF SM City Baguio, Upper Session Road, Baguio City	Month	-	Month
244	SM City Baliwag	GF SM City Baliwag, Barangay Sto. Cristo, Baliuag, Bulacan	Nov 01, 2013	-	Oct 31, 2018
245	SM City Batangas	GF SM City Batangas, Barangay Pallocon West, Batangas City	Month	-	Month
246	SM City Cagayan De Oro	GF SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan, Cagayan de Oro, Misamis Oriental	May 01, 2010	-	Apr 30, 2015
247	SM City Calamba	GF SM City Calamba, National Highway, Barangay Real, Calamba City	Oct 15, 2010	-	Oct 31, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
248	SM City Cauayan	G/F & 2/F SM City Cauayan, Maharlika Highway, Brgy. San Fermin, Cauayan, Isabela	May 30, 2014	-	Apr 30, 2019
249	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City	May 01, 2010	-	Apr 30, 2015
250	SM City Cebu B	UGF, The North wing - SM City Cebu, North Reclamation Area, San Jose dela Montaña corner M.J. Cuenco Avenue, Cebu City	Nov 01, 2009	-	Oct 31, 2015
251	SM City Clark	GF SM City Clark, Clark Field, Pampanga	Aug 01, 2013	-	Jul 31, 2018
252	SM City Consolacion Cebu	G/F SM City Consolacion Cebu, Cebu North Road, Brgy. Lamac, Consolacion, Cebu	Jun 01, 2012	-	Apr 30, 2017
253	SM City Dasmariñas A	SM City Dasmariñas, Bo. Pala-Pala, Dasmariñas, Cavite	Aug 01, 2009	-	Jul 31, 2015
254	SM City Dasmariñas B	LGF SM City Dasmariñas, Governor's Drive, Brgy. Pala-Pala, Dasmariñas, Cavite	Feb 01, 2014	-	Jan 31, 2019
255	SM City Davao	UGF SM City Davao, Brgy. Matina, Davao City	Month	-	Month
256	SM City General Santos	G/F SM City General Santos, Santiago Boulevard corner San Miguel St., General Santos City	Aug 10, 2012	-	Aug 31, 2017
257	SM City Iloilo	UGF SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City	Aug 01, 2010	-	Jul 31, 2015
258	SM City Lipa	GF SM City Lipa, Ayala Highway, Lipa City, Batangas	Aug 01, 2013	-	Jul 31, 2018
259	SM City Lucena	GF SM City Lucena (LC - 177- 178), Pagbilao National Road, Lucena City	Aug 01, 2013	-	Jul 31, 2018
260	SM City Marilao	GF SM City Marilao, MacArthur Highway, Marilao, Bulacan	Feb 01, 2013	-	Jan 31, 2018
261	SM City Masinag	G/F SM City Masinag, Marcos Highway, Mayamot, Antipolo City	May 06, 2011	-	Jul 31, 2016
262	SM City Naga	GF SM City Naga, Brgy. Triangulo, Central Business District II, Naga City	May 01, 2014	-	Apr 30, 2019
263	SM City Olongapo	G/F SM City Olongapo, Magsaysay Drive corner Gordon Avenue, Brgy. Pag-asa, Olongapo City, Zambales	Feb 06, 2012	-	Jan 31, 2017
264	SM City Pampanga A	GF SM City Pampanga, San Fernando, Mexico, Pampanga	Month	-	Month
265	SM City Pampanga B	GF SM City Pampanga Annex Bldg. 4,	Month	-	Month

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		San Fernando, Pampanga			
266	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan	Nov 28, 2008	-	Jan 31, 2015
267	SM City Rosario	GF SM City Rosario, General Trias Drive, Brgy. Tejero, Rosario, Cavite	Month	-	Oct 31, 2015
268	SM City San Fernando	G/F SM City San Fernando, V. Tiomico St., Brgy. Poblacion, San Fernando, Pampanga	Jul 20, 2012	-	Jul 31, 2017
269	SM City San Pablo	GF SM City San Pablo, National Highway, Barangay San Rafael, San Pablo City, Laguna	Oct 01, 2010	-	Oct 31, 2015
270	SM City Sta. Rosa	GF SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna	May 01, 2011	-	Apr 30, 2016
271	SM City Tarlac	UGF & LGF, SM City Tarlac, MacArthur Highway, Barangay San Roque, Tarlac City	Apr 23, 2010	-	Jul 31, 2015
272	SM City Taytay	G/F Bldg. A, SM City Taytay, Manila East Road, Barangay Dolores, Taytay, Rizal	Nov 01, 2012	-	Oct 31, 2017
273	SM Delgado	GF SM Delgado Building, Valeria Street, Iloilo City	Month	-	Month
274	SM Hypermarket Cainta	Makro Cainta, Felix Avenue, Cainta, Rizal	Oct 09, 2012	-	Dec 31, 2017
275	SM Hypermarket Daet	G/F SM Hypermarket Daet, Vinzons Avenue, Barangay IV, Daet, Camarines Norte	Oct 15, 2013	-	Oct 31, 2018
276	SM Hypermarket Mabalacat	G/F SM Hypermarket Pampanga, MacArthur Highway, Brgy. Camchiles, Dau, Mabalacat, Pampanga	Apr 11, 2012	-	Apr 10, 2017
277	SM Lanang Premier	UGF SM Lanang Premier, J.P. Laurel Avenue, Brgy. San Antonio, Lanang, Davao City	Sep 28, 2012	-	Oct 31, 2017
278	SM Market Mall Dasmariñas	G/F Dasmariñas Bagong Bayan Resettlement Project Area B (DBB-B), Congressional Road, Kadiwa, Dasmariñas, Cavite	Oct 28, 2011	-	Oct 31, 2016
279	SM Savemore Davao Bangkal	G/F SM Savemore Market Bangkal, Davao Km. 7 MacArthur Highway, Brgy. Bangkal, Davao City	Jun 01, 2013	-	May 31, 2018
280	Sorsogon City	Son Bldg., R. Magsaysay Avenue, Sorsogon City	Feb 14, 2007	-	Feb 13, 2017
281	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Hi-Way corner Felix Avenue, 1900 Cainta,	Jan 01, 2014	-	Dec 31, 2015

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		Rizal			
282	Sta. Lucia East-Felix Avenue	G/F Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta	Jul 01, 2013	-	Jun 30, 2015
283	Sta. Rosa - Don Jose	PCC Bldg., Sta. Rosa Tagaytay Road, Brgy. Don Jose, Sta. Rosa, Laguna	May 01, 2014	-	Apr 30, 2019
284	Sta. Rosa - Puregold Tagapo	Puregold Sta. Rosa - Tagapo, Rizal Blvd., Brgy Tagapo, Sta. Rosa, Laguna	Apr 23, 2013	-	Apr 23, 2018
285	Subic - Rizal Highway	Subicworx Building, 1056 Rizal Highway, Subic Bay Freeport Zone, Olongapo City, Pampanga	Jul 01, 2014	-	Jun 30, 2024
286	Subic - Times Square	420 Rizal Highway, Subic Bay Freeport Zone, 2200 Olongapo City, Zambales	Mar 16, 2009	-	Mar 15, 2019
287	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City	Oct 01, 2013	-	Sep 30, 2023
288	Tacloban - Zamora	Carlos Chan Bldg. P.Zamora Street, Tacloban City	Aug 02, 2014	-	Aug 01, 2024
289	Tacloban - Justice Romualdez	Philamlife Bldg., Justice Romualdez St. corner P. Paterno St., Tacloban City	Jul 01, 2012	-	Jun 30, 2017
290	Tacloban - Rizal Avenue	Rogson Building, Rizal Avenue corner P. Burgos St., 6500 Tacloban City, Leyte	Jul 01, 2012	-	Jun 30, 2017
291	Tagaytay - Mendez Junction	Along National Road, Barangay Mendez Junction, Tagaytay City	Mar 01, 2011	-	Feb 28, 2021
292	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay	Oct 21, 2005	-	Oct 20, 2015
293	Tagaytay - Wind Residences	G/F Tower 2, SM Wind Residences, Aguinaldo Highway, Brgy. Maharlika West, Tagaytay City	Dec 09, 2014	-	Oct 31, 2019
294	Tanauan - A. Mabini	A. Mabini St., Tanauan, 4232 Batangas	Apr 01, 2008	-	Mar 31, 2018
295	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway corner Sixto Castillo St., Poblacion, Tanauan, Batangas	Dec 16, 2007	-	Dec 15, 2017
296	Tarlac - Camiling	Romulo St., Brgy. Poblacion, A. Camiling, Tarlac	Jun 16, 2009	-	Jun 15, 2019
297	Tarlac - Capas	San Trope Building, #57 Bgy. Sto. Domingo 1st, McArthur Highway, Capas, Tarlac	Sep 01, 2013	-	Aug 31, 2023
298	Tarlac - Concepcion	L. Jaena cor. L. Cortes Sts., San Nicolas, 2316 Concepcion, Tarlac	Aug 01, 2013	-	Jul 31, 2023
299	Tarlac - F. Tañedo	F. Tanedo cor. Juan Luna St., Tarlac City	Jul 01, 2014	-	Jun 30, 2019

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
300	Tarlac - Moncada	Poblacion 1, Moncada, Tarlac	Feb 01, 2009	-	Jan 31, 2019
301	Taytay National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Barangay San Juan, Taytay Rizal	Oct 27, 2014	-	Oct 31, 2024
302	Urdaneta - MacArthur Highway	182 LIS Bldg., McArthur Highway, San Vicente, Urdaneta	Jun 01, 2008	-	May 31, 2018
303	Vigan - Plaza Maestro	GF Plaza Maestro Commercial Complex, Burgos & Florentino Sts., Vigan City, Ilocos Sur	Apr 01, 2013	-	Mar 31, 2015
304	Vigan – Puregold	Puregold Vigan, Jose Singson St., Brgy VIII, Sta. Elena, Vigan City, Ilocos Sur	Apr 16, 2013	-	Apr 15, 2018
305	Waltermart Center – Cabuyao	G/F Waltermart Center Cabuyao, Km 47 National Highway, Brgy. Banlic, Cabuyao, Laguna	Nov 15, 2013	-	Oct 31, 2018
306	Waltermart Center - Makiling	G/F Waltermart Center Makiling, National Highway, Brgy. Makiling, Calamba, Laguna	Jul 26, 2011	-	Jul 25, 2016
307	Waltermart - Guiguinto	Waltermart Guiguinto Bulacan, MacArthur Highway, Brgy. Ilang-ilang, Guiguinto, Bulacan	Sep 29, 2012	-	Sep 28, 2017
308	Waltermart - Pampanga	G/F Waltermart Pampanga, MacArthur Highway, San Agustin, San Fernando, Pampanga	Jan 07, 2011	-	Jan 06, 2016
309	Waltermart - Sta. Maria	GF Sta. Maria Provincial Road corner By Pass Road, Brgy.Sta.Clara, Sta. Maria, Bulacan	Jan 08, 2014	-	Jan 31, 2019
310	Waltermart - Sta. Rosa	San Lorenzo Drive Corner Balibago Road, Brgy. Balibago, 4026 Sta. Rosa, Laguna	Month	-	Month
311	Zambales - Castillejos	G/F RM Mall, National Highway, Brgy San Nicolas, Castillejos, Zambales	Feb 01, 2013	-	Jan 31, 2023
312	Zambales - Iba	Zambales - Pangasinan Provincial Road, Brgy. Sagapan, Iba, Zambales	Oct 01, 2011	-	Sep 30, 2021
313	Zamboanga	Grand Astoria Hotel, Annex Building, M. D. Jaldon Street, Zamboanga City	Jul 01, 2014	-	Sep 30, 2016
314	Zamboanga - Ipil	National Highway, Ipil, 7001 Zamboanga Del Sur	Apr 01, 2010	-	Mar 31, 2015
315	Zamboanga - Mayor Jaldon	Mayor Jaldon Avenue, Brgy. Canelar, Zamboanga City	Nov 01, 2006	-	Oct 31, 2016
316	Zamboanga – Veterans Avenue	G/F Wee Agro Commercial Bldg., Veterans Avenue, Brgy Camino Nuevo,	Nov 16, 2013	-	Nov 15, 2023

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		Zamboanga City			

(d) Below is the Bank's owned building on a leased lot as of 31 December 2014 which are currently tenanted:

NO	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	RBSJ Lapaz Tarlac	Lot 981, 982 & 984, San Isidro, Lapaz, Tarlac	Oct 27, 1995	-	Oct 26, 2020

3) Limitations on Property

Other than the properties owned by the Bank, the other properties utilized by the Bank are subject to the respective terms of lease.

4) Properties to be acquired

The Bank does not have any current plans to acquire any property within the next twelve (12) months.

5) Properties of Subsidiaries

The Bank's subsidiaries lease the premises of most of its main and branch offices for various periods and terms are renewable upon the mutual agreement of the parties.

A list of these leased properties is as follows:

BDO Private Bank, Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	Ground Floor, Mezzanine and 2 nd and 10 th floor, BDO Equitable de Tower Paseo Roxas, Makati City	June 1, 2014	-	May 31, 2019
2	Alabang Lounge	7/F Tower 2, Insular Life Corporate Center Insular Drive Filinvest Corporate City, Alabang, Muntinlupa City	May 18, 2007	-	July 14, 2018
3	Binondo Lounge	9 th Floor BDO Tower, Dasmarias cor. Marquina Sts., Binondo, Manila	November 1, 2007	-	Indefinite
4	Cebu Lounge	14 th Floor, Cebu Tower, Cebu Business Park, Mindanao Cor. Bohol Ave., Cebu City	June 15, 2012	-	June 14, 2015
5	Greenhills Lounge	Mezzanine Level, 209 Ortigas Avenue, Greenhills, San Juan, Metro Manila	April 1, 2011	-	March 31, 2016

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
6	Davao Lounge	2 nd Floor, BDO Building, 383 C.M. Recto St., Davao City	January 1, 2014	-	December 31, 2018
7	Storage Warehouse	Basement 5, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City	June 1, 2014	-	May 31, 2017

BDO Strategic Holdings, Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	a portion of space in 22 nd Floor, BDO North Tower, Makati Ave., Makati City	January 1, 2010	-	December 31, 2014

BDO Leasing and Finance, Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City	June 2010	-	June 2015
2	Cagayan De Oro Branch	2 nd Floor, BDO-Lapasan Branch, National Highway, Lapasan, Cagayan de Oro City	January 2009	-	January 2014
3	Iloilo Branch	2 nd Floor, BDO Corporate Center, BDO Valeria Branch, Valeria St., Iloilo City	November 2013	-	November 2018
4	Davao Branch	4 th Floor, BDO Davao-Claveria, No. 30 C.M. Recto Avenue, Poblacion, Davao City	May 2013	-	May 2018
5	Cebu Branch	Mezzanine Floor, BDO Bldg., Gorordo Ave., Lahug, Cebu City	May 2014	-	May 2019
6	Pampanga Branch	3 rd Floor, BDO Angeles-Balibago Branch Bldg, Ramon Tang Avenue, Diamond Subdivision, Balibago, Angeles City	December 2013	-	December 2018
7	Makati Branch	Ground Floor, Pacific Star Bldg., Sen. Gil Puyat corner Makati Avenue, Makati City	February 2014	-	February 2017

BDO Leasing and Finance, Inc. due to the nature of its business, also holds title to various properties such as vehicles (cars, trucks, etc.), IT equipment (laptops, voice over internet protocol units, etc.) and medical equipment (hemodialysis machines, etc.).

BDO Elite Savings Bank, Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	14 th Floor, NetCube Center, 30 th St. cor. 3 rd Ave. Crescent Park West Bonifacio, Global City, Taguig 1634	October 1, 2014	-	September 30, 2015

BDO Capital & Investment Corporation

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	a portion of space in 20 th Floor, BDO South Tower, Makati Ave., Makati City	September 16, 2014	-	September 15, 2019

PCIB Securities, Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	a portion of space in 20 th Floor, BDO South Tower, Makati Ave., Makati City	November 1, 2014	-	November 1, 2017

BDO Insurance Brokers, Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	22 nd Floor, Pacific Star Bldg., Corner Sen. Gil Puyat and Makati Avenue, Makati City	October 16, 2010	-	October 15, 2015
2	Bacolod Branch	2 nd Floor, BDO Bacolod Capitol Shopping Branch building, Benigno Aquino Drive, Capitol Shopping, Bacolod City	July 16, 2010	-	July 15, 2015
3	Binondo Branch	9 th Floor BDO Dasmariñas –Binondo Building, Dasmariñas corner Marquina Streets, Binondo, Manila	March 15, 2013	-	March 14, 2018
4	Gen. Santos City Branch	2 nd Floor, BDO Gen. Santos Pioneer Avenue Branch Building, Pioneer Avenue National Highway corner Roxas Street, Gen. Santos City	October 15, 2010	-	October 14, 2015
5	Cebu Gorordo Branch	Mezzanine Floor, BDO Cebu Gorordo Branch Building, Gorordo Avenue, Lahug, Cebu City	September 1, 2013	-	August 31, 2018
6	Dagupan Branch	2 nd Floor, BDO Dagupan Fernandez Branch, AB Fernandez Avenue, Dagupan City	April 1, 2012	-	March 31, 2017
7	Davao CM Recto Branch	4 th Floor BDO Davao-Claveria, No. 30 C.M. Recto Avenue, Poblacion Davao City	June 1, 2013	-	May 31, 2018
8	CDO Lapasan Branch	Mezzanine Floor, BDO Cagayan de Oro Lapasan Branch Bldg., Lapasan Highway, Cagayan de Oro City	October 15, 2010	-	October 14, 2015
9	Iloilo Valeria Branch	2 nd Floor, BDO Iloilo Valeria Branch Building, Valeria corner Solis Sts., Iloilo City	July 1, 2011	-	June 30, 2016
10	Corinthian Gardens Branch	2 nd Floor, BDO Corinthian Gardens Branch, BDO Leasing Centre, Ortigas Avenue, Quezon City	June 1, 2011	-	May 31, 2016
11	Angeles City Branch	3 rd Floor, BDO Angeles-Balibago Branch Building, BDO Building along Ramon Tang	December 15, 2013	-	December 14, 2018

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
		Avenue, Diamond Subdivision, Balibago, Angeles City			
12	Pasig Branch	38 th Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda St. Ortigas Center, Pasig City	June 1, 2012	-	May 31, 2017
13	Batangas City Branch	2 nd Floor, BDO Batangas City - Rizal Avenue Branch Building, Rizal Ave. corner P. Burgos St., Batangas City	February 1, 2012	-	August 14, 2016
14	San Pablo Branch	2 nd Floor, BDO San Pablo Maharlika Highway Branch, BienPaz Arcade, Maharlika Highway Junction, San Rafael, San Pablo, Laguna	February 1, 2012	-	January 31, 2017
15	SM North Edsa	SM North Edsa, Quezon City	September 5, 2014	-	December 31, 2014
16	Main Office Extension	23 rd Floor, Pacific Star Bldg., corner Sen. Gil Puyat and Makati Avenue, Makati City	August 1, 2013	-	July 31, 2018

BDO Remittance (USA), Inc.

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office - USA	1559 East Amar Road, Suite U West Covina, CA, 91792, USA	July 1, 2011	-	June 30, 2015
2	Los Angeles USA Branch	215 South Vermont Avenue Los Angeles, California, 90004, USA	July 31, 2011		July 31, 2015
3	San Francisco USA Branch	4830 Mission Street, Suite 101 San Francisco, California, 94112, USA	February 1, 2013		February 28, 2016

Express Padala Frankfurt GmbH

NO.	BRANCH	ADDRESS	Lease Effectivity	-	Lease Expiry
1	Main Office	Grosse Friedberger Strasse 6, 60313 Frankfurt am Main, Germany	December 16, 2013	-	December 31, 2014

6) Limitations on Property

The properties leased and utilized by the subsidiaries are subject to the respective terms of lease and, to the best of the subsidiaries knowledge, are not subject to any mortgage, lien or encumbrance.

Item 3. Legal Proceedings

The Bank is a party to various legal proceedings which arise in the ordinary course of its operations. Following existing regulatory requirements, no such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Bank or its consolidated financial condition. A discussion of the other legal proceedings of the Bank is found in the Notes to the Audited Financial Statements as of the year ended 31 December 2014.

Others

The Group is also a defendant in various cases pending in courts for alleged claims against the Group, the outcome of which are not fully determinable at present. As of 31 December 2014, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of the Group and will be taken up if and when a final resolution by the courts is made on each claim.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

Part II Operational and Financial Information

Item 5. Market for Issuers Common Equity and Related Stockholder Matters

1) Stock Prices

The Bank's common shares are traded at the Philippine Stock Exchange, Inc. The high and low sales prices for each quarter within the last two (2) fiscal years are as follows:

	High	Low
First Quarter 2013	99.00	72.60
Second Quarter 2013	97.00	76.65
Third Quarter 2013	88.50	66.20
Fourth Quarter 2013	81.50	67.50
First Quarter 2014	85.25	69.00
Second Quarter 2014	93.50	84.50
Third Quarter 2014	99.40	88.05
Fourth Quarter 2014	114.10	93.00

Source: www.pse.com.ph

As of April 14, 2015, the closing price of the Bank's common shares is ₱118.50.

2) Holders of Securities

The number of common shareholders of record as of December 31, 2014 was 12,887. Common shares outstanding as of December 31, 2014 stood at 3,580,875,328. There are a total of 318 foreign stockholders owning 1,160,504,617 common shares comprising 32.41% of the total outstanding common shares. The top twenty (20) common shareholders as of December 31, 2014 are as follows:

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
1	SM Investments Corp.	Filipino	1,463,657,368	40.87%
2	PCD Nominee Corp.	Non-Filipino	1,159,360,377	32.38%
3	PCD Nominee Corp.	Filipino	399,236,711	11.15%
4	Multi-Realty Development Corporation	Filipino	236,476,739	6.60%

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
5	Sybase Equity Investments Corporation	Filipino	183,958,132	5.14%
6	Shoemart, Inc.	Filipino	75,254,191	2.10%
7	Sysmart Corporation	Filipino	5,171,420	0.14%
8	Edilberto Narciso	Filipino	2,615,452	0.07%
9	Lucky Securities, Inc.	Filipino	2,458,676	0.07%
10	DHS Investment	Filipino	2,337,769	0.07%
11	Executive Optical, Inc.	Filipino	2,196,479	0.06%
12	Keng Koc Co &/or Mary D. Co	Filipino	1,617,840	0.05%
13	Simeon Tan	Filipino	1,180,868	0.03%
14	Ernest Lee Go	Filipino	1,042,124	0.03%
15	Cedar Commodities, Inc.	Filipino	877,850	0.02%
16	Hong Eng Tan	Filipino	863,500	0.02%
17	Teresita O. Tan	Filipino	647,020	0.02%
18	Mary Dee Co &/or Keng Koc	Filipino	630,000	0.02%
19	Tristan Matthew T. Sze	Filipino	618,000	0.02%
20	Regina Capital Development Corp.	Filipino	603,812	0.02%
Total			3,540,804,328	

As of 31 December 2014, the Bank has a public float level of 44.95%.

3) Dividends

The Bank's Board of Directors is authorized to declare dividends annually. Stock Dividend declarations require further approval of stockholders representing not less than two-thirds (2/3) of all stocks outstanding and entitled to vote. Such stockholders' approval may be given at a general or special meeting duly called for the purpose. Dividends may be declared only from surplus profits after making proper provisions for necessary reserves in accordance with applicable laws and the regulations of the BSP.

On January 28, 2012, the Board approved the declaration of annual dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P330 million. BSP approval was obtained on February 20, 2012 and the dividends were paid on March 9, 2012.

On March 22, 2012, the Board approved the declaration of stock dividends equivalent to 3% of BDO's outstanding capital stock. The stock dividend declaration was presented and approved at

BDO's Annual Shareholders' Meeting on April 20, 2012 and the dividends were distributed on June 8, 2012.

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

On April 19, 2013, the Board of Directors approved the declaration of cash dividends in the amount of P1.20 per common share in respect of the 2012 earnings and a quarterly cash dividend of P0.30 per common share beginning the second quarter of 2013. BSP approval was obtained on May 28, 2013 and the P1.20 and P0.30 (second quarter) cash dividends were paid on July 5, 2013. The third quarter cash dividends amounting to P0.30 per common share were paid on September 30, 2013. The fourth quarter cash dividends amounting to P0.30 per common share were paid on December 27, 2013.

On January 4, 2014, the Board of Directors approved the declaration of cash dividends in the amount of P0.30 per common share for each quarter in 2014, or a total of P1.20 per common share. BSP approval was obtained on Jan. 27, 2014 and the first, second, third and fourth quarter cash dividends were paid on March 24, 2014, June 27, 2014, September 26, 2014 and December 29, 2014, respectively.

On January 25, 2014, the Board of Directors of BDO approved the declaration of annual dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. BSP approval was obtained on February 13, 2014 and the dividends were paid on March 11, 2014.

On April 25, 2014, the Bank's Board of Directors approved the declaration of a P0.90 special cash dividend per common share. BSP approval was obtained on June 3, 2014 and the dividends were paid on July 25, 2014.

For the year 2015, the Board of Directors approved the declaration of cash dividends in the amount of P0.30 per common share for each quarter in 2015, or a total of P1.20 per common share. BSP approval was obtained on March 5, 2015 and the first, second, third and fourth quarter cash dividends will be paid on April 24, 2015, June 26, 2015, September 25, 2015 and December 28, 2015, respectively.

4) Recent Sales of Unregistered Securities (within 3 years)

On April 6, 2015, the Bank issued P7.5 billion worth of Long-Term Negotiable Certificates of Deposit (LTNCDs) with a term of 5.5 years and a coupon rate of 3.75%. The LTNCDs were issued to lengthen the maturity profile of the Bank's deposit liabilities.

On December 10, 2014, the Bank issued P10.0 billion worth of peso-denominated Tier 2 Notes under the Basel 3 regime. The issue supplemented BDO's current capital position in further support of lending growth.

On February 16, 2012, the Bank issued \$300 million 5-year Fixed Rate Senior Notes with a coupon of 4.5%, representing direct unsecured obligations of BDO. The proceeds of the Notes were used to support expansion plans and re-lending activities.

Item 6 – Management’s Discussion and Analysis or Plan of Operations

1) Management’s Discussion and Analysis

Balance Sheet – 2014 vs. 2013

Total Resources continued to grow reaching P1.9 trillion by year-end 2014. The 11% increase in assets was due to a 31% hike in net loans and receivables primarily funded by deposits.

Cash and Other Cash Items went up 49% to P41.3 billion from a higher deposit base. Due from Other Banks expanded 69% to P45.6 billion on higher volume of placements and deposits with correspondent banks. Meantime, Due from BSP and Investment Securities dropped 34% and 3% to P269.5 billion and P221.5 billion, respectively, as the Bank re-allocated funds into higher yielding loan assets.

Net Loans and Other Receivables expanded 31% to P1.2 trillion mainly owing to a 20% growth in Customer Loans, registering P1.1 trillion as of year-end 2014. Likewise, Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements, Unquoted Debt Securities Classified as Loans as well as Other Receivables went up to P39.2 billion, P86.2 billion, P6.5 billion and P18.4 billion, respectively.

Bank Premises rose by 18% to P21.1 billion owing to enhancements and expansion of the Bank’s distribution network. Equity Investments climbed 10% to P5.3 billion from earnings of associates engaged in real estate and insurance. Investment Properties went up 34% to P13.9 billion on foreclosures and dacion payments. Other Resources climbed 31% to P26.4 billion due to higher levels of miscellaneous assets.

Total Deposits hiked 11% to P1.5 trillion coming from sustained marketing efforts for low-cost deposits. Demand and Savings deposits rose 8% and 26% to P85.8 billion and P873.0 billion, respectively, while Time deposits went down 6% to P533.5 billion.

Bills Payable grew 6% to P100.4 billion owing to higher levels of interbank borrowings. Subordinated Notes Payable also increased 234% as the Bank redeemed its previous P3.0 billion subordinated debt on March 21, 2014 and issued P10.0 billion Basel 3 compliant Tier 2 Notes on December 10, 2014. Other Liabilities went up 23% to P81.3 billion from higher levels of accounts payable and bills purchased contra-account consistent with increased business volumes.

Total Equity climbed 9% to P179.7 billion from continued profitability.

Contingent Accounts – 2014 v. 2013

Total Contingent Accounts grew 6% to P1.3 trillion due to the following:

- Trust Department Accounts increased 6% to P817.5 billion on account of a larger portfolio of funds managed.
- Unused L/Cs, Outstanding Guarantees Issued and Export L/Cs confirmed jumped 45%, 419% and 515% to P54.1 billion, P3.4 billion and P240 million, respectively, from higher volume of trade transactions.
- Bills for Collection slid 5% to P7.0 billion on lower levels outstanding bills, drafts and checks.
- Late Deposits and Payments Received rose 31% to P3.3 billion from a higher number of outstanding transactions as of year-end 2014.
- Treasury trading activities for the year resulted in increases in Interest Rate Swaps as well as Forward Exchange Bought and Sold. On the other hand, Spot Exchange Bought and Sold dropped year-on-year.

Income Statement – For the years Ended December 31, 2014 vs. 2013

Net Income Attributable to Equity holders of the Parent Company registered at P22.8 billion, showing a 1% improvement for 2014. However, discounting extraordinary trading and FX gains, the bottomline represents an 18% improvement from 2013 normalized profits.

Net Interest Income grew 20% to P51.2 billion coming from an expansion in customer loan portfolio as well as an improvement in funding mix. The Bank maintained its conservative impairment provisioning allocating P5.1 billion for loans, securities, ROPA and other assets.

Other Income slid 7% to P29.5 billion owing to a 44% decline in Trading and Foreign Exchange Gains. Fee-based income, on the other hand, climbed 16% to P18.0 billion as growth from major business lines continued. Miscellaneous Income, likewise, rose 21% to P4.4 billion mainly due to higher ROPA gains and rental income.

Operating Expenses increased 12% to P48.5 billion owing to the following:

- Employee Benefits rose 10% from salary increases and a higher manpower count from business expansion.
- Occupancy expenses grew 15% from an expanded distribution network.
- Taxes and Licenses hiked 20% from higher gross receipts taxes on interest and fee-based income as well as documentary stamp tax on the Time Deposit base.
- Insurance expenses increased 41% resulting from a bigger deposit base.
- Litigation/Assets Acquired expenses declined 20% on lower ROPA-related expenses.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses moved up 12% and 10%, respectively, primarily from an expanded distribution network and increased business volumes.

Tax Expense doubled to P4.2 billion on higher taxable income and lower write-offs of fully-provided assets.

Comprehensive Income – For the years Ended December 31, 2014 vs. 2013

From a Net Income of P22.8 billion, Total Comprehensive Income for 2014 stood at P23.2 billion inclusive of an increase in unrealized gains on AFS Securities of P361 million, a P76 million translation adjustment related to foreign operations and an actuarial loss of retirement benefit asset amounting to P47 million. The Total Comprehensive Income represented a 30% improvement from P17.9 billion in 2013.

Key Performance Indicators – 2014 vs. 2013

	2014	2013	Inc/(Dec)
Return on Average Common Equity	13.6%	14.3%	-0.7%
Return on Average Equity	13.4%	14.0%	-0.6%
Return on Average Assets	1.3%	1.6%	-0.3%
Net Interest Margin	3.2%	3.3%	-0.1%
Capital to Risk Assets	14.4%	15.5%	-1.1%
Basic Earnings Per Share	6.27	6.22	0.05
Liquidity Ratio	38.1%	43.0%	-4.9%
Solvency Ratio (Debt-to-Equity)	937.3%	917.8%	19.5%
Asset-to-Equity Ratio	1037.3%	1017.8%	19.5%
Interest Rate Coverage Ratio	319.0%	284.2%	34.8%
Profit Margin	24.5%	25.6%	-1.1%

Return on Average Common Equity and Return on Average Equity declined to 13.6% and 13.4%, respectively, on a higher equity base.

Return on Average Assets likewise went down to 1.3% from a higher asset growth.

Net Interest Margin slightly dipped to 3.2% due to competitive pricing pressures.

Capital to Risk Assets dropped to 14.4% as increases in capital from profitable operations were offset by high asset growth.

Basic Earnings Per Share inched up to P6.27 following a slight improvement in Net Income.

Liquidity Ratio went down to 38.1% as the Bank re-allocated funds to higher-yielding loan assets.

Solvency Ratio and Asset-to-Equity Ratio grew 19.5% apiece to 937.3% and 1037.3%, respectively, owing to higher deposit base and borrowings.

Interest Rate Coverage Ratio improved to 319.0% following lower funding cost year-on-year.

Profit Margin slightly declined to 24.5% as revenue growth was outpaced by operating expense increase.

Balance Sheet – 2013 vs. 2012

Total Resources expanded 35% to P1.7 trillion as Due from BSP and Gross Customer Loans climbed 161% and 19%, respectively. The balance sheet expansion was funded by a 44% surge in Total Deposits and a 31% increase in Bills Payable.

Cash and Other Cash Items went up 29% on a higher deposit base. Due from BSP soared to P408.4 billion due to increased reserves on deposits as well as placements in Special Deposit Account (SDA) with BSP. Due from Other Banks more than doubled to P26.9 billion on account of higher levels of deposits and working balances with correspondent banks.

Net Loans and Other Receivables climbed 21% to P922.6 billion as Gross Customer Loans grew 19% owing to continuous corporate and consumer loan demand. Likewise, Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements surged 402% and 793% to P19.9 billion and P8.4 billion, respectively. On the other hand, Unquoted Debt Securities either matured or were sold during the year.

Bank Premises increased 9% to P17.9 billion on account of expansion of the Bank's branch distribution network. Equity Investments rose 9% to P4.8 billion owing to earnings from affiliates engaged in real estate and insurance businesses. Investment Properties went up 14% to P10.4 billion due to the acquisition of two prime real estate properties for investment purposes. Other Resources grew 21% to P20.1 billion consistent with growing business volumes.

Total Deposits surged 44% to P1.3 trillion as Demand, and Savings deposits hiked 63%, and 28%, respectively, owing to sustained marketing efforts. Likewise, Time Deposits expanded 68% due mostly from the BSP's phase out of SDAs.

Bills Payable rose 31% to P94.2 billion due to higher levels of borrowings and deposit substitutes. Subordinated Notes Payable dropped 89% to P3.0 billion as the Bank exercised its optional redemption of its Series 2 Notes in May 2013, and its early redemption option on its Series 4 and 5 Tier 2 Notes in September and October 2013, respectively.

Other Liabilities went up 19% to P65.8 billion on increased levels of accounts payable, outstanding checks, accrued expenses and bills purchased contra-account.

Total Equity increased 6% to P164.4 billion owing to the Bank's profitable operations.

Contingent Accounts – 2013 vs. 2012

Total Contingent Accounts slid 4% to P1.2 trillion due to the following:

- Trust Department Accounts dropped 6% to P771.4 billion on a portfolio contraction due to new SDA investment rules.
- Unused L/Cs went up 31% to P37.4 billion on account of higher trade volumes, while Export L/Cs Confirmed went down 68% to P39 million owing to lower levels of outstanding transactions year-on-year.
- Bills for Collection rose 37% to P7.4 billion on a larger number of outstanding bills, drafts and checks as of cut-off date.
- Increased treasury trading activities brought about an expansion in Spot Exchange Bought and Sold as well as a contraction in Forward Exchange Bought and Sold and Interest Rate Swap Receivables and Payable.
- Other Contingent Accounts grew 18% to P138.3 billion following a 20% growth in Committed Credit Lines.

Income Statement – For the years Ended December 31, 2013 vs. 2012

Net Income attributable to Equity holders of the Parent Company stood at P22.6 billion for 2013, a 56% hike from P14.5 billion for the previous year.

Net Interest Income improved 20% to P43.2 billion from an expanded loan portfolio and a lower funding cost. The Bank continued its conservative provisioning with P7.0 billion in Provision for Impairment Losses.

Other Income increased 30% to P31.8 billion following the higher recurring fee-based income from major business lines as well as a surge in Trading and Foreign Exchange Gain to P12.8 billion. Miscellaneous Income likewise rose 31% to P3.6 billion from income related to acquired assets.

Operating Expenses registered a 10% growth from P39.5 billion to P43.3 billion on account of the following:

- Employee Benefits grew 6% owing to salary increases and a higher manpower head count.
- Occupancy expenses went up 5% primarily from an expansion in the Bank's distribution network.
- Taxes and Licenses climbed 14% from gross receipts taxes on interest and fee-based income as well as documentary stamp tax on a higher Time Deposit base.
- Insurance expenses increased 8% following higher deposit levels.
- Advertising expenses rose 6% from continued advertising and marketing activities.
- Litigation/Assets Acquired expenses dropped 20% on a smaller ROPA portfolio.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses moved up 7% and 22%, respectively, primarily owing to higher business volumes and expanded operations.

Tax Expense hiked 34% to P2.1 billion as net taxable income increased.

Comprehensive Income – For the years Ended December 31, 2013 vs. 2012

From a Net Income of P22.6 billion, Total Comprehensive Income registered at P17.9 billion, at par with the previous year's P17.8 billion.

The Total Comprehensive Income includes a decline in unrealized gains on AFS Securities of P5.0 billion, a translation adjustment of P281 million, a reversal of revaluation increment of P89 million and an actuarial gain of retirement benefit assets of P74 million.

Key Performance Indicators – 2013 vs. 2012

	2013	2012	Inc/(Dec)
Return on Average Common Equity	14.3%	12.0%	2.3%
Return on Average Equity	14.0%	11.7%	2.3%
Return on Average Assets	1.6%	1.3%	0.3%
Net Interest Margin	3.3%	3.4%	-0.1%
Capital to Risk Assets	15.5%	19.2%	-3.7%
Basic Earnings Per Share	6.22	4.52	1.70
Liquidity Ratio	43.0%	35.3%	7.7%
Solvency Ratio (Debt-to-Equity)	917.8%	704.3%	213.5%
Asset-to-Equity Ratio	1017.8%	804.3%	213.5%
Interest Rate Coverage Ratio	284.2%	190.1%	94.1%
Profit Margin	25.6%	18.5%	7.1%

Return on Average Common Equity and Return on Average Equity climbed to 14.3% and 14.0%, respectively, from an improvement in bottomline profits.

Return on Average Assets inched up 0.3% to 1.6% as Net Income outpaced asset growth.

Net Interest Margin slightly declined by 0.1% to 3.3% due to competitive loan pricing and a shift in earning assets to lower-yielding placements with BSP.

Capital to Risk Assets dropped 3.7% to 15.5% following strong growth in customer loans.

Basic Earnings Per Share grew P1.70 to P6.22 corresponding to the increase in profits.

Liquidity Ratio went up 7.7% to 43.0% primarily from placements in SDAs with BSP.

Solvency Ratio and Asset-to-Equity Ratio soared 213.5% apiece to 917.8% and 1017.8%, respectively, owing to the 44% expansion in total deposits and the 35% growth in the balance sheet.

Interest Rate Coverage Ratio and Profit Margin hiked to 284.2% and 25.6%, respectively, due to improved profitability.

(2) Past and Future Financial Condition and Results of Operations

The Bank registered an audited Net Income of P22.8 billion for 2014; a slight improvement from the P22.6 billion bottomline profit in 2013. However, discounting extraordinary trading and FX gains, the bottomline represents a 21% improvement from the previous year's normalized profits, as core business volumes increased. Gross customer loans grew 20% while low-cost deposits increased its share in total funding resulting to a drop in Interest Expense. Fee-based income likewise improved 16% year-on-year. The sustained strong growth is a reflection of the Bank's solid customer and product franchise in its major business lines.

Despite robust growth, asset quality has not been sacrificed. NPL ratio continued to improve to 1.34% from 1.87% the previous year. Moreover, the Bank has continued its conservative provisioning policy resulting in a coverage ratio of 179%.

Support for growth and expansion has also remained key to the Bank's strong performance. Capital adequacy has remained comfortable even with the adoption of the Basel 3 standards. Common Equity Tier 1 and CAR stood at 12.4% and 14.6%, respectively, as BDO issued its first Basel 3 compliant Tier 2 Notes amounting to P10 billion on December 10, 2014. The Bank also reinforced its distribution network opening 64 new branches and establishing 328 new Automated Teller Machines during the year.

The Bank's commitment to maintain a strong financial condition and improved financial performance ensures it is an optimum position to comply with regulatory changes and take advantage of the positive outlook of the Philippine economy.

Prospects for the Future/Plans of Operation

The Philippines, with a higher and sustainable growth trajectory, is well-placed to assert its position as one of Asia's standout performers in 2015. The country is seen to post sustained growth 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 as well as renewed public expenditure and infrastructure spending is also seen to contribute substantially to the country's performance.

The banking industry, specifically, is seen to continue its robust performance with continued demand for loans owing to the strength of the country's economy. Banks' core operations are expected to drive profitability through intermediation as well as fee-based activities. Amid this environment, the Bank aims to improve its financial performance by providing better and more accessible banking services to the public.

3) Material Changes

(a) Any Known Trends, Events or Uncertainties (material impact on Liquidity)

Trends, events or uncertainties, which can have a material impact on liquidity, are explained under item 6(2) of SEC 17-A of the Bank.

(b) Internal and External Sources of Liquidity

The internal and external sources of liquidity are herein discussed under item 6(2) of SEC Form 17-A of the Bank.

(c) Any Material Commitments for Capital Expenditure and Expected Funds

None.

(d) Any Known Trends, Events or Uncertainties (material impact on sales)

Trends, events or uncertainties, which can have a material impact on sales, are explained under item 6(2) of SEC 17-A of the Bank.

(e) Causes for any Material Changes from Period to Period of Financial Statements

The causes for any material changes from 2013-2014 are explained in item 6(1) of SEC Form 17-A of the Bank.

(f) Seasonal Aspects that has material Effect on the Financial Statements

None.

Item 7. Financial Statements

The consolidated financial statements and schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The financial statements of the Bank for the year ending 31 December 2013 and 31 December 2014 have been audited by Punongbayan and Araullo, in accordance with generally accepted accounting principles. The Bank has not had any disagreements with any of its former or present accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of the disagreement in connection with its report.

Audit and Audit-Related Fees

The aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the external auditor was P7,882,340.81 for the year 2014, P7,404,604.65 for the year 2013 and P7,354,199.88 for the year 2012. These fees cover services rendered by the external auditor for audit of the financial statements of BDO and other services in connection with statutory and regulatory filings for fiscal years 2014, 2013 and 2012.

Tax Fees and Other Fees

No other tax fees were paid to Punongbayan & Araullo for the last three (3) fiscal years.

It is the policy of BDO that all audit findings are presented to the Board Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board of Directors passes upon and approves the Audit Committee's recommendations.

Part III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1) Directors and Executive Officers

The Board is collectively responsible for the long-term shareholder value of the Bank. It is responsible to approve, oversee and review the implementation of strategic objectives, financial plans and annual budgets, key operational initiatives, major funding and investment proposals, compliance and accountability systems, enterprise risk strategy and financial performance reviews to ensure the success of the Group and sustain its industry leading position.

It leads in establishing the tone and practices of good corporate governance at the top. It sets the Group's corporate values and high ethical standards of business conduct for itself and all members of the Group. The Board also appoints the Bank's President, approves the appointment of Directors and succession planning for senior management. Through its oversight, monitoring and review functions, the Board ensures that the Group is being run in a sound and prudent manner on a going concern basis in order to fulfill its obligations to all majority and minority shareholders while upholding and protecting the interests of different constituencies. It approves specifically matters such as issue of shares, dividend declaration, transactions exceeding threshold limits, related party transactions, acquisition and disposal of investments. The Board also delegates authority and powers to the Board Committees to better carry out its stewardship and fiduciary responsibilities.

It is also responsible for the proper administration and management of the Bank's trust business. In 2013, the Board met 13 times to review financial performance, approve corporate strategies, extension of corporate life, issuance of new shares, capital raising plans and significant operational matters. During those meetings, the Board was also updated by management on the economic environment, changes in tax and corporate governance regulations that would have an impact on the Bank's operations.

Director Orientation and Continuing Education

All newly-elected directors are required to undergo an orientation program within three (3) months from date of election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and Committees, BDO's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics, Personal Trading Policy and Corporate Governance Manual.

All directors are also encouraged to participate in continuing education programs at BDO's expense to maintain a current and effective Board. In 2012, Board members of the Bank and subsidiaries attended the training on Effective Risk Governance conducted by Ernst & Young. On December 4, 2013, the Board members of BDO and subsidiaries attended a briefing on the New Anti-Money Laundering Act by Atty. Julia Bacay-Abad, Executive Director of AMLC Secretariat. In 2014, Board members of BDO and its subsidiaries attended an exclusive Corporate Governance

seminars conducted by the Institute of Corporate Directors and Risk Opportunities Assessment and Management, Inc. The Board also received regular economic briefings.

The following is the list of the members of the Board and the corporate officers:

Teresita T. Sy, 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. (PLC), BDO Capital & Investment Corporation, BDO Foundation, Inc., Generali Pilipinas Holding Company, Inc., Generali Pilipinas Life Assurance Company, Inc., and Generali Pilipinas Insurance Co., Inc. Ms. Sy is the Vice-Chairperson of SM Investments Corporation (PLC) and Adviser to the Board of SM Prime Holdings, Inc. (PLC). She also sits as Chairperson, Vice Chairperson and/or Director of such companies as 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.

Jesus A. Jacinto, Jr., 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.

Nestor V. Tan, 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.

Christopher A. Bell-Knight, 70, Canadian, was elected Director of BDO Unibank, Inc. on July 27, 2013. Until his election as Director, Mr. Bell-Knight has been acting as Adviser to the Board of BDO Unibank for more than two (2) years. He had 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 (40) years of banking experience in England, Canada, and Asia of which thirty-five (35) years were spent in credit and marketing. Mr. Bell-Knight 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 attended universities both in England and Canada.

Cheo Chai Hong, 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, 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, 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.

Jose F. Buenaventura, 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. Atty. Buenaventura 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.

Jimmy T. Tang, 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). Mr. Tang was the 9th President of PESA and the first Chairman of the PESA Foundation, which he served for seven (7) years. He also served two (2) 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.

Jones M. Castro, Jr., 66, Filipino and American, was elected independent director of the Bank on April 20, 2012. Mr. Castro has 42 years of banking expertise, with 32 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, Mr. Castro managed 12 countries, 11 overseas offices, 102 team members and US\$3 Billion 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 25 countries, 3 overseas offices, 30 team members and US\$1.8 Billion 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. Mr. Castro 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.

Gilberto C. Teodoro, Jr., 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. Mr. Teodoro 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.

Edmundo L. Tan, 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 served 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.

Sabino E. Acut, Jr., 64, Filipino, was appointed Assistant Corporate Secretary of the Bank on July 27, 2007, a position he currently holds. He is presently a Senior Partner and Head of the Litigation Department of Tan Acut Lopez & Pison Law Offices. He was a former Senior Partner and Head of the Litigation Department of Ponce Enrile Cayetano Reyes & Manalastas Law Offices (PECABAR) and, before that, a Partner of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA). At various times, he was Corporate Secretary of Boulevard Holdings, Inc., Puerto Azul Golf & Country Club, Philippine Hospital Association, and Eastern General Reinsurance Corporation; Legal Counsel of Alabang Country Club; Trustee of Makati Law Foundation; and President of the Legal Management Council of the Philippines. He was Journal Editor of the 1971 Constitutional Convention, Special Assistant to the Director of the Bureau of National and Foreign Information, and Confidential Attorney to former Supreme Court Justice Cecilia Muñoz Palma. He is a member of the Integrated Bar of the Philippines and the Philippine Bar Association. He is currently a Director of the Philippine Global Communications, Inc. He was the Corporate Secretary of the former EPCIB until its merger with the Bank. He holds the degrees of Bachelor of Arts, *Magna Cum Laude*, from Mindanao State University; Bachelor of Laws, *Cum Laude*, from the University of the East; and Master of Laws from the University of Pennsylvania.

Angelita L. Ortega-Cortez, 60, Senior Vice President and Assistant Corporate Secretary of the Bank. She has over thirty years of experience as a corporate and banking lawyer. She was appointed as Assistant Corporate Secretary of the Bank on April 19, 2013. She concurrently serves as Assistant Corporate Secretary of BDO Leasing and Finance, Inc., BDO Private Bank, Inc., BDO Rental, Inc., Armstrong Securities, Inc., and Equimark-NFC Development Corp. She also sits as Director & Corporate Secretary of PCI Insurance Brokers, Inc., PCI Management Consultants, Inc. and PCI Travel Corporation; and Corporate Secretary of BDO Strategic Holdings Inc., PCIB Securities, Inc., Ivory Homes, Inc., MDB Land, Inc., The Executive Banclounge, Inc., and The Sign of the Anvil, Inc. Atty. Cortez's legal career started with the law firm Sycip Salazar Hernandez & Gatmaitan. While on leave from the Sycip Law, she served as Head of the Legal Unit of the Philippine International Trading Corp. (PITC). From Sycip Law, she moved to Far East Bank and Trust Co. as Head of the Banks' Credit Support Services - Corporate Banking Group and became the Bank's Corporate Secretary, concurrent with being Secretary of the Executive, Trust and Audit of the Board Committees four (4) years after. After the Far East Bank – BPI merger, she served as

Vice President/Legal and Compliance Officer of BPI Capital Corporation and Director of BPI Securities Corporation. She joined BDO in 2005 where she is now Senior Vice President. Atty. Cortez graduated from the College of Education and finished law at the University of the Philippines.

The independent directors of the Bank are **Jose F. Buenaventura, Jones M. Castro, Jr., Jimmy T. Tang, and Gilberto C. Teodoro, Jr.**

Role of the Chairperson and President

The Board Chair and President collectively are responsible for the leadership of the company. The Chair's primary responsibility is for leading the Board and ensuring its effectiveness while the President is responsible for running the Bank's business.

The roles of the Board Chair and the Bank President are separate and distinct from each other to achieve a balance of authority, clear accountability, and capacity for independent decision-making by the Board.

Senior Executive Officers of the Bank

The members of Senior Management, subject to control and supervision of the Board, collectively have direct charge of all business activities of the Bank. They are responsible for the implementation of the policies set by the Board. The following is a list of the Bank's key officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Nestor V. Tan	57	President, Chief Executive Officer and Director
Antonio N. Cotoco	66	Senior Executive Vice President, Director -- BDO Leasing & Finance, Inc.
Walter C. Wassmer	57	Senior Executive Vice President, Head – Institutional Banking Group; Director – BDO Leasing and Finance, Inc.
Jaime C. Yu	56	Senior Executive Vice President, Head – Branch Banking Group
Ador A. Abrogena	61	Executive Vice President, Head – Trust and Investments Group
Stella L. Cabalatungan *	50	Executive Vice President, Head - BDO Private Bank, Inc.- Relationship Management
Anthony Q. Chua	63	Executive Vice President, Head – Global Operations
Julie Y. Chua	63	Executive Vice President, Head – Institutional Banking Group - Commercial Banking (Luzon)
Gerard Lee B. Co	55	Executive Vice President, Head - Institutional Banking Group Commercial Banking (Visayas and Mindanao)
Lucy Co Dy	59	Executive Vice President, Comptroller and Head – Comptrollership Group
Pedro M. Florescio III	60	Executive Vice President, Treasurer and Head – Treasury Group
Eduardo V. Francisco**	53	Executive Vice President, President/Director – BDO Capital & Investment Corporation

<u>Name</u>	<u>Age</u>	<u>Position</u>
Guia C. Lim	67	Executive Vice President – Executive Committee/Management Credit Committee
Ricardo V. Martin	57	Executive Vice President, Head – Information Technology Group
Edmundo S. Soriano	59	Executive Vice President, Head – Institutional Banking Group - Corporate Banking
Cecilia A. Tan	54	Executive Vice President, Head – Institutional Banking Group - Corporate Banking 2
Rolando C. Tanchanco	52	Executive Vice President, Head – Consumer Lending Group
Dennis B. Velasquez	61	Executive Vice President, Head – Central Operations Group
Evelyn L. Villanueva	56	Executive Vice President, Chief Risk Officer and Head – Risk Management Group
Ursula A. Alano	60	Senior Vice President, Head – Treasury Group - Treasury Marketing
Noel L. Andrada	52	Senior Vice President, Head – Trust and Investments Group – Business Development
Maria Carina S. Antonio	50	Senior Vice President, Head – Trust and Investments Group – Account Management
Rafael G. Ayuste, Jr. *	51	Senior Vice President, BDO Private Bank, Inc. – Wealth Advisory and Trust Group
Melanie S. Belen	54	Senior Vice President, Head – Risk Management Group - Remedial Management
Gamalielh Ariel O. Benavides *	48	Senior Vice President, Head – BDO Private Bank, Inc.- Wealth Advisory and Trust Group
Rafael G. Besa	56	Senior Vice President, Head – Marketing Communications Group
Ma. Ophelia LI. Camiña	61	Senior Vice President, Head – Consumer Lending Group – Unsecured/Business Development/Credit Card Business
Marilou L. Cesario	59	Senior Vice President, Head – Institutional Banking Group - Corporate Banking 2 – Team 6
Arthur Vincent D. Chung	51	Senior Vice President, Head – Institutional Banking Group - Financial Institutions
Jonathan T. Cua *	43	Senior Vice President, Head – BDO Private Bank, Inc.- Relationship Management (Visayas and Mindanao)
Ramon S. David	56	Senior Vice President, Head - Branch Banking Group – Region 4 (Metro Manila East)
Ma. Lourdes T. de Vera	59	Senior Vice President, Head - Trust and Investments Group-Product and Market Development
Montiel H. de los Santos	53	Senior Vice President, Head – Treasury Group- Foreign Currency Sales
Geronimo D. Diaz	59	Senior Vice President, Head – Branch Banking Group – Region 6 (Southern Luzon)
Jonathan C. Diokno	41	Senior Vice President, Head – Remittance Origination
Noel D. Dizon	58	Senior Vice President, Head – Branch Banking Group - Region 5 (Metro Manila South)
Ismael G. Estela, Jr.	58	Senior Vice President, Corporate Governance Officer – Corporate Compliance, Legal Services and Internal Audit Group
Belinda C. Fernandez	46	Senior Vice President, Head – Treasury Group – Product Development
Geneva T. Gloria	50	Senior Vice President, Head – Remittance Distribution
Alvin C. Go	53	Senior Vice President, Head – Corporate Compliance, Legal Services and Internal Audit Group - Legal Services
Jonathan C. B. Go	59	Senior Vice President, Head-Asset Management Group – Chattel Sales

<u>Name</u>	<u>Age</u>	<u>Position</u>
Marilyn K. Go	61	Senior Vice President, Assistant Treasurer – Treasury Group
Sonia Maribel D. Go*	36	Senior Vice President – BDO Private Bank, Inc. – Relationship Management (Makati)
L. Jerome C. Guevarra **	48	Senior Vice President, Head - BDO Capital & Investment Corporation- Corporate Finance
Enrico R. Hernandez	44	Senior Vice President, Head – IT Technology Group - IT Development
Eleanor Lee M. Hilado **	51	Senior Vice President, Head - BDO Capital & Investment Corporation – Corporate Finance
Antonio Jose Gerardo N. Jacinto	56	Senior Vice President, Head – Institutional Banking Group - Corporate Banking 2 – Team 7
Jeanette S. Javellana	55	Senior Vice President, Head – Institutional Banking Group - Commercial Banking (Luzon and Metro Manila North)
Gabriel U. Lim **	54	Senior Vice President, BDO Capital & Investment Corporation – Corporate Finance
Mercedes M. Limson	52	Senior Vice President, Head – Consumer Lending Group- Unsecured/Business Development/Credit Card Business/Sales Coordination
Manual Z. Locsin, Jr.	57	Senior Vice President, Head – Institutional Banking Group - Corporate Banking 1 – Team 1
Manuel C. Malabanan	53	Senior Vice President, Trust and Investments Group – Account Management
Ma. Corazon A. Mallillin	52	Senior Vice President, Head - Branch Banking Group - Administration
Angelita C. Manulat	53	Senior Vice President, Head – Consumer Lending Group- Secured/Business Development/Home Loans Business
Dalmacio D. Martin	52	Senior Vice President, Head – Treasury Group - Fixed Income and Derivatives Portfolio Management
Jose Noel M. Mendoza *	52	Senior Vice President, BDO Private Bank, Inc.- Wealth Advisory & Trust
Ramon T. Militar	56	Senior Vice President, Head – Branch Banking Group – Region 7 (Visayas and Mindanao)
Aurea Imelda S. Montejo	52	Senior Vice President – Head – Central Operations Group- Procurement and Premises Management
Emmanuel T. Narciso	53	Senior Vice President, Head – Transaction Banking Group
Jaime M. Nasol	50	Senior Vice President, Head – Transaction Banking Group- Cash Management Services
Annie H. Ngo	59	Senior Vice President, Head – Branch Banking Group – Region 3 (Metro Manila West)
Frederico Rafael D. Ocampo	48	Senior Vice President, Head – Trust and Investments Group – Asset Management
Estrellita V. Ong	59	Senior Vice President, Chief Internal Auditor and Head –Corporate Compliance, Legal Services and Internal Audit Group - Internal Audit
Martin B. Ordoñez *	56	Senior Vice President, BDO Private Bank, Inc.- Support Services/Operations
Maria Rhoda B. Orsolino	53	Senior Vice President, Head – Institutional Banking Group - Commercial Banking (Luzon)
Jose Alfredo G. Pascual	52	Senior Vice President, Risk Management Group – Credit Committee Secretariat
Antonio O. Peña	57	Senior Vice President, Head - Consumer Lending Group- Secured/Business Development/ Auto Loans Business
Rogel A. Raya	45	Senior Vice President, Head – Consumer Lending Group- Unsecured/Business Development/ Card Acquiring
Maria Nannette R. Regala	47	Senior Vice President, Head – Consumer Lending Group – Secured/Business Support/Marketing

<u>Name</u>	<u>Age</u>	<u>Position</u>
Luis S. Reyes, Jr.***	57	Senior Vice President, Head – Investor Relations and Corporate Planning; Director - BDO Leasing & Finance; Inc.
Susan Audrey P. Rivera	45	Senior Vice President, Head – Consumer Lending Group – Secured/Business Support/Credit
Evelyn C. Salagubang	51	Senior Vice President, Head – Human Resources Group
Shirley M. Sangalang	56	Senior Vice President, Office of the Board Audit Committee Adviser
Gregorio C. Severino	52	Senior Vice President, Central Operations Group – Retail Business Process Cluster
Ma. Theresa S. Simbul	59	Senior Vice President, Head – Branch Banking Group – Region 1 (Northern Luzon)
Evylen C. Sison (resigned effective 2.5.2015)	58	Senior Vice President, Head – Asset Management Group
Noel B. Sugay	50	Senior Vice President, Treasury Group- Foreign Exchange Portfolio Management
Robert “Sui Gui” W. Sy	55	Senior Vice President, Head – Branch Banking Group – Region 2 (Metro Manila North)
Edwin R. Tajanlangit	45	Senior Vice President, Head – Risk Management Group - Market and Liquidity Risk Management
Arthur L. Tan	49	Senior Vice President, Head – IT Group - IT Operations
Lorna A. Tan	60	Senior Vice President, Chief Executive - BDO Hong Kong Branch
Maria Theresa L. Tan ***	45	Senior Vice President, General Manager – BDO Insurance Brokers, Inc.
Federico P. Tancongo*	54	Senior Vice President, BDO Private Bank, Inc. – Support Services/Legal and Compliance
Reynaldo A. Tanjangco, Jr.	49	Senior Vice President, Head – Institutional Banking Group - Corporate Banking Group 1 – Team 3
Ma. Mercedes P. Tioseco	56	Senior Vice President, Central Operations Group – Customer Contact Center
Rebecca S. Torres	62	Senior Vice President, Chief Compliance Officer and Head- Corporate Compliance, Legal Services and Internal Audit Group – Anti-Money Laundering/Compliance Unit
Rosola A. Vivas	51	Senior Vice President, Head – Central Operations Group - Customer Development Unit
Edward G. Wenceslao	58	Senior Vice President, Head – Institutional Banking Group – International Desks
Ma. Teresita Susana L. Yap	63	Senior Vice President, Head – Institutional Banking Group - Commercial Banking (Luzon and Metro Manila South)
Edmundo L. Tan	68	Corporate Secretary
Sabino E. Acut, Jr.	64	Assistant Corporate Secretary
Angelita L. Ortega – Cortez	60	Senior Vice President, Assistant Corporate Secretary

* - Seconded to BDO Private Bank, Inc.

** - Seconded to BDO Capital & Investment Corporation

*** - Seconded to BDO Leasing and Finance, Inc.

**** - Seconded to BDO Insurance Brokers, Inc.

Antonio N. Cotoco, 66, is Senior Executive Vice President and is a member of the Executive Committee. He currently serves as Director of BDO Leasing and Finance, Inc., BDO Insurance Brokers, Inc., BDO Remit (Macau), Ltd., BDO Remit (USA), Inc., BDO Remit Limited, Express Padala (Hongkong), Limited, Express Padala Frankfurt GmbH, and Chairman of BDO Rental, Inc.

He has been involved in Investment Banking, Corporate Finance, Treasury, Consumer Banking, Credit, Business and Development, and Account Management over the past thirty-six (36) years. He currently also serves as a Director of OAC Realty & Development Corporation.

Walter C. Wassmer, 57, is Senior Executive Vice President of the Bank's Institutional Banking Group. He is concurrently the Chairman of BDO Elite Savings Bank, Inc.; and Director of BDO Leasing and Finance, Inc.; MDB Land, Inc.; and Mabuhay Vinyl Corporation.

Jaime C. Yu, 56, is Senior Executive Vice President. He holds a Bachelor of Arts degree in Economics from De La Salle University and is a MBA graduate from the Ateneo de Manila University. He has extensive experience in commercial, corporate, and investment banking from the International Corporate Bank and Union Bank of the Philippines, where he held various positions up to his appointment as First Vice President and Region Head for the Manila-Pasay area. He joined BDO in December 1997 and is currently the Group Head of Branch Banking where he manages the entire branch network.

Ador A. Abrogena, 61, is Executive Vice President and Head of Trust and Investments Group. He holds a Bachelor's degree in Chemical Engineering from De La Salle University and a Master's degree in Business Economics from the University of Asia and the Pacific. He was previously connected with First Pacific Securities, Philippines, Inc. as Vice President and with Private Development Corporation of the Philippines as Assistant Vice President.

Stella L. Cabalatungan, 50, is Executive Vice President. She holds a Bachelor of Science degree in Marketing Management from De La Salle University. Prior to joining BDO, she was Vice President of Banco Santander Philippines, Inc., and Head of the Personal Investment Banking Group from 2000 to 2003. She was also Vice President of Citibank, N.A. from 1998 to 2000 where she spent fifteen (15) years in retail and priority banking in Singapore and the Philippines, her last assignment being the Citigold Priority Banking Head. She is presently seconded to BDO Private Bank, Inc. as Executive Vice President –Relationship Management Head.

Anthony Q. Chua, 63, Filipino, has been elected Executive Vice President since June 2014, in charge of Global Operations. He also concurrently holds directorships in BDO Remit (Canada) Ltd. and BDO Remit (Japan) Ltd. His banking experience spans 30 years with stints in Citibank N.A., Philippine Bank of Communications, and Philippine National Bank/Allied Banking Corporation, holding various positions in relationship management, risk management, transaction banking, product development, trust, and operations. He was also a Partner at SGV & Co., specializing in Bank Risk Management and Process Management. He holds dual degrees of Bachelor of Arts and Bachelor of Science in Commerce from De La Salle University. He received his MBA and Ph. D. in Finance from Michigan State University.

Julie Y. Chua, 63, is Executive Vice President. She holds a Bachelor's degree in Commerce, major in Banking and Finance, *Cum Laude*, from the University of Santo Tomas. She has more than twenty-five (25) years of experience in branch banking and lending business. Previous to her assignment, she was connected with BPI, Far East Bank & Trust Company and Producers Bank.

She is currently Commercial Banking Head of Institutional Banking Group (IBG) Metro Manila and Luzon and also Unit Head of IBG Metro Manila East.

Gerard Lee B. Co, 55, is Executive Vice President and Group Head for Commercial Banking (Visayas, Mindanao). He is a Director of Agencia de Calidad, Inc. and Markham One Development Corp. He served as Director of PCI Leasing and Finance, Inc. and PCI Capital Corporation from 2002-2005 and of BDO Leasing and Finance, Inc. from 2010-2012. He graduated from the University of San Carlos with a Degree in Bachelor of Science in Commerce Major in Banking and Finance. He attended the Advanced Management Program for International Bankers at the Wharton School of the University of Pennsylvania, U.S.A. He likewise completed the Program for Executive Development at IMD in Laussane, Switzerland. He joined the Bank in October 1993 as Vice President for Visayas Region.

Lucy Co Dy, 59, is Executive Vice President and Comptroller. She is also Director of BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), BDO Remit Limited, Express Padala Hong Kong Limited, BDO Remit (Italia), S.p.A., Express Padala Frankfurt GmbH, PCIB Securities, Inc., and Banco De Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.) effective March 26, 2014; Director and Treasurer of BDO Strategic Holdings, Inc., and; Trustee and Treasurer of BDO Foundation, Inc.; and Chairperson and President of The Executive Banclounge, Inc. and The Sign of the Anvil, Inc. She holds a Bachelor's degree in Accounting from the University of Santo Tomas.

Pedro M. Florescio III, 60, is Executive Vice President and Treasurer. He is also a Director of BDO Elite Savings Bank (formerly GE Money Bank, Inc.). He holds a Bachelor's degree in Business Administration from the University of the East, Manila and had attended numerous treasury programs and trainings in major financial centers. He has more than twenty-five (25) years of experience in treasury functions within and outside the country. He was previously connected with Equitable PCI Bank, Inc., Far East & Trust Company, Dao Heng Bank Ltd. (Hong Kong), International Bank of Asia (Hong Kong), Chemical Bank (Manila), Societe Generale (Manila), European Asian Bank (Manila), and PCIBank. He was the past President of MART (The Money Market Association of the Philippines year 2005) and ACI Philippines (The Financial Markets Association of the Philippines year 1997, 1998, and 2007).

Eduardo V. Francisco, 53, is Executive Vice President. He is President/Director of BDO Capital & Investment Corporation, the investment banking arm of BDO Unibank, Inc. He is also the Co-Chairman of the Capital Market Development Council (CMDC) of the Philippines, Treasurer/Trading Nominee of BDO Securities Corp., and Chairman of Averon Holdings Corp. He also sits on the boards of Foundation for Filipino Entrepreneurs (FFE) UP-Development Center for Finance, CIBI Foundation, Valle Verde Country Club, Inc. (VVCC) and International School of Manila. He is also a fellow of the Institute of Corporate Directors (ICD), Shareholders Association of the Philippines (SharePhil), and a member of Rotary Makati West and the PLDT Bike King Triathlon Team. He was formerly the President of the Management Association of the Philippines (MAP), Financial Executives Institute of the Philippines (FINEX), Wharton-Penn Club, Federation of Valle Verde Associations, First Valle Verde Association, Inc. and BDO Securities Corporation. He was also a previous member of Capital Markets Committee of the Bankers Association of the Philippines and the Strategic Advisory Committee of the Philippine Stock Exchange and the Makati

Business Development Council. He was also previously on the boards of LGU Guarantee Corp., Investment Houses Association of the Philippines (IHAP) and BDO Strategic Corp. Mr. Francisco has worked with other financial institutions in New York and Hong Kong. He holds a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania and Bachelor's degree in Business Administration from the University of the Philippines. He is also a recipient of the Distinguished Alumnus Award from the U.P. College of Business Administration.

Guia C. Lim, 67, is Executive Vice President for Executive Committee/Management Credit Committee. She is a Certified Public Accountant with more than forty (40) years of banking experience. She was Executive Vice President of Union Bank from 1993 to 2013 responsible for corporate banking, risk management, asset recovery and disposal of foreclosed assets. She was appointed as Interim President for the International Corporate Bank (Interbank) to manage the transition of the merged bank. Prior to that, she was Executive Vice President of the Land Bank of the Philippines overseeing the commercial bank sector, and handling the supporting units of the entire commercial bank organization. Ms. Lim graduated from St. Theresa's College.

Ricardo V. Martin, 57, is Executive Vice President and Head of the Information Technology Group. He is also a Director of BDO Remit (Italia), S.p.A., BDO Remit (USA), Inc. and BDORO Europe Ltd. Prior to this he was Executive Vice President for Corporate Compliance, and had administratively oversaw the Corporate Secretary's Office, Anti-Money Laundering Unit, Legal Services, Compliance, Corporate Governance Office and Internal Audit. Previously, he served as Chief Finance Officer & Executive Vice President for Equitable PCI Bank, Inc. Earlier, he was the Chief Finance Officer of Solidbank Corporation. He is a graduate of the Management Engineering Program of the Ateneo de Manila University.

Edmundo S. Soriano, 59, is Executive Vice President and Group Head for the Corporate Banking Group. He holds a Bachelor's degree in Economics (Honors) from Ateneo de Manila University. He finished his MBA (With Distinction) from Adelphi University, New York, USA. Prior to joining BDO, Mr. Soriano was President of Lightspeed Holdings, Inc. He was also Vice President at JP Morgan Chase where his last assignment gave him Asia-Pacific regional responsibility for corporate and investment banking based in Hong Kong. Prior to this, he was an Assistant Vice President at First Chicago Leasing and Equipment Credit Corp., an affiliate of First National Bank of Chicago. He attended continuing education programs at Euro-Insead, University of California at Berkeley and American Institute of Banking. In 2014, he was the President of the Financial Executives Institute of the Philippines. For 2015, he is the Chairman of Finex Research and Development Foundation, Inc.

Cecilia L. Tan, 54, Filipino, currently holds the position of Executive Vice President and Deputy Head of Institutional Banking Group – Corporate Banking. Prior to joining BDO, she was Director and President of BPI Capital Corp. and Director – Chairman of BPI Securities Corp. She has over 30 years experience covering the fields of corporate, investment and private banking. She holds a degree in Bachelor of Science in Business Management from Ateneo de Manila University and post graduate in Advance Management Program in Harvard Business School.

Rolando C. Tanchanco, 52, is Executive Vice President for Consumer Lending. He holds a Bachelor's degree in Business Economics from the University of the Philippines. He acquired his MBM at the Asian Institute of Management. Mr. Tanchanco joined BDO to head the BDO's Consumer Lending. Prior to his joining BDO, Mr. Tanchanco was President of Philam Savings Bank and Head of AIG Credit Card. He is currently a Director of BDO Elite Savings Bank, Inc. and Trans Union Phils.

Dennis B. Velasquez, 61, is Executive Vice President for Central Operations. He is also a Director of the Executive Banclounge, Inc. He was Equitable PCI Bank, Inc.'s Operations Group Head from May 2006 until its merger with BDO in May 2007. He served in 2000 as the Integration Manager for Retail Banking and was Retail Banking Group Head from March 2002 to April 2006. He has been with the Bank since August 1995. He is also a Director of Philippine Clearing House Corporation, and Chairman and President of Denmar Property Managers, Inc. He obtained his Bachelor of Science in Industrial Engineering at the University of the Philippines and pursued MBA studies at the Ateneo Graduate School of Business.

Evelyn L. Villanueva, 56, is Executive Vice President of BDO's Risk Management Group, and is BDO's Chief Risk Officer. She is also the Chairperson and Chief Executive Officer of Mabuhay Vinyl Corporation. She holds a Bachelor degree in Statistics from the University of the Philippines. She obtained her Master in Business Management (MBM) degree from the Asian Institute of Management. She has over thirty (30) years of banking experience in corporate banking and enterprise-wide risk management covering credit, market, liquidity, interest rate and operational risk management. She started out as a management trainee in Citytrust Banking Corporation and was connected with HSBC as Senior Vice President for Credit Risk Management before joining BDO.

Ursula A. Alano, 60, is Senior Vice President and Head of Treasury Marketing - Institutional. She is also a Director of Albulario and Sons, Inc. She holds a Bachelor of Arts degree in Psychology from St. Theresa's College. She joined the Bank in January 2001 as Senior Vice President for Treasury Marketing Unit. She was a First Vice President and Head of Treasury Marketing Group at Far East Bank & Trust Company, and prior to the merger with BDO, she held the position of Deputy Treasurer of Equitable PCI Bank.

Noel L. Andrada, 52, is Senior Vice President and Business Development Head for Trust and Investments Group. He joined BDO in 2003 as Vice President of the Group. He was formerly connected with BPI Asset Management and Trust Group as Head of Business Development for Corporate/Institutional accounts. He acquired a Master's Degree in Business Management at De La Salle University. He graduated from the same university with a degree in BS Commerce.

Maria Carina S. Antonio, 50, Filipino, has been appointed Senior Vice President of BDO Unibank, Inc. since February 2014. She is a nominee – director in 5-S Technology Resources Inc., Ajemba Holdings Inc., PH Philippine Holdings, Inc., Balo-I Industrial Inc., IWS Realty Corporation. Allegro Microsystems Phils Realty Inc., CV Holdings Inc., and PJAC Land Corporation. She is also a director of the Trust Officers Association of the Philippines (TOAP). She is a member of the Registered Financial Planners of the Philippines. Ms. Antonio has a twenty-eight (28) years

banking career specifically in the trust business. She holds a Bachelor's Degree in Applied Economics from De La Salle University.

Rafael G. Ayuste, Jr., 51, Senior Vice President, joined BDO Private Bank, Inc. – Wealth Advisory & Trust Group on July 16, 2013. He spent more than twenty-eight (28) years in the banking industry with twenty-two (22) of that in the trust industry. Prior to joining BDOPB, he was Trust Banking head of the Philippine National Bank and Security Bank and Deputy Group Head of Metrobank Trust Banking Group. He also held various banking positions as head of Sales and Distribution of Banco Santander, Philippines and Citibank handling the Citibank Savings franchise. He held various positions in the banking industry as Account Officer, Cash Officer, Treasury Sales Officer and Fixed Income Portfolio Manager. He also served as part time lecturer at the De La Salle University under the Management of Financial Institutions Department. He served as three (3) term president of the Trust Officers Association of the Philippines or TOAP and as Board member for six (6) terms. He finished his Bachelor of Science Major in Business Administration at the University of Santo Tomas. He is a nominee for both Master in Business Administration at the De La Salle University and Executive Master in Business Economics at the University of Asia and the Pacific.

Melanie S. Belen, 54, is Senior Vice President and Head of Remedial Management Unit and Credit Risk Management of BDO. She graduated from the University of Santo Tomas with a Bachelor of Science degree in Commerce, Major in Accounting and obtained her Master's degree in Management from the Asian Institute of Management. She joined the Bank in 2008 and prior to joining BDO, she was a Country Head at Scholastic Inc., Philippines/Grolier International.

Gamalielh Ariel O. Benavides, 48, is a Senior Vice President. He is seconded to BDO Private Bank, Inc. as Senior Vice President and the Head of the Wealth Advisory and Trust Group. He has over twenty (20) years of banking experience in the areas of Treasury and Financial Markets, Capital Markets Operations, Securities Broking, Deposits and Investment Services, Securities Custody, Settlement and Trust with various financial institutions such as Citibank, N. A. Manila and Singapore Branches, Abacus Securities Corporation, Banco Santander Philippines, Inc., and BDO Private Bank. In 2005, he was conferred the "Registered Financial Consultant (RFC)" designation by the International Association of Registered Financial Consultants (IARFC), a certification organization based in the U.S. In 2010, he completed the One-Year Course on Trust Operations and Investment Management conducted by the Trust Institute Foundation of the Philippines. Mr. Benavides has a Bachelor of Science degree in Management minor in Philosophy from the Ateneo de Manila University.

Rafael G. Besa, 56, is Senior Vice President. He is a graduate of De La Salle University with double degree majors in Communication Arts and Marketing Management. Mr. Besa currently heads Marketing Communications, and was formerly the General Manager of Pfizer, Inc. – Consumer Healthcare Division where he was connected from 2004 to 2006.

Ma. Ophelia LI. Camiña, 61, is Senior Vice President, Credit Cards Business Head, Consumer Lending Group. She previously held directorship and acting President of Equitable Card Network, Inc., a BDO subsidiary. Prior to joining the Bank, she was Executive Vice President of SM Equicom

Computer Services Inc. She holds a Bachelor's degree in Commerce from the University of San Carlos and MBA from De La Salle University.

Marilou L. Cesario, 59, is a Senior Vice President. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics. She also earned Masteral units in Business Administration from the Ateneo Graduate School of Business. She has more than 30 years of experience in lending and is currently with Corporate Banking as Team Head.

Arthur Vincent D. Chung, 51, is Senior Vice President and Head of Financial Institutions Group and Loans and Trade in Hong Kong Branch. He holds a Bachelor of Science degree in Commerce major in Marketing Management from De La Salle University and a Master's degree in Business Administration from the University of Western Australia. Prior to joining BDO, he was the Chief Financial Officer of Liwayway China Ltd. Shanghai and Liwayway Marketing Corporation in Manila. He also held various positions in banking with Philippine Bank of Communications as Institutional Banking Head, Bank of America as Senior Investment Banker, and Societe Generale as Deputy Country Manager.

Jonathan T. Cua, 43, is Senior Vice President. He is also the Regional Head for BDO Private Bank's Relationship Management in the Visayas and Mindanao region. He holds a Bachelor's degree in Commerce, Major in Legal Management from the De La Salle University. He has fifteen (15) years banking experience.

Ramon S. David, 56, is Senior Vice President and currently Region Head of Metro Manila East. Prior to joining the Branch Banking Group in January 2009, he was President of Equitable Savings Bank for close to five (5) years. He joined PCIBank in 1993 as a Division Head in Corporate Banking.

Ma. Lourdes T. de Vera, 59, is Senior Vice President. She holds a Bachelor's degree in Economics from the Ateneo de Manila University. She is also a graduate of the Masters in Business Management Program of the Asian Institute of Management and the Executive Development Program of the Research Institute of Management Science, Delft, Netherlands. Prior to joining BDO, she worked for the Private Development Corporation of the Philippines, holding various positions in the Trust and Investments Department, Investment Banking Group, and Economic and Corporate Research. She currently heads the Product and Market Development Unit of BDO's Trust and Investments Group. She was the past President of the Trust Officers Association of the Philippines and Governor of the Market Governance Board of Philippine Dealing and Exchange Corporation (PDEX).

Montiel H. de los Santos, 53, is Senior Vice President and Head of Treasury Marketing. He is a graduate of De La Salle University in Manila with Bachelor of Science degree major in Management of Financial Institutions. He has thirty-two (32) years of banking experience in Treasury Function and Account Management.

Geronimo D. Diaz, 59, Senior Vice President, holds a Bachelor's degree in Accounting, *Magna Cum Laude*, from the University of the East and is a Certified Public Accountant. He joined the

Bank in April 1998 as Head of the Corporate Planning & Marketing Support of the Bank. He is presently with Branch Banking as Region Head.

Jonathan C. Diokno, 41, is Senior Vice President and Head of Transaction Banking Group (TBG) Remittance Origination. He joined at Banco De Oro last 2001 as Senior Assistant Vice President in TBG Cash Management, was transferred to TBG Remittance International Operations as Vice President, and was promoted to First Vice President last 2008. He was also a member of Association of Bank Remittance Officers Inc. He holds a Bachelor's degree in Business Administration in University of the Philippines, Diliman, Quezon City.

Noel D. Dizon, 58, Filipino, was appointed Region Head of Branch Banking Group in April, 2010. He oversees the whole Region 5 which consists Alabang, Bicutan, Cavite, Laguna, Las Piñas and Pasay Area. Prior to his current position, he was the Area Head of Region 3 – Manila 2 Area from 2007 – 2010. Before the merger of BDO Unibank and EPCI Bank, he was the Division Head of MM West – Transaction Banking Group for 4 years. In 36 years of banking experience, his previous employers were as follows; Equitable Bank, BPI Family Bank, Family Savings Bank and SGV & Company. He holds a Bachelor's Degree in Accountancy and also a Certified Public Accountant. He also received his MBA from Ateneo Graduate School of Business.

Ismael G. Estela, Jr., 58, is Senior Vice President and Corporate Governance Officer, while he is assigned to Corporate Compliance and Legal Services & Internal Audit Group. He is also a Director of BDO Remit (Canada) Ltd. and BDO Remit (Japan) Ltd. and BDORO Europe Ltd. Previously, he was Head of Transaction Banking doing cash management, electronic banking, and remittance services; and Chairman and President of Express Padala International, Inc. He is a certified public accountant ("CPA") and holds a Bachelor of Science degree in Accounting from the University of San Carlos.

Belinda C. Fernandez, 46, is the Head of Product Development of the Treasury Group. She holds Bachelor's Degree in Commerce Major in Accounting. She's been with the Bank for more than nineteen (19) years.

Geneva T. Gloria, 50, Filipino, joined the Bank in 2003 as Head of Treasury Remittance Unit. Presently, she holds the position of Senior Vice President in BDO Remittance Distribution and is the concurrent director of the following BDO Unibank, Inc. subsidiaries, namely: BDO Remit (USA), Inc., BDO Remit Limited, Express Padala (Hong Kong) Limited., BDO Remit (Macau), Ltd., Express Padala Frankfurt GmbH, BDO Remit (Canada) Ltd., and BDO Remit (Japan) Ltd. Prior to joining the Bank, Ms. Gloria has a fourteen – year banking experience with Far East Bank and Trust Co. wherein she was an expatriate in Spain for three (3) years and as Senior Manager at Equitable PCI Bank for two (2) years. She holds a Bachelor's Degree in Business Administration from the University of the Philippines.

Alvin C. Go, 53, Filipino, is a Senior Vice President for the Legal Services Group of BDO Unibank, Inc. Prior to joining BDO, he was the Chief Legal Counsel of Philippine National Bank from 2003 to 2012. He was an Associate Attorney for Salonga, Ordonez, Yap, Corpuz Padlan & Associates Law Offices from 1985 to 1989. He served as Prosecution Attorney from 1989 to 1990 and State

Prosecutor of the Department of Justice from 1990 to 1993. He was a Senior Partner at Go, Cojuangco, Mendoza, Ligon and Castro Law Offices from 1994 to 1999, and Senior Partner at Go and Castro Law Offices from 1999 to 2003. He obtained his Bachelor of Arts, Major in Political Science, from the Immaculate Concepcion College, Ozamiz City and his Bachelor of Laws from Misamis University.

Jonathan C. B. Go, 59, is Senior Vice President. He is Chairman of PCIB Securities, Equiland, and Equitable Insurance Corporation. He is also a Director of Northpine Land, Inc. and President of Olympus Import Export Corporation. He is also President of HAI PIN Group Ventures, Inc. He was formerly a director of Strategic Property Holdings, Inc., The Executive Banclounge, Inc., EBC Insurance Brokerage, Inc., Jardine Equitable Finance Corporation, PCIB Properties, Inc., Property Care, Inc., and Equimark – NFC Development Corporation; a Trustee of PCI Bank Foundation, and The Sign of the Anvil, Inc.; and Executive Vice President of Equitable Savings Bank, Inc.

Marilyn K. Go, 61, is Senior Vice President and Assistant Treasurer of BDO. She holds a Bachelor of Arts degree in Mathematics from St. Paul's College of Manila. She joined the Bank in 1987 as Manager of the Treasury Department.

Sonia Maribel D. Go, 36, is a Senior Vice President of BDO Private Bank since May of 2014. She started her career in BDO Private Bank since October 2003 as part of the Relationship Management Group. Her client base has more than doubled over her 10 years of service and currently handles 200 clients with a portfolio of P25 Billion. Before joining BDO, she was with Citibank Manila also as a Relationship Manager from 1999 to 2003; a Sales Manager in MSI – Digiland from 1998 to 1999. She holds a Degree in Business from De La Salle University.

Lazaro Jerome C. Guevarra, 48, is Senior Vice President. He is the Head of Advisory and Mergers & Acquisitions Practice for BDO Capital and Investment Corporation. He is a graduate of the University of the Philippines School of Economics. He has over twenty-five (25) years of experience in investment banking and financial analysis. He is currently the Treasurer of BDO Capital & Investment Corporation; and is a Director of Averon Holdings, Corp., NorthPine Land Inc., BDO Strategic Holdings, Inc., PCI Insurance Brokers, Inc., PCI Travel Corp., and PCI Management Consultants, Inc. He is also a Trustee and Corporate Secretary of BDO Foundation, Inc. and the Corporate Secretary of Equimark – NFC Development Corporation.

Enrico R. Hernandez, 44, was promoted to Senior Vice President and Head of IT Development (ITD) in 2011. He previously handled the ITD Unit responsible for Consumer Lending and served as the IT Head of BDO Private Bank Inc. He was the Applications Development Head of Banco Santander Philippines, which BDO acquired in 2003. Mr. Hernandez graduated from Ateneo de Manila University with Bachelor of Science degrees in Chemistry and Computer Engineering.

Eleanor Lee M. Hilado, 51, is Senior Vice President. She is the Debt Practice Head of BDO Capital and Investment Corporation. She is also concurrently President and Director of Armstrong Securities, Inc. She is a Bachelor of Arts in Economics graduate (*Cum Laude*) of the University of the Philippines. She was likewise a recipient of the Japan Airlines Scholarship for Asian Studies at the Sophia University in Tokyo, Japan.

Antonio Jose Gerardo N. Jacinto, 56, is Senior Vice President and Team Head in the Corporate Banking Group. Prior to joining BDO, he was Director at ING Bank, Manila Branch. He has extensive experience in banking, having also worked among others at Bank of the Philippine Islands, Solidbank Corporation and the International Finance Corporation. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines, and received his Master of Management degree from the Kellogg Graduate School of Management, Northwestern University (Illinois, USA).

Jeanette S. Javellana, 55, is Senior Vice President and Unit Head for Commercial Banking Metro Manila West and Metro Manila North. She joined the Bank in October 2001.

Gabriel U. Lim, 54, is Senior Vice President. He is the Unit Head for Equities Practice of BDO Capital and Investment Corporation. He is also Director and President of PCIB Securities, Inc. and Director of Averon Holdings, Corp. Mr. Lim's extensive twenty-eight (28) year banking experience includes key participation in the Philippine Government's privatization programs on behalf of both the Government and private institutions. Mr. Lim has MBM units from the Asian Institute of Management and holds a Bachelor of Science degree in Commerce from San Beda College.

Mercedes M. Limson, 52, is Senior Vice President and Unsecured Sales and Distribution Head of Consumer Loans Group. She has a Masters Degree in Business Management from the Asian Institute of Management. Prior to joining BDO in November 2009, she was a Senior Vice President at GE Money Bank.

Manuel Z. Locsin, Jr., 57, Filipino, serves as Senior Vice President of Institutional Banking Group since February 1, 2012. He is presently Team head of Corporate Banking. He has more than 20 years of experience in credit lending. Prior to BDO he was with the Account Management Group of Allied Banking Corporation and International Corporate Bank. He holds a Bachelor's Degree in Commerce from De La Salle University.

Manuel C. Malabanan, 53, Filipino, joined BDO as Senior Vice President and Head of the Institutional business of its Trust and Investments Group in November 2014. Prior to joining the Bank, he was Head of the Asset & Wealth Management unit of Deutsche Bank AG (Manila Branch) where he worked for eighteen (18) years. He also worked at CityTrust Banking Corporation for sixteen (16) years, occupying various positions in its Trust Department until he became Vice-President and Head of Business Development and Portfolio Management. He holds a Bachelor's Degree in Business Economics from the University of the Philippines in Diliman.

Maria Corazon A. Mallillin, 52, is Senior Vice President. She graduated from the University of the Philippines with a Bachelor of Arts degree in Economics as well as a Bachelor of Laws degree. She joined the Bank in March of 2005 as Region Head of Branch Banking and presently heads Branch Banking Administration of the Bank.

Angelita C. Manulat, 53, is Senior Vice President for Home Loans Unit under Consumer Lending Group. Prior to the merger with Equitable PCI Bank, Inc. (EPCIB), she headed the Home Mortgage

Loan Division under the same consumer lending business with EPCIB and as Product Manager in a concurrent position for both Auto and Home Loans product for more than four (4) years. She holds a Bachelor's Degree in Accountancy from the University of San Carlos, Cebu City and earned Master's units in Business Administration with the Ateneo de Manila University.

Dalmacio D. Martin, 52, is Senior Vice President for Treasury. He was the Head of HSBC Markets' Institutional Sales and Delta Rates Structuring – Treasury for Philippines. From October 2007 to February 2009, he headed HSBC Market's Delta Rates Structuring – Treasury for Philippines, Vietnam, Sri Lanka, and Mauritius. He was also HSBC Markets' Derivatives Trading Head – Treasury from December 1998 until October 2007.

Jose Noel M. Mendoza, 52, is Senior Vice President. He is seconded to BDO Private Bank, Inc., a wholly-owned subsidiary of BDO Unibank, Inc., as Senior Vice President of Capital Markets Research Group. He has over 20 years of research and investment advisory experience in the areas of fixed income and equity markets and have worked with institutions such as Peregrine Securities (now ATR-Kim Eng), Citibank Securities, Inc., Urbancorp Securities, Inc., and Banco Santander Philippines, Inc. which was acquired by Banco De Oro in September 2003. He was conferred the "Registered Financial Consultant (RFC)" designation by the International Association of Registered Financial Consultants (IARFC) based in the U.S. in 2004. He completed his one-year Philippine Trust Institute course with distinction in 1997. He holds a Master of Science degree in Industrial Economics from the University of the Asia and the Pacific (formerly Center for Research and Communications) and a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering from De La Salle University.

Ramon T. Militar, 56, is Senior Vice President. He is a CPA and holds a Bachelor of Science degree in Business Administration, major in Accounting, from the University of the Philippines. He is also a graduate of the Advanced Bank Management Program (Superior Performance Awardee) of the Asian Institute of Management. He is currently with Branch Banking as Region Head.

Aurea Imelda S. Montejo, 52, serves as the Senior Vice President for Procurement and Premises Management Cluster of the Central Operations Group. She has been with the Bank since 1992 as Procurement Head. Prior to joining BDO, she was with SM Shoemart Inc. as Division Merchandising Manager. She is concurrently Director of the Executive Banclounge, Inc., The Sign of the Anvil, Inc., and BDO Equitable Tower Condominium Corp. She holds a Bachelor of Arts degree major in Economics from the University of Santo Tomas.

Emmanuel T. Narciso, 53, Senior Vice President, was appointed Head of the Transaction Banking Group of BDO Unibank Inc. on June 27, 2011. He is concurrently a director of Prospect Place Holdings Corporation. He was formerly connected with HSBC Bank Vietnam Ltd., the Hong Kong and Shanghai Banking Corporation in the Philippines, Security Bank Corporation, Citibank N.A. Philippines, and Bank of the Philippine Islands. He holds a Bachelor's Degree in Economics, Honors Program, from the Ateneo de Manila University, and received his MBA from the Asian Institute of Management in Manila under a professional scholarship from Citibank N.A. Philippines.

Jaime M. Nasol, 50, is Senior Vice President and the current head of the newly reorganized Transaction Banking Group – Cash Management Services. He is a graduate of University of the Philippines at Los Baños with a Bachelor's degree in Agribusiness Management and also holds an MBA degree in University of the Philippines Diliman. He started his career with BDO in August 2000, where he was tasked with the establishment of the cash management services unit of the Bank.

Annie H. Ngo, 59, is Senior Vice President and Region Head of Metro Manila West Region under BDO's Branch Banking Group. She graduated *Magna Cum Laude* from the College of the Holy Spirit and took up MBA units at the Ateneo Graduate School of Business. She joined the Bank in October 1988.

Frederico Rafael D. Ocampo, 48, Filipino, joined BDO Unibank, Inc. as Senior Vice President and Chief Investment Officer of BDO Trust and Investment Group in September 2014. He also concurrently holds directorships in the Fund Managers Association of the Philippines and Ateneo Scholarship Foundation. Prior to joining the Bank, he was Director, Chief Investment Officer of Asset and Wealth Management of Deutsche Bank AG in Manila. He has twenty (20) year banking career with Deutsche Bank AG Manila and Citytrust Banking Corporation. He completed his Masters of Science in Economics at Pennsylvania State University as The Rotary Foundation Ambassadorial Scholar in May 1994 and obtained his bachelors at the University of the Philippines School of Economics cum laude in 1990. He completed the International Baccalaureate at the Lester B. Pearson College of the Pacific in Victoria, Canada as a United World College scholar in May 1987.

Estrellita V. Ong, 59, joined BDO in 2012 as Senior Vice President for the Internal Audit Division heading Branches Audit. In 2013 April, the Board approved and confirmed her designation as the Unibank group's Chief Internal Auditor. She was formerly connected with Security Bank Corporation retiring as the Chief Internal Auditor (CIA). Prior to being CIA, she had held position in Security Bank as Assistant Controller and Executive Assistant to the Chairman handling the Centro Escolar University Finance portfolio. She was also formerly a Director of the 6776 Ayala Condo Corp. and Corporate Secretary of the Eastman Enterprises Corp. Prior to joining the bank mainstream, she had held Controllershship position in Evergreen Shipping Corp.'s General Agent's office and Pioneer Intercontinental Insurance. She had varied experience also in manufacturing being General Manager and Treasurer of several Import/Export businesses subcontracting for branded US luggage and apparels. She is a Certified Public Accountant graduating from the University of the East – Recto with a BSBA degree.

Martin B. Ordoñez, 56, is Senior Vice President and Operations Head of BDO Private Bank, Inc., a wholly-owned subsidiary of BDO. He was appointed First Vice President of BDO Private Bank in February 2010. Prior to this, he was First Vice President and Operations Head of East West Banking Corp. from February 2008 to January 2010, Vice President and Operations Head of BDO Private Bank from August 2003 to January 2008, and Vice President and Operations Head of Banco Santander Phils. Inc. from October 1995, until it's acquisition by BDO in August 2003. He held various positions in the Bank of the Philippine Islands from December 1979 to September

1995. He is a graduate of De La Salle University with a Bachelor of Science degree Major in Management of Financial Institutions.

Maria Rhoda B. Orsolino, 53, is Senior Vice President for Institutional Banking Group-Commercial Banking Group – Luzon Unit. She has experience in the fields of Corporate Banking, Commercial Banking, Special Accounts Management and Corporate Planning. She was previously connected with Far East Bank, Philbank and Solidbank Corporation. She was formerly Education Officer/Computer Project Officer with British Council, British Embassy, Manila. Ms. Orsolino is a graduate of Bachelor of Arts in Economics from the University of the Philippines.

Jose Alfredo G. Pascual, 52, is Senior Vice President. He was appointed Credit Committee Secretariat Head of BDO in June 2011. Prior to this appointment, he assumed various positions related to credit risk management in PCIBank and Equitable PCI Bank, Inc. He holds a Bachelor's degree in Commerce, major in Accounting from the University of Santo Tomas. He is also a Certified Public Accountant.

Antonio O. Peña, 57, was appointed Senior Vice President of BDO in June 2009. He was formerly connected with the Development Bank of Singapore, Bank of Southeast Asia, Insular Savings Bank, International CorporateBank (Interbank) and Bank of America Finance Corp. (BAFC). He holds a Bachelors' Degree in Commerce Major in Marketing from San Beda College.

Rogel A. Raya, 45, Filipino, has been elected as Senior Vice President of BDO since February 2014. He currently holds the position of Card Acquiring Head under the Consumer Lending Group. He has 23 years of experience in banking with Citytrust Bank (merged with and into Bank of the Philippine Islands), Bank of Southeast Asia (merged with and into DBS Bank Philippines), DBS Bank Philippines (merged with and into Bank of the Philippines), Philam Savings Bank and AIG Credit Card Philippines (AIG Credit Card Philippines was merged with and into Philam Savings Bank and the surviving entity was renamed AIG Philam Savings Bank, and later on AIG Philam Savings Bank was merged with and into Eastwest Bank). Prior to joining BDO, he held the position of Chief Finance Officer of AIG Philam Savings Bank. He holds Bachelors Degree in Business Administration and Accountancy from the University of the Philippines.

Maria Nannette R. Regala, 47, is the Head of Marketing Department of the Consumer Lending Group. She earned her Bachelor's degree in Pharmacy from the University of Santo Tomas. Ms. Regala has more than 19 years banking experience.

Luis S. Reyes, Jr., 57, is Senior Vice President for Investor Relations and Corporate Planning. He is concurrently a Director of BDO Strategic Holdings, Inc. He is also a Director and Treasurer of BDO Leasing and Finance, Inc. and BDO Rental, Inc. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines. He was First Vice President of Far East Bank & Trust Company, Trust Banking Group before joining BDO.

Susan Audrey P. Rivera, 45, Filipino joined BDO Unibank Inc. in April 2004. She was tasked to oversee and manage credit operations and collection for all consumer lending products including credit cards and personal loans. In the past five (5) years, she has driven various automation

project initiatives for credit card fraud management, credit and collections. These initiatives are: a) acquisition of a fraud detection tool; b) conversion of the BDO MasterCard and Visa credit cards from magnetic stripe to EMV chip cards with implementation of dynamic password for internet transactions, and; c) upgrading the secured loans application processing system and consumer lending collection system. To support business growth nationwide, she has increased her unit's capacity in identified provinces from Northern Luzon all the way to down to Mindanao. Finally, she is always part of the team to ensure a smooth transition/migration of accounts of acquired portfolios to the BDO infrastructure.

Evelyn C. Salagubang, 51, is Senior Vice President. She assumed the position of Group Head for Human Resources of the Bank in July 2011. She was formerly the Head of Human Resources of American Express Savings Bank, with oversight HR role over the American Express International, Inc., and American Express Bank Philippines. Prior to this, she was the HR Manager for Kraft Foods Philippines, Inc. She holds a degree in Psychology from Assumption College and completed a Diploma Program in Human Resource Management from the same institution.

Shirley M. Sangalang, 56, is Senior Vice President and Adviser to the Board Audit Committee of BDO Unibank, Inc. She graduated from the University of the East, *Cum Laude* with a Bachelor's degree in Commerce major in Accounting and completed her Masters in Business Economics at the University of Asia and the Pacific in 2005. She is a Certified Public Accountant who served as Head of BDO's Internal Audit from 1984 to 2007. Prior to working with BDO, she worked at SGV as External Auditor and as Budget and Systems Officer at Summa International Bank. In August 2012, she was appointed to the Board of Trustees of the University of Asia and the Pacific Foundation, Inc. (UA&PFI).

Gregorio C. Severino, 52, Filipino has been appointed Senior Vice President of BDO since February 2014 as Head of the Retail Business Process Cluster of the Central Operations Group. He has been with the bank since September 1996. Mr. Severino has been in the banking industry for almost 29 years starting in 1986 as an Auditor in United Coconut Planters Bank for 6 years, and for another 4 years in the Information Technology Management of UCPB as a Technical Customer Support Supervisor, and then as the Information Security Officer until 1996. He joined PCIBank in 1996 as the Head of the Electronic Channel Management until 2003, and then as Division Head of the Direct Banking Division of EPCIBank until 2008. He holds a Bachelor's Degree in Commerce Major in Accounting from the University of Santo Tomas, and is a Certified Public Accountant.

Ma. Theresa S. Simbul, 59, currently holds the position of Region Head/Senior Vice-President for BDO Branch Banking Group – Northern Luzon covering 129 branches. She was the Area Head of BDO's Pampanga – Zambales branches before becoming the Region Head for Northern Luzon. Ms. Simbul was Division Head for Equitable PCIBank's Retail Banking Group – Luzon North Personal Banking Division for nine (9) years prior to her stint with BDO. Before the merger of PCIBank with Equitable Bank, Ms. Simbul was the Area Head of PCIBank's Western Luzon Area under the Branch Banking Segment. Ms. Simbul holds a Bachelor's degree in Industrial Management Engineering and MBA from the Ateneo Graduate School of Business.

Noel B. Sugay, 50, is Senior Vice President in Treasury – FX Trading and Portfolio Management since 2011. He was hired by BDO in 2004 as part of the BDO Private Bank Treasury. He transferred to BDO Universal Bank in 2005 to head the foreign exchange desk in Treasury. Prior to employment in BDO, he was connected with RCBC also as head of the bank's foreign exchange trading desk. He graduated from the Ateneo de Manila University with a Bachelor of Arts degree in Economics.

Robert “Sui Gui” W. Sy, 55, is Senior Vice President and Region Head of BDO's Branch Banking Group. He has been serving the Bank for more than nineteen (19) years.

Edwin R. Tajanlangit, 45, is Senior Vice President. He joined the Equitable PCI Bank, Inc. in 2001 as Head of Market and Liquidity Risk Management and continued to head this unit after the merger with BDO Unibank. He holds a Bachelor of Science degree in Applied Mathematics with Specialization in Statistics, *Magna Cum Laude*, from De La Salle University. He is a Chartered Financial Analyst (CFA) Charterholder from the CFA Institute, and a Certified Financial Risk Manager (FRM) from the Global Association of Risk Professionals (GARP). He is a former Faculty of De La Salle University's Mathematics Department and the Professional Schools Graduate School of Business. He is currently a member of the Bankers Association of the Philippines (BAP) Risk Management Committee and currently heads its Market Risk Sub-Committee.

Arthur L. Tan, 49, is Senior Vice President. He joined the Bank in 2002 as Vice President for IT Applications Development and became IT Operations Head in 2003. He was formerly with Accenture as an associate partner in the firm's technology practice, working on client projects in the communications and financial services industries. He holds a Bachelor's degree in Economics from the University of the Philippines Diliman.

Lorna A. Tan, 60, is currently the Chief Executive/ Senior Vice President of BDO Hong Kong Branch. Ms. Tan had a twenty-three year banking career with Solidbank and Equitable Bank. She joined the Branch Banking Group of BDO Unibank, Inc. in 2002. Ms. Tan holds degrees of Liberal Arts and Bachelor of Science in Commerce from St. Scholastica's College and received her Master in Business Management from Asian Institute of Management.

Maria Theresa L. Tan, 45, is Senior Vice President. She is General Manager of BDO Insurance Brokers, Inc. (BDOL). She has had more than two (2) decades of experience in sales, marketing/product management, and general management in the consumer, services, and insurance industries. She graduated from the Ateneo de Manila University with a degree in Business Management minor in Marketing. Prior to joining BDO, she was the General Manager of International SOS, Philippines, Inc. She joined the Bank in July 2009.

Federico P. Tancongo, 54, Filipino, joined BDO Unibank, Inc. in October 2005 and was seconded to BDO Private Bank, Inc. as head of the Compliance and Legal Department. He served as trial attorney and solicitor with the Office of the Solicitor General for six years before joining the Rizal Commercial Banking Corporation where he was Trust Legal Counsel for the Trust and Investments Division for twelve years. He also serves as trustee in religious non-profit corporations WorldTeach Ministries Philippines, Inc. and Far East Broadcasting Corporation. He holds a

Bachelor's Degree in Philosophy and Letters from De La Salle and a Law degree from the University of the Philippines College of Law.

Reynaldo A. Tanjangco, Jr., 49, is Senior Vice President and a Team Head of the Corporate Banking Group. He holds a Bachelor of Science degree in Management Engineering from Ateneo de Manila University. Prior to joining BDO, he was the Vice President for Corporate Banking of Banco Santander Philippines, Inc. He also held various positions in Corporate Banking with United Overseas Bank Philippines, Solidbank Corporation and Credit Lyonnais Manila Offshore Office.

Ma. Mercedes P. Tioseco, 56, Filipino, is the Head of BDO Customer Contact Center since 2001. She set-up the bank's Contact Center in June 2001, which grew steadily, from a staffing of four (4) to a total of 421 Inhouse Customer Service Officers and 230 Outsource Customer Service Representatives to date. It is a multi-channel and multi-site Contact Center that provides customer service support to the bank's retail products and electronic banking channels. The Center also provides Telephone Operator Services and Merchant Services (Point-of-Sale). Between 1994 to 2000, she was the Customer Service Division Head of Metrobank – Unibancard Corporation and headed Solidbank Corporation's Customer Service Center, Branch Administration and Branch Expansion departments, and concurrently held the Customer Service Head Position of Solidcard Corporation's Service Department. Prior to her banking career, she worked in Carlos J. Valdes & Co. and PCI Capital between 1980 to 1985 and worked as a legal secretary/assistant in various law firms in San Francisco, California from 1985 to 1993. She holds a Bachelor's Degree in Commerce – Business Management from Assumption College.

Rebecca S. Torres, 62, is Senior Vice President and Chief Compliance Officer of BDO Unibank, Inc. effective May 1, 2013 covering Regulatory, Anti-Money Laundering and Trust Compliance. Previous positions held were Assistant Corporate Secretary of BDO and concurrent Senior Anti-Money Laundering (AML) Officer and Head of the Anti-Money Laundering Unit since January 1, 2011 up to April 30, 2013. She was also previously the Assistant Corporate Secretary of BDO's subsidiaries such as BDO Leasing & Finance, Inc., BDO Private Bank, Inc., BDO Rental, Inc., Armstrong Securities, Inc., and Equimark-NFC Development Corp. She was also the Assistant Corporate Secretary and Trustee of BDO Foundation, Inc. She was also the Corporate Secretary of PCIB Securities, Inc., BDO Strategic Holdings Inc., and the Sign of the Anvil, Inc. She was formerly the Chief of Staff of the President involved in project management for the Bank's merger activities. She is a CPA and a graduate of St. Theresa's College, Quezon City with a degree of Bachelor of Science major in Accounting. She has completed the Advanced Bank Management Program of the AIM.

Rosola A. Vivas, 51, was appointed Senior Vice President of BDO in February 2011. She is currently the Head of Customer Development Unit under the Central Operations Group. Her unit manages and administers BDO Rewards, the Bank's loyalty program. Prior to this assignment, she was First Vice President of the Retail Banking Group of the merged Equitable PCI Bank. She joined the Bank as Assistant Vice President for Trust Banking Group of the then Equitable Banking Corporation in July 1997. She was previously connected with the Philippine Stock Exchange, Global Business Bank and the Philippine Deposit Insurance Corporation. She is a *Cum Laude* graduate of the University of Santo Tomas with a degree of Bachelors of Arts major in Behavioral

Science. She was in the Dean's list at the Asian Institute of Management where she obtained her Master's degree in Management. She graduated at the top of her class in Trust Banking and Investment Course and was awarded a scholarship by the Trust Institute Foundation of the Philippines to the National Trust School at the University of Chicago in July 2000.

Edward G. Wenceslao, 58, is Senior Vice President and Group Head of International Desks. From 2007 to 2011, he had supervision and management over three (3) Corporate Banking Teams. He was Group Head of Corporate Banking and a member of the Senior Credit Committee and Small Business Credit Committee of Equitable PCI Bank before the merger with BDO. He started his banking career in 1979 as an Investment Researcher at Insular Bank of Asia and America and became Assistant General Manager of the IBAA-Venture Capital Corporation. At PCI Bank, he was a Division Head at Corporate Banking and concurrently Marketing Head of Electronic Banking. He completed his elementary and high school as well as his Bachelor of Science degree in Business Management at the Ateneo de Manila University. He also completed all-academic requirements for his post-graduate studies at the Ateneo Graduate School of Business.

Maria Teresita Susana L. Yap, 63, is Senior Vice President and Unit Head of Commercial Banking - Metro Manila South. She completed her college at Assumption College in Makati and her Masters in Management at the Asian Institute of Management. She has close to thirty-nine (39) years of experience in lending to both the corporate and commercial markets nationwide. She joined the Bank in August 2003 after having worked with Far East Bank and Trust Company and Bank of the Philippine Islands.

NOTE: *The Bank is not dependent on the services of any particular employee and does not have any special arrangements to ensure that any employee will remain with the Bank and will not compete upon termination.*

Board and Senior Management Performance

The Board, through the Corporate Governance Committee undertakes the evaluation of its performance as a collective body, its Committees and senior management to determine whether they are functioning effectively, pinpoint areas for improvement and ensures that the President is providing effective leadership to the Group.

The assessment criteria used cover among others the areas of leadership, stewardship, review and approval of strategic and operational plans, annual budgets, focus on strategic and long-term issues, monitoring of financial performance, management succession planning, integrity of financial reporting, review of the Bank's ethical conduct, defining roles and monitoring activities of committees.

It also conducts the Director peer evaluation survey intended to encourage improved performance and effectiveness of directors by identifying areas that need improvement. Each director is requested to rate their colleagues on the Board using the prescribed rating scale and questions. The assessment criteria used include among others the director's understanding of the strategy and vision, organizational structure and culture, business and regulatory environments,

responsibilities as Director, accountability for his/her boardroom actions, contribution to board discussions, independent thinking, strategic insights and direction, active participation in committee meetings, financial literacy, time and commitment to board and committee duties, and finally, his/her overall contribution to the functioning of the Board.

Survey questionnaires were sent to all members of the Board including Advisers. Upon submission of accomplished forms, the Corporate Governance Officer tabulates the responses and prepares the final report to the Corporate Governance Committee. In turn, the Committee reviews and approves the report and submits to the Board for appropriate action. The Board then issues a resolution noting the results of the evaluation and recommendations stated in the final report.

2) Significant Employees

The Bank's senior executives have been enumerated above under item 9 (1). BDO has no employee who is not an executive officer expected to make a significant contribution to BDO's business.

3) Family Relationships

Mr. Gabriel U. Lim, Senior Vice President, and Stella L. Cabalatungan, Executive Vice President, are siblings.

4) Involvement of directors/executive officers in legal proceedings

To BDO's knowledge, none of the directors or executive officers is named or is involved during the last five (5) years in any legal proceedings which will have any material effect on BDO, its operations, reputation, or financial condition.

To BDO's knowledge, none of its directors and senior executives have been subject of the following legal proceedings during the last five (5) years:

- (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- (b) a conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- (c) to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other

organized trading, market or self-regulatory organization, to have violated the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

Disclosure and Transparency

The Bank recognizes the need to report material information in a complete, accurate and timely manner thru easily accessible medium of communications. Significant items that are disclosed include the following:

A. Executive Compensation Policy

It is the objective of BDO to attract, motivate and retain high-performing executives necessary to maintain its leadership position in the industry. To be competitive in the marketplace, BDO offers a remuneration package composed of fixed salary, benefits and long-term incentives. Below are the compensation details of the directors and key executive officers of BDO.

1) President and four (4) most highly compensated executive officers:

in million pesos	Year	Salary	Bonuses	Other Annual Compensation
President and four (4) most highly compensated executive officers	2015 (estimate)	118.43	59.00	n.a.
	2014	107.66	53.64	n.a.
	2013	94.90	47.49	n.a.
Year	Name		Position/Title	
2014	Nestor V. Tan		President	
	Walter C. Wassmer		SEVP	
	Jaime C. Yu		SEVP	
	Rolando C. Tanchanco		EVP	
	Lucy C. Dy		EVP	
2013	Nestor V. Tan		President	
	Walter C. Wassmer		SEVP	
	Jaime C. Yu		SEVP	
	Eduardo V. Francisco		EVP	
	Rolando C. Tanchanco		EVP	

The above compensation includes the usual bonus paid to bank officers. Except for salaries, allowances, retirement benefits provided under the Bank's retirement plan, and company-wide benefit extended to all qualified employees under the Bank's stock option plan, there is no separate stock option, stock warrant or other security compensation arrangement between the Bank and its individual officers.

2) Compensation of Directors and Officers as a Group

in million pesos	Year	Salary	Bonuses	Other Annual Compensation
Aggregate Officers (from senior vice presidents) & Directors	2015 (estimate)	641.59	335.02	n.a.
	2014	583.26	304.56	n.a.
	2013	503.45	270.72	n.a.

B. Directors' Fees

Each director shall receive a reasonable *per diem* for attendance in every Board meeting. The President is authorized to fix and/or increase the fees and other remuneration of any Director or any other officer of BDO as may be deemed necessary, subject to Board approval. The Board of Directors of BDO approves all compensation and remuneration schemes for all the executive directors and senior officers of BDO. As provided by law, the total compensation of directors shall not exceed ten percent (10%) of the net income before income tax of BDO during the preceding year.

Each director shall receive a per diem allowance of P10,000 for attending board meetings and P5,000 for committee meetings. There is no distinction on the fee for a Committee Chairman and member. The details of the compensation of directors and key executives could be found in the Definitive Information Statement. In view of possible security risks, the Bank opted to disclose these on an aggregate basis as a group. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments.

BDO may grant to the directors any compensation other than *per diems* by the approval of the shareholders representing at least a majority of the outstanding capital stock.

The Compensation Committee determines and proposes for management and Board approval the salaries and compensation schemes for all executive directors and senior officers of BDO. The Compensation Committee meets at least twice a year to discuss matters pertaining to the determination of salaries and compensation schemes and proposals for any changes in the remuneration of executive officers of BDO.

The members of BDO's Compensation Committee are as follows:

1. Jimmy T. Tang	-	Chairman (independent director)
2. Jesus A. Jacinto, Jr.	-	Member
3. Josefina N. Tan	-	Member
4. Teresita T. Sy	-	Member

3) **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There are no special contracts of employment between BDO and the named directors and executive officers, as well as special compensatory plans or arrangements, including payment to be received from BDO with respect to any named director or executive.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1) **Security Ownership of Certain Record/Beneficial Owners**

As of December 31, 2014, the following are known to BDO to be directly or indirectly the record and/or beneficial owners of more than 5% of BDO's voting securities:

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City	record owner	Filipino	1,463,657,368	40.87%
Common	PCD Nominee Corp. (Non-Filipino) 37th Floor Enterprise Center, Ayala Avenue, Makati City	various shareholders	Foreign	1,159,360,377	32.38%
Common	PCD Nominee Corp. (Filipino) 37th Floor Enterprise Center, Ayala Avenue, Makati City	various shareholders	Filipino	399,236,711	11.15%
Common	Multi-Realty Development Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City	record owner	Filipino	236,476,739	6.60%
Common	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin	record owner	Filipino	183,958,132	5.14%

	Building, 6752 Ayala Ave., Makati City				
TOTAL (COMMON)				3,442,689,327	96.14%
Preferred	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City	record owner	Filipino	391,400,000	76.00%
Preferred	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City	record owner	Filipino	123,600,000	24.00%
TOTAL (PREFERRED)				515,000,000	100.00%

The persons authorized to vote the shares of SM Investments Corporation, Multi-Realty Development Corporation and Sybase Equity Investment Corporation are Ms. Teresita T. Sy and Mr. Henry T. Sy, Jr.

(NOTE: *There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDO nor has there been any change in control of BDO. BDO is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDO).*

2) Security Ownership of Management

As of December 31, 2014, the total number of shares owned by the directors and management of the registrant as a group unnamed is 8,978,431 common shares, which is equivalent to 0.2507% of the total outstanding common capital stock of the registrant. The Bank's directors and officers own the following common shares of the Bank:

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
Common	Teresita T. Sy	Chairperson	Filipino	330,149	0.0092%
Common	Jesus A. Jacinto, Jr.	Vice Chairman	Filipino	423,783	0.0118%
Common	Christopher A. Bell-Knight	Director	Canadian	103	0.0000%
Common	Jose F. Buenaventura	Independent Director	Filipino	1	0.0000%
Common	Jones M. Castro, Jr.	Independent Director	Filipino & American	1	0.0000%
Common	Cheo Chai Hong	Director	Singaporean	1	0.0000%
Common	Antonio C. Pacis	Director	Filipino	4,230	0.0001%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
Common	Josefina N. Tan	Director	Filipino	283,889	0.0079%
Common	Nestor V. Tan	President, CEO, & Director	Filipino	3,537,152	0.0988%
Common	Jimmy T. Tang	Independent Director	Filipino	14,838	0.0004%
Common	Gilberto C. Teodoro, Jr.	Independent Director	Filipino	1	0.0000%
Common	Antonio N. Cotoco	SEVP	Filipino	73,584	0.0021%
Common	Walter C. Wassmer	SEVP	Filipino	73,584	0.0021%
Common	Jaime C. Yu	SEVP	Filipino	131,744	0.0037%
Common	Ador A. Abrogena	EVP and Trust Officer	Filipino	56,664	0.0016%
Common	Stella L. Cabalatungan	EVP	Filipino	98,759	0.0028%
Common	Antonio Q. Chua	EVP	Filipino	0	0.0000%
Common	Julie Y. Chua	EVP	Filipino	244,927	0.0068%
Common	Gerard Lee B. Co	EVP	Filipino	73,584	0.0021%
Common	Lucy C. Dy	EVP & Comptroller	Filipino	201,095	0.0056%
Common	Pedro M. Florescio III	EVP & Treasurer	Filipino	83,495	0.0023%
Common	Eduardo V. Francisco	EVP	Filipino	308,294	0.0086%
Common	Guia C. Lim	EVP	Filipino	0	0.0000%
Common	Ricardo V. Martin	EVP	Filipino	73,584	0.0021%
Common	Edmundo S. Soriano	EVP	Filipino	54,185	0.0015%
Common	Cecilia L. Tan	EVP	Filipino	0	0.0000%
Common	Rolando C. Tanchanco	EVP	Filipino	261,220	0.0073%
Common	Dennis B. Velasquez	EVP	Filipino	40,212	0.0011%
Common	Evelyn L. Villanueva	EVP & Chief Risk Officer	Filipino	266,966	0.0075%
Common	Ursula A. Alano	SVP	Filipino	21,239	0.0006%
Common	Noel L. Andrada	SVP	Filipino	20,315	0.0006%
Common	Maria Carina S. Antonio	SVP	Filipino	18,232	0.0005%
Common	Rafael G. Ayuste, Jr.	SVP	Filipino	0	0.0000%
Common	Melanie S. Belen	SVP	Filipino	0	0.0000%
Common	Gamalielh Ariel O. Benavides	SVP	Filipino	20,902	0.0006%
Common	Rafael G. Besa	SVP	Filipino	36,212	0.0010%
Common	Ma. Ophelia LI.	SVP	Filipino	43,132	0.0012%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
	Camiña				
Common	Marilou L. Cesario	SVP	Filipino	12,799	0.0004%
Common	Arthur Vincent D. Chung	SVP	Filipino	0	0.0000%
Common	Angelita L. Ortega-Cortez	SVP & Asst. Corporate Secretary	Filipino	15,585	0.0004%
Common	Jonathan T. Cua	SVP	Filipino	0	0.0000%
Common	Ramon S. David	SVP	Filipino	24,107	0.0007%
Common	Ma. Lourdes T. de Vera	SVP	Filipino	184,820	0.0052%
Common	Montiel H. Delos Santos	SVP	Filipino	12,107	0.0003%
Common	Geronimo D. Diaz	SVP	Filipino	241,095	0.0067%
Common	Jonathan C. Diokno	SVP	Filipino	83,756	0.0023%
Common	Noel D. Dizon	SVP	Filipino	2,558	0.0001%
Common	Ismael G. Estela, Jr.	SVP	Filipino	26,007	0.0007%
Common	Belinda C. Fernandez	SVP	Filipino	11,684	0.0003%
Common	Geneva T. Gloria	SVP	Filipino	0	0.0000%
Common	Alvin C. Go	SVP	Filipino	0	0.0000%
Common	Jonathan C.B. Go	SVP	Filipino	63,943	0.0018%
Common	Marilyn K. Go	SVP & Assistant Treasurer	Filipino	40,348	0.0011%
Common	Sonia Maribel D. Go	SVP	Filipino	10,016	0.0003%
Common	L. Jerome C. Guevarra	SVP	Filipino	46,483	0.0013%
Common	Enrico R. Hernandez	SVP	Filipino	29,422	0.0008%
Common	Eleanor M. Hilado	SVP	Filipino	38,551	0.0011%
Common	Antonio Jose Gerardo N. Jacinto	SVP	Filipino	0	0.0000%
Common	Jeanette S. Javellana	SVP	Filipino	36,831	0.0010%
Common	Gabriel U. Lim	SVP	Filipino	52,003	0.0015%
Common	Mercedes M. Limson	SVP	Filipino	0	0.0000%
Common	Manuel C. Malabanan	SVP	Filipino	0	0.0000%
Common	Manuel Z. Locsin, Jr.	SVP	Filipino	306	0.0000%
Common	Ma. Corazon A. Mallillin	SVP	Filipino	9,715	0.0003%
Common	Angelita C. Manulat	SVP	Filipino	20,921	0.0006%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
Common	Dalmacio D. Martin	SVP	Filipino	0	0.0000%
Common	Jose Noel M. Mendoza	SVP	Filipino	125,178	0.0035%
Common	Ramon T. Militar	SVP	Filipino	54,620	0.0015%
Common	Aurea Imelda S. Montejo	SVP	Filipino	68,313	0.0019%
Common	Emmanuel T. Narciso	SVP	Filipino	0	0.0000%
Common	Jaime M. Nasol	SVP	Filipino	3,097	0.0001%
Common	Annie H. Ngo	SVP	Filipino	15,742	0.0004%
Common	Frederico Rafael D. Ocampo	SVP	Filipino	0	0.0000%
Common	Estrellita V. Ong	SVP & Chief Internal Auditor	Filipino	0	0.0000%
Common	Martin B. Ordoñez	SVP	Filipino	0	0.0000%
Common	Maria Rhoda B. Orsolino	SVP	Filipino	0	0.0000%
Common	Jose Alfredo G. Pascual	SVP	Filipino	26,150	0.0007%
Common	Antonio O. Peña	SVP	Filipino	58,666	0.0016%
Common	Rogel A. Raya	SVP	Filipino	0	0.0000%
Common	Maria Nanette R. Regala	SVP	Filipino	117,331	0.0033%
Common	Luis S. Reyes, Jr.	SVP	Filipino	294,187	0.0082%
Common	Susan Audrey P. Rivera	SVP	Filipino	0	0.0000%
Common	Evelyn C. Salagubang	SVP	Filipino	0	0.0000%
Common	Shirley M. Sangalang	SVP	Filipino	56,815	0.0016%
Common	Gregorio C. Severino	SVP	Filipino	322	0.0000%
Common	Ma. Theresa S. Simbul	SVP	Filipino	4	0.0000%
Common	Evylen C. Sison (resigned effective 2.5.2015)	SVP	Filipino	0	0.0000%
Common	Noel B. Sugay	SVP	Filipino	39,746	0.0011%
Common	Robert W. Sy	SVP	Filipino	42	0.0000%
Common	Edwin R. Tajanlangit	SVP	Filipino	11,102	0.0003%
Common	Arthur L. Tan	SVP	Filipino	145,746	0.0041%
Common	Lorna A. Tan	SVP	Filipino	76,828	0.0021%
Common	Maria Theresa L. Tan	SVP	Filipino	0	0.0000%
Common	Federico P.	SVP	Filipino	0	0.0000%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
	Tancongco				
Common	Reynaldo A. Tanjangco, Jr.	SVP	Filipino	19,423	0.0005%
Common	Ma. Mercedes P. Tioseco	SVP	Filipino	0	0.0000%
Common	Rebecca S. Torres	SVP & Chief Compliance Officer	Filipino	50,530	0.0014%
Common	Rosola A. Vivas	SVP	Filipino	2	0.0000%
Common	Edward G. Wenceslao	SVP	Filipino	888	0.0000%
Common	Ma. Teresita Susana L. Yap	SVP	Filipino	52,002	0.0015%
Common	Edmundo L. Tan	Corporate Secretary	Filipino	2,563	0.0001%
Common	Sabino E. Acut, Jr.	Asst. Corporate Secretary	Filipino	0	0.0000%
	Total			8,978,431	0.2507%

(Note: *There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with the Bank nor has there been any change in control of the Bank. The Bank is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of the Bank.*)

Item 12. Certain Relationships and Related Transactions

In the ordinary course of business, BDO has loan and other transactions and arrangements involving BDO's products and services, with its subsidiaries and affiliates and with certain directors, officers, stockholders and related interests (DOSRI) and parties. These loans and other transactions and arrangements involving BDO's products and services, are made on substantially the same terms as those given to other individuals and businesses of comparable risks.

Policies and procedures have been put in place to manage potential conflicts of interests arising from related party transactions, such as credit accommodations, products or services extended by BDO to directors or officers in their personal capacity or to their company and related interests and parties. BDO's Executive Committee approves these transactions. Where appropriate, the Related Party Transactions Committee endorses related party transactions to the Board. These transactions are then elevated to the Board for independent review and confirmation. All directors, except the interested party, could scrutinize the details of the transactions to ensure that these are done on an arms-length basis and in accordance with regulations. The details of the deliberations are included in the minutes of the Board and Board Committee meetings. Approved related party

transactions are properly tagged for monitoring and reporting of exposures. BDO then submits the significant related party transactions to the BSP where BSP approval is required.

The General Banking Law and BSP regulations limit the amount of the loans granted by BDO to each subsidiary or affiliate, which are not related interests of the directors, officers and/or stockholders of BDO, to not more than 10% of BDO's network, with a further ceiling of not more than 5% of BDO's network for unsecured loans. Total outstanding loans to all subsidiaries and affiliates shall not exceed 20% of BDO's network.

The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the deposit and book value of their investment in BDO. In the aggregate, loans to DOSRI generally should not exceed the total capital funds or 15% of the total loan portfolio of BDO, whichever is lower.

Please refer to Notes 2.19 and 24 of the Notes to Financial Statements herein attached to this Annual Report.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

This is to certify that BDO Unibank, Inc. has fully complied with the SEC Revised Code of Corporate Governance per SEC Memorandum Circular No. 6 Series of 2009 (Re: Revised Code of Corporate Governance) and its subsequent amendment per SEC Memorandum Circular No. 9 Series of 2014 (Re: Amendment to the Revised Code of Corporate Governance).

Please refer to attached Annual Corporate Governance Report.

Part V – Exhibits and Schedules

Item 14. List of Branches, Reports on SEC Form 17-C

a) Directory of Branch Offices

A list of the Bank's branch branches are provided in Item 2 of this report.

b) A summary of the reports on SEC Form 17-C (Current Report) filed in 2014 and the first quarter of 2015 are set forth below:

Date of Disclosure	Subject
March 3, 2014	Statement to the Press regarding the Bank's record net income of ₱22.6 billion for full year 2013, exceeding its ₱ 20.4 billion earnings guidance, and 56% higher than the ₱ 14.5 billion profit in 2012
March 3, 2014	Disclosure on the Board of Directors' approval, on its March 1, 2014 meeting, of the Bank's Audited Financial Statements for year 2013
March 5, 2014	Disclosure that the Bank will hold a briefing exclusive for Analysts on 10 March 2014 at the Amorsolo Room, The Anvil, 5th floor, BDO South Tower, BDO Corporate Center, 7899 Makati Ave., Makati City
March 11, 2014	Preliminary Information Statement for the Annual Stockholders' Meeting to be held on April 25, 2014 at Rizal Ballroom A and B, Makati Shangri-La Hotel, Ayala Avenue, Makati City at 2:00 PM
March 21, 2014	Disclosure of the Audited Financial Statements of BDO Unibank, Inc. filed with the Securities and Exchange Commission
March 24, 2014	Notice that the Bank will publish the Notice of Annual Shareholders' Meeting on the following dates and newspapers: March 24, 2014 (Monday) – Business World April 2, 2014 (Wednesday) - The Philippine Star
March 25, 2014	Definitive Information Statement for the Annual Stockholders' Meeting to be held on April 25, 2014 at Rizal Ballroom A and B, Makati Shangri-La Hotel, Ayala Avenue, Makati City at 2:00 PM
March 26, 2014	Disclosure of the Acquisition of Citibank Savings Inc. on March 25, 2014
March 31, 2014	Submission of the Bank's Compliance Report on Corporate Governance for the year 2013
April 1, 2014	Amended Information Statement for the Annual Stockholders' Meeting to be held on April 25, 2014 at Rizal Ballroom A and B, Makati Shangri-La Hotel, Ayala Avenue, Makati City at 2:00 PM
April 10, 2014	Submission of the list of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending March 31, 2014
April 14, 2014	Public Ownership Report as of March 31, 2014
April 16, 2014	Bank's Annual Report for the fiscal year ended December 31, 2013 (PSE Disclosure Form 17-1)

Date of Disclosure	Subject
April 25, 2014	Results of the regular meeting of the Board of Directors held on April 25, 2014: 1. Declaration of cash dividends on common shares at ₱ 0.90 per share, with the record date and payment date to be set after approval by the Bangko Sentral ng Pilipinas 2. Approval of the first quarter consolidated net income of P5.5 Billion and income guidance of P22.8 Billion for 2014 3. Appointment of Mr. Anthony Q. Chua as Executive Vice President for Global Operations, effective May 2, 2014, subject to confirmation by the BSP
April 25, 2014	Statement to the Press regarding the Bank's net income of ₱22.6 billion and results for the first quarter of 2014
April 25, 2014	Results of the Annual Stockholders' Meeting and Organizational Board Meeting of BDO Unibank, Inc. held on April 25, 2014 at the Makati Shangri-La Hotel
April 28, 2014	Clarification of the news article entitled "More banks keen on buying UCPB" posted on the Inquirer.net on April 28, 2014
April 30, 2014	Disclosure of the shareholdings of newly-elected Independent Director of BDO Unibank, Inc.
April 30, 2014	Disclosure of the shareholdings of Executive Vice President appointed at the Board of Directors' Meeting held on April 25, 2014
May 8, 2014	Notice of the publication on 8 May 2014 of the Bank's Balance Sheet as of 31 March 2014
May 9, 2014	Quarterly Report for the quarterly period ended March 31, 2014
May 27, 2014	General Information Statement Sheet of BDO Unibank, Inc. for the year 2014 stamped "received" by the Securities and Exchange Commission
May 28, 2014	Submission of the Certification of Qualification of Independent Directors of BDO Unibank, Inc. in compliance with the requirements of Section 38 of the Securities and Regulation Code
June 2, 2014	Appointment of Ms. Cecilia L. Tan as Executive Vice President for Institutional Banking Group, effective June 2, 2014
June 4, 2014	Disclosure of the Summary of the 2013 Self-Assessment of the Board Audit Committee of BDO Unibank, Inc. duly stamped "received" by the Securities and Exchange Commission on June 2, 2014
June 10, 2014	Disclosure of the Amended General Information Sheet of BDO Unibank, Inc. for the year 2014 duly stamped "received" by the Securities and Exchange Commission
June 16, 2014	Clarification of the news article entitled "BDO withdrawal from buying gov't shares in UCPB likely" posted on the Daily Tribune (Internet Edition) on June 16, 2014
June 16, 2014	Approval from the Bangko Sentral ng Pilipinas for the special cash dividends to common shares declared by the Board of Directors on April 25, 2014, and

Date of Disclosure	Subject
	setting of the following record and payment dates: Record Date - July 1, 2014 Payment Date - July 25, 2014
June 26, 2014	Clarification of News Article - "BDO may raise more capital as foreign competition looms" posted on the Business Mirror on Jun 26, 2014
June 27, 2014	Submission of the Annual Corporate Governance Report of BDO Unibank, Inc. with updates and changes as of May 31, 2014
June 30, 2014	Statement to the press regarding the agreement with The Real Bank (A Thrift Bank), Inc. for the acquisition by BDO of all its recorded assets and assumption of all recorded liabilities
July 8, 2014	Disclosure of the list of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending June 30, 2014
July 15, 2014	Public Ownership Report as of June 30, 2014
July 28, 2014	Statement to the press regarding the Bank's ₱11.05 billion 1H14 net income
August 1, 2014	Submission of the revised Manual of Corporate Governance of BDO Unibank, Inc.
August 1, 2014	Disclosure of BDO Unibank, Inc. Analysts' Briefing for First half 2014
August 6, 2014	Quarterly Report for the quarterly period ended Jun 30, 2014
August 8, 2014	Notice that the Bank would be publishing on August 8, 2014 (Friday) the Bank's Balance Sheet as of June 30, 2014
August 20, 2014	Clarification of News Article - "BDO's New CIO" posted on Inquirer.net on August 20, 2014
September 1, 2014	Appointment of Mr. Frederico Rafael D. Ocampo as Senior Vice President for Trust and Investments Group, effective September 1, 2014 and Mr. Manuel C. Malabanan as Senior Vice President for Trust and Investments Group, effective September 15, 2014
September 4, 2014	Disclosure that Mr. Ricardo V. Martin, Executive Vice President of BDO Unibank, Inc. (the "Bank"), ceases to be an Alternate Corporate Information Officer of the Bank effective immediately, in the light of his appointment as Head of the Bank's Information Technology Group effective September 1, 2014
September 26, 2014	Appointment Atty. Ma. Cecilia S. Santos, First Vice-President, as Alternate Corporate Information Officer, vice Mr. Ricardo V. Martin, who has been designated as Head of BDO's IT Group
October 9, 2014	Disclosure of the list of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending September 30, 2014
October 15, 2014	Public Ownership Report as of September 30, 2014
October 27, 2014	Statement to the Press on the results of operations of BDO for the third quarter of 2014, with BDO posting a net income of ₱ 5.7 billion
November 5, 2014	Notice that the Bank would be publishing on November 5, 2014 the Bank's Balance Sheet as of September 30, 2014
November 6, 2014	Quarterly Report for the quarterly period ended September 30, 2014

Date of Disclosure	Subject
November 10, 2014	Statement to the Press regarding BDO's cooperation pact with the Export-Import Bank of Korea
November 17, 2014	Statement to the Press regarding BDO's issuance of Basel III-compliant Tier 2 Notes
November 28, 2014	Statement to the Press regarding the conclusion of the offer period for BDO's Basel III-compliant Tier 2 Notes issue
December 9, 2014	Constitution of the Related Party Transactions Committee (RPTC) of the Board of Directors to assist the Board in overseeing the conduct of all Related Party Transactions of the Bank
December 12, 2014	Disclosure of the change in indirect shareholdings of SM Investments Corporation in BDO for the month of November 2014 filed with the Securities and Exchange Commission
December 23, 2014	Statement to the Press regarding BDO's expansion in Mindanao thru One Network Bank, Inc.
January 8, 2015	Advisement Letter submitted to the Securities and Exchange Commission (SEC) on the attendance of BDO Unibank, Inc.'s Board of Directors for the 2014 Board meetings
January 12, 2015	Results of the regular meeting of the Board of Directors held on Jan 10, 2015: 1. Declaration of cash dividends on the Bank's common shares of ₱ 0.30 per share as of end of each quarter in 2015, or a total of ₱ 1.20, with the record and payment dates to be set after approval by the Bangko Sentral ng Pilipinas 2. Setting of April 24, 2015 as the date for the Annual Stockholders' Meeting of the Bank, and setting of March 12, 2015 as the record date for stockholders entitled to vote at such meeting
January 13, 2015	Disclosure of the list of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending December 31, 2014
January 19, 2015	Disclosure of the change in indirect shareholdings of SM Investments Corporation in BDO for the month of December 2014 filed with the Securities and Exchange Commission
January 19, 2015	Public Ownership Report as of December 31, 2014
February 2, 2015	Results of the regular meeting of the Board of Directors held on Jan 31, 2015: 1. Declaration of cash dividends on the Bank's Preferred Shares Series "A" at the rate of 6.5% per annum of the par value for the total dividend amount of P339,399,305.56, subject to the prior approval of the Bangko Sentral ng Pilipinas 2. Resignation of Ms. Evylene Co Sison as Senior Vice President of BDO Unibank, Inc.'s Asset Management Group effective February 5, 2015
February 11, 2015	Publication of Bank's Statement of Condition as of December 31, 2014
February 23, 2015	Disclosure of the Bank's Analysts'/Investors' Briefing on 3 March 2015 at the Amorsolo Room, The Anvil, 5th Floor, BDO South Tower, BDO Corporate

Date of Disclosure	Subject
	Center, 7899 Makati Ave., Makati City
February 26, 2015	Notice and Agenda of the Annual Stockholders' Meeting of the Bank to be held at the Rizal Ballroom A & B, Second Floor, Makati Shangri-La Hotel, Ayala Avenue, Makati City on April 24, 2015
February 26, 2015	Statement to the Press regarding BDO's posting of record ₱22.8 billion income in 2014
February 26, 2015	Disclosure of BDO Unibank, Inc.'s 2014 Audited Financial Statements
March 3, 2015	Notice of Judgement on Supreme Court Decision re Banco de Oro, et al. vs. Republic of the Philippines, the Commissioner of Internal revenue, Bureau of Internal Revenue, Secretary of Finance, Department of Finance, the National Treasurer, and Bureau of Treasury (G.R. No. 198756)
	Related Party Transactions (Please refer to Note 24 of the Notes to Financial Statements attached to this Annual Report.)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of BDO Unibank, Inc. by the undersigned, thereto duly authorized, in Makati City, Philippines on APR 15 2015.

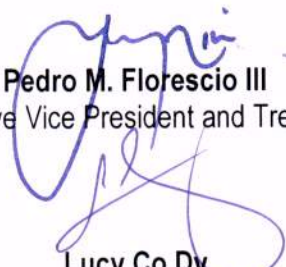
BDO UNIBANK, INC.

Issuer

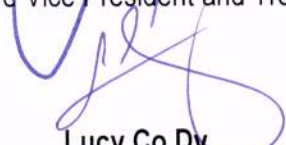
By:



Nestor V. Tan
President and CEO



Pedro M. Florescio III
Executive Vice President and Treasurer



Lucy Co Dy
Executive Vice President
Comptroller & Head – Comptrollership Group



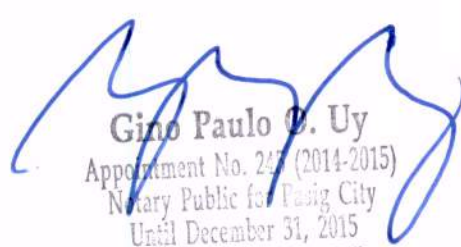
Edmundo L. Tan
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 15 2015, affiants exhibiting to me their evidence of identity as follows:

Name	Tax Identification No.
Nestor V. Tan	TIN 903-578-380
Pedro M. Florescio III	TIN 115-322-120
Lucy Co Dy	TIN 109-729-870
Edmundo L. Tan	TIN 132-173-235

Doc. No.: 471 ;
Page No.: 96 ;
Book No.: 1 ;
Series of 2015.

SEC FORM 17-A



Gino Paulo D. Uy
Appointment No. 247 (2014-2015)
Notary Public for Pasig City
Until December 31, 2015
Attorneys Roll No. 61567
Suite 2101 The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR No. 0331593; 01.07.15, Pasig City
IBP No. 0985161; 01.06.15; RSM

**Annual Corporate Governance
Report**
(Consolidated Changes as of December 31, 2014)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT
(CONSOLIDATED CHANGES AS OF DECEMBER 31, 2014)

1. Report is Filed for the Year : **2014**
2. Exact Name of Registrant as Specified in its Charter : **BDO UNIBANK, INC.***
3. **BDO CORPORATE CENTER, 7899 Makati Avenue, Makati City** **0726**
Address of Principal Office Postal Code
4. SEC Identification Number : **34001**
5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number: **000-708-174-000**
7. **(632) 840 7000**
Issuer's Telephone number, including area code
8. **Not applicable**
Former name or former address, if changed from the last report

*Doing business under any of the following names and styles:

BDO, BDO Unibank, Banco de Oro, Banco de Oro Unibank, BDO Banco de Oro

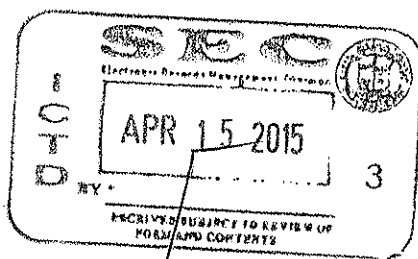


TABLE OF CONTENTS

A. BOARD MATTERS	
1) BOARD OF DIRECTORS	4
(a) Composition of the Board (updated)	4
(b) Corporate Governance Policy/ies (updated)	5
(c) Review and Approval of Vision and Mission (updated)	14
(d) Directorship in Other Companies (updated)	14
(e) Shareholding in the Company (updated)	17
2) CHAIRMAN AND CEO	17
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS (updated)	20
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS (updated)	21
5) CHANGES IN THE BOARD OF DIRECTORS (updated)	27
6) ORIENTATION AND EDUCATION PROGRAM (updated)	41
B. CODE OF BUSINESS CONDUCT & ETHICS	
1) POLICIES (updated)	52
2) DISSEMINATION OF CODE COMPLIANCE WITH CODE	62
3) IMPLEMENTATION AND MONITORING (updated)	62
4) RELATED PARTY TRANSACTIONS (updated)	63
(a) Policies and Procedures	63
(b) Conflict of Interest	69
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS (updated)	70
6) ALTERNATIVE DISPUTE RESOLUTION	70
C. BOARD MEETINGS & ATTENDANCE	
1) SCHEDULE OF MEETINGS	72
2) DETAILS OF ATTENDANCE OF DIRECTORS (updated)	73
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS (updated)	73
4) QUORUM REQUIREMENT	74
5) ACCESS TO INFORMATION	74
6) EXTERNAL ADVICE	76
7) CHANGES IN EXISTING POLICIES	77
D. REMUNERATION MATTERS	
1) REMUNERATION PROCESS	77
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS (updated)	78
3) AGGREGATE REMUNERATION (updated)	78
4) STOCK RIGHTS, OPTIONS AND WARRANTS	80
5) REMUNERATION OF MANAGEMENT (updated)	80
E. BOARD COMMITTEES	
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES (updated)	81
2) COMMITTEE MEMBERS (updated)	82
3) CHANGES IN COMMITTEE MEMBERS (updated)	87
4) WORK DONE AND ISSUES ADDRESSED (updated)	87
5) COMMITTEE PROGRAM	91
F. RISK MANAGEMENT SYSTEM	
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	92

2) RISK POLICY	93
3) CONTROL SYSTEM	94
G. INTERNAL AUDIT AND CONTROL	
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	99
2) INTERNAL AUDIT	100
(a) Role, Scope and Internal Audit Function	100
(b) Appointment/Removal of Internal Auditor	103
(c) Reporting Relationship with the Audit Committee	104
(d) Resignation, Re-assignment and Reasons (updated)	104
(e) Progress against Plans, Issues, Findings and Examination Trends	104
(f) Audit Control Policies and Procedures	105
(g) Mechanisms and Safeguards	105
H. ROLE OF STAKEHOLDERS (updated)	107
I. DISCLOSURE AND TRANSPARENCY (updated)	117
J. RIGHTS OF STOCKHOLDERS	
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS (updated)	121
2) TREATMENT OF MINORITY STOCKHOLDERS (updated)	132
K. INVESTORS RELATIONS PROGRAM (updated)	135
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (updated)	138
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL (updated)	140
N. INTERNAL BREACHES AND SANCTIONS	141

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11

Actual number of Directors for the year	11

(a) Composition of the Board (*updated*)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
Teresita T. Sy	ED	SM Investments Corporation (SMIC)	Atty. Corazon I. Morando (SMIC, Asst. CorSec)	2 terms: 1977 – August 5, 2005 July 27, 2007-present	April 25, 2014	Annual Meeting	35
Jesus A. Jacinto, Jr.	ED		Teresita T. Sy	May 15, 1996	April 25, 2014	Annual Meeting	18
Jose F. Buenaventura	ID		Ma. Lilibeth Lacson-Pambid (No relationship)	April 19, 2013	April 25, 2014 (1 year) ¹	Annual Meeting	1
Jones M. Castro, Jr.	ID		Araceli C. Abriam (No relationship)	April 20, 2012	April 25, 2014 (2 year) ¹	Annual Meeting	2
Cheo Chai Hong	NED	United Overseas Bank Ltd.	Wee Ee Cheong (UOB CEO)	May 28, 2010	April 25, 2014	Annual Meeting	4
Christopher A. Bell-Knight*	NED		Marcos Brujis (CIO, IFC AssetManagement)	2 terms: May 2005-September 2010; July 27,	April 25, 2014	Annual Meeting	6

¹ Reckoned from the election immediately following January 2, 2012.

*No longer representing International Finance Corporation since October 25, 2014.

				2013-present			
Antonio C. Pacis	NED		Teresita T. Sy	2005	April 25, 2014	Annual Meeting	9
Josefina N. Tan	ED		Teresita T. Sy	2 terms February 3, 2001-August 27, 2005 July 27, 2007-present	April 25, 2014	Annual Meeting	11
Nestor V. Tan	ED		Teresita T. Sy	July 1998	April 25, 2014	Annual Meeting	16
Gilberto C. Teodoro, Jr.	ID		Araceli C. Abriam (No relationship)	April 25, 2014	April 25, 2014	Annual Meeting	0.67
Jimmy T. Tang	ID		Ma. Lilibeth Lacson-Pambid (No relationship)	1984	April 25, 2014 (2 years) ¹	Annual Meeting	30

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

▪ Board Responsibilities

DUTIES & RESPONSIBILITIES OF THE BOARD OF DIRECTORS

(Reference: Corgov Manual)

General Responsibility

It is the Board's responsibility to foster the long-term success of the Bank, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The specific duties and responsibilities of the Board shall be as follows:

1. Approve and monitor the implementation of strategic objectives.
2. Ensure that the Bank has a beneficial influence on the economy by providing those services and facilities that shall be supportive of the national economy.
3. Approve and oversee the implementation of policies governing major areas of banking operations.
4. Approve and oversee the implementation of risk management policies.
5. Formulate and implement the necessary policies governing the Bank's internal control system. Undertake the continuing review of such a system in order to maintain its adequacy and effectiveness.

6. Ensure the bank's faithful compliance with all applicable laws, regulations and best business practices including the timely and accurate submission of public disclosures, prudential and supervisory reports to the relevant regulatory bodies.
7. Implement a process for the selection of Board members who can add value and meaningfully contribute independent judgment to the formulation of sound corporate strategies and policies.
8. Oversee selection and performance of senior management.
9. Adopt appropriate human resource and development programs including an equitable compensation plan for all concerned that is in line with the Bank's strategy and control environment and a fully funded employee pension fund.
10. Consistently conduct itself with honesty and integrity in the performance of its duties and responsibilities to ensure high standard of best practice for the Bank, its stockholders and other stakeholders.
11. Define appropriate governance policies and practices for the bank and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement.
12. Constitute committees to increase efficiency and allow deeper focus in specific areas.
13. Effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors.
14. In group structures, define an appropriate corporate governance framework that shall contribute to the effective oversight over entities of the group.
15. Establish and maintain an alternative dispute resolution system in the Bank that can amicably settle conflicts or differences between the Bank and its stockholders, and the Bank and third parties, including the regulatory authorities.

- Stockholders' Rights (*Reference: Corgov Manual*)

STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

A. The Board of Directors shall be committed to respect the following rights of the stockholders:

1. Right to Nominate

Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in the Bank's By-Laws and the rules of BSP and SEC.

2. Voting Rights.

- a. Shareholders shall have the right to participate and vote in the Annual Stockholders Meeting including the right to elect, remove and replace directors, vote on certain corporate acts in accordance with the Corporation Code such as changes or amendments to the company's By-Laws and Articles of Incorporation, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code , issuance of additional shares and appointment of the external auditor.
- b. Each outstanding share is entitled to one vote unless a preferred share is expressly denied voting entitlement.

- c. Cumulative voting shall be used in the election of directors.
- d. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3. Power of Inspection

All shareholders shall be allowed, subject to reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, and shall be furnished with annual reports, financial statements, without costs or restrictions.

4. Right to Information

- a. Upon request and for a legitimate purpose, the shareholders shall be provided with information about the Bank's directors and officers, their holdings of the Bank's shares, and dealings with the Bank.
- b. The shareholders, including minority shareholders shall have access to any information relating to matters for which the management is accountable.
- c. The shareholders, including minority shareholders shall be granted the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

5. Right to Dividends

- a. Shareholders shall have the right to receive dividends subject to the discretion of the Board of Directors as enunciated in the BDO Dividend Policy approved by the Board of Directors on December 6, 2014, as the same may be amended. Provided regulatory approval is received on time, the Bank will endeavor to pay dividends within 30 days from date of approval.
- b. The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital except;
 - i. When the bank is prohibited by the BSP or under any loan agreement with any financial institution or creditor to declare dividends without its consent and such consent has not been secured.
 - ii. When such retention is clearly necessary under special circumstances obtaining in the Bank, such as a need for special reserves for possible contingencies.
 - iii. When justified by definite corporate expansion projects or programs approved by the Board.

6. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment for the fair value of their shares in the manner provided for under Section 82 of the Corporation Code.

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class.
 - b. In case of the disposition of all or substantially all of the corporate property and assets as provided for in the Corporation Code.
 - c. In case of sale, lease, exchange, transfer, mortgage, pledge or other merger or consolidation or the extension or shortening the term of corporate existence.
- B.** The Board of Directors shall be transparent and fair in the conduct of the annual and special stockholders' meetings.
- 1. The stockholders (both individual and institutional) shall be encouraged to attend personally or by proxy such meetings of the stockholders in a place easily accessible to all investors. They shall be given the opportunity to ask and receive answers to their questions relating to the Bank. A summary of the questions asked and answers given will be included in the Minutes of the Annual Stockholders Meeting and posted on the corporate website.
 - 2. The rights of the stockholders shall be promoted and impediments to the exercise of those rights shall be removed. An adequate avenue shall be provided for the stockholders to seek timely redress for breach of such rights.
 - 3. Appropriate steps shall be taken to remove excessive or unnecessary costs and other administrative impediments to the stockholders' participation in meetings whether in person or by proxy.
 - 4. Accurate and timely information shall be made available to the stockholders to enable them to make sound judgment on all matters brought to their attention for consideration or approval. The Office of the Corporate Secretary will issue the Notice of the Annual Stockholders Meeting at least 28 business days before the meeting date which includes the time, place and proposed agenda items together with a brief rationale for its inclusion thru mail, facsimile transmission or electronic mail and publication in newspapers of general circulation published in Metro Manila.
 - 5. The introduction of additional, previously unannounced items into the Notice of Annual Stockholders' Meeting or agenda of the Annual Stockholders' Meeting will not be allowed.
 - 6. The services of an independent body will be engaged to ensure that voting procedures and standards are adhered to. Results of the vote for each agenda item will be posted in the corporate website not later than the next business day after the Annual Stockholders Meeting.

▪ Disclosure and Transparency (*Reference: Corgov Manual*)

The essence of good corporate governance is transparency. The Board commits at all times to meet all disclosure requirements particularly those involving material information as mandated by regulators within the prescribed period.

- (ii) All material information, both financial and non-financial, about the Bank that may adversely affect its viability or the interests of the stockholders and other stakeholders shall be publicly and timely disclosed such as, among others earnings results, material acquisition or

disposition of assets, off balance sheet transactions, related party transactions, company's ownership structure, beneficial ownership whether direct or indirect of at least 5% of the company shares including that of the directors and senior officers, and the remuneration of members of the Board and Management.

- (ii) Information on BDO Group business structure including subsidiaries, joint ventures/special purpose vehicles and the participation of significant shareholders, directors and senior officers will be provided and updated regularly in the corporate website.
- (ii) Audited financial statements will be released not later than 60 days after the close of the financial year together with a statement that management is responsible for its preparation and fair presentation in accordance with the financial reporting standards in the Philippines for banks.
- (ii) All such information shall be disclosed through the appropriate disclosure mechanisms of the Philippine Securities Exchange and submissions to the Securities and Exchange Commission for the interest of its stockholders and other stakeholders.
- (ii) The Bank will not put up barriers or impediments that will prevent stockholders from communicating or consulting with one another on any issues related to the Bank.

The BDO Code of Conduct and Business Ethics provides clear rules on disclosure of information and strictly prohibits the unauthorized disclosure, use and passing on of sensitive/confidential, non-public information for personal gain and is considered illegal.

- Stakeholders' Interests (*Reference: 2014 Definitive Information Statement*)

Equitable Treatment of Stakeholders

Shareholders

The Bank respects the inherent rights and recognizes the roles of various stakeholders in accordance with law. To this end, it has put in place various practices for the protection of shareholders' rights and promotion for exercising those rights such the right to buy, sell or transfer securities held, the right to receive dividend, the right to vote for the appointment of the external auditor, the right to participate in the decision-making for corporate matters, the right to propose agenda item in the shareholders' meeting and the right to attend the shareholders' meeting. In particular, for the convenience of shareholders to exercise their right to attend the stockholders' meeting, it will announce in advance the venue, date, time and agenda of the annual meeting, explanation of each agenda item requiring shareholders' approval, method of voting, and disclosure of voting results. Shareholders will be given equal opportunities to raise questions, make suggestions and recommendations pertaining to the operations of the Bank. They can assign proxies to vote on their behalfs if shareholders could not attend the stockholders' meeting. As a matter of policy, all stockholders **including institutional shareholders** on record are encouraged to attend personally or by proxy the annual stockholders' meeting to ensure their participation and active involvement in the affairs of the Bank. **(new amendment)**

The Annual Stockholders' Meeting was held on April 25, 2014 and was attended by the Board Chair, President, Directors and Chairmen of various Board Committees.

The shareholders were allowed to cast their votes on each director and on each agenda item presented to them for approval. They were also given the opportunity to ask questions, express opinions and make suggestions on various issues. Please see the Minutes of the 2014 Annual Stockholders' Meeting for detailed Questions and Answers, the voting results showing the Approving, Dissenting and Abstaining Votes cast by the shareholders on each agenda item in Annex A-10 pages 164-172 of the 2014 Consolidated Changes - Annual Corporate Governance Report.

Declaration of cash/stock dividends is approved by the Board of Directors and is immediately disclosed with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) and is subject to the approval of the BSP. This disclosure is readily available at the websites of the PSE and the SEC, as well as of the Bank. During the Annual Stockholders' Meeting, the President reports to the stockholders the financial performance of the Bank for the year. In addition, the Bank files with the PSE and SEC quarterly reports on its financial performance.

On December 6, 2014, the Board of Directors approved the Bank's Dividend Policy which states that "BDO recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. Since December 2013, the Bank has been paying regular cash dividends of PHP0.30 per quarter, or an annual equivalent of PHP1.20 per share and will endeavor to do so while maintaining financial flexibility.

The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders' Meeting". **(new amendment)**

Investors

BDO adopts a pro-active relationship with its stockholders by directly addressing their concerns and queries. The Bank directly liaises with its stock transfer agent on matters relating to stockholders' claims for cash dividends, updating of contact information and requests for documents and/or information regarding their stockholdings.

It also recognizes the need for accurate and updated information of the Bank's financial condition and all matters affecting the Bank by appropriate timely disclosures in the corporate website, regulators, annual reports and announcements. Shareholders could request relevant information from the Corporate Secretary or Investor Relations Unit through the contact details provided in the Bank's official website. The minutes of the 2014 Annual Stockholders' Meeting is available in Annex A-10 pages 164-172 of the 2014 Consolidated Changes -Annual Corporate Governance Report published in the Corporate Governance Section of our corporate website at www.bdo.com.ph.

Investor Relations (IR) articulates BDO's strategic directions as well as updates investors and analysts on the Bank's financial performance and other major developments. Investor updates are carried out through one-on-one meetings during conferences and roadshows, supplemented by periodic email broadcasts and posting of disclosures at the Bank's website. This ensures continuing access to both strategic and financial information about BDO.

To Board members and key management, IR shares reports from analysts and feedback from investors for a better appreciation of external views regarding the Bank. In 2014, BDO conducted two (2) analyst briefings in March and August where the Bank's President and IR Officers gave presentations to analysts to update them on the Bank's performance and outlook, as well answered queries on the Bank's operations. The Bank likewise participated in SMIC briefings to analysts and media together with SMIC's other listed subsidiaries. Investor presentations are posted in the Bank's website. Meanwhile, highlights of the SMIC quarterly briefings (including BDO's presentation) are posted in the SMIC website and are available for viewing and downloading by analysts and media.

Customers

Our clients provide the Bank the business for which we are most thankful. BDO is committed to meet their needs by providing them with high quality customer service and relevant products and services.

BDO is also committed to treat clients fairly. The minimum standards to ensure that clients are treated fairly are the following:

1. Communications are fair and not misleading.
2. Ensure that clients are given clear and concise information, including the risks involved, before they enter into financial products and services.
3. Products and service are suitable and appropriate, taking into account the needs of the clients, their financial and risk profile and objectives.
4. Complaints should be handled in a prompt, friendly, fair and effective manner.

Equipped with the "We Find Ways" attitude, BDO is committed to meet the needs of the clients by providing them with high quality customer service and relevant products and services. It continues to expand its network of domestic branches, overseas offices, ATMs, point of sale terminals and electronic delivery channels to offer seamless banking convenience. These efforts are backed by the Bank's dedicated management team, capable employees, solid IT infrastructure and dependable Customer Contact Center that manages and resolves customer complaints.

It has put in place specific activities for the welfare of the customers such the launch of social media facility such Facebook and International Desks were set up to support foreign clients and service them by native language speaking Bank Officers for their banking needs. It has also offered specialized product offering to the OFW and Korean markets.

Creditors, Counterparties and Suppliers

The Bank is committed to meet its contractual obligations with all creditors and counterparties based on the covenants agreed with them. In the conduct of its business dealings, the Bank undertakes to honor all binding trade-related agreements and conditions on the basis of widely accepted industry practices, mutual understanding and cooperation with counterparties. In accordance with law, they will be given priority in payment of the Bank's obligations in the normal course of business and in the event of liquidation.

For suppliers, it has established appropriate policies that govern the vendor accreditation, selection, bidding and approval processes. The Bank strictly prohibits the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commission or any form of payment from clients, business partners, suppliers and third party service providers in exchange for any unnecessary favorable treatment.

Employees

The Bank puts very high value to its human resources. To ensure the protection and well-being of the employees, the Bank has implemented policies and programs that cover the following areas:

a. Code of Conduct and Business Ethics

As a financial institution, BDO believes that practicing right conduct and ethical behavior inspires and strengthens the confidence of all our stakeholders.

The Code outlines the principles and policies that govern the activities of the institution, sets forth the rules of conduct in our work place and the standards of behavior of its directors, officers and employees in their activities and relationship with external shareholders. These reflect the core values the institution subscribes to and promotes.

The Code applies at all times to all members of the Board of Directors and BDO Unibank Group employees in their dealings with clients, suppliers, business partners and service providers. **(new amendment)**

b. Training and Development

The Bank provides various in-house programs such as orientation program for new hires, job specific training courses and officers development programs to enhance the knowledge, working skills and managerial ability of its employees. The Bank allocates every year a training budget to cover internal training programs. E-learning is also being promoted on Foreign Account Tax Compliance Act (FATCA) and Anti-Money Laundering Prevention and Detection. In 2014, average training hours for both internal and external training conducted for staff, managerial positions and senior officers were 44.73, 18.25, 13.13, respectively.

For key officers of the Bank (SVP up), the Bank provided an in-house Corporate Governance Seminar conducted by an accredited training provider of the Securities and Exchange Commission as part of its continuing education program. **(new amendment)**

c. Employee Welfare

BDO is committed to promote the physical, social and mental well-being of its employees. It aims to provide a workplace free from discrimination and all forms of physical, sexual and psychological abuse including harassment, bullying and intimidation. It is committed to maintain a positive, harmonious and professional work environment with due importance accorded to occupational health and safety of the employees and related external constituencies. **(new amendment)**

Society, Community and the Environment

Recognizing its role in social development specifically to be involved in community-related issues and activities as a way of giving back particularly to the communities in which we operate and to the society in general, the Bank, with the active involvement of its employees, instituted socio-civic programs through BDO Foundation geared towards empowerment of marginalized communities and promoting environmental protection. It has partnered with several local governments and non-government organizations to provide decent home dwellings to indigent families, fund raising and resettlement site for typhoon victims, livelihood projects, rehabilitation of rural health centers, construction of school buildings, relief operations for typhoon victims and continued advocacy on energy efficiency and water conservation. It has participated also in various undertakings to preserve the environment such as tree planting to help improve air quality and reduce carbon emission. (Please refer to the Corporate Social Responsibility Section of this Report for more details).

Equally important to the Bank is our commitment to enhance the sustainability of the environment thru information, education and advocacies. The Bank has in place a Social and Environmental Management Systems Policy (SEMS) to ensure that Environmental and social consciousness are incorporated in the day-to-day operations of the Bank for the benefit of all its stakeholders, employees, and the community it operates. It has also a provision that will limit the Bank's exposure to certain industries that have an adverse impact on the environment and this is included in the evaluation of credit proposals. The Bank also introduced the "Go Green Program" to raise awareness on environmental issues, promote good Environmental practices in the workplace.

Directors and employees should promote actively the Bank's corporate social responsibility and care for the environment through the initiatives and partnerships with civil society, governments and other stakeholders. **(new amendment)**

Business Competitors

The Bank is committed to treat business competitors fairly and professionally in all dealings with them. It will avoid making references or discussions that may have a negative impact on the Bank's competitors.

Government and Regulators

The Bank supports the compliance with the spirit, not just the letter, of the laws and regulations of the jurisdictions it operates. All business deals and transactions shall adhere to regulatory requirements and applicable laws particularly on confidentiality of deposits, data privacy and protection, anti-money laundering and other financial crimes, anti-corruption and bribery, insider trading and consumer protection.

■ **Transparency and Disclosures**

BDO is fully committed to provide its investors and other stakeholders full transparency and timely information disclosures through filings with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), as found in the following:

- General Information Sheet (GIS)
- Definitive Information Statement (DIS)
- SEC form 17-A
- SEC form 17-C (current reports - material information)
- SEC Form 17-Q (Quarterly Report)
- SEC Form 23- A/B (Statement of Beneficial Owners)
- Audited Financial Statements (AFS)

Required disclosures relating to:

- Financial information is stated in the AFS, SEC Form 17-Q and the DIS
- Shareholder matters are provided in the DIS
- Executive compensation policy is stated in the DIS
- Directors' fees are found in the DIS
- Corporate actions, among others, are provided in the PSE official website www.pse.com.ph

Other key information disclosed by the Bank included the role of board committees, meetings held and attendance of directors, director continuing education records, remuneration policy, shareholding structure, annual performance self-assessment of Board of Directors, committees and senior management, Code of Conduct and Business Ethics, Corporate Governance Manual and important corporate governance policies such whistle blowing, term limit of independent directors and related party transactions.

To ensure an even wider access by the investors and the public, these disclosures and other corporate information are also uploaded in the Bank's official website www.bdo.com.ph (See "Investor Relations" and "Corporate Governance"). The details of established corporate governance policies are found in the Revised Corporate Governance Manual.

(c) How often does the Board review and approve the vision and mission? Every five (5) years; latest was on May 31, 2014 which the Board of Directors approved together with the Bank's Growth Strategy.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Teresita T. Sy	BDO Capital & Investment Corp. BDO Leasing and Finance, Inc. BDO Private Bank, Inc. BDO Foundation Inc. First Asia Realty Development Corp. Forsyth Equity Holdings, Inc Generali Pilipinas Holdings, Co., Inc. Generali Pilipinas Insurance Co., Inc. Generali Pilipinas Life Assurance Co., Inc. HFS Corporation Hotel Specialist, (Tagaytay) Inc. Intercontinental Development Corp. Marketwatch Investments Co., Inc. Meridien Business Leader, Inc. MH Holdings, Inc. Morrison Corporation Multi Realty Development Corp. Prime Metroestate Inc. (formerly Pilipinas Makro, Inc.) Premier Southern Corp. Belleshare Holdings, Inc. (formerly SM Commercial Properties, Inc.) SM Investments Corporation SM Mart, Inc. SM Retail, Inc. SM Foundation, Inc. Sodexo Motivation Solutions Philippines, Inc. (formerly Sodexo Pass, Inc.) Sports Central Manila, Inc. Sunninghill Holdings, Inc. Sybase Equity Investments Corp. Syper Holdings, Inc. Sysmart Corporation Tangiers Resources Corp. West Avenues Theatres Corp. Kultura Stores, Inc. Bellevue Properties Inc. Romer Mercantile, Inc.	Executive/Chairperson Executive/Chairperson Executive/Chairperson Executive/Chairperson Executive Executive Executive/Vice Chairperson Executive/Chairperson Executive/Chairperson Non-executive Executive Executive Non-executive Executive/Chairperson Executive/Chairperson/President Executive/Chairperson Non-executive Executive/Chairperson Executive/Chairperson/President Executive/Chairperson/President Executive/Vice Chairperson Executive/Chairperson Executive/Chairperson Executive/Chairperson/President Executive/Chairperson Executive Executive/President Executive Non-executive Executive/President Executive/President Non-executive Executive Executive/President Non-executive Executive/Chairperson Non-executive
Nestor V. Tan	BDO Private Bank, Inc. BDO Leasing and Finance, Inc. BDO Capital and Investment Corp. BDO Insurance Brokers, Inc. BDO Remit (USA), Inc. BDO Strategic Holdings, Inc. BDO Foundation Inc. Generali Pilipinas Insurance Co. Inc. Generali Pilipinas Life Assurance Company Inc. SM Keppel Land, Inc. Megalink	Executive/Vice Chairperson Executive Executive/Vice Chairperson Executive Executive Executive/Chairman Executive Executive Executive Executive Executive/Chairman

Josefina N. Tan	BDO Private Bank, Inc.	Executive/President
Jose Buenaventura	BDO Securities Corporation	Independent Director
Jesus A. Jacinto, Jr.	BDO Insurance Brokers Inc.	Executive/President/Chairman

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jose F. Buenaventura	Melco Crown Resort Corp. Cebu Air, Inc.	Non-Executive Director Non-Executive Director

(iii) Relationship within the Company and its Group **(updated)**

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Teresita T. Sy Elizabeth T. Sy Harley T. Sy		Siblings and stockholders of the significant shareholders

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

(Reference : Corgov Manual)

Multiple Board Seats. Directors may concurrently serve in Boards of other corporations provided the provisions of SEC Memorandum Circular # 9 are strictly observed i.e. no limit if covered companies do not belong to a conglomerate and maximum of 5 companies of a conglomerate (parent company, subsidiary and affiliate). This limit on board seats applies to the independent directorship in BDO Group subsidiaries where those subsidiaries are listed or unlisted. Provided further that the capacity of a director to devote quality time and attention in performing his duties and responsibilities is not compromised.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	applicable	Same

Non-Executive Director	applicable	Same
CEO	applicable	Same

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company: **(updated)**

Name of Director	Number of Direct shares as of December 31, 2014	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Teresita T. Sy	330,149	none	0.0092%
Jesus A. Jacinto, Jr.	423,783	none	0.0118%
Christopher A. Bell-Knight	103	none	0.0000%
Jose F. Buenaventura	1	none	0.0000%
Cheo Chai Hong	1	none	0.0000%
Jones M. Castro, Jr.	1	none	0.0000%
Henry T. Sy, Jr.	181,692	none	0.0051%
Josefina N. Tan	283,889	none	0.0079%
Antonio C. Pacis	4,230	none	0.0001%
Nestor V. Tan	3,537,152	none	0.0988%
Jimmy T. Tang	14,838	none	0.0004%
Gilberto C. Teodoro, Jr.	1	none	0.0000%
TOTAL	4,594,148		0.1283%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	Teresita T. Sy
President/CEO	Nestor V. Tan

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and President.

	Chairman	President
Role	(Reference: Corgov Manual)	(Reference: Corgov Manual) The President acts within the

	1. Provide leadership in the board of directors by ensuring effective functioning of the Board, including maintaining a relationship of trust with board members. 2. Ensure that the board takes an informed decision thru a sound decision making process, encourage and promote critical discussions, ensure dissenting views are expressed and fully considered. 3. Ensure that the meetings of the Board of Directors are held in accordance with the Bylaws of the Bank. 4. Oversee the preparation of the agenda of the meeting of the Board of Directors in coordination with the Corporate Secretary, taking into account the suggestions of the Directors, the Bank President, and other members of the Senior Management. 5. Maintain effective lines of communication and information between the Board of Directors and Senior Management of the Bank. 6. Listen to and address satisfactorily any governance related issues. 7. Ensure that the Board of Directors exercises strong oversight over the Bank's business and performance of senior management to minimize if not eliminate issues that may affect its reputation in the market place.	delegated authority vested to him by the Board among others the following: 1. Lead the senior management team in the day-to-day running of the Group's businesses. 2. Develop and present to the Board the strategy of the Group, medium and long-term plans and recommend annual operating and capital expenditure budgets. 3. Recommend and/ or approve acquisitions, investments, divestments and major contracts in accordance with the authority levels approved by the Board. 4. Report to the Board the monthly actual operating performance of the Group versus approved plans and directions and to the stockholders the state of affairs of the bank for the preceding year at the annual stockholders' meeting. 5. In conjunction with the Board Chair, represent the Group to customers, regulators, shareholders, financial industry and the general public. 6. Receive instructions from the Board and ensure full compliance. 7. Accountable for the performance of the management team. <i>(Reference: Amended By-Laws)</i> SECTION 36. <u>Powers and Duties of the President.</u> The

		President shall, subject to control and supervision of the Board of Directors, have a direct charge of all business activities of the Bank. He shall provide at all meetings of the stockholders, the Board of Directors and the Executive Committee, reports and data, which may be required of him. He shall have such other powers and perform such duties as may be conferred upon and assigned to him by the Board.
Accountabilities	Shareholder Meetings - Chair all shareholder meetings - Review and approve minutes of all shareholder meetings Manage the Board - Chair all Board meetings - Provide leadership to the Board - In conjunction with the Corporate Governance Committee, ensure that processes to govern the Board's work are effective to enable the Board to exercise oversight and due diligence in the fulfillment of its mandate. - Manage Director and Board performance. - With the assistance of the Corporate Secretary, oversee the management of Board administrative activities (meeting schedules, agendas, information flow and documentation) - Facilitate communication among Directors. - Review and approve minutes of all Board meetings prior to presentation to the Board for approval. Develop a more effective Board - Working with the Nominations Committee, plan Board and Committee composition, recruit Directors and plan for succession. - Working with the Corporate Governance Committee, participate in the Board effectiveness evaluation process and provide	Strategic Planning - Develop a well defined strategy - Establish management process and specific performance measures that clearly support the Bank's long-term strategy - Assess performance and make timely changes in strategy, structure and resource allocations. Financial Results - Define appropriate long-term financial objectives and set annual goals consistent with the Bank's business strategy. - Establish, monitor and maintain appropriate management systems to provide effective control of operations. - Demonstrate diligence in making the appropriate certifications required under any governing securities, corporate legislation and regulatory requirements. Leadership - Lead the Bank with a clearly defined sense of business direction and purpose. - Effectively communicate BDO's vision and values to all employees. Serve as a role model for this vision and values and create and foster a culture of integrity throughout the organization. - Ensure that there is in

	constructive feedback and advice. - Review and approve requests for continuing education of the Board to improve their skills and competencies. Work with management - Support and influence strategy. - With the assistance of the Corporate Governance Committee, lead the Board in evaluating the performance of the President. - Provide advice and counsel to the President.	operation an effective framework of governance which provides the direction and parameters within which business is to be conducted, align accountabilities and authorities and define any required policies, standards and guidelines. - Recruit senior Management and plan for succession. - Ensure programs are in place that will aid in retaining and motivating the senior Management team and attracting new executives as needed. - Promote the development of effective recruiting, training, retention and management development programs for all employees. - Effectively serve as liaison with the industry and the investor communities. Board Relationship - Establish effective working relationships collectively and individually with the Board. - Keep the Board fully informed on all important issues facing the Bank (internal and external) - Recommend appropriate policies for Board consideration.
Deliverables	Efficient and effective Board	Profitable and well managed bank

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

(Reference: Corgov Manual)

Management Succession Planning. The Board, in coordination with the Corporate Governance Committee, shall ensure that the Bank has in place an appropriate and updated succession planning for key executives to address emergency in the event of extraordinary circumstances and ensure continuity of operations.

The Bank has in place a succession planning framework for these very important positions which was approved by the Board on April 5, 2008. The Corporate Governance Committee

has direct oversight of the succession planning. The President updated the Committee of this framework on March 23, 2013.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes

(Reference: Corporate Governance Manual)

Selection of Board members. The Nominations Committee is tasked to undertake the process of identifying the qualifications of directors aligned with the company's strategic directions. In evaluating the suitability of individual board member and promoting diversity in the composition of the Board, the Nominations Committee should take into account the relevant qualifications of every candidate nominated for election such as among others, physical/mental fitness, relevant educational and professional background, personal track record, diversity of related experience/training, commitment to contribute, willingness to serve and interest to remain engaged and involved without undue prejudice to race, gender, ethnic origin, religion, age, sexual orientation. At least one of the non-executive directors should have prior working experience in the financial industry or a relevant business group. The Nominations Committee also considers the results of the most recent self-assessment of the Board and peer evaluation, director's attendance record in meetings, participation in Board activities and overall contribution to the functioning of the Board.

In the revised Terms of Reference of the Nominations Committee, its primary duty is to lead the process for identifying and make recommendations to the Board on candidates for appointment as Directors of the Bank as well as those other positions requiring appointment by the Board of Directors, giving full consideration to succession planning and leadership needs of the Group. It shall make use of external database, e.g. Institute of Corporate Directors or professional search. It shall recommend to the Board of Directors, the slate of nominees for election to the Board of Directors during the Bank's annual stockholders' meeting. It also makes recommendations to the Board on the composition and chairmanship of the various committees. It keeps under review 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 makes recommendations to the Board with regard to any changes. **(new amendment)**

6 directors out of 11 have over 200 years' combined experience from both local and foreign banking institutions. 2 directors out of the 11 are successful businessmen who have made their mark in the field of retailing and commercial operations. 3 directors out of the 11 are practicing attorneys, 2 of whom head their respective law firms. **(updated)**

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. In the existing Board of Directors, two (2) non-executive directors and one (1) independent director have actual work experiences in the financial services industry.

- a. Independent Director Jones M. Castro, Jr. has 41 years of banking expertise, with 32 years of international banking experience. He was a Senior Vice President- Controller of Bank of California, San Francisco from 1990 to 1994. 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, Mr. Castro managed 12 countries, 11 overseas offices, 102 team members and US\$3 Billion 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 25 countries, 3 overseas offices, 30 team members and US\$1.8 Billion in loans. From 2005 to 2006, he was EVP and International Banking Group Head of the Union Bank of California, San Francisco. Mr. Castro is currently a Trustee of the PhilDev USA and Philippines S&T Development Foundation Manila, Inc.. **(new amendment)**

- b. Director Cheo Chai Hong currently sits as Director of UOB Global Capital Private Limited, United Overseas Bank (Thai) Public Company Limited, UOB Asset Management and the Anglo-Chinese Schools Foundation Ltd. He is Managing Director and Head of Corporate Planning and Strategy. He was formerly the Executive Vice President of Group Credit (Middle Market & STCF) Department of UOB Singapore.
- c. Director Christopher A. Bell-Knight has over 40 years of banking experience in England, Canada and Asia of which 35 years were spent in credit and marketing. Mr. Bell-Knight 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 was formerly a Director of Solidbank Corp. and Vice President and Country Head of the Bank of Nova Scotia.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors

	Executive	Non-Executive	Independent Director
Role	As an executive of the Bank: - responsible of the conduct of the general operations of the Bank and management of its various businesses - exercise all the powers delegated to them by the Board As member of the Board: - performs oversight, control and approval functions as delegated to them thru the various committees	- Bring specialist knowledge to the Board; - Provide a fresh and external perspective to the Board discussions and decision making - Provide independent monitoring and constructive criticism of the bank's strategy, performance, risk and personnel. - Perform oversight, control and approval functions as delegated to them thru the various committees either as Chairman or as member -	Same as the Non-Executive Directors
Accountabilities	Knowledge, Skills & Expertise	Same	Same

	- Each Director should be familiar with the Board Terms of Reference, the mandate of the Committees on which he/she serves, the Board's policies and other key documents that form part of the Board's corporate governance system. - Each director should be well informed on the major affairs and operations of the Bank and the economic and political environment in which it operates and the regulatory requirements that fall within the mandate of any Committee of which he/she is a member. Personal Qualities - Each director should foster and promote integrity of the Board and a culture where the Board works for the long-term benefit of the Bank and its shareholders. - Directors are selected for their integrity and character, sound and independent judgment, breadth of experience, insight and knowledge and business acumen. Directors are expected to bring		

	these personal qualities to their role as a Director, and apply sound business judgment to help the Board make wise decisions and provide thoughtful and informed counsel to senior Management. Integrity - Directors are expected to possess and demonstrate the highest personal and professional integrity at all times, to adhere, in letter and spirit, to the Bank's Code of Conduct. Participation in Board and Committee Meetings - Directors are expected to demonstrate their commitment to the Board through preparation for and participation in Board and Committee meetings. - Directors are expected to make every reasonable effort to attend all meetings of the Board and its Committees, if not in person then by telephone. - Directors are expected to have reviewed the meeting materials prior to attendance at Board and Committee meetings and are		

	expected to be prepared to engage in meaningful discussion and provide constructive and thoughtful feedback and commentary at such meetings, expressing opinions and asking questions to enable the Board to exercise its best business judgment in decision making and advising Management. - Each director should ensure that he or she is able to devote sufficient time and energy to carry out their duties effectively. - Directors are expected to actively, thoughtfully and frankly participate in the Board performance self-assessment to promote continuous improvement of the governance process and the effectiveness of the Directors in fulfilling their roles.		
Deliverables	- Actual financial performance vs targets - Share price and dividends - Long-term shareholder value - Effective risk management system to manage the risk exposures of the Bank.	Same	Same

Provide the company's definition of "independence" and describe the company's compliance to the definition.

(Reference: Corgov Manual)

In accordance with regulations, the Bank shall appoint or elect independent directors who are free of material relations with the management, controllers, or others that might reasonably be expected to interfere with the independent exercise of his/her best judgment for the exclusive interest of the Bank. Selection, nomination and election of independent directors shall be done in accordance with the standard election procedures of the Bank's By-Laws. An independent director of a bank may only serve as such for a total of five (5) consecutive years with a "cooling off" period of 2 years after which, he/she could be elected for another final 4-year term. Selection, nomination and election of independent directors shall be done in accordance with the standard election procedures of the Bank's By-Laws. **(new amendment)**

By definition, an independent director shall be any person who:

- a. is not or has not been an officer or employee of the bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election;
- b. is not a director or officer of the related companies of the institution's majority stockholder;
- c. is not a stockholder with shares of stock sufficient to elect one seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders;
- d. is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or a stockholder holding shares of stock sufficient to elect one seat in the board of the bank or any of its related companies;
- e. is not acting as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies or any of its substantial shareholders; and
- f. is not retained as professional adviser, consultant, agent or counsel of the institution, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and could not materially interfere with or influence the exercise of his judgment.

An independent director who is a member of any committee that exercises executive or management functions that can potentially impair such director's independence cannot accept membership in committees that perform independent oversight/control functions

such as the Audit, Risk Oversight and Corporate Governance Committee, without prior approval of the Monetary Board.

Compliance to the Definition

1. An independent director shall submit to the Corporate Secretary a certification that he/she possesses all the qualifications and none of the disqualifications to serve as independent director and that he holds no interests affiliated with BDO.
2. A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an independent director after a two (2) year “cooling off period”.
3. If the beneficial security ownership of an independent director in BDO or in its related companies shall exceed the limit of 2%, the Bank will not consider him anymore as an independent director.
4. Executives of BDO may be elected as directors but cannot and shall not be considered as independent directors.
5. Person appointed as Adviser to the Board shall be subject to a one(1) year “cooling off period” prior to his/her nomination and election as an Independent Director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Yes, an independent director may serve as such for a total of nine (9) years. First term is up to 5 years subject to annual election, after which there is a “cooling off” period of 2 consecutive years. The second and last term will be up to 4 years only subject to annual election. This was approved by the Board of Directors on December 6, 2014. **(new amendment)**

(Reference: Corgov Manual))

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	N/A

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors.

Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors Nomination Procedures: 1. All nominations for directors shall be submitted in writing to the Corporate Secretary of BDO not earlier than 35 business days nor later than 27 business days prior to the date of the regular or special meeting of stockholders for the election of directors. 2. Nominations that are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected a director of BDO. (par. 2 Section 17, By-Laws) 3. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. (SRC Rule 38) 4. The nominations received shall be submitted to the Nominations Committee, which shall determine the qualifications of the nominees for Directors and Independent Directors.	Search Process: The selection of the new members of the Board is conducted by the Nominations Committee. The selection process consists of several steps: 1. The Nominations Committee develops the list of skills, experiences, qualifications, industry, diversity and personal qualities desired in potential new Board members. 2. Develops a list of potential candidates using external database, e.g. Institute of Corporate Directors or professional search giving full consideration to the succession planning and leadership needs of the Group. In particular, the process includes the profiling of the skills and competencies of the currently serving directors, the gap in skills and competencies identified and the search for candidates who are aligned with the Bank's directions to fill the gaps. (new amendment) 3. Reviews the complete list of potential candidates. They then identify a short list of potential candidates that they wish to pursue, make reference checks and consider whether the candidates can devote sufficient time and resources to his or her duties as a Board member.	<i>(Reference: Corgov Manual)</i> Persons nominated to be a member of the Board should have all the qualifications and none of the disqualifications as prescribed in the Corporate Governance Manual: He/She must possess the following minimum qualification as prescribed by the Monetary Board: 1. He shall be at least twenty-five (25) years of age at the time of his election or appointment. 2. He shall be at least a college graduate or have at least five (5) years experience in business. 3. He must have attended a special seminar on corporate governance for board directors. 4. He must be fit and proper for the position, and in this regard, the following shall be considered: integrity/probity, physical/mental fitness, competence, relevant education/financial literacy training, diligence and knowledge/experience. 5. He must have a practical understanding of the business of the Bank.

5. The Nominations Committee meets at least twice a year to (a) open the nomination period for the submission of nominations for directors, (b) pre-screen and check the qualifications of all persons nominated to be elected to the Board of Directors of BDO from the pool of candidates submitted by the nominating stockholders, and (c) approve the final list of nominees for presentation and approval by the shareholders of BDO. 6. The Nominations Committee shall pre-screen the nominees based on their qualifications as provided in BDO's Manual of Good Corporate Governance and (SRC Rule 38). 7. The decision of the Nominations Committee concurred in by a vote of a majority of its members shall be final and binding on the stockholders and may no longer be raised during the annual meeting. (par. 2 Section 17, By-Laws) 8. The Nominations Committee shall be composed of at least 3 members, one of whom is an independent director: Voting Procedures: 1. In the election of directors, the shareholders are entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement. 2. There is no manner of	4. Recommends the final potential candidates for election by the stockholders.	6. He must be a member of good standing in the relevant industry, business or professional organizations.

voting prescribed in the By-Laws of BDO. Hence, voting may be done <i>viva voce</i>, by show of hands, or by balloting. In the election of directors, the election must be by ballot if requested by any voting shareholder 3. The Corporate Secretary or his designated representative is tasked and authorized to count votes on any matter properly brought to the vote of the shareholders, including the election of directors 4. Candidates receiving the highest number of votes shall be declared elected. 5. Those elected to the Board as independent directors shall submit to the SEC Certification on the Qualifications and Disqualifications of Independent Directors		
(ii) Non-Executive Directors Same as above	Same as above	Same as above
(iii) Independent Directors Same as above	Same as above	Same as above and <i>(Reference: Corgov Manual)</i> By definition, an independent director shall be any person who: a. is not or has not been an officer or employee of the bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election;

		b. is not a director or officer of the related companies of the institution's majority stockholder; c. is not a stockholder with shares of stock sufficient to elect one seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders; d. is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or a stockholder holding shares of stock sufficient to elect one seat in the board of the bank or any of its related companies; e. is not acting as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies or any of its substantial shareholders; and a. is not retained as professional adviser, consultant, agent or counsel of the institution, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the

		institution or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and could not materially interfere with or influence the exercise of his judgment.
b. Re-appointment		
(i) Executive Directors Same as above		Same as above
(ii) Non-Executive Directors Same as above		Same as above
(iii) Independent Directors Same as above		Same as above
c. Permanent Disqualification		
(i) Executive Directors Disqualification Procedures: 1. The Board of Directors and management are responsible for determining the existence of the ground for disqualification of the director and for reporting the same to BSP- SES within 72 hours from knowledge thereof. 2. On the basis of knowledge and evidence of existence of any of the grounds for disqualification, the director concerned shall be notified in writing either by personal service or through registered mail with		<i>(Reference: Corgov Manual)</i> a. Any person who has been convicted by final judgment by a court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft. b. Any person who has been convicted by final judgment by a court for violation of banking laws. c. Any person who has been judicially declared insolvent, spendthrift or incapacitated to contract.

registry return card at his/her last known address by the appropriate department of SES of the existence of the ground for his/her disqualification and shall be allowed to submit within 15 calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. 3. Upon receipt of the reply explanation of the director concerned, the appropriate department of the SES shall proceed to evaluate the case. The director concerned shall be afforded the opportunity to defend/clear himself/herself. 4. If no reply has been received from the director concerned upon the expiration of the period prescribed under item 2 above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/evidence. 5. If the ground for disqualification is delinquency in the payment of obligation, the concerned director shall be given a period of 30 days to within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation of his disqualification and watchlisting is elevated to		d. A Director, Officer, or employee of a closed bank who was responsible for such bank's closure as determined by the Monetary Board. e. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that [a] involves the purchase or sale of securities as defined in the Securities Regulation Code (SRC), [b] arises out of the person's conduct as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker, or [c] arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them. f. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC) or any court or administrative body of competent jurisdiction from [a] acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant,

the Monetary Board. 6. Recommend to the Monetary Board a penalty lower than disqualification (e.g., reprimand, suspension, etc.) if, in its judgment the act committed or omitted by the director/ officer concerned does not warrant disqualification. 7. All other cases of disqualification, whether permanent or temporary shall be elevated to the Monetary Board for approval and shall be subject to the procedures provided in Items “a”, “b”, “c” and “d” above. 8. Upon approval by the Monetary Board, the concerned director/officer shall be informed by the appropriate department of the SES in writing either by personal service or through registered mail with registry return receipt card, at his/her last known address of his/her disqualification from being elected/appointed as director/ officer in any FI under the supervision of BSP and/or of his/her inclusion in the masterlist of watchlisted persons so disqualified. 9. The board of directors of the concerned institution shall be immediately informed of cases of disqualification approved by the Monetary Board and shall be directed to act thereon not later than the following board meeting. Within seventy-two (72) hours thereafter, the corporate secretary shall report to the Governor of		commodity trading advisor, or floor broker; [b] acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; [c] engaging in or continuing any conduct or practice in any of the above capacities mentioned in [a] and [b] above, or willfully violating the laws that govern securities and banking activities. g. Any person who has been adjudged by final judgment or order of the SEC, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the SEC or the Bangko Sentral ng Pilipinas (BSP), or any of its implementing rules, regulations or orders. h. Any person earlier elected as independent director who becomes an officer, employee, or consultant of the Bank. i. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above.

the BSP through the appropriate department of the SES the action taken by the board on the director/officer involved. 10. Persons who are elected or appointed as director or officer in any of the BSP-supervised institutions for the first time but are subject to any of the grounds for disqualification provided for under Subsecs. X143.1 and X143.2, shall be afforded the procedural due process prescribed above.		j. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election.
(ii) Non-Executive Directors Same as above		Same as above
(iii) Independent Directors Same as above		Same as above
d. Temporary Disqualification		
(i) Executive Directors Same disqualification procedures		<i>(Reference: Corgov Manual)</i> a. Any person who refuses to fully disclose the extent of his business interest to the appropriate supervising and examination department of the BSP when required pursuant to a provision of law or of a BSP regulatory issuance. The disqualification shall be in effect as long as the refusal persists. b. Any person who refuses to comply with the disclosure requirements of the SRC and its implementing rules and regulations. The disqualification shall be in effect as long as

		the refusal persists. c. Any Director who has been absent or have not participated in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his incumbency or any twelve (12) month period during said incumbency, and any director who failed to physically attend at least twenty-five percent (25%) of all board meetings in any year. This disqualification shall apply for purposes of the succeeding election. d. Any person who is delinquent in the payment of his financial obligations and those of his related interests. The disqualification shall be in effect as long as the deficiency persists. e. Any person convicted for offenses involving dishonesty or breach of trust or violation of banking laws but whose conviction has not yet become final and executory. f. Any director and officer of closed banks pending their clearance by the Monetary Board. g. Any Director disqualified for failure to observe/discharge his duties and

		responsibilities prescribed under existing regulations. The disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board h. Any person dismissed/terminated from employment for cause. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity. i. Any person under preventive suspension. j. Any person with derogatory records with law enforcement agencies. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity. k. If the beneficial equity ownership of an independent director in the Bank or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. The temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate

		actions to remedy or correct the disqualification. l. Any director who failed to attend special seminar for Board of Directors required under item “c” of Subsection X141.2 of the Manual of Regulations of Banks. m. Any director found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. n. Any director found by the Monetary Board to be unfit for the position of directors or officers because he/she was found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is a restrained by the court. o. Any director found by

		the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court.
(ii) Non-Executive Directors Same disqualification procedures		Same as above
(iii) Independent Directors Same disqualification procedures		Same as above
e. Removal		
(i) Executive Directors Removal Procedures Only the stockholders have the power to remove the directors elected by them before his/her term is over. Removal may be with or without cause. The procedures to be followed are as follows: 1. Any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock. Provided, that such removal shall take place either at a regular meeting or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the intention		

to propose such removal at the meeting. 2. A special meeting of the stockholders for the purpose of removal of directors must be called by the Corporate Secretary on order of the President or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. 3. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice as prescribed in the Corporation Code.		
(ii) Non-Executive Directors Same as above		
(iii) Independent Directors Same as above		
f. Re-instatement		
(i) Executive Directors Reinstatement Procedures Whenever a director is cleared in the procedural due process, or when the ground for disqualification ceases to exist, he/she would be eligible to become director again only upon prior approval by the Monetary Board. 2. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director and his/her delisting from the masterlist of watchlisted persons.		
(ii) Non-Executive Directors		

Same as above		
(iii) Independent Directors		
Same as above		
g. Suspension		
(i) Executive Directors		
Same as disqualification procedures		Same as disqualification criteria
(ii) Non-Executive Directors		
Same as disqualification procedures		Same as disqualification criteria
(iii) Independent Directors		
Same as disqualification procedures		Same as disqualification criteria

Voting Result of the last Annual General Meeting (April 25, 2014)

Name of Director	% Votes Received (Based on outstanding voting shares present)
Teresita T. Sy	98.93%
Jesus A. Jacinto, Jr.	98.95%
Nestor V. Tan	99.23%
Josefina N. Tan	98.85%
Christopher A. Bell-Knight	99.22%
Cheo Chai Hong	99.22%
Antonio C. Pacis	99.22%
Jose F. Buenaventura	99.92%
Jones M. Castro, Jr.	99.92%
Jimmy T. Tang	99.78%
Gilberto C. Teodoro, Jr.	99.92%

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

All new directors who joined the Board undergo an orientation program to familiarize them on their statutory/fiduciary roles and responsibilities in the Board and Committees, the Bank's strategic plans, enterprise risks, group structures, business activities, compliance programs including Anti-Money Laundering policies, Code of Business Conduct and Ethics, Personal Trading Policy and Corporate Governance Manual. As required by the Bangko Sentral ng Pilipinas, the new directors also need to complete the Corporate Governance Course. All directors were also encouraged to participate in the continuing education programs conducted by the Bank to promote efficiency.

DIRECTOR ORIENTATION & CONTINUING EDUCATION POLICY

1. Philosophy

The Bank believes that in order to maintain a current and effective Board, proper orientation and ongoing education are critical to ensure that members of the Board are well equipped in their role as stewards of the Bank.

2. Purpose

The purpose of this policy is to formalize the orientation process of newly appointed directors to familiarize them with the role of the Bank's Board of Directors, its committees and charters, the Bank's business activities, the industry and regulatory environment. On continuing education, the policy also specifies the elements of the program that will be made available for the continued development of the Board.

3. Responsibility

The Corporate Governance Committee, in coordination with the Corporate Governance Office, is responsible for the implementation of the orientation program of new directors and continuing education of the Board.

4. Coverage

Orientation Program for New Directors

The formal program consists of meetings with the President and Corporate Secretary to discuss the roles and responsibilities of the Board of Directors and the corporate governance framework of the Bank. A series of orientation sessions with key senior management executives will also be provided to discuss the core business activities and operations of the Bank including industry and regulatory briefings. The Corporate Secretary will welcome the new directors initially thru a phone call and a letter will follow containing an information kit that includes the following:

- Corporate powers and limitations
- Board Structure and Composition, Board mandate, Board Committees and Charters
- Code of Conduct and other relevant policies adopted by the Board
- Directors' and Officers' Liability Insurance Coverage
- Schedule of Upcoming Board and Committee Meetings
- Annual Calendar of the Board
- Annual Reports
- Regulatory Disclosures
- Overview of the Bank's business and local banking industry

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: **(updated)**

Anti-Money Laundering Briefing	(Ernst & Young)	2011
Risk Governance Training	(Ernst & Young)	2012
Corporate Governance Orientation Program	(ICD)	2010, 2011, 2012

Professional Directors Program (ICD)	2011, 2012, 2014
Risk Governance and Board of Directors (IFC)	2011
Update on Anti-Money Laundering Laws and Regulations	2013
Semi-Annual Economic Briefing	2012, 2013, 2014
Exclusive Corporate Governance Seminar (ICD)	May 28, 2014
Exclusive Corporate Governance Seminar (Risk Opportunities Assessment and Management, Inc.)	November 27, 2014

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Teresita T. Sy	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	February 18, 2014	Philippines Investment Forum	Euromoney
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	September 22, 2014	Investment Review, Outlook and Strategy – Third Quarter 2014	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of

			Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Jesus A. Jacinto, Jr.	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk	BDO Unibank

		Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Christopher A. Bell-Knight	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital	BDO Unibank

		Requirements	
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Jose F. Buenaventura	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Jones M. Castro, Jr.	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	March 29, 2014	Peer comparison of investment securities	BDO Unibank

		portfolio Global operations	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
	December 4,5,11,12	Professional Directors Program	Institute of Corporate Directors
Cheo Chai Hong	January 25, 2014	Investment Review, Outlook and Strategy for 2014	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	June 28, 2014	Investment Review, Outlook and Strategy for the Second Quarter of 2014	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank

	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	September 22, 2014	Investment Review, Outlook and Strategy – Third Quarter 2014	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Antonio C. Pacis	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Investment Review, Outlook and Strategy for 2014	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	April 21, 2014	Trust Rating System	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Investment Review, Outlook and Strategy for the Second Quarter of 2014	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank

	September 22, 2014	Investment Review, Outlook and Strategy – Third Quarter 2014	BDO Unibank
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Josefina N. Tan	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate	BDO Unibank

		Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Nestor V. Tan	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Investment Review, Outlook and Strategy for 2014	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	February 18, 2014	Philippines Investment Forum	Euromoney
	March 29, 2014	Peer comparison of investment securities portfolio	BDO Unibank
	March 29, 2014	Global operations	BDO Unibank
	April 21, 2014	Trust Rating System	BDO Unibank
	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Investment Review, Outlook and Strategy for the Second Quarter of 2014	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 30, 2014	IT Projects	BDO Unibank

	September 22, 2014	Investment Review, Outlook and Strategy – Third Quarter 2014	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Jimmy T. Tang	January 4, 2014	ICAAP Update	BDO Unibank
	January 25, 2014	Bank's cash dividends compared with peers	BDO Unibank
	January 25, 2014	Economic briefing for 2014 outlook	BDO Unibank
	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank
Gilberto C. Teodoro, Jr.	May 28, 2014	Exclusive Orientation Course on Corporate Governance	Institute of Corporate Directors

	May 31, 2014	Bank's growth strategy	BDO Unibank
	June 28, 2014	Research on agricultural industry particularly coconut, abaca, and cocoa industries	BDO Unibank
	June 28, 2014	Investor relations update	BDO Unibank
	June 28, 2014	Investment Review, Outlook and Strategy for the Second Quarter of 2014	BDO Unibank
	July 26, 2014	BSP Circular No. 839 – Real Estate Stress Test Limit for real estate exposure	BDO Unibank
	August 28-29, 2014	Corporate Governance Orientation Program	Institute of Corporate Directors
	August 30, 2014	IT Projects	BDO Unibank
	September 22, 2014	Investment Review, Outlook and Strategy for the 3 rd Quarter 2014	BDO Unibank
	September 26, 2014	Energy Forum	Hon. Raul B. Aguilos (Undersecretary, Department of Energy)
	October 25, 2014	Recent BSP Banking Regulations (Real Estate Stress Test, Regulation on Credit Risk Management, Domestic Systemically Important Banks, and Increase in Minimum Capital Requirements	BDO Unibank
	December 6, 2014	Update on Agricultural Industry particularly coconut, abaca and cocoa	BDO Unibank

¹ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

(Reference: Revised BDO Code of Conduct and Business Ethics approved by the Board on December 6, 2014) (new amendment)

BDO CODE OF CONDUCT AND BUSINESS ETHICS

INTRODUCTION

As a financial institution, BDO believes that practicing right conduct and ethical behavior inspires and strengthens the confidence of all our stakeholders.

The BDOUB Code of Conduct and Business Ethics (the Code) outlines the principles and policies that govern the activities of the institution and sets forth the rules of conduct in our work place and the standards of behavior of its directors, officers and employees in their activities and relationship with external stakeholders. These reflect the core values the institution subscribes to and promotes.

APPLICABILITY OF THE CODE

This Code applies at all times to all members of the Board of Directors and BDO Unibank Group employees in their dealings with clients, suppliers, business partners and service providers.

COMMITMENT TO THE CODE

All directors and employees are required to acknowledge that they have read and understood the Code stipulating their compliance with the standards and policies set forth herein.

RESPONSIBILITIES FOR THE WORK PLACE

a. Employment Practices

BDO is committed to fair employment practices without undue prejudice to race, gender, ethnic origin, religion, age, or sexual orientation. Employees are treated fairly and accorded with respect and dignity.

It ensures that employment practices and policies are in compliance with labor laws, regulations and standards in the countries where it operates. Employees are selected, engaged, compensated and promoted, as the case may be, based on the merits of qualification and performance.

b. Employees' Welfare

BDO is committed to promote the physical, social and mental well-being of its employees. It aims to provide a workplace free from discrimination and all forms of physical, sexual and psychological abuse including harassment, bullying and intimidation. It is committed to maintain a positive, harmonious and professional work environment with due importance accorded to occupational health and safety of the employees and related external parties.

CONDUCT RELATING TO CUSTOMERS AND EXTERNAL CONSTITUENCIES

Customers, suppliers, service providers, business competitors or other external parties with business dealings with BDO must be treated fairly and professionally.

The institution strictly prohibits the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commission or any form of payment from clients, business partners, suppliers and third party service providers in connection to a service that may, in any way, influence the Director's, Officer's or employee's decision-making in exchange for any unnecessary favorable treatment.

Likewise, the institution commits to comply with anti-corruption and bribery laws in all jurisdictions it operates.

BDO will not make political donations that may be interpreted as an attempt to encourage favorable treatment of BDO and/or its directors and employees.

Participation in publications, speaking engagements, media interviews and advertisements need appropriate internal clearance.

Due respect to privacy and confidentiality of dealings with customers shall be strictly observed.

Certain transactions or information shall not be made available to groups or individuals within BDO where there may exist potential conflict of interest, more particularly between credit and investment operations.

All complaints from customers shall be handled with expediency in accordance with internal rules and regulatory requirements on consumer protection.

CONDUCT RELATING TO INVESTMENT AND OUTSIDE ACTIVITIES

Trading in the securities of BDO Unibank and/or any member of the BDO Group, whether listed or not while in possession of material non-public, price sensitive information is not permitted and is considered illegal. All directors and employees of the Bank must adhere to the Personal Trading Policy in their trading activities to prevent violations of security laws and regulations and to preserve the good reputation of BDO in the market place.

Real and potential conflict of interest shall be avoided when investing in outside business activities or accepting directorships in other institutions.

Queries or complaints from stockholders shall be immediately referred to the designated office or officials and resolved speedily in accordance with their rights.

OBSERVANCE OF STANDARDS OF CONDUCT FOR INDIVIDUALS

Employees have the primary duty to comply with the following basic standards of conduct in addition to office policies and work regulations.

1. Attendance

Attendance and punctuality are expected from all concerned in order to make effective use of time and as a professional courtesy to others.

2. Integrity

Integrity, honesty and professional behavior are expected to be observed in all dealings with customers, regulators, co-employees, and the public in general. Engaging in fraud

(directly or indirectly), or connivance and facilitation in committing fraud are totally prohibited.

3. Office Decorum

Decorum must be observed to promote harmony and respect within the organization and in dealing with external constituencies. Compliance to the prescribed uniform wear or corporate attire, as applicable, shall be followed for clear identification and to promote BDO's image and values.

4. Responsible Behavior

Responsible behavior and courtesy both within the organization and in public must be observed at all times. The way we deal with customers and our demeanor in public significantly contribute to the public perception of BDO as a reputable and professional institution.

5. Disclosure of Information

Building and maintaining trust is a basic part of our relationship with customers and shareholders. Unauthorized disclosure, use and passing on of sensitive/confidential information are strictly prohibited. This applies to verbal, inferred or written disclosures.

All sensitive/confidential information obtained in the course of employment, directorship, engagement of services or other work or business-related relationship with BDO must not be divulged unless authorized in accordance with internal and regulatory requirements and must not be used for any personal or financial gain. Compliance with the applicable Information Security Risk policies of BDO and Data Privacy & Protection Laws is enjoined.

The Law on Secrecy of Bank Deposits under R.A. 1405, as amended, which generally prohibits the disclosure of any information pertaining to deposits of whatever nature with banks and banking institutions in the Philippines, including investments in bonds issued by the Philippine government, the confidentiality provisions under the General Banking Law of 2000, and other related laws, rules and regulations, must be strictly observed.

Customer relationships with BDO should be handled in strict confidence and propriety. This likewise applies to bank manuals, reports and memoranda.

All business deals and transactions shall adhere to regulatory requirements and all applicable laws in the countries, cities, and in the communities in which BDO, its branches, subsidiaries and representative offices operate.

6. Acceptance/Solicitation of Gifts, Bribery and Corruption

Employees, suppliers, partners and other 3rd parties must avoid giving or receiving gifts or entertainment if these might improperly influence the recipient's decision making or might be perceived to do so. They must not also offer or take any form of illegal or improper payment.

7. Conflict of Interest

Directors and employees should act in a manner that will serve the best interest of BDO and its shareholders. This requires that all business decisions and actions must be aligned to the principles and values of BDO, and should not be driven by personal motivations or influenced by personal relationships which may interfere in the exercise of objective and independent judgment.

Any financial and personal interest or benefit in any transaction involving BDO must be disclosed. When presented with a situation involving a potential conflict of interest, it is necessary to disclose the possible conflict in writing to the Supervising Officer, in case of officer or employee, or to the Board of Directors, in case of Director.

Disclosures against possible or perceived conflict of interest, may include, but need not be limited to the following:

A. Interest in businesses

Any financial interest or management participation of an immediate family member in the business of a supplier, competitor, or customers, whether publicly- listed or privately held, should be disclosed.

B. Employment or engagement of services

Engagement by a supplier, contractor, or customer's business as a director, adviser, officer, employee or consultant needs to be disclosed and requires approval of BDO. Similar engagement of an immediate family member (parent, brother, sister, spouse, child) shall likewise need to be disclosed.

C. Employment in another entity or in political office

This includes disclosure on engagement in another occupation or holding concurrent position in a government, or political office or agency.

D. Political Activity

Active involvement in any political party or participating/engaging in a political campaign should be disclosed and requires permission from BDO.

E. Relatives/Next of Kin

Disclosure should be made when a director or employee has a relative employed in BDO. Management discretion shall be exercised to ensure that there will be no superior-subordinate relationship between employed relatives or in a control function exercised over the business unit of a relative.

Next-of-kin relationship should also be disclosed when it begins to exist with another employee where one exercises superior-subordinate relationship or control relationship with the employee.

Directors and employees are responsible for identifying, assessing and managing conflicts of interest whether actual or potential that arises in their day to day work. Full disclosure of any conflict of interest should be made on an annual basis or as

necessary, through the annual submission of the Conflict of Interest Disclosure Form (Annex A) to BDO Unibank- Human Resources Group. Any disclosed potential conflict of interest shall be forwarded by BDO Unibank- Human Resources Group to BDO Unibank Compliance Office for evaluation. In case of doubt about the propriety of any course of action or find that their own interests are or may be in conflict with those of the institution, they must disclose and seek advice from the BDO Unibank- Human Resources Group.

8. Outside Employment or Directorship

Full time employees should not take up any outside employment or directorship. Written approval of the Group Head and the Human Resources Group is required prior to acceptance of outside employment or directorship. The following scenarios are covered:

Part-time jobs:

- Teaching or tutoring
- Consultancy
- Private practice of a profession
- Other similar activities that affect the availability of employees

Approval, which must be in writing, may be given to take up part-time directorship, employment and other similar engagements only in circumstances where the interests of BDO will not be prejudiced.

Directors or officers who intend to run for government office are required to tender resignation from BDO or the Board of Directors, as the case may be, prior to formalizing or filing of candidacy. As soon as it comes to the knowledge of BDO that they ran for public office, they shall be deemed resigned from BDO or the Board of Directors, as the case may be.

9. Reporting Internal Fraud, Breach of the Code, or Other Unethical/Illegal Activities

BDO believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the industry. Any director or employee who becomes aware of any violations of law, regulations or policies should report the same to appropriate authorities, with protection from reprisal and discrimination. Reporting of violations should be done in good faith and without malice. This is embodied in the BDO Policy on Disclosure of Sensitive/Confidential Matters to Management that governs the policies and procedures in handling of whistle blower cases.

This helps to promote and maintain a culture of strong ethics, integrity, honesty, accountability and transparency.

10. Media Contact

Only authorized individuals or parties shall be allowed to contact or talk to any representative of the media (print, broadcast, wires, and online) on BDO matters. All inquiries or contacts made by the media should be referred to BDO Marketing Communications Group.

Similarly, the unauthorized creation of unofficial social media account bearing the BDO brand or corporate name is not allowed.

11. Treatment of BDO's Assets

BDO's assets (physical, financial or intellectual) may be used only for authorized purposes. Directors and employees are also responsible for safeguarding BDO's assets to prevent loss, theft, destruction or unauthorized use.

Any unauthorized use, or unnecessary access, or destruction of BDO's assets such as funds, property, confidential data, information, equipment and/or systems, for personal gain or for purposes of maligning or harming BDO, its directors, employees, shareholders and/or its customers, or for any ill motive, including attempts thereto, shall be considered as a violation of this Code and shall be dealt with accordingly.

The Bank is the owner of all information assets which include any bank data, information processes, computer and communications equipment, application and system software, and tools and utilities that store, process and transmit information. Any personal information or data stored by the employee in any of the Bank's information resources shall be considered as Bank's assets which may be inspected, reviewed, or used as legal evidence when necessary.

Integral to information security and data protection, the Bank has the inherent right to inspect and review information in the possession of directors or employees in instances where there is doubt on unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction of the Bank's information assets.

The bank shall ensure that proper custodianship of information assets shall include compliance to all applicable laws and regulations in providing access, storage and disposal of bank information.

12. Personal Finance Standards

As a financial institution, public confidence in BDO's ability to manage the financial affairs of others is key. While personal finances are private, employees are expected to handle their financial affairs prudently. Specifically, the following are prohibited and are grounds for disciplinary action:

- mismanaged checking accounts, credit cards, loan and other forms of indebtedness which includes failure to pay just debts or being habitually delinquent in the payment of debts;
- borrowing money or obtaining loans/favors in any form from customers and/or suppliers; and
- borrowing/lending money from/to co-employees.

13. Gambling, Drinking Alcoholic Beverages, Use of Prohibited Drugs

Gambling, drinking alcoholic beverages, use or sale of prohibited drugs, and other similar vices, done during working hours and within BDO premises are strictly prohibited.

The Drug Free Workplace Policy of BDO shall apply.

14. Compliance with Laws, Regulations and Internal Standards, Policies and Procedures

Directors and employees are expected to comply fully with appropriate laws and regulations, as well as with the internal standards or policies and procedures of BDO.

They are individually responsible for complying with the spirit, not just the letter, of the laws, regulations, and internal policies and procedures.

15. Fair Treatment of Customers

BDO's business is its customers. Therefore, directors and employees are responsible in ensuring that customers are treated fairly in all dealings with them.

The minimum standards to ensure that customers are treated fairly are the following:

- Communications are fair and not misleading.
- Ensure that customers are given clear and concise information, including the risks involved, before they enter into financial products and services.
- Employees should only market and sell products and services, which have been approved for sale.
- Products and services are suitable and appropriate, taking into account the needs of the customers, their financial and risk profile and objectives.
- Complaints should be handled in a prompt, friendly, fair and effective manner.

16. Relationship with Colleagues

Directors and employees are expected to treat others with dignity and with utmost professional respect and courtesy regardless of differences, positions, ranks, ages, or other types of distinctions.

17. Respect for Community and Environment

Directors and employees should promote actively the Bank's corporate social responsibility and care for the environment through the initiatives and partnerships with civil society, governments and other stakeholders.

They also have to recognize their role to be involved in community-related issues and activities as a way of giving back to the communities in which they operate.

RELATED PARTY TRANSACTIONS

BDO, in compliance with legal and regulatory requirements, maintains transparency of related party transactions between and among BDO and its subsidiaries, affiliated companies, directors, officers, stockholders, related interests (DOSRI), and joint ventures. These should be conducted at arm's length and in the normal commercial terms granted to either individuals or businesses of comparable risks.

SPECIFIC REQUIREMENTS OF THE LAW

From time to time, specific laws or regulations are implemented which require the special attention and strict observance by all concerned. All concerned, who shall be advised of such requirements, shall ensure their individual responsibilities are complied with. These laws include the Bank Secrecy Act, Anti-Money Laundering Act, Customers Protection Act and the Data Protection Act.

SANCTIONS AND PENALTIES

Failure to comply with the requirements of the Code may lead to disciplinary measures commensurate to the violations.

The Bank will use principles of fair accountability and due process in investigating and making decisions on all matters pertaining to failure to abide by the Code.

BDO reserves the right to impose corresponding sanctions and/or penalties for violation of the Code, which includes dismissal from service or from the Board of Directors, as the case may be, without prejudice to further legal, administrative or criminal charges depending on the offense.

RESPONSIBILITY FOR IMPLEMENTATION

The Office of the Human Resources shall be responsible for overseeing the implementation of this Code across the BDO Unibank Group. It shall receive reports of violation and ensure that a confidential investigation is undertaken. As necessary, it may endorse the handling of the investigation to the Cases Review Secretariat for the necessary action and appropriate recommendation. The Audit Committee, at its discretion, may periodically report the Code of Ethics cases to the Board of Directors.

The Compliance Office will address lapses in compliance with regulatory requirements arising from the administrative cases due to the violation of this Code.

APPROVAL AND DISCLOSURE

The Board of Directors has the authority to approve the Code of Conduct and Business Ethics. The Office of the Human Resources and the Office of the Corporate Governance shall be responsible to disseminate the Code to all directors, officers and staff for their information and proper guidance. It should be posted in the Bank's website and intranet to be accessible to all covered individuals and shall form part of the HR and Compliance policies of the Bank.

Conflict of Interest Disclosure Form

In accordance with the BDO Code of Conduct and Business Ethics, all employees are required to read, acknowledge and provide the required information pertinent to possible areas of conflict of interest as stated below.

I understand that I should act in a manner that will serve the best interests of the Bank and value to its shareholders. All business decisions and actions must be aligned to the principles and values of the Bank, and should not be driven by personal motivations or influenced by personal relationships which may interfere in the exercise of objective and independent judgment.

As such, I understand that I must disclose any financial and personal interest or benefit in any transaction involving BDO or any potential area of conflict to my Supervising Officer.

Disclosures on possible conflict of interest

Please tick and describe as applicable or indicate “N/A” if not applicable.

Please tick as appropriate	Areas of possible conflict of interest	Description
	A. Interest in businesses	
	B. Employment or engagement of services	
	C. Employment in another entity or in political office	
	D. Political Activity	
	E. Relatives/ Next of Kin	
	F. Others	

I hereby declare that the information I have provided above is true to the best of my knowledge and I understand that any misrepresentation of information on this form may be grounds for disciplinary action.

Submitted by: Signature Over Printed Name of Employee Date Signed: _____	Noted by: Signature Over Printed Name of Immediate Supervising Officer Date Signed: _____

Reviewed by:

Human Resources Group	Compliance Office

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	applicable	applicable	applicable
(b) Conduct of Business and Fair Dealings	applicable	applicable	applicable
(c) Receipt of gifts from third parties	applicable	applicable	applicable
(d) Compliance with Laws & Regulations	applicable	applicable	applicable
(e) Respect for Trade Secrets/Use of Non-public Information	applicable	applicable	applicable
(f) Use of Company Funds, Assets and Information	applicable	applicable	applicable
(g) Employment & Labor Laws & Policies	applicable	applicable	applicable
(h) Disciplinary action	applicable	applicable	applicable
(i) Whistle Blower	applicable	applicable	applicable
(j) Conflict Resolution	applicable	applicable	applicable

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

IMPLEMENTATION

The Office of the Human Resources shall be responsible for overseeing the implementation of the Code across the BDO Unibank Group. All directors and employees will be required to acknowledge receipt of the Code and commit to its compliance. **(new amendment)**

MONITORING OF COMPLIANCE

This is being done thru independent checks by the following units:

Internal Audit

Under the direct supervision of the Board Audit Committee, the Internal Audit Division conducts independent assessment of adequacy and effectiveness of internal controls, risk

management and governance processes of all units of the Bank including subsidiaries and affiliates. It investigates cases among others, those committed in violation of the Code of Conduct and renders a report to the Audit Committee and also to the Cases Review Committee. It monitors also the resolution of internal control weaknesses noted during the examination with the end view of mitigating risks and strengthening of the control environment. Its closing report for 2012 highlighted that existing controls, risk management and governance processes across BDO Unibank and its subsidiaries are generally adequate.

Compliance Office

The Bank has a robust compliance program focused on enforcement of the Corporate Governance Manual, Code of Conduct, Personal Trading Policy and other regulatory requirements. Reporting directly to the Board Audit Committee, the Compliance Office ensures timely submission of reports, issues advisories on new regulations or amendments, initiates policy pronouncements and implementation, provides training to employees and reports on significant compliance issues to the management and the Board. The Compliance Office is responsible in issuing Trading Blackout Notices to take effect before and after disclosures of financial results to prevent insider trading. They are also handling the reporting and disclosure of BDO stock transactions of directors and officers of the Bank. Every month, the Compliance Officer reports to the Board Audit Committee the status of compliance of regulations by the bank, its subsidiaries and affiliates.

The Compliance Office will address lapses in compliance with regulatory requirements arising from the administrative cases due to the violation of the Code. **(new amendment)**

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

BDO, in compliance with legal and regulatory requirements, must ensure that Related Party Transactions are conducted in a manner that is fair and at arm's length consistent with the best interests of the Bank and its stakeholders. The policy below sets forth the initiation, processing, review, approval, reporting and disclosure of transactions entered into by the Bank with Related Parties.

RELATED PARTY TRANSACTIONS POLICY *(Approved by the Board of Directors on December 6, 2014)* (new amendment)

OBJECTIVES

The policy is intended to:

- ensure that every Related Party Transaction is conducted in a manner that will protect the Bank from conflict of interest which may arise between the Bank and its Related Parties; and

- ensure proper review, approval, ratification and disclosure of transactions between the Bank and any of its Related Party/ies as required in compliance with legal and regulatory requirements.

DEFINITION OF A RELATED PARTY

For purposes of this policy, a Related Party means

- a Stockholder owning 1% or more of the total equity of BDO (“Stockholder”) (other than financial or investment institutions under PCD Nominee Corporation whose beneficial owners could not be readily determined by the Bank as it is being traded actively in the market) or;
- a Director of the Bank and its subsidiaries (“Director”), or ;
- a Senior Officer of the Bank (AVP up) (“Senior Officer”), or;
- Entities majority owned directly or indirectly by BDO and/or its subsidiaries and affiliates including special purpose vehicles; or;
- Immediate family members of a Stockholder, Director or Senior Officer up to the second degree of affinity and consanguinity; or;
- Entities in the group owned directly or indirectly by the parent company of the Bank and/or its subsidiaries/affiliates including special purpose entities or those that exert control over the bank; or;
- Entities in which a Stockholder, Director or Senior Officer majority owns or controls.

DEFINITION OF RELATED PARTY TRANSACTION

In the context of this policy, the following criteria apply to a Related Party Transaction:

- **MATERIAL**

Any financial transaction, arrangement or relationship in which the aggregate amount involved will or may exceed Php10million in any year where a Related Party has or will have direct or indirect material interest.

- **NATURE**

Any of the following transactions entered into by the Bank with a Related Party which includes:

- a. Finance (including credit accommodations and equity contributions in cash or in kind);
- b. Purchases, sales or supply of goods or materials;
- c. Rendering or receiving of services;
- d. Agency agreements;
- e. Outsourcing arrangements;
- f. Leasing of property of any kind;
- g. License agreements;
- h. Selling or disposing of, or buying, property of any kind;

- i. Guarantees and sureties; and
- j. Management contracts.

- **CIRCUMSTANCES**

BDO or its subsidiary is a participant to a Related Party Transaction in which a Related Party has the ability to control or to exercise significant influence in the outcome of a proposed Related Party Transaction such as a Senior Officer with discretion and can influence decisions solely.

EXCEPTIONS TO THE RELATED PARTY TRANSACTION RULE

- Any of the following types of transaction even if the aggregate amount exceeds the materiality threshold shall not require review and approval by the Related Party Transactions Committee and the Board, respectively:

1. **Ordinary Course of Business**

- Financial services provided to all related parties such as deposits (CASA, Time Deposits, Investment funds), brokerage, insurance and cash management services provided that the transaction has no policy deviations and the services are on substantially the same terms as those prevailing at the time for comparable services provided to unrelated parties; and
- A transaction where the rates or charges involved in the transaction are determined by competitive bids or fixed by law or regulated by a governmental authority.

2. **Employee Benefits**

- Auxiliary banking services such as remittances, safe deposit boxes, credit cards, etc. at preferential rates or waivers given to all employees (including senior officers) as part of employees incentives or benefits.

REQUIREMENTS OF RELATED PARTY TRANSACTIONS

- Each Director, Stockholder or Senior Officer is responsible to declare any Related Party Transaction and the material interest that they or an immediate family member may have on such transaction.

The following information, to the extent relevant, with respect to the proposed Related Party Transaction should be disclosed in the Term Sheet:

- a. A general description of the transaction/s including the material terms and conditions.
- b. The name of the Related Party and the basis on which such person or entity is a Related Party.
- c. The Related Party's interest in the transaction/s including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction/s.
- d. The total value of the proposed transaction and the share of the Related Party's interest in the transaction/s.
- e. Whether BDO will be a party to the transaction and if not, the nature of its participation in the transaction/s.

- f. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction
 - g. Any other material information regarding the transaction/s or the Related Party's interest in the transaction/s.
- Certification is required from all service providers, suppliers and vendors that they do not have a conflict of interest with the Bank.
 - Disclaimer is required from all approving officer/s signing contracts, agreements, work orders and purchase orders that they are not related to the counterparties of the proposed transaction.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- All credit and non-credit Related Party Transactions go through the normal approval processes of the Bank given the delegated discretion after due consideration to existing DOSRI regulations and SB limits.
- Upon approval, all Php10million and above Related Party Transactions including transactions falling under the Ordinary Course of Business with deviations are referred to the Related Party Transactions Committee. The Committee reviews and ratifies these Related Party Transactions and endorses to the Board for approval.
- The Committee will consider the following factors to the extent relevant to the Related Party Transaction in conducting an independent review:
 - a. the identities of the parties involved in the transaction or relationship;
 - b. **the terms of the transactions are fair and on arms length basis to the Bank;**
 - c. the impact on Director's or Senior Officer's independence; and
 - d. whether the Related Party Transaction would present an improper conflict of interest for any Director, Stockholder or Senior Officer of the Bank.
- The Board of Directors approves and confirms all Related Party Transactions endorsed by the Related Party Transactions Committee.
- Any member of the Board or Related Party Transactions Committee who has interest in the transaction must abstain from participation in the review and approval of any Related Party Transaction.

DISCLOSURE AND REGULATORY REPORTING

- The Bank shall disclose in its website the policy on Related Party Transactions and also in the Annual Corporate Governance Report to the SEC.
- Material Related Party Transactions shall be reported to regulatory agencies as required and shall be ratified and approved by the stockholders in the Annual Stockholders' Meeting.
- Necessary disclosures shall be made also in the Notes to the Financial Statements of the Annual Report.

RULES FOR DOSRI CREDIT ACCOMMODATIONS

All loans, other credit accommodations and guarantee to clients classified under DOSRI shall be subject to the provisions of Section X326 to X338 of MORB as amended by BSP Circular 423 issue dated March 15, 2004 and any subsequent amendment thereto:

1. Dealings of the Bank with any of its DOSRI should be in the regular course of business and not less favorable to the Bank than those offered to others.
2. The Bank's DOSRI are the Director/s (D), Officer/s (O), Stockholder/s (S), and their Related Interest as defined in BSP MORB as amended by BSP Circular 423, 464 and 695.
3. Loans, advances and other credit accommodations to DOSRI shall be subject to the provisions stated therein:
 - a. Any advance by means of incidental or temporary overdraft, cash item, “vale”, etc.
 - b. Any advance of unearned salary or other unearned compensation for periods in excess of thirty (30) days.
 - c. Any advance by means of DAUDs
 - d. Outstanding availments under an established credit line
 - e. Drawings against an existing letter of credit
 - f. The acquisition of any note, draft, bill of exchange or other evidence of indebtedness upon which the bank's DOSRI may be liable as makers, drawers, acceptors, endorsers, guarantors of sureties
 - g. Indirect lending such as loans or other credit accommodations granted by another financial intermediary to said DOSRI from funds of the bank invested in the other institution's trust or other department when there is a clear relationship between the transactions.
 - h. The increase of an existing indebtedness, as well as additional availments under a credit line or additional drawings against a letter of credit
 - i. The sale of assets, such as shares of stock, on credit
 - j. Any other transactions as a result of which the bank's DOSRI become obligated or may become obligated to the lending bank, by any means whatsoever to pay money or its equivalent.
4. Transactions enumerated in Section X328 (Transactions Not Covered) of BSP MORB as amended by BSP Circular 423 shall **not** be subject to the provisions stated therein.
5. The loans, other credit accommodations or guarantee shall be subject to the following ceilings:

INDIVIDUAL CEILING

- i. Each of the bank's directors, officers, stockholders and related interest shall be limited to an amount equivalent to their respective **unencumbered deposits and book value of their paid-in capital contribution in the bank.**
- ii. **Unsecured loans, other credit accommodations and guarantees** of each of the bank's directors, officers, stockholders and related interests shall not exceed **thirty percent (30%)** of their respective total loans, other credit accommodations and guarantees.
- iii. The following loans, other credit accommodations and guarantees shall be excluded from individual ceiling:
- iv. Loans, other credit accommodations and guarantees secured by assets considered as non-risk by the Monetary Board:

1. Cash
2. Debt securities issued by the BSP or the Philippine government
3. Deposits maintained in the lending bank and held in the Philippines
4. Debt securities issued by the US Government
5. Debt securities issued by central governments, central banks of foreign countries and multilateral financial institutions such as International Finance Corporation, Asian Development Bank and World Bank, with the highest credit quality given by any two internationally accepted rating agencies.
- v. Loans, other credit accommodations and advances to officers in the form of fringe benefits granted in accordance with existing regulations.
- vi. Loans, other credit accommodations and guarantees extended by a cooperative bank to its cooperative shareholders.

AGGREGATE CEILING

1. Except with the prior approval of the Monetary Board, the total outstanding loans, other credit accommodations and guarantees to directors, officers, stockholders and their related interests shall not exceed **fifteen percent (15%) of the total loan portfolio** of the bank or **one hundred percent (100%) of net worth, whichever is lower.**
2. Total **unsecured loans, other credit accommodations and guarantees** to said directors, officers, stockholders or their related interests shall not exceed **thirty percent (30%) of the aggregate ceiling or the outstanding loans, other credit accommodations and guarantees, whichever is lower.**
3. The following loans, other credit accommodations and guarantees shall be excluded in determining compliance with aggregate ceiling:
 - a. Credit accommodations or portions thereof to the extent secured by assets considered as non-risk by the Monetary Board.
 - b. Credit accommodations to a corporate stockholder which meets all the following conditions:
 - (1.) The corporation is a non-financial institution
 - (2.) Its shares are listed and traded in the domestic stock exchanges
 - (3.) No person or group of persons related within the first degree of consanguinity or affinity holds / owns more than twenty percent (20%) of the subscribed capital of the corporation.
 - c. Credit accommodations to government-owned or controlled corporations, in cases where the director, officer or stockholder of the lending bank is a representative of the government in the borrowing corporation and does not hold any proprietary interest in such corporation: Provided, that other rules on loans to DOSRI, such as procedural and reportorial requirements under Sections X334 and X335 of this Circular are followed.
 - d. Exclusions from individual ceiling mentioned under items (b) and (c) of Subsection X330.
4. No loans, other credit accommodations or guarantee shall be granted to DOSRI clients, except with prior written approval of the majority of the directors, **excluding the director concerned.**
5. A copy of the Board of Director's approval document shall be submitted to the appropriate supervising and examining department of the BSP **within twenty (20) banking days** from the date of approval.
6. Any violation / non-compliance of the herein prescribed provisions shall be subject to sanctions enumerated in Section X336 of BSP MORB as amended by BSP Circular 423.

The concerned Account Officer (AO) / Relationship Manager (RM) / Marketing Officer (MO) shall adhere to the Know Your Client (KYC) Policy of the bank in establishing the identity and determination of the client's classification as DOSRI. To facilitate proper monitoring of DOSRI transactions, tagging of client's account with the appropriate DOSRI code by the handling AO / RM shall be performed in the CIF level via Function in the appropriate system:

- 1 Director
- 2 Officer
- 3 Stockholder
- 4 Related Interest

To comply with the BSP requirements, the Bank's exposure to loans, other credit accommodations and guarantee to DOSRI client shall be computed and monitored by Loans Accounting and Monitoring Dept. (LAMD)-Peso Loans. Consequently, all concerned units shall report to LAMD-Peso Loans, on a daily / weekly basis, any DOSRI transactions that were processed and booked in their respective portfolio.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Cited policies and procedures on DOSRI and RPT are applicable.
(2) Joint Ventures	same
(3) Subsidiaries	same
(4) Entities Under Common Control	same
(5) Substantial Stockholders	same
(6) Officers including spouse/children/siblings/parents	same
(7) Directors including spouse/children/siblings/parents	same
(8) Interlocking director relationship of Board of Directors	same

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	none
Name of Officer/s	none
Name of Significant Shareholders	none

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Same with the DOSRI/RPT rules and guidelines in handling all credit and non-credit related party transactions
Group	- same -

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
SM Investments Corp. (SMIC)	Parent of MRDC	SMIC owns 90.9% of MRDC
Sybase Equity Investments	Sister company thru the SY Family	With common shareholders
Multi-Realty Development Corp. (MRDC)	Subsidiary of SMIC	Same as SMIC above

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: **(updated as of December 31, 2014)**

Names of Related Significant Shareholders	Type of Relationship	Brief Description
SM Investments Corporation (SMIC)	BDO Unibank is 40.87% owned by SMIC	The Bank extends credit facility to SMIC. The Bank also lease on SMIC's properties. It also sell real estate properties to SMIC.
Sybase Equity Investments Corp.	BDO Unibank is 5.14% owned by Sybase Equity Investments Corp.	The Bank extends credit facility to Sybase Equity Investments Corp.
Multi-Realty Development Corp. (MRDC)	BDO Unibank is 6.60% owned by MRDC	The Bank extends credit facility to MRDC.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

None	none	none

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

(Reference : Bank's ADR was approved by the Corporate Governance Committee on February 26, 2011 and the Board of Directors on March 26, 2011)

COVERAGE

The BDO Alternative Dispute Resolution (ADR) System shall cover disputes between the Bank and its stockholders, and the Bank and third parties, including the regulatory authorities, as herein provided. A dispute shall mean a conflict of claims or rights, or an assertion of claim or demand by a stockholder or a third party, including regulatory authorities, met by contrary claims or assertions on the part of the Bank and vice versa (hereinafter, "Dispute")

The ADR System shall not cover mere complaints. A complaint shall mean a statement of some grievance or dissatisfaction by a stockholder or a third party.

PROCEDURE

1. Referral to ADR System

The Head of the BDO Unit (BDO Unit Head) involved in the Dispute shall, in consultation with the Legal Services Group (LSG) and taking into account all relevant factors, assess and evaluate a Dispute and determine whether the same is proper for ADR process.

To aid in this determination, the BDO Unit concerned shall submit to the BDO Unit Head a memorandum describing the nature of the Dispute and the facts and issues involved.

2. Negotiation

Upon determination by the concerned BDO Unit Head that the Dispute is proper for ADR process, the BDO Unit concerned or any other unit or officer assigned (hereinafter, "Assigned Unit/Officer") shall, in consultation with Legal Services Group (LSG), promptly commence negotiations with the opposing party for possible settlement. As a matter of policy, the Bank shall adopt negotiation as the initial mode of amicably settling a dispute.

During negotiations, the disputing parties shall identify the issues, explore ways of settling those issues, and strive for a mutually acceptable resolution.

The Assigned Unit/Officer shall submit to Management a report on the conduct and outcome of the negotiations.

3. Mediation

In the event that no settlement is reached after negotiations, the BDO Unit Head shall, in consultation with LSG and taking into account all relevant factors, determine whether the Dispute is proper for mediation. Mediation is “a voluntary process in which a mediator, selected by the disputing parties, facilitates communication and negotiation, and assists the parties in reaching a voluntary agreement regarding a dispute.”

The Assigned Unit/Officer shall submit to Management a report on the conduct and outcome of the mediation.

4. Arbitration

In the event that no settlement is reached after mediation, the concerned BDO Unit Head shall, in consultation with LSG and taking into account all relevant factors, determine whether the Dispute is proper for arbitration.

In the event the BDO Unit Head shall determine that arbitration is proper, the Assigned Unit/Officer shall promptly propose to the opposing party resort to arbitration as a mode of setting the Dispute under applicable law and rules.

MONITORING AND REPORTING

All Disputes referred to the ADR process shall be monitored.

Disputes between the Bank and stockholders shall be monitored by the Office of the Corporate Secretary; disputes between the Bank and third parties not involving regulatory authorities shall be monitored by LSG; and disputes between the Bank and regulatory authorities shall be monitored by the Compliance Office.

All Disputes referred to the ADR process shall be reported to the Corporate Governance Committee.

SETTLEMENT

Any settlement during negotiation or mediation shall be submitted by Management to the Corporate Governance Committee which shall in turn endorse it to the Board of Directors for approval or other appropriate action.

	Alternative Dispute Resolution System
Corporation & Stockholders	applicable
Corporation & Third Parties	applicable
Corporation & Regulatory Authorities	applicable

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? YES
Schedule of regular board meetings for the coming year are set in advance before the start of the new calendar year. (Source: Corporate Governance Manual – Board Operations)

2) Attendance of Directors *(updated for 2014)*

Board	Name	Date of Election	No. of Meetings Held in 2014	No. of Meetings Attended	%
Chairperson	Teresita T. Sy	2 terms: 1977- August 5, 2005; July 2007-present	13	13	100%
Vice Chairman	Jesus A. Jacinto, Jr.	May 15, 1996	13	13	100%
Non-Executive Director	Christopher A. Bell-Knight	2 terms: May 2005 – September 2010; July 27, 2013-present	13	13	100%
Independent Director	Jose F. Buenaventura	April 19, 2013	13	11	84.62%
Independent Director	Jones M. Castro, Jr.	April 20, 2012	13	13	100%
Non-Executive Director	Cheo Chai Hong	May 28, 2010	13	11	84.62%
Non-Executive Director	Antonio C. Pacis	June 2004	13	13	100%
Executive Director	Josefina N. Tan	2 terms: February 3, 2001-August 27, 2005; July 27, 2007 – present	13	13	100%
President, CEO & Director	Nestor V. Tan	July 1998	13	13	100%
Independent Director	Jimmy T. Tang	July 27, 2002	13	12	92.31%
Independent Director	Gilberto C. Teodoro, Jr.*	April 25, 2014	8	7	87.50%
Non-Executive Director	Henry T. Sy, Jr. **	July 27, 2007	5	3	60%

* Elected as Independent Director on April 25, 2014

** Term ended April 25, 2014

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? *(updated)*

Four (4) times for 2014 (January 29, 2014, March 19, 2014, April 25, 2014 and September 17, 2014)

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

The Bank's Amended By-Laws Section 25 require majority Bank Directors to act only as a Board and the individual Directors shall have no power as such. A majority of the Directors shall constitute a quorum at any meeting from time to time, and the meeting may be continued as adjourned without further notice. Unless there be a quorum at any meeting, no business may be transacted. Every decision of a majority of such quorum duly assembled, as Board on any question or matter submitted to the Board shall be valid as a corporate act.

5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

(Reference: Corgov Manual)

The agenda and information package for each board and committee meeting should be sent to each director in writing or electronically at least 5 business days in advance, whenever possible and appropriate. **(new amendment)**

- (b) Do board members have independent access to Management and the Corporate Secretary?

YES

(Reference: Corgov Manual)

Directors' access to Senior Officers and Advisers. Group Heads will be invited to attend the regular meetings of the Board. Other senior officers will be invited to Board meetings to provide inputs on specific board agenda items, as the need arises. The Directors have free and unrestricted access to senior management and the Corporate Secretary's Office may arrange meetings with senior officers of the Bank, at the request of any director. The Bank will continue to engage advisers to the Board and its sub-Committees to provide independent counsel and resources as necessary.

To enable the members of the Bank's Board of Directors to properly fulfill their duties and responsibilities, they shall be provided as follows:

1. Management shall provide the Board members with complete, adequate and timely information about matters to be taken up during their meetings.
2. The Board members shall have independent access to Management and the Corporate Secretary for all information to enable them to properly perform their duties and responsibilities.
3. The information to be provided to the Board members may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.
4. The Board members, either individually or as a body, shall have access to independent professional advice at the Bank's expense.

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

(Reference: By-Laws)

According to Section 40 of the Amended By-Laws, the Board shall appoint a Corporate Secretary and one or more Assistant Corporate Secretaries who shall give due notice and keep the minutes of all meetings of the stockholders of the Bank and of the Board of Directors, have custody of the Stock Certificate Book, Stock and Transfer Book, the Corporate Seal, and other records, papers and documents of the Bank, prepare ballots for the annual election and keep a complete and up-to-date roll of the stockholders and their addresses. As a publicly-listed company, to expedite buy and sell of its shares and other stockholders' transactions, the Bank has engaged the services of a stock transfer agent, Stock Transfer Service Inc. (STSI). The Corporate Secretary shall perform such other duties as are incident to his office and those which may be required of him by the Board of Directors *(As amended by the Board of Directors on 30 June 2007 and ratified by the Stockholders on 27 July 2007)*

(Reference: Revised Corporate Governance Manual)

Role of Corporate Secretary

The Corporate Secretary is an officer of the Bank and shall be a Filipino citizen. He shall work and deal fairly and objectively with all the constituencies of the Bank, namely, the Board, management, stockholders and other stakeholders. He must have the legal skills of a chief legal officer, if he is not the general counsel. He should also have adequate administrative skills and the interpersonal skills of a human resources officer. The duties and responsibilities of the Corporate Secretary shall be the following:

1. Issue advance notice of meetings and agenda and reminders on the submission of materials at least eight (8) business days prior to the meeting, as well as to keep the minutes of all meetings of the stockholders of the Bank and of the Board of Directors.
2. Provide to all directors the available materials related to the agenda items at least five (5) business days in advance of the scheduled board or committee meeting. Provide ready and reasonable access to information that directors may need for the deliberation of issues related to the meeting agenda.
3. Keep custody of the Stock Certificate Book, Stock and Transfer Book, the Corporate Seal, and other records, papers and documents of the Bank.
4. Prepare ballots for the annual election of directors, and keep a complete and up-to-date roll of the stockholders and their addresses.
5. Submit to the Securities and Exchange Commission at the end of the Bank's fiscal year an annual certification on the attendance of the directors during the Board meetings.
6. Ensure that Board procedures are being followed and the applicable rules and regulations are complied with.

7. Attend all Board meetings.
8. Work fairly and objectively with the Board, Management, stockholders and other stakeholders.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. YES, he is a lawyer.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒

No ☐

Committee	Details of the procedures
Executive	<i>(Reference: Corgov Manual)</i> Board Meetings – Agenda and Materials. The agenda and information package for each board and committee meeting should be sent to each director in writing or electronically at least 5 business days in advance, whenever possible and appropriate. (new amendment)
Audit	Same as above
Nomination	Same as above
Remuneration	Same as above
Risk Management	Same as above
Corporate Governance	Same as above
Trust	Same as above

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Reference (Revised Corporate Governance Manual)

Directors’ access to Senior Officers and Advisers. Group Heads will be invited to attend the regular meetings of the Board. Other senior officers will be invited to Board meetings to provide inputs on specific board agenda items, as the need arises. The Directors have free and unrestricted access to senior management and the Corporate Secretary’s Office may arrange meetings with senior officers of the Bank, at the request of any director. The Bank will continue to engage advisers to the Board and its sub-Committees to provide independent counsel and resources as necessary.

Procedures	Details
External Consultant	Director to channel request thru the

	Corporate Secretary or Corporate Governance Officer. Approval of the President will be sought for the proposed engagement.

7) Change/s in existing policies

Existing Policies	Changes	Reason
1. Term Limit of Independent Directors	Independent directors can only serve for a total of 9 years instead of 10 years	To ensure their independence from management
2. Code of Conduct and Business Ethics	Inclusion of policies on employment practices, employees' welfare, gift policy, anti-bribery and corruption, standards of conduct, whistle blowing, related party transactions, responsibility for implementation, approval and disclosure.	To update and align the Code with the requirements of the ACGS.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	See below	See below
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance	Not applicable	Not applicable
(4) Bonus	See below	See below
(5) Stock Options and other financial instruments	See below	See below
(6) Others (specify)	Not applicable	Not applicable

- Fixed Remuneration - existing salaries based on past performance including the general profitability of the company and the specific performance of the individual.
- Bonus - based on latest compensation figure
- Stock Options - the Bank grants stock option plan to its senior officers (from VP up) for their contribution to BDO Unibank Group and the attainment of team goals.

The amount of stock option allocated to the qualified officers is based on the performance of the individual officers as determined by management and is determined based on BDO Unibank's performance in the preceding year.

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Not applicable	Per diem	See below
Non-Executive Directors	Not applicable	Per diem	See below

Each director shall receive a reasonable per diem for attendance in every Board meeting. Each director receives a per diem allowance of PHP10,000 for attending board meetings and PHP5,000 for Committee meetings. There is no distinction on the fee for a committee chairman and member. In addition, the Bank grants directors fees other than per diem in accordance with law.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Please see below	Please see below

The acts of management and the Board regarding remuneration were approved and ratified by the Stockholders during every stockholders' meeting. The last was on April 25, 2014. **(updated)**

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Please see below	Please see below	Please see below
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			

(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total			

Consistent with our policy on non-disclosure of the details of the remuneration due to security risks, below is the table showing the compensation of directors and officers as a group as presented in the Definitive Information Statement. Figures are in million pesos: **(updated)**

(2) Compensation of directors and officers as a group

in million pesos	Year	Salary	Bonuses	Other Annual Compensation
Aggregate Officers (from senior vice presidents) & Directors	2015 (estimate)	641.59	335.02	n.a.
	2014	583.26	304.56	n.a.
	2013	503.45	270.72	n.a.

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	Not applicable	Not applicable	Not applicable
2) Credit granted	Employee Loan Program	If there is, treated as DOSRI loan	-same-
3) Pension Plan/s Contributions	Employee Retirement Plan	Not applicable	Not applicable
(d) Pension Plans, Obligations incurred	Not applicable	Not applicable	Not applicable
(e) Life Insurance Premium	Part of Group Life Insurance Plan	Applicable	Applicable
(f) Hospitalization Plan	Part of the Group Health Insurance Plan	Applicable	Applicable
(g) Car Plan	Not applicable	Not applicable	Not applicable
(h) Others (Specify)	Not applicable	Not applicable	Not applicable
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Please see below				

Except for the Executive Directors who are part of management, the Board of Directors, as a policy, is not covered under the Employee Stock Option Program of the Bank. For the Non-Executive Directors, other than the per diem allowances, they do not receive any share options, Stock rights or warrants over the company's share as disclosed in the Definitive Information Statement.

We have fully disclosed to and regularly updated the Securities and Exchange Commission on the BDO shares vested to the Executive Directors and qualified members of management on a confidential basis.

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
none	none	None

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Please see below	Please see below

Consistent with our policy on non-disclosure of the details of the executive compensation due to security risk, below is the table showing the compensation of the executive officers as a

group as presented in the Definitive Information Statement: Figures are in million pesos:
(*updated*)

(1) President and four (4) most highly compensated executive officers

in million pesos	Year	Salary	Bonuses	Other Annual Compensation
President and four (4) most highly compensated executive officers	2015 (estimate)	118.43	59.00	n.a.
	2014	107.66	53.64	n.a.
	2013	94.90	47.49	n.a.
Year	Name			Position/Title
2014	Nestor V. Tan			President
	Walter C. Wassmer			SEVP
	Jaime C. Yu			SEVP
	Rolando C. Tanchanco			EVP
	Lucy C. Dy			EVP
2013	Nestor V. Tan			President
	Walter C. Wassmer			SEVP
	Jaime C. Yu			SEVP
	Eduardo V. Francisco			EVP
	Rolando C. Tanchanco			EVP

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities (*updated*)

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

(Reference: 2014 Annual Report)

Committee	No. of Members			Committee Charter	Functions *	Key Responsibilities *	Power *
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	Teresita T. Sy. ¹ Jesus A. Jacinto, Jr. Nestor V. Tan Josefina N. Tan Antonio N. Cotoco ⁷ Guia C. Lim ⁷			Please see Annex "A"	Same	Same	Same
Audit	Jesus A. Jacinto, Jr.		Jose F. Buenaventura. ¹ Jones M. Castro, Jr. Jimmy T. Tang	Please see Annex "A-1"	Same	Same	Same
Nominations	Josefina N. Tan. ¹	Henry T. Sy, Jr. ³	Jose F. Buenaventura Jimmy T. Tang	Please see	Same	Same	

				Annex “A-2”			Same
Compensation	Jesus A. Jacinto, Jr. Josefina N. Tan Teresita T. Sy		Jimmy T. Tang. ¹	Please see Annex “A-3”	Same	Same	Same
Trust	Nestor V. Tan Ador A. Abrogena ⁷	Antonio C. Pacis. ¹ Cheo Chai Hong Henry T. Sy, Jr. ³	Gilberto C. Teodoro, Jr. ²	Please see Annex “A-4”	Same	Same	Same
Risk	Nestor V. Tan Josefina N. Tan	Christopher A. Bell-Knight	Jones M. Castro, Jr. ¹	Please see Annex “A-5”	Same	Same	Same
Corporate Governance	Jesus A. Jacinto, Jr.	Christopher A. Bell-Knight	Jones M. Castro, Jr. ¹ Jimmy T. Tang	Please see Annex “A-6”	Same	Same	Same
IT Steering ⁴	Nestor V. Tan Ricardo V. Martin ⁷		Gilberto C. Teodoro, Jr. ¹	Please see Annex “A-7”	Same	Same	Same
Related Party Transactions ⁵		Christopher A. Bell-Knight	Jose F. Buenaventura. ¹ Jimmy T. Tang Jones M. Castro, Jr. ⁶	Please see Annex “A-8”	Same	Same	Same

¹ Chairman/Chairperson of the Committee

² Appointed as Member on April 25, 2014

³ Member until April 24, 2014

⁴ Constitution on August 30, 2014

⁵ Constitution on December 6, 2014

⁶ Alternate Member

⁷ Non-Directors/Bank Officers

Please refer to the attached Terms of Reference in the Annex portion of this report.

2) Committee Members

(a) Executive Committee

Office	Name	Date of appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairperson	Teresita T. Sy	August 25, 2007	50	41	82%	7
Member (ED)	Jesus A. Jacinto, Jr.	August 25, 2007	50	46	92%	7
Member (ED)	Nestor V. Tan	August 25,	50	35	70%	7

		2007				
Member (ED)	Josefina N. Tan	August 25, 2007	50	49	98%	7
Member (Bank Officer-SEVP)	Antonio N. Cotoco	May 29, 2009	50	41	82%	5
Member (Bank Officer-EVP)	Guia C. Lim	April 25, 2014	48	45	94%	8 mos.

(b) Audit Committee

Office	Name	Date of appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Jose F. Buenaventura	April 19, 2013	12	11	91.67	1
Member (ED)	Jesus A. Jacinto, Jr.	May 27, 2011	12	11	91.67	3
Member (ID)	Jones M. Castro, Jr.	April 20, 2012	12	11	91.67	2
Member (ID)	Jimmy T. Tang	August 25, 2007	12	11	91.67	7

Disclose the profile or qualifications of the Audit Committee members.

Below are the qualifications of the Audit Committee members. Mr. Jones Castro, Jr., one of the independent directors, has accounting qualification and actual work experience having received his Masters in Business Administration, Accounting & Finance, from Stanford University and was a Senior Vice President- Controller of Bank of California, San Francisco from 1990 to 1994. The Adviser to the Audit Committee, Ms. Corazon de la Paz- Bernardo is a Certified Public Accountant and previously a partner of Joaquin Cunanan & Co/ Price Waterhouse Cooper, Phils. **(new amendment)**

Jose F. Buenaventura, 79, Filipino, was elected Independent Director of BDO (PLC) on April 19, 2013. He is also a Senior Partner of the Romulo Mabanta Buenaventura Sayoc & De Los Angeles Law Offices since 1976. He is President and Director of Consolidated Coconut Corporation and Milano & Co., Inc. He is likewise Director and Corporate Secretary of 2B3C Foundation, Inc. and Peter Paul Philippine Corporation. He is also a Member of the Board of Cebu Pacific Air, (PLC) GROW, Inc., GROW Holdings, Inc., La Concha Land Investments Corporation, Melco Crown (Philippines) Resorts Corporation (PLC), Philippine First Insurance Co., Inc., Philam Plans, Inc., Techzone Philippines, Inc., The Country Club, Inc., Total Consolidated Asset Management, Inc., and Turner EntertainmentManila, Inc. He is the Corporate Secretary of Capital Managers and Advisors, Inc. Atty. Buenaventura 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.

Jesus A. Jacinto, Jr., 66, Filipino, was elected Vice Chairman of BDO (PLC) in 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.

Jones M. Castro, Jr., 65, Filipino and American, is a nominee for independent director of the BDO (PLC). Mr. Castro has 39 years of banking expertise, with 32 years of international banking experience. **From 1990 to 1994, Mr. Castro was the Senior Vice President- Controller of Bank of California, San Francisco.** 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, Mr. Castro managed 12 countries, 11 overseas offices, 102 team members and US\$3 Billion 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 25 countries, 3 overseas offices, 30 team members and US\$1.8 Billion in loans. From 2005 to 2006, he was EVP and International Banking Group Head of the Union Bank of California, San Francisco. Mr. Castro is currently a Trustee of the PhilDev USA and Philippine S&T Development Foundation Manila, Inc. He was formerly a director of Merritt Community Capital, Oakland and instructor at the University of the Philippines MBA Program, Accounting and Finance in 1976-1977. Mr. Castro obtained his Bachelor's Degree in Applied Mathematics, cum laude, from Harvard University. He received his Masters in Business Administration, Accounting & Finance, from Stanford University. **(new amendment)**

Jimmy T. Tang, 78, has been an Independent Director of BDO (PLC) 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 is currently an Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII), and was FFCCCII President for two terms from 1993 to 1997. In addition, he is presently an Honorary Adviser of the Federation of Electrical & Electronics Suppliers & Manufacturers of the Philippines, Inc. (PESA) and PESA Foundation. He was the ninth President of PESA and the first Chairman of the PESA Foundation, which he served for seven years. He obtained his Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology which conferred him the "Top Outstanding Mapuan for Entrepreneurship" award in 1987.

Describe the Audit Committee's responsibility relative to the external auditor.

(Reference: Terms of Reference)

The Board Audit Committee recommends to the Board the appointment, re-appointment and/or change of external auditor. It discusses with the external auditor the nature, scope and expenses of the audit prior to the commencement of the audit work. It reviews the management letter submitted by the external auditor, as well as management's response to the external auditor's findings and Bangko Sentral ng Pilipinas' Report of Examination and recommendations before endorsing the same to the Board for its approval. It also evaluates non-audit work if any is done by the external auditors and disallow it if it will conflict with their duties as external auditors.

(c) Nominations Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Henry T. Sy, Jr. ¹	August 25, 2007	2	2	100	6
Chairperson	Josefina N. Tan ²	August 25, 2007	5	5	100	7
Member (ID)	Jose F. Buenaventura	April 25, 2014	3	3	100	8 mos.
Member (ID)	Jimmy T. Tang	August 25, 2007	5	5	100	7

¹ Chairman until April 24, 2014

² Appointed as Chairperson on April 25, 2014

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Jimmy T. Tang	April 19, 2013	1	1	100	1
Member (ED)	Jesus A. Jacinto, Jr.	May 27, 2011	1	1	100	3
Member (ED)	Josefina N. Tan	August 25, 2007	1	1	100	7
Member (ED)	Teresita T. Sy	August 25, 2007	1	1	100	7

(e) Trust Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Antonio C. Pacis	April 19, 2013	13	13	100	1
Member (ID)	Gilberto C. Teodoro, Jr.	April 25, 2014	7	7	100	8 mos.
Member (NED)	Cheo Chai Hong	May 27, 2011	13	12	92.31	3
Member (ED-President)	Nestor V. Tan	August 25, 2007	13	13	100	7
Member (Bank Officer – EVP/Trust Officer)	Ador A. Abrogena	August 25, 2007	13	13	100	7
Member (NED)	Henry T. Sy, Jr. ²	April 19, 2013	3	3	100	1

¹ Appointed as Member on April 25, 2014

² Member until April 24, 2014

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Jones M. Castro, Jr.	April 20, 2012	12	12	100	2
Member (ED)	Nestor V. Tan	August 25, 2007	12	12	100	7
Member (ED)	Josefina N. Tan	May 27, 2011	12	11	91.67	3
Member (NED)	Christopher A. Bell-Knight	December 7, 2013	12	11	91.67	1

Provide the same information on all other committees constituted by the Board of Directors:

(g) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Jones M. Castro, Jr.	April 19, 2013	6	6	100	1
Member (ED)	Jesus A. Jacinto, Jr.	August 25, 2007	6	6	100	7
Member (ID)	Jimmy T. Tang	August 25, 2007	6	5	83.33	7
Member (NED)	Christopher A. Bell-Knight	December 7, 2013	6	5	83.33	1

(h) Information Technology (IT) Steering Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Gilberto C. Teodoro, Jr.	August 30, 2014	2	2	100	4 mos.
Member (ED)	Nestor V. Tan	August 30, 2014	2	2	100	4 mos.
Member (Bank Officer – EVP/IT Group Head)	Ricardo V. Martin	August 30, 2014	2	2	100	4 mos.

(i) Related Party Transactions Committee (RPTC) *

Office	Name	Date of Appointment	No. of Meetings Held in 2014	No. of Meetings Attended in 2014	%	Length of Service in the Committee
Chairman	Jose F. Buenaventura	December 6, 2014	N/A	N/A	N/A	1 mo.
Member (ED)	Christopher A. Bell-Knight	December 6, 2014	N/A	N/A	N/A	1 mo.
Member (ID)	Jimmy T. Tang	December 6, 2014	N/A	N/A	N/A	1 mo.
Alternate	Jones M. Castro, Jr.	December 6,	N/A	N/A	N/A	1 mo.

Member (ID)		2014				

* The RPTC was constituted on December 6, 2014. No meeting was held in 2014.

3) Changes in Committee Members **(updated)**

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Nominations	Josefina N. Tan Jose F. Buenaventura Henry T. Sy, Jr.	Chairman- newly appointed Member – newly appointed End of term
Trust	Henry T. Sy, Jr. Gilberto C. Teodoro, Jr.	End of term Member-Newly appointed
Executive	Guia C. Lim	Member- Newly appointed

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

(Reference: 2014 Annual Report) **(updated)**

Name of Committee	Work Done	Issues Addressed
Executive	Approved/confirmed credit proposals, investments, disposal of acquired assets and other projects or initiatives that enhanced the Bank's operating and service delivery capabilities.	To ensure proper approval of significant credit exposures, investments and sale of acquired assets.
Audit	Reviewed and discussed with management the quarterly unaudited as well as the annual audited financial statements for the year ended December 31, 2014 including internal controls on the financial reporting process as well as compliance with accounting standards and tax regulations.	To ensure compliance with accounting and reporting standards
	Reviewed and discussed the Internal Audit reports with emphasis on issues and findings relating to operational, financial and compliance controls including risk management systems with impact to financials, reputation and information security.	To ensure adequate coverage of audit examination the business and operating units of the Bank and subsidiaries.
	Monitored management's corrective	To ensure rectification of audit

	action on internal control and compliance issues and on audit findings considered high risk. Reviewed and approved the scope and plans of Internal Audit and External Audit, the revised Internal Audit Charter and manual to ensure that internal audit activities are aligned with standards and regulations. Discussed comprehensively the external audit reports with the Committee putting emphasis on internal controls, risk management, governance and on matters with financial impact and reviewed the management letter as well as Management's response to the external auditors' findings. Reviewed and approved the annual plans of Compliance and Anti-Money Laundering units and consistently monitored the timely submission of regulatory requirements. Reviewed the Compliance Roadmap as well as the Compliance Testing Framework including the Information Sharing Framework with Internal Audit and Risk Management. Monitored consistently the timely submission of regulatory requirements and compliance to mandatory ratios, reviewed gap analysis on new issuances and results of compliances as well as special examinations/investigations Audit Committee's self-assessment of the performance of Internal Audit, the Compliance and Anti-Money Laundering Unit, External Audit and CRC reports	exceptions and prevent recurrence To ensure the effectiveness of their plans in relation to their respective mandates To ensure that high risk issues are given priority attention and monitor the actions taken by Management to rectify those findings. To comply with regulatory requirements To determine the effectiveness of these compliance controls To ensure regulatory compliance To comply with regulatory requirement.
Nomination	Nomination of the 4th independent director Nomination of regular directors for	To comply with the required number of independent directors by the Philippine Stock Exchange. To elect members of the Board for

	the 2014 Annual Stockholders' Meeting Replacement of Chairman of the Risk Committee with an independent director Reviewed and recommended the appointment of two (2) Executive Vice Presidents and two (2) Senior Vice Presidents Revised its Terms of Reference specifically the process of identifying candidates for appointment as Directors.	2014 To comply with the provision of BSP Circular 749 To ensure that candidates are fit and proper for the key positions. To align with the requirements of ACGS.
Remuneration	Reviewed the increase in Fringe Benefits Program of Officers and Staff	Part of its oversight responsibilities on remuneration and benefits
Trust	Reviewed and approved offering of new products and services. Reviewed and evaluated Trust and Investments Group's overall performance, profile of funds and accountabilities under its management, industry position and the risk management reports. Revised the market pricing methodology, product manuals and reclassification of IMA/TA accounts. Established guidelines in the integration and consolidation of	To ensure good standing of investment outlets before recommending to clients and to address market needs. Part of the risk management of Trust Group to limit exposures To provide address regulatory concerns To ensure smooth transfer of acquired Trust business of

	Deutsche Bank accounts. Performed self-assessment on Trust rating.	Deutsche Bank to BDO Trust Group. To establish baseline and determine areas for improvement.
Risk Management	Conducted regular discussions on 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 existing risk management models. Reviewed and updated the Terms of Reference	To ensure that all risks faced by the Bank are properly managed. Part of its oversight responsibilities on risk management. To comply with requirements of BSP Circular 749.
Corporate Governance	Updating of the Bank's Corporate Governance Manual Annual performance review of the Board as a whole, its Committees, individual directors and senior management Updating of the BDO Code of Conduct and Business Ethics Continuing Education Program of the Board and Key senior officers Submission of the ACGR to SEC	To include the comments of BSP and best practices of the ASEAN scorecard. To check Board effectiveness and surface issues and areas for improvement To update the Code and align with requirements of foreign jurisdictions To improve the skills and competencies of the members of the Board and SVPs up and update them on Corporate Governance to comply with SEC regulations. To comply with SEC regulation.

	Executive Session of Independent Directors	To meet with the Heads of External/Internal Audit, Risk and Compliance without the presence of senior management
	Adoption of leading governance best practices	To align with the ASEAN scorecard and OECD principles.
	Implementation of the Related Party Transactions Policy	To establish guidelines in handling related party transactions
	Establishment of the Related Party Transactions Committee	To assist the Board in overseeing the conduct of Related Party Transactions
	Revision of the Term Limit of Independent Directors	To align with the requirement of the ASEAN Scorecard
	Adoption of a formal dividend policy	To provide guidance to the investing public of the Bank's dividend payments
	Updating of corporate website	To comply with the requirements of SEC
ITSC	Approved the Bank's Information Technology model, IT Table of Organization, Job Descriptions and Enterprise Technical Contingency Plan	To comply with BSP requirement and compliance oversight of IT function
Related Party Transaction	Constitution of the committee	To comply with ACGS requirement and BSP

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	None
Audit	2015 Internal Audit Plan	Compliance with BSP Cir. 808
Nomination	none	none
Remuneration	none	none
Others - Corporate Governance	Continuing Education of Directors	To improve skills and competencies of board members and Senior Officers
	ASEAN Scorecard enhancements	To improve compliance in

		corporate governance best practices
ITSC	Review of IT Strategic Plan	To ensure that IT Strategic Plan supports the requirements of the business.
Related Party Transaction	Review of significant related party transactions	To ensure that related party transactions are arms length and in the normal course of business

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

(Reference: DIS)

By their nature, BDO Unibank's Group activities are principally related to the use of financial instruments including derivatives. BDO Unibank Group accepts deposits from customers at fixed and floating rates for various periods, and seeks to earn above average interest margins by investing these funds in high-quality assets. BDO Unibank Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at high rates, while maintaining sufficient liquidity to meet all claims that might fall due. BDO Unibank Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities and bonds and in currency and interest rate prices.

To manage the risk for holding financial resources and liabilities, BDO Unibank Group operates an integrated risk management system to address the risk it faces in its banking activities, including credit, liquidity, market (foreign exchange, interest rate and price risks) and operational risks. BDO Unibank Group's risk management objective is to adequately and consistently evaluate, manage, control and monitor the risk profile of BDO Unibank's Group's statements of financial position to optimize the risk-reward balance and maximize return on BDO Unibank Group's capital. BDO Unibank Group's Risk Management Committee (RMC) has overall responsibility for BDO Unibank Group's risk management systems and sets risk management policies across the full range of risks to which BDO Unibank Group is exposed. Specifically, BDO Unibank Group's RMC places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof; **(updated)**

The Audit Committee Report to be disclosed in the 2014 Annual Report stated that:

“The Board Audit Committee reports 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 reasonable assurance provided by the

Internal Auditor and additional reports and information requested from Senior Management, and found that these are generally adequate across the BDO Unibank, Inc. and its subsidiaries. The Bank's systems are assessed as generally adequate and its operational risk is deemed moderate."

- (c) Period covered by the review; 2014
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and : Once a year
- (e) Where no review was conducted during the year, an explanation why not. : Not applicable

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk, Market & Liquidity Risks, and Operational Risk	Adequately and consistently evaluate, manage, control, and monitor the risk profile of the Bank balance sheet to optimize the risk-reward balance and maximize return on the Bank's capital	• Identify, measure, monitor and control the risks inherent in our business and portfolios. • Communicate risk management philosophy and policies • Assist Risk Takers in understanding and measuring their risk/return profiles Develop risk control and management structure

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Same as Company	Same as Company
Market Risk	Same as Company	Same as Company
Liquidity Risk	Same as Company	Same as Company
Operational Risk	Same as Company	Same as Company

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
They could be out voted on major corporate actions.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk, Market & Liquidity Risks, and Operational Risk	• Establish risk management policies and procedures; • Identify and assess risks; • Analyze and measure risks, including development of new analytical methods; • Analyze exposure and recommend limits to the appropriate committees; • Establish standards to monitor and report compliance with limits; • Ensure compliance to approved limits and report all limit excesses	Risk management and control for each of the risks are found below. The Board of Directors (BOD) has the ultimate responsibility for all risks taken by the Bank. It regularly reviews and approves the institution's tolerance for risks, as well as, the business strategy and risk philosophy of the Bank. The BOD, through the EXCOM, reviews and approves credit and investment proposals with the authorities that were granted to it by BOD. EXCOM also approves credit policies and/or manuals and amendments thereto as may be recommended by management.
Credit Risk	Identification of credit risks both at the pre-approval and post-approval stage of the credit. The pre-approval credit risk assessment is undertaken during the initial credit engagement and every renewal thereafter. In general, the credit evaluation focuses on the financial condition of the counterparty and the determination of the adequacy of its cash flow for debt service requirements,	The BOD, through the RMC, has responsibility for the development and oversight of the Bank's portfolio credit risk management program. Risk Management Group (RMG)/Credit Risk Management (CRM) formulates credit policies and guidelines necessary to maintain a sound portfolio quality, ensures that the highest standards of credit due diligence is conducted on Corporate and Commercial Banking accounts with credit facilities of P50M and above,

	financial capacity and commitment of its owners to support and sustain the viability of the business, quality and experience of its management team, the industry they operate in and the markets they deal with, and appropriateness of the credit facilities contemplated to be granted including the terms and conditions thereof. At the post-approval stage, a portfolio quality review is performed on a sample of randomly selected Unclassified Accounts and ALL Classified Accounts. Internal Credit Risk Rating is performed for loan accounts with facilities of more than P20Mn. For accounts with credit facilities below P20Mn, these are subjected to credit scoring.	conducts post-approval random compliance check across lending groups/units to ensure adherence to approved credit and risk policies and guidelines, assesses the quality of the loan portfolio of the Bank and recommends establishment of loan loss provisions as may be necessary in order that adequate reserves are maintained at all times. RMG/Risk Analytics Systems and Control Unit (RASCU) ensures the establishment, implementation, and monitoring of a risk management and analytics system, which will assist management in assessing its various businesses and the general risk level, which includes credit scorecards/risk rating models and credit portfolio analytics.
Market Risk	Identification of all market risks inherent in the Bank's Trading and Banking Book; Quantification of market risks in the Trading Book using the Value-at-Risk (VAR) approach and interest rate risks in the Banking Book using the Earnings-at-Risk (EAR) approach.	RMG, through Market and Liquidity Risk Management Unit (MLRMU), recommends policies and limits (in coordination with the Business) for approval by RMC and BOD. MLRMU monitors compliance to approved policies and limits and reports deviations/limit excess to the relevant business unit for action and to RMC and BOD for disposition/approval.
Liquidity Risk	Identification of the Bank's liquidity gap to be in a position to meet all obligations. Quantification of liquidity risks through the Maximum Cumulative Outflow (MCO) methodology.	RMG, through MLRMU, recommends liquidity risk management policies and limits (in coordination with the Business) for approval by RMC and BOD. MLRMU monitors compliance to approved liquidity policies and limits and reports deviations/limit excess to the relevant business unit for

Operational Risk	Identification of Critical/Key Business Processes that have greater exposure to substantial losses. Measurement of operational risks through the Risk Control & Self-Assessment (RCSA) and Key Risk Indicators (KRI).	action and to RMC and BOD for disposition/approval. RMG, through Operational Risk Management Unit (ORMU), recommends operational risk management policies and methodologies for approval by RMC and BOD. ORMU monitors the implementation of the operational risk management framework and policies, through the Operational Risk Management Coordinators (ORMC) of each of the business and operating units of the Bank.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Same as Company	Same as Company
Market Risk	Same as Company	Same as Company
Liquidity Risk	Same as Company	Same as Company
Operational Risk	Same as Company	Same as Company

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions

Committee/Unit	Control Mechanism	Details of its Functions

Board of Directors (BOD)	For a regular review and approval of the institution's tolerance for risks, as well as, the business strategy and risk philosophy of the Bank.	The Board of Directors (BOD) has the ultimate responsibility for all risks taken by the Bank. It regularly reviews and approves the institution's tolerance for risks, as well as, the business strategy and risk philosophy of the Bank. It takes the lead in disseminating the institution's risk philosophy and control culture throughout the organization. It approves strategies and implementing policies affecting the management of all types of risks relating to the Bank's activities. It sets the risk-based organizational structure that will implement and ensure the effectiveness of the overall risk control system of the Bank. It provides an environment that would allow the reporting of operational problems, violations and illegal actions, and non-compliance to regulations or code of conduct. It provides direction to the senior management on the necessary steps to take to control risks. Towards this end, it is regularly updated on developments that could materially affect the Bank's liquidity position or the value of its resources. Likewise, it is responsible for overseeing the investment and credit activities of the Bank. It formulates and oversees the implementation of the investment and credit strategies of the Bank.
Risk Management Committee (RMC)	For a regular review and approval of the Bank's risk management program	RMC is responsible for the development and oversight of the Bank's risk management program. It shall oversee the system of limits of discretionary authority that the Board delegates to management. It shall ensure that the system of limits of discretionary authority remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are breached. It shall assess the probability of each identified risk exposure of the Bank becoming a reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen. It shall develop a written risk

		management plan, defining the strategies for managing and controlling the major risks of the Bank. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if risk becomes real. It shall communicate the risk management plan, and loss control procedures to concerned parties. It shall conduct regular discussions with management on the Bank's current risk exposure based on regular management reports, and direct concerned units how to reduce these risks. It shall evaluate the risk management plan as needed to ensure its continued relevance, comprehensiveness and effectiveness. It shall revisit risk mitigating strategies, look for emerging or changing risk exposure or stay abreast of developments that affect the likelihood of harm or loss. It shall report regularly to the Board of Directors the Bank's overall risk exposure, actions taken to reduce risks, and recommend further actions or plans as necessary.
Executive Committee (EXCOM) and	For the approval of credit exposures, investments, sale of acquired assets and capital expenditures of the Bank.	The Executive Committee acts on behalf of the Board 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.
Management Credit Committee (MCC)	To ensure proper review and approval of accounts with credit facilities within authorized limits.	MCC shall approve credit and investment proposals within the authorities that were granted to it by the Board of Directors.
Asset & Liability Committee (ALCO)	To ensure at all times that the Bank maintains adequate liquidity, sufficient capital and the appropriate funding to meet all business requirements within regulatory requirements and to establish asset/liability pricing policies consistent with the strategies for the Bank's balance sheet.	The Asset and Liability Committee is tasked with managing the Bank's balance sheet and off-balance sheet activities, maintaining adequate liquidity, ensuring sufficient capital, and the appropriate funding to meet all business requirements within regulatory limits. It establishes pricing and other policies consistent with the overall asset-liability management strategy of the Bank and supportive of profitability,

Management Committee (MANCOM)	As this Committee comprises of all Heads of Business and Support Units, it allows for more coordinated and integrated resolution and monitoring of business and operational issues.	capital, funding, and liquidity directions. It manages interest rate risks by changing the balance sheet structure to take advantage of change in rates.□ It is also responsible for the Bank's liquidity strategies that ensure sound management of liquidity risks by ensuring diversity of funding sources and compliance with regulatory requirements. Management Committee (MANCOM) is the forum for discussing business and operational issues.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;
 - There is a strong Board oversight thru the various board committees (Audit Committee, Risk Management Committee)
 - Maker-checker arrangement is always present in all processes.
 - There is proper setting of limits.
 - Information Security policies are robust.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate; (**updated**)

The Audit Committee Report to be disclosed in the 2014 Annual Report stated that:

“The Board Audit Committee reports 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 reasonable assurance provided by the Internal Auditor and additional reports and information requested from Senior Management, and found that these are generally adequate across the BDO Unibank, Inc. and its subsidiaries. The Bank's systems are assessed as generally adequate and its operational risk is deemed moderate.”

- (c) Period covered by the review; 2014

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and: Yearly, using the Standard Evaluation Form wherein members of the Board Audit Committee were required to rate the oversight on the Bank's system of internal control using the rating scale of 1 to 5 with 5 as the highest.

(e) Where no review was conducted during the year, an explanation why not. Not applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>(Reference Corgov Manual)</i> 1. Develop and implement an effective annual internal audit program to be approved by the Audit Committee that covers the entire operations of the bank including subsidiaries and affiliates.	For Branches Audit: Regular Audit - to provide an objective evaluation of the branch's internal control and risk management processes including assessment of operational compliance with the Bank's policies and procedures, regulatory policies and AMLA. Spot Audit - to do random check of compliance with the Bank's established internal controls as required per policies,	In-house	Estrellita V. Ong	Internal Audit submits the annual audit plan for branches, head office units, subsidiaries and information systems. Board Audit Committee approves the plan.

	procedural guidelines , regulations and laws (particularly AMLA) For Head Office Units Audit: Auditable units are major business groups and support groups such Institutional Banking, Consumer Lending, Treasury Group, Transaction Banking Group, Trust & Investments Group, Comptrollership, Corporate Compliance and Legal Services and Central Operations Group. Focus of audit would be on the risks associated with each auditable unit such as Liquidity Risk, Market Risk (Foreign Exchange Risk, Interest Rate Risk and Price Risk), Credit Risk, Operational Risk, Compliance Risk and Reputational Risk. For Information Systems Audit:			

Submit to the Audit Committee an annual report on the performance of Internal Audit activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Committee including significant risk exposures, control issues and such matters as may be needed or requested by Board of Directors and senior management. 2. Conduct independent assessment of adequacy and effectiveness of management and IT control frameworks, risk management and governance processes of all units of the	Auditable units are the IT Operations Group, IT Development Group and Subsidiaries Business Applications. Focus of the audit would to assess Operational Risks, Technology Risks and Regulatory Risks associated with these units. Accomplishment for the year vs plans Summary of IAD Peer Evaluation Review and Self-Assessment Results Summary Resolution of Audit Findings BSP Examination Results on BDO Internal Audit Regular and Spot Audits of concerned units			Internal Audit submits its Closure Report for the year Board Audit Committee notes the report. Internal Audit submits report to the Board Audit Committee BAC notes the report

bank including subsidiaries and affiliates.				
3. Monitor the resolution of internal control weaknesses noted during the examination with the end view of mitigating risks and strengthening the control environment.	Audit Findings resolved by Management for the year Audit Findings to be resolved by Management for the year			Internal Audit submits the Status Report on Resolution of Findings for the year BAC notes the report
4. Examine and analyze the organizational structure, checks and balances, methods of operations and use of human and physical resources to reveal defects in order to prevent fraud or irregularities.	Regular and Spot Audits of auditable units			Internal Audit reports its findings to the Board Audit Committee BAC notes the report
5. Certify that the conduct of auditing activities is in accordance with the International Standards on the Professional Practice of Internal Auditing.			Ernst & Young	Internal Audit submits the EQAR and Board Assessment of the Internal Audit BAC notes the reports

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing

firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? YES

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? The Chief Internal Auditor reports directly to the Board Audit Committee. Yes, she has direct and unfettered access to the Board of Directors being independent from the Senior Management of the Bank. In the conduct of their examination, Internal Audit has direct and unfettered access to all records, properties and personnel of the Bank.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them. **(updated)**

Name of Audit Staff	Reason
Not applicable	Not applicable

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	100% completed
Issues⁶	Compliance matters reported are included the Monthly Tracking Report. Status of resolution as indicated in the Findings.
Findings⁷	85% resolution rate by BDO Unibank and Subsidiaries for findings for which amount at risk is not available 89% resolution rate by management of BDO Unibank and subsidiaries for findings with available account balance/transaction value affected.
Examination Trends	Significant audit findings also included in the Monthly Tracking Report.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Audit Manual of Operations	Updated and approved by BAC
Audit Work Program Guides	Continuously updated

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Direct reporting of Internal Auditor to the Board Audit Committee; Appointment, removal and resignation of Internal Auditor to be approved by the Board Appointment/removal of External Auditor to be approved by the Stockholders Limitation of non-audit services to be provided by the External Auditor	- The above parties render independent opinions about the Bank and the Bank does not in any way dictate the recommendations or decisions made by these parties given the following mechanism and safeguards: - Access to info by these parties is the same as the general public, guided by regulatory disclosure requirements; - Giving of	same	same

	material gifts and freebies is strictly prohibited by the Bank; • The Bank pays for the necessary expenses for its meetings and visits and does not shoulder any of the expenses of the above parties during their visits here or meetings abroad; • Certain drafts are reviewed prior to publication only to give the Bank the opportunity to correct factual errors. The financial analysts, investment banks, and credit rating agencies retain ultimate editorial control over the form and content of all its publications and do not accept changes that would alter the meaning or tone of their opinions or recommendations .		

- (h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance. Ms. Teresita T. Sy, Chairperson and Mr. Nestor V. Tan, President/CEO.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Our clients provide the Bank the business for which we are most thankful. BDO is committed to meet their needs by providing them with high quality customer service and relevant products and services. BDO is also committed to treat clients fairly. The minimum standards to ensure that clients are treated fairly are the following: 1. Communications are fair and not misleading. 2. Ensure that clients are given clear and concise information, including the risks involved, before they enter into financial products and services. 3. Products and service are suitable and appropriate, taking into account the needs of the clients, their financial and risk profile and objectives. 4. Complaints should be handled in a prompt, friendly, fair and effective manner.	The Bank has in place the following on going activities for the welfare of the customers: 1. Customer Contact Center – operating 24/7 to handle customer inquiries, complaints and product information. 2. Business Groups – embedded in its structure is the complaints and fraud monitoring units that handle the resolution of customer complaints such ATM debit without dispense, fraud incidents such as card skimming, unauthorized withdrawal, phishing, etc. These units perform investigation, reconciliation, credit back and refund of transactions on daily basis to customers if complaints are found to be legitimate. 3. Client Risk Assessment - branch and marketing units perform daily client risk profiling to ensure that only products and services that fit his/her risk appetite are offered for client's consideration. 4. Social Media - the Bank has launched its digital media facility that allows customer to link Facebook for instant communications and access to the Bank. It will also use this facility to issue client advisories from time to time. 5. Electronic Channel – the Bank is using the corporate website to issue client advisories from time to time on matters

		related to fraud warnings, service interruptions and on-going promos. 6. International Desks - the Bank has put in place business units with support facility wherein foreign clients (Chinese, Korean, Japanese, Indians) could be serviced by native language speaking Bank officers for their banking needs. 5. Specialized Product Offering - the Bank has remittance, deposit and loan products for OFWs and the remittance card for the Korean market specifically used for sending money for Korean nationals living or staying temporarily in the Philippines.
Customers' Health and Safety	BDO is committed to maintain a positive, harmonious and professional work environment with due importance accorded to occupational health and safety of the employees and related external constituencies(customers, suppliers, vendors, service providers and the general public)	The on-going activities to promote customers' health and safety are the following: 1. No Smoking Policy in all head offices and branches is strictly enforced; 2. No firearms allowed in all offices and branch premises; 3. Use of CCTV as a deterrent to possible criminal activities such as hold-ups/robberies; 4. Fire prevention measures and safety/evacuation drills for fire and earthquake. 5. Installation of access ramps for persons with disability in our buildings and branches to make our offices safe and accessible to PWDs. 6. Conducted regular safety inspections in corporate offices and branches nationwide and rectified immediately all noted unsafe conditions. 7. Organized Emergency Response Teams to ensure availability of emergency response personnel in times of a disaster.

Supplier/contractor selection practice	This is covered by the Bank's General Procurement Guidelines. These include, among others, the following: A. Sourcing of Vendors/Supplier/Contractors B. Vendor Accreditation C. Competitive Processes (Canvassing/Bidding) The Bank invites a certain number of vendors/suppliers. They have to meet certain criteria before they can bid for work or a supply contract. The Bank awards the Contract to the one who offers the most advantageous commercial terms and who can demonstrate cost effectiveness, competence, and reliability.	Sourcing of Vendors/Suppliers/Contractors 1. As a general rule, vendors, suppliers, and contractors shall be sourced through research via trade organizations, publications (including the internet), professional bodies, and other external entities, and through market consultation. 2. The Bank's Procurement unit, the Procurement and Supply Management Division (PSMD), shall accept walk-in vendors/suppliers/contractors and entertain referral from units as possible sources of goods or services. Vendor Accreditation Criteria shall include the following items: a. financial, credit, and technical capability b. track record / reputation in the industry c. availability of capacity / network d. cost competitiveness e. business reciprocity with the Bank
Environmentally friendly value-chain	Equally important to the Bank is our commitment to enhance sustainability of the environment thru information education and advocacies. The Bank has in place a Social and Environmental Management Systems Policy (SEMS Policy) to ensure that environmental and social consciousness are incorporated in the day-to-day operations of the Bank for the benefit of all its stakeholders, employees, and the community in which it operates. It has also a provision that will limit the Bank's exposure to certain industries that have an adverse impact on the	The Bank supports the World Wide Fund for Nature for its climate change, food security and environmental conservation programs across the country. The Bank continues to implement initiatives to support its advocacy on environment awareness and sustainable development. It continues to implement energy efficiency measures such as use of LED lighting, inverter type air conditioning units and LEED design of its new building in Ortigas.

	environment and this is included in the evaluation of credit proposals. The Bank also introduced the “Go Green Program” to raise awareness on environmental issues, promote good environmental practices in the workplace.	This was further complemented with the use of low heat absorbing and high efficient curtain wall that not only increases natural sunlight inflow into the building but also reduces airconditioning requirements (from 4500Tonnes to 3600 Tonnes). Occupancy sensors were also included in the design for a more efficient lighting use. High efficiency chillers were utilized in the building from the traditional coefficient of performance of 0.62 kw/ton to 0.55kw/ton. Paints and water proofing materials used have low Volatility Compound or VOC and are compliant with the Clean Air Act. Study on the use of solar panel is underway to consider 24/7 load requirement. Next year, solar panels will be installed in 2 of our regional office buildings that could generate 12,618 and 5,100 kwh monthly solar output. We are also replacing existing 2x18 watts CFL and metal halide lamps with 2x8 watts LED in our canopies, bridgeway, office floors and basement parking. The change would generate about 554,400 kwhr savings annually. This will translate into a reduction of carbon dioxide emission from 0.61kg for every kwh to 0.36kg per kwh. We have also installed Variable Refrigerant Flow (VRF) airconditioning system which can generate up to 53% savings on electric consumption by supplying only the required conditioned air for a given scenario and the Variable Frequency Drive Devive (VFD) that will reduce the RPM of the motor when the preset air volume discharge is reached,

		thus generating 20% savings on electric consumption. (new amendment)
Community interaction	By adhering to good corporate governance, BDO strives to have a sustainable growing and progressive business for the community, which in turn allows us to create employment, support business and be a good role model to the public in general.	Recognizing its social development role, the Bank has instituted socio-civic programs thru the BDO Foundation, Inc. geared towards empowerment of marginalized communities and promoting environmental protection. It has partnered with several non-government organizations to provide decent home dwellings to indigent families, fund raising and resettlement site for typhoon victims, livelihood projects and continued advocacy on energy efficiency and water conservation. It has participated also in various undertakings to preserve the environment such as tree planting to help improve air quality and reduce carbon emission.
Anti-corruption programmes and procedures?	The Bank institutionalizes the highest ethical standards through the strict implementation of the Code of Conduct and Business Ethics that outlines the principles and guidelines that govern the activities of the institution, sets forth the rules of conduct in the workplace and the standards of its directors, officers and employees in their activities and relationship with external stakeholders.	In the Revised Code of Conduct and Business Ethics, the Bank commits to comply with anti-corruption laws in all jurisdictions it operates. Bribery of any form is strictly prohibited. Employees, suppliers, partners and other 3rd parties must avoid giving or receiving gifts or entertainment if these might improperly influence the Recipient's decision making or might be perceived to do so. They must not also offer or take any form of illegal or improper payment. These rules are strictly enforced across the BDO Group thru the following activities: 1. Requiring the Directors, Officers and staff to submit a yearly certification that they have read and understood stipulating their compliance with the standards and policies set

		forth herein including the anti-corruption and bribery policies; 2. Publishing the BDO Code of Conduct and Business Ethics in the Bank's website so that the public may know that the Bank is strictly against bribery and corruption. 3. Accreditation of suppliers, vendors, 3rd party service providers and strict enforcement of the Bank's Gift Policy in their dealings with us; 4. Inclusion of the BDO Code of Conduct and Business Ethics in the orientation of new employees and training programs of the Bank; and 5. In foreign jurisdictions where the Bank is operating, we deal directly with the regulators/agencies of governments and with legitimate and well-known providers of professional services only. (new amendment)
Safeguarding creditors' rights	The Bank is committed to meet its contractual obligations with depositors, holders of subordinated debt, suppliers and 3rd party service providers. In accordance with law, they will be given the priority in payment of the bank's obligations in the normal course of business and in the event of liquidation.	The Bank publicly announces interest rates and clearly stipulates the terms and conditions related to its deposit taking, investment and fund raising activities.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? Yes

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare? **(new amendment)**

RESPONSIBILITIES FOR THE WORKPLACE

a. Employment Practices

BDO is committed to fair employment practices without undue prejudice to race, gender, ethnic origin, religion, age, or sexual orientation. Employees are treated fairly and accorded with respect and dignity.

It ensures that employment practices and policies are in compliance with labor laws, regulations and standards in the countries where it operates. Employees are selected, engaged, compensated and promoted, as the case may be, based on the merits and qualifications and performance.

b. Employees' Welfare

BDO is committed to promote the physical, social and mental well-being of its employees. It aims to provide a workplace free from discrimination and all forms of physical, sexual and psychological abuse including harassment, bullying and intimidation. It is committed to maintain a positive, harmonious and professional work environment with due importance accorded to occupational health and safety of the employees and related external constituencies.

As part of employee benefits, the Bank provides and maintains the following:

1. Retirement Plan - a fully funded, multi-employer and tax-qualified noncontributory retirement plan that is being administered by the Bank's trust and investment group as trustee covering all regular full-time employees. The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provided for an early retirement at age of 50 with a minimum of 10 years of accredited service and late retirement after age 65, both subject to the approval of BDO Board of Directors. Normal retirement benefit is an amount equivalent to a percentage ranging from 50% to 200% of plan salary for every year of credited service.
2. Medical, Dental and Hospitalization- thru HMO (Maxicare Health Corporation) free of charge for all regular employees of the Bank.
3. Social Security Coverage – thru the Social Security System which the Bank shoulders part of the monthly premium.
4. Employee Loan Programs – could be availed by all regular employees to purchase homes, cars, appliances, etc. subject to the prevailing DOSRI rules and available credit ratios.
5. Health care Facilities - a fitness center and 5 medical clinics manned by occupational health practitioners.
6. Collective Bargaining Agreement – covers all permanent rank and file employees of the Bank below the rank of supervisors at its head office and branches except for certain confidential employees. The agreement provides among others, provisions on employment relations and job security, transfer and promotion, performance appraisal and merit increase, grievance machinery/arbitration, wage increase and bonuses, working hours and overtime, paid annual leaves, family medical allowance, hospitalization and death assistance, allowances, loans, gratuity pay and other benefits.
7. Training and Development - various in-house training programs such as orientation program for new hires, job specific training courses and officers development programs to enhance the knowledge, working skills and managerial ability of its employees. The

Bank allocates every year a training budget to cover internal training programs. E-learning is provided for the training of Head Office and branch personnel.

8. Recreational Activities such as sports fest, summer outing and Christmas party.

c. Workplace Safety

BDO is committed to a workplace free from prohibited drug use or sale. Gambling, drinking alcoholic beverages, use or sale of prohibited drugs, and other similar vices, done during working hours and within BDO premises are strictly prohibited.

Show data relating to health, safety and welfare of its employees.

In 2014, our Human Resources and Central Operations Group has undertaken the following activities to implement the policy relating to health, safety and welfare of BDO employees:

- Maintained 5 medical clinics manned by Occupational Health Practitioners and/or Nurses and located in Makati, Ortigas, Greenhills and Binondo. For employees outside of Metro Manila, they could go to any of the medical clinics that are accredited by Maxicare Health Corporation, the Bank's HMO provider;
- BDO Fitness Center - use of gym facilities open to employees of the Bank; with regular group classes such as zumba, aeroboxing and taekwondo; total enrollees for the year 2014 – 1,246 employees as of November 2014;
- Pre-employment Medical Exam with drug testing for prospective new hires;
- Mandatory Annual Medical Checkup up for 9,467 officer and 9,826 staff members;
- Random drug testing for 2,230 employees (754 officers and 1,476 staff members) during medical check up;
- Blood Letting Program participated by 275 employees;
- Conducted 18 Corporate Wellness Lectures on various medical topics aligned with DOH and DOLE-OSHA 2013 Programs;
- First Aid and Basic Life Support Trainings participated by 144 employees;
- Conducted 5 fire and 1 earthquake evacuation drills at Makati offices;
- Preventive Medical Programs – flu vaccination participated by 2,500 employees and their dependents;
- Issued work suspension orders for areas affected by severe typhoons and provided assistance to affected employees and their immediate families;
- Installed purified drinking fountains in all floors of the Corporate Office and the provision of purified water supply in all branches;
- Conducted regular safety inspections of Corporate Office and branches nationwide and rectified unsafe conditions promptly; and
- Organized Emergency Response Teams in all multi-storey offices to ensure availability of response personnel in times of disaster.
- Organized talks on common illnesses and ways of managing them

(b) State the company's training and development programs for its employees. Show the data. **(updated)**

1. Internal Training - 2014

RANK	AVERAGE TRAINING HOURS	EQUIVALENT NO. OF DAYS
STAFF	36.73	5
JAM TO SM	10.25	1
SENIOR OFFICER	5.17	1

2. External Training - 2014

RANK	AVERAGE TRAINING HOURS	EQUIVALENT NO. OF DAYS
STAFF	8	1
JAM TO SM	8	1
SENIOR OFFICER	7.96	1

- (c) State the company's reward/compensation policy that accounts for the performance of the company beyond short term financial measures.

COMPENSATION POLICY

This covers the maintenance of a viable compensation plan for employees that achieve equity in pay for jobs of similar responsibilities and consistency in the pay differential between jobs. It is built on the principles of external competitiveness and pay for performance. This is intended to attract, retain, and motivate our workforce necessary to achieve the Bank's short and long term business goals.

Employees' year end performance and significant contributions in the organization are recognized following the Bank's Merit Increase/Promotions Program. Employees who exhibit readiness to assume higher responsibilities and consistently perform within the Bank's standards could be eligible to participate in the Bank's Career Development Program such as Officers' Development Program (ODP) and Management Development Program (MDP).

For senior executives, the Bank has an existing Executive Stock Option Plan (ESOP) that grants stock options for their contribution to the Bank's performance. The stock options could only be exercised after 5 years from date of vesting.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation. **(new amendment)**

This is embodied in the BDO Policy on Disclosure of Sensitive/Confidential Matters to Management that governs the policies and procedures in handling of whistle blower cases as follows:

Policy on Disclosure of Sensitive/Confidential Matters to Management

Introduction

BDO believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the market place. To achieve this, the Bank is committed to the highest standards of ethical values, integrity, honesty, accountability and transparency in the conduct of its business.

Under BSP Circular 749, the Bank employees should be given the opportunity to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices or otherwise known as “whistle blowing”.

Scope of the Policy

The policy covers the tipping off of any incident, situation, circumstance or problem involving fraud and/or violation of policies for further investigation which may result to or resulted in monetary loss and/or negative impact to the image of the Bank.

Obligation to Report

Any person who has knowledge of, or has observed a reportable concern, is required to file a report of such act or event to the designated/appropriate authority.

Reporting Process

Reporting may be done thru any available means such as but not limited to SMS text (e.g. BDO Watch), letter, email or phone call directly to the Office of the President (OP) or the appropriate Head of the Unit concerned.

Handling of Reported Cases

To facilitate the investigation process and urgent administrative action if necessary, the report must contain the nature of the concern, relevant details of transactions (type, amount/s and date/s), person/s involved and supporting documents, if any including an explanation on why it is a reportable concern. A signed confidential report is encouraged as opposed to an anonymous report because of the need to clarify the contents of the disclosure or request for additional information that may be required before or during the investigation. Pro-forma report forms will be made available on the Bank’s intranet site to be used in submitting a report.

Although proving the truth of the report beyond reasonable doubt is not expected, the person who makes the report should at least demonstrate that he/she has reasonable grounds for concern based on verifiable information, is doing it in good faith, and is ready to substantiate his/her views when requested. In making a report, a person must exercise due care to ensure the accuracy of information.

All reports shall be evaluated initially by the OP or appropriate Head for disposition and if needed, endorse to concerned Unit for further investigation based on existing guidelines for disposition at Committee level.

Protecting the Whistle Blower

Confidentiality

All reports will be treated with utmost care and confidentiality. The Bank will make every effort to protect the identity of the whistle blower from disclosure to any third party, unless compelled by law, during the conduct of legal proceedings. The Bank expects the same level of confidentiality from the whistle blower.

Retaliation and Harassment

The Bank commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in enforcing this policy.

If the report is done in good faith but is not confirmed by subsequent investigation, no action will be taken against the whistle blower. However, if the report is found to be done maliciously and intentionally, for personal gain or bias, or is knowingly based on false or misleading information, the whistle blower loses his protection and the Bank may decide to impose a disciplinary action against the whistle blower.

Policy Oversight and Ownership

The Compliance Unit of the Bank is responsible for overseeing the implementation of this policy and compliance across the BDO Unibank Group. The Head of the Cases Review Committee Secretariat will submit a monthly report to the Chief Compliance Officer, Cases Review Committee and the Audit Committee covering the number of reports received, actions taken and its latest status. The Audit Committee, at its discretion, may periodically report the whistle blower cases to the Board of Directors.

Approval and Disclosure

The Board of Directors has the authority to approve this policy. It should be disseminated to all Directors, officers and staff for their information and proper guidance. It should be posted in the Bank's website and intranet to be accessible to all employees. It should form part of the HR and compliance policies of the Bank.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (*Updated as of December 31, 2014*)

A. Common Shares

Shareholder	Number of Shares	Percent	Beneficial Owner
SM Investments Corp.	1,463,657,368	40.87%	SM Investments Corp. is both record and beneficial owner.
PCD Nominee Corp. (Non-Filipino)	1,159,360,377	32.38%	Various shareholders including the Hong Kong

			and Shanghai Bank
PCD Nominee Corp. (Filipino)	399,236,711	11.15%	Various shareholders
Multi-Realty Development Corporation	236,476,739	6.60%	Multi-Realty Development Corporation is both record and beneficial owner.
Sybase Equity Investments Corporation	183,958,132	5.14%	Sybase Equity Investments is both record and beneficial owner.

A. Preferred Shares

Shareholder	Number of Shares	Percent	Beneficial Owner
Sybase Equity Investments Corporation	391,400,000	76.00%	Sybase Equity Investments Corporation is both record and beneficial owner.
SM Investments Corp.	123,600,000	24.00%	SM Investments Corp. is both record and beneficial owner.

(Note: No Officer owns more than 5% of shares)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Not applicable	Not applicable	Not applicable	
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes, in the 2014 Annual Report Financial Supplements
Corporate objectives	Yes, in the Annual Report
Financial performance indicators	Yes, in the Annual Report
Non-financial performance indicators	Yes, in the

	Corporate Website under Industry Ranking (market share) found in the “About Us” section.
Dividend policy	Yes, in the Annual Report
Details of whistle-blowing policy	Yes, in the Corporate Governance Report and Corporate website
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes, in the Annual Report under Directors’ Profile
Training and/or continuing education programme attended by each director/commissioner	Yes, in the Annual Report under Corporate Governance and the Annual Corporate Governance Report
Number of board of directors/commissioners meetings held during the year	Yes, in the Annual Report and ACGR
Attendance details of each director/commissioner in respect of meetings held	Yes, in the Annual Report and ACGR
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes, in the Definitive Information Statement on an aggregate basis

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee for 2014 **(updated)**

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo, CPAs	Php 7,882,340.81	none

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Corporate website (www.bdo.com.ph) public disclosures (PSE-www.pse.com.ph/edge) and SEC reports, press releases, investors and analysts briefing.

On March 10, 2014 and August 6, 2014, Analyst Briefings were conducted and disclosed to the Exchange via PSE Edge on March 5, 2014 and July 31, 2014, respectively. This is also available in the corporate website. **(updated)**

Date of release of audited financial report: March 3, 2014 **(updated)**

5) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	YES
Financial statements/reports (current and prior years)	YES
Materials provided in briefings to analysts and media	YES (Investor Presentation in Powerpoint slides)
Shareholding structure	YES
Group corporate structure	YES
Downloadable annual report	YES
Notice of AGM and/or EGM	YES
Company's constitution (company's by-laws, memorandum and articles of association)	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

6) Disclosure of RPT **(updated as of December 31, 2014)**

RPT	Relationship	Nature	Value
Loans	DOSRI	Secured	PHP47,769M

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

BDO has implemented a Related Party Transactions Policy and established the Related Party Transactions Committee to ensure the proper review, approval, ratification and disclosure of transactions between the Bank and any of its Related Party/ies as required in compliance with legal and regulatory requirements and to protect the interests of the Bank and its stakeholders.
(new amendment)

Please refer to the Rules on DOSRI LOANS on page 52-54 and Intra-group outsourcing guidelines on page 54.

It is the policy of the Bank that RPTs are conducted at arm's length and in the normal commercial terms. This is categorically stated on page 131 of the 2014 Annual Report Financial Supplements (Loans to Related Parties) as follows: "Under existing policies of BDO Unibank Group and the Parent Bank, these loans are made on substantially the same terms as loans granted to other individuals and businesses of comparable risks. DOSRI loans of BDO Unibank Group and the Parent Bank bear annual interest rate of 2.2% to 12.0% in 2014, 2.3% to 12.0% in 2013 (except for credit card receivables which bear a monthly interest rate of 0% to 3.6% in 2014)."

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Section 11. Quorum. At each meeting of the stockholders, the holders of a majority of the issued and outstanding stock of the Bank having voting powers, who are present in person or represented by proxy, shall constitute a quorum for the transaction of business, except where otherwise provided by law. A majority of the votes shall decide any matter submitted to the stockholders at the meeting, except in those cases where the law requires a greater number. Less than a quorum may adjourn a meeting from time to time, but the absence of stockholders holding the requisite number of stock shall not prevent action in any meeting upon any other matter or matters which may properly come before such meeting whenever, by reason of their nature, such matters may be resolved by the stockholders present.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Manual
Description	Voting may be done viva voce, by show of hands, or by balloting. In the election of directors, the election must be by ballot if requested by any voting shareholder.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
none	none

Dividends (*updated*)

Declaration Date	Record Date	Payment Date
January 4, 2014 (Php 0.30 Cash Dividend) for 1Q 2014	February 26, 2014	March 24, 2014
January 4, 2014 (Php 0.30 Cash Dividend) for 2Q 2014	June 11, 2014	June 27, 2014
January 4, 2014 (Php 0.30 Cash Dividend) for 3Q 2014	September 11, 2014	September 26, 2014
January 4, 2014 (Php 0.30 Cash Dividend) for 4Q 2014	December 09, 2014	December 29, 2014
April 25, 2014 (Php0.90 Special Cash Dividend) for 2014	July 1, 2014	July 25, 2014

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

2. Measures Adopted	3. Communication Procedure
Question and answer during Annual Stockholders' Meeting. Stockholders are accorded the right to comment, make suggestion or put forward their proposals. The President or the Board Chair would give their responses to each	As part of the ASM proceedings, the Board Chair would announce the Q&A portion.

question/comment raised by the Stockholders on the floor.	
For the convenience of shareholders to exercise their rights and participation in the ASM, the venue, date, time and agenda of the annual meeting and the rationale for each agenda item were announced in advance. (updated)	Ad in newspapers of general circulation. Disclosure to the PSE/SEC
When shareholders could not attend the meeting, they can assign proxies to vote in their behalf.	As part of the Notice of Stockholders' Meeting, proxy forms are included.

4. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The shareholders are allowed to cast their votes on each agenda item pertaining to a proposed corporate action. Pursuant to Section 81 of the Corporation Code of the Philippines, a shareholder may exercise his appraisal right by dissenting on any of the corporate actions presented to them for approval and demanding payment of the fair value of their shares.

(Reference: DIS)

At each shareholders' meeting, holders of a majority of BDO's issued and outstanding voting shares who are present or represented by proxy, shall constitute a quorum for the transaction of business, except where otherwise provided by law. A majority of votes shall decide any matter submitted to the shareholders at the meeting, except in those cases where the law requires a greater number.

In the election of directors, the shareholders are entitled to cumulate their votes.

There is no manner of voting prescribed in the By-Laws of BDO. Hence, voting may be done viva voce, by show of hands, or by balloting. In the election of directors, the election must be by ballot if requested by any voting shareholder.

BDO's Corporate Secretary is tasked and authorized to count votes on any matter properly brought to the vote of the shareholders, including the election of directors. Stock Transfer Service, Inc., BDO's stock transfer agent, an independent party, is tasked to count votes on any matter properly brought to the vote of the shareholders, including the election of directors.

Shareholders holding BDO common shares and Series A preferred shares as of record date are entitled to vote on the following matters indicated in the Notice and Agenda.

5. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes **(updated)**

- a. Date of sending out notices: March 24, 2014
 - b. Date of the Annual/Special Stockholders' Meeting: April 25, 2014
6. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

V. Open forum

After the President's presentation, the Chairman opened the floor to stockholders to provide them the opportunity to ask questions or give comments.

1. Stockholder Fr. Ed Bayani, a Catholic Priest narrated that he went to SM Megamall to withdraw money at the ATM at 9:00 o'clock in the morning and to another ATM at the Philippine Stock Exchange to buy stocks of the Bank but all the ATMs were empty. He also mentioned the incident where he went to the Bank's Lipa (Batangas) branch and to Cabuyao (Laguna) branch to buy stocks through PCIB Securities, and was charged a transfer fee of Php 200. He asked if it was a practice to pay transfer fee.

The President, Mr. Tan, apologized on behalf of the Bank for the inconvenience he may have experienced with the ATMs being empty. He said it was unusual for all the ATMs to be without cash at the same time. He said the matter would be looked into. As to the payment of transfer fee, Mr. Tan advised the minimal fee was for servicing the non-branch depositor for the withdrawal. It was also the Bank's way to protect its depositors because unfortunately, it had happened that somebody claiming to be a bona fide client would go to another branch that did not know and understand the client personally and the client's account. This opened the door to fraud. The Bank always tries to make sure that the necessary interbranch security is in place. The Bank is flexible in charging fees, especially if someone is a bona fide client and does transactions regularly and has the activity that could be justified.

Chairperson, Ms. Teresita Coson said that "servicing the Church is very close to our hearts". Further instructions would be given to the branches to give more information to clients who may not be familiar with Bank transactions. Special effort would be given in this area of service.

2. Stockholder Ernesto S. Dizon, a senior citizen and originally a PCI Bank stockholder, commended Mr. Tan for the Bank's performance which "exceeded even BPI, Metrobank, Landbank and PNB". He reiterated his call that there should be "transparency and disclosure" relative to DOSRI transactions and "receivables". He cited his continuing request to be provided all the shares he subscribed to during the Bank's last stock rights offering.

Relative to DOSRI, Mr. Dizon noted the President's shares increased to about 3,000,000 as disclosed, and asked if the acquisition was part of DOSRI, funded by the Bank. He also noted the increase in the number of shares being held by other Bank officers as disclosed by the Bank in its report.

Mr. Tan replied that he took out a loan to fund his acquisition of BDO Shares. He clarified that the increase in the number of his shares and that of the Bank officers were not taken from the Bank's stock rights offering. They were accumulated purchases from the market and the employee stock option plan. There was no special allocation or special treatment given to the officers, including himself, relative to the Bank's stock rights offer.

Chairperson Sy clarified that whenever the Bank would have stock rights offering, there would be more subscriptions than the shares available and under these circumstances, the Bank tried its best to satisfy all its clients who wanted to subscribe. Everybody had been treated equally. If the Bank officers have more shares, it was because the shares were acquired at different times, not during the stock rights offering. The officers' acquisition of Bank shares reflect their trust in the Bank. The Bank does things equitably. At times, the Bank would try to find ways to help those who found it difficult to understand the real situation and would persist on the number of shares they want.

Mr. Dizon then expressed satisfaction for the actions taken by the Bank.

3. Stockholder Dean Teodoro Ocampo inquired on how the Bank would address the 2015 ASEAN integration; on whether the Bank has specific initiatives to leverage or minimize the potential risk of integration.

Mr. Tan said the Philippine banking system is relatively small compared to the other ASEAN banking systems. Therefore, the Philippine banks like BDO, are relatively small in the ASEAN context. The Bank's strategy, is, first, to strengthen its position locally, which is defensive and from there, hopefully the Bank can generate enough earnings and capital to make its foray into the international markets. The Bank's expansion in the ASEAN markets is really to follow its "natural markets" - the cross-border activity, either overseas Filipino workers who have the purchasing power or middle market companies that trade with the ASEAN region. It will be more of a presence to service the Bank's existing natural markets.

Dean Ocampo also inquired if the Bank went through a risk analysis in making its investments. Mr. Tan replied that all of the Bank's investments, just like its loans would go through the rigorous credit analysis process, then passed upon by the executive committee, and transactions or exposures over a certain amount would have to be approved by the Board.

4. Stockholder Elias B. Dulalia, congratulated the Directors, the Management and employees of the Bank, noting that the Bank's P22.0 Billion net income is a "symbol of good management and good performance". He suggested that the Bank expand further by increasing the number of its branches, including in the Mindanao area. He hoped that the Bank would expand like J.P. Morgan and the Bank of America.

Chairperson Sy acknowledged Mr. Dulalia's expression of confidence and noted his suggestions.

5. Stockholder Rodel C. Navarro inquired on how much total resources the Bank projects for 2014.

Mr. Tan replied that the Bank does not project resources because it believes that resources are a by-product of the business brought on board. The Bank tries to cater to its client's needs with the best value it can provide and with the best value it can give to its shareholders. What the Bank tries to focus on is actually volume and the net income that it generates for the Bank. The resources will just happen by doing things in the regular course of business.

6. Stockholder Alfred Reiterer, President of the Philippine Active Shareholders Association, asked the President the following questions, and to which the President replied as follows:

(a) whether there will be consolidation in the Philippine banking sector in the light of the ASEAN integration -

Mr. Tan said the first premise is that the Bank or any of the big banks, in its current size, will have difficulty competing in the ASEAN so we all need to bulk up, either through merger or organic growth. At the very least, the Bank is trying to grow as fast and as big as it can to survive. The second thing about the development of ASEAN is that it will happen gradually, and will hurt, slowly and sometimes, unnoticed, certain businesses, like credit cards and private banking, where competition from local banks with ASEAN infrastructure is being seen.

- (b) whether in the light of the growth in the Bank's portfolio, the Bank is expected to raise capital via private placement or from all stockholders

Mr. Tan said, based on the current regulation, the Bank does not anticipate raising common equity capital within the next three (3) to five (5) years. The Bank will likely explore the other forms of capital to leverage, but there are two caveats: i.e., there are no major regulatory changes that will require big increase in capital, and second, Bank's growth as seen now will continue at the same pace for the next three (3) to five (5) years.

- (c) whether the Bank will be a leader in going to other countries so other Philippine industries and companies could follow -

Mr. Tan replied that it is most likely to be the reverse initially, meaning – the Bank, with its size, with its capability, will have to follow its natural market. Then with the Bank's presence, that natural market may multiply exponentially. The Bank cannot go to a specific locality and hope that the Filipinos would follow. The first thing to do is to go to a specific locality where there are already Filipino businesses operating. Hopefully, the Bank's presence, will spur others to follow in said locality.

Chairperson added that the Bank has contingency plans in anticipation of the ASEAN integration and hope that the Government understands the competition the Bank faces in such integration.

7. Stockholder Carmencita Santos, a retiree from an international financial institution, noted that the Bank's financials are truly impressive, except for the capital adequacy ratio (CAR) which went down by almost 4%; she likewise inquired how the Bank's CAR compare with other big banks in the Philippines, and if the Bank would raise capital within the next 2-3 years.

Mr. Tan replied as follows:

On the CAR - The total amount of qualifying capital went down because they changed the rules on how it is computed. In terms of a decline in CAR, not all declines are negative. If an institution were bringing on earning risk assets, and they used up capital, that is actually very good use of capital because there is value coming out of it. But if the capital ratio is being depleted to cover for losses, then it is a different story.

The Bank, had a declining CAR because we had been increasing earning assets on the books. As can be seen, the Bank grew by 23% quarter-on-quarter and 20% last year. The Bank watches closely its CAR and to make sure that it achieves the optimum capital ratio. Having too much will hurt return on equity (ROE); having too little is very risky.

On the CAR comparison, Mr. Tan replied that the Bank was within the ballpark figure but it was a question really of when the Bank raised capital which was in 2012, while some banks

had just been raising capital this year.

On increase of capital, Mr. Tan replied that the Bank would likely not raise equity capital; it would be looking at higher return on equity (ROE) in the years to come and, if there would be no change in regulation and if the trend as we had seen continues, then growth in income would be sustained. The Bank, then would have internally generated capital.

8. Stockholder Elena Banquilla inquired on (i) how much dividends the stockholders can expect this year, and (ii) the book value of the Bank Shares, to which Mr. Tan replied - (i) the additional dividends on top of the quarterly dividends declared will be disclosed later, and (iii) the book value of Bank's Shares is P45.00 per share and stock price stood at P88.50 earlier that day.

9. Stockholder Emil Dela Cruz advised that he has not received the BDO Rewards he applied for his wife.

Mr. Tan immediately gave instruction to address Mr. Cruz's concern.

10. Stockholder Guillermo F. Gili, Jr. asked if BDO were the bank involved in the case reported in Philippine Star which prohibited withdrawal of about P92.0 Million in deposit notwithstanding finality of a Supreme Court decision.

Mr. Tan assured Mr. Gili that it is not BDO.

11. Stockholder Evangeline Escobillo inquired why Mr. Henry Sy, Jr. is stepping down as a Director to which Chairperson Sy replied that Director Sy, Jr. had given up his position to give way for the election of another independent director conformably with banking regulations and the Securities and Exchange Commission's rules.

7. Result of Annual/Special Stockholders' Meeting's Resolutions (Voting Results)

Agenda Item		% Votes Received		
		Approving	Dissenting	Abstaining
I.	Call to order			
II.	Proof of notice and determination of existence of quorum			
III.	Approval of Minutes of the previous ASM held on April 20, 2012	99.92%	0.00%	0.08%
IV.	Approval of President's Report	99.89%	0.03%	0.08%
V.	Approval and ratification of all acts of the Board of Directors and Management during their term of office	99.89%	0.02%	0.08%
VI.	Election of the Board of Directors:			
i.	Teresita T. Sy	98.93%	0.93%	0.14%
ii.	Jesus A. Jacinto, Jr.	98.95%	0.87%	0.17%
iii.	Nestor V. Tan	99.23%	0.67%	0.10%
iv.	Josefina N. Tan	98.85%	0.74%	0.42%
v.	Christopher A. Bell-Knight	99.22%	0.70%	0.08%
vi.	Cheo Chai Hong	99.22%	0.70%	0.08%

vii.	Antonio C. Pacis	99.22%	0.70%	0.08%
viii.	Jose F. Buenaventura	99.92%	0.00%	0.08%
ix.	Jones M. Castro, Jr.	99.92%	0.00%	0.08%
x.	Jimmy T. Tang	99.78%	0.14%	0.08%
xi.	Gilberto C. Teodoro, Jr.	99.92%	0.00%	0.08%
VII.	Appointment of P&A as external auditor	99.92%	0.00%	0.08%
VIII.	Other Matter/s			
	Declaration of cash dividends			
IX.	Adjournment			

8. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

April 25, 2014 (**updated**)

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	none

(f) Stockholders' Attendance (**updated**)

- (i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

April 25, 2014

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Board of Directors: Teresita T. Sy Jesus A. Jacinto, Jr. Christopher a. Bell-Knight Jones M. Castro, Jr. Cheo Chai Hong Antonio C. Pacis Nestor V. Tan	April 25, 2014	Voting by poll	0.01%		81.84%

	Josefina N. Tan Jimmy T. Tang <u>Officers:</u> SEVP Antonio N. Cotoco SEVP Walter C. Wassmer SEVP Jaime C. Yu EVP Julie Y. Chua EVP Ador A. Abrogena EVP Pedro M. Florescio III EVP Eduardo V. Francisco EVP Edmundo S. Soriano EVP Evelyn L. Villanueva EVP Guia C. Lim EVP Ricardo V. Martin SVP Ursula A. Alano SVP Rafael G. Besa SVP Angelita L. Ortega- Cortez SVP Ismael G. Estela, Jr. SVP Marillyn K. Go SVP Alvin C. Go SVP Lazaro Jerome C. Guevarra SVP Gabriel U. Lim SVP Ma. Corazon A. Mallillin SVP Aurea Imelda S. Montejo SVP Emmanuel T.					

	Narciso SVP Estrellita V. Ong SVP Luis S. Reyes, Jr. SVP Shirley M. Sangalang SVP Ma. Theresa S. Simbul SVP Ma. Theresa L. Tan SVP Rebecca S. Torres FVP Aurora M. Castro FVP Roy Allan V. Magturo					
Special	N/A					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? YES, Punongbayan, Araullo and Associates

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. YES

Title of Each Class

Common
Preferred One

For both classes of shares:

(1) vote per share except in the election of directors where one share is entitled to as many votes as there are directors to be elected.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	A proxy which is regular on its face and apparently executed by a shareholder is presumed to be authentic and genuine and shall be accepted.
Notary	Proxy firms need not be notarized.
Submission and Validation of Proxy	Ten (10) and seven (7) business days, respectively before Annual Stockholders' Meeting
Several Proxies	As a rule, a later proxy revokes an earlier one. The date of execution, the postmark date, and the postmark time are usually considered in determining which

	proxy is the later proxy.
Validity of Proxy	As specified in the proxy form
Proxies executed abroad	A proxy shall not be invalidated on the ground alone that it was executed abroad.
Invalidated Proxy	A proxy invalidated on proper grounds cannot be utilized at the meeting.
Validation of Proxy	A forum for the validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by BDO's stock and transfer agent shall be convened. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.
Violation of Proxy	Any action of a proxy holder in violation of the shareholder's specific instructions written on the proxy shall not be recognized.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

(Corporate Governance Manual)

The Board of Directors shall be transparent and fair in the conduct of the annual and special stockholders' meeting:

"4. Accurate and timely information shall be made available to the stockholders to enable them to make sound judgment on all matters brought to their attention for consideration and approval. The Office of the Corporate Secretary will issue the Notice of the Annual Stockholders Meeting at least 28 business days before the meeting date which includes the time, place and proposed agenda items together with a brief rationale for its inclusion thru mail, facsimile transmission or electronic mail and publication in newspapers of general circulation published in Metro Manila." **(new amendment)**

Please see replies above	same

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	13,028

Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 25, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	March 25, 2014
State whether CD format or hard copies were distributed	Hard copies of DIS and CDs were distributed.
If yes, indicate whether requesting stockholders were provided hard copies	YES

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	YES
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	YES
The auditors to be appointed or re-appointed.	YES
An explanation of the dividend policy, if any dividend is to be declared.	YES
The amount payable for final dividends.	YES
Documents required for proxy vote.	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

(Reference: Corgov Manual)

A. The Board of Directors shall be committed to respect the following rights of the stockholders:

1. Right to Nominate

Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in the Bank's By-Laws and the rules of BSP and SEC.

2. Voting Rights.

- e. Shareholders shall have the right to participate and vote in the Annual Stockholders Meeting including the right to elect, remove and replace directors, vote on certain corporate acts in accordance with the Corporation Code such as changes or amendments

to the company's By-Laws and Articles of Incorporation, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code , issuance of additional shares and appointment of the external auditor.

- f. Each outstanding share is entitled to one vote unless a preferred share is expressly denied voting entitlement.
- g. Cumulative voting shall be used in the election of directors.
- h. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3. Power of Inspection

All shareholders shall be allowed, subject to reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, and shall be furnished with annual reports, financial statements, without costs or restrictions.

4. Right to Information

- d. Upon request and for a legitimate purpose, the shareholders shall be provided with information about the Bank's directors and officers, their holdings of the Bank's shares, and dealings with the Bank.
- e. The shareholders, including minority shareholders shall have access to any information relating to matters for which the management is accountable.
- f. The shareholders, including minority shareholders shall be granted the right to propose items in the agenda of the meeting provided the items are for legitimate business purposes.

5. Right to Dividends

- c. Shareholders shall have the right to receive dividends subject to the discretion of the Board of Directors as enunciated in the BDO Dividend Policy approved by the Board of Directors on December 6, 2014, as the same may be amended. Provided regulatory approval is received on time, the Bank will endeavor to pay dividends within 30 days from date of approval.
- d. The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital except;
 - i. When the bank is prohibited by the BSP or under any loan agreement with any financial institution or creditor to declare dividends without its consent and such consent has not been secured.
 - ii. When such retention is clearly necessary under special circumstances obtaining in the Bank, such as a need for special reserves for possible contingencies.
 - iii. When justified by definite corporate expansion projects or programs approved by the Board.

6. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment for the fair value of their shares in the manner provided for under Section 82 of the Corporation Code.

- d. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class.
 - e. In case of the disposition of all or substantially all of the corporate property and assets as provided for in the Corporation Code.
 - f. In case of sale, lease, exchange, transfer, mortgage, pledge or other merger or consolidation or the extension or shortening the term of corporate existence.
- B.** The Board of Directors shall be transparent and fair in the conduct of the annual and special stockholders' meetings.
- 7. The stockholders (both individual and institutional) shall be encouraged to attend personally or by proxy such meetings of the stockholders in a place easily accessible to all investors. They shall be given the opportunity to ask and receive answers to their questions relating to the Bank. A summary of the questions asked and answers given will be included in the Minutes of the Annual Stockholders Meeting and posted on the corporate website.
 - 8. The rights of the stockholders shall be promoted and impediments to the exercise of those rights shall be removed. An adequate avenue shall be provided for the stockholders to seek timely redress for breach of such rights.
 - 9. Appropriate steps shall be taken to remove excessive or unnecessary costs and other administrative impediments to the stockholders' participation in meetings whether in person or by proxy.
 - 10. Accurate and timely information shall be made available to the stockholders to enable them to make sound judgment on all matters brought to their attention for consideration or approval. The Office of the Corporate Secretary will issue the Notice of the Annual Stockholders Meeting at least 28 business days before the meeting date which includes the time, place and proposed agenda items together with a brief rationale for its inclusion thru mail, facsimile transmission, electronic mail and publication in newspapers of general circulation published in Metro Manila.
 - 11. The introduction of additional, previously unannounced items into the Notice of Annual Stockholders' Meeting or agenda of the Annual Stockholders' Meeting will not be allowed.
 - 12. The services of an independent body will be engaged to ensure that voting procedures and standards are adhered to. Results of the vote for each agenda item will be posted in the corporate website not later than the next business day after the Annual Stockholders Meeting.

Accurate and timely information shall be made available to the stockholders to enable them to make sound judgment on all matters brought to their attention for consideration or approval.

Policies	Implementation
RIGHTS OF SHAREHOLDERS The Bank recognizes the need for accurate and updated information of the Bank's financial condition and all matters affecting the Bank.	By appropriate timely disclosures in the corporate website, regulators, annual reports and announcements. Shareholders could request relevant information from the Corporate Secretary or the Investors' Relations through the contact details provided in the website.

- (b) Do minority stockholders have a right to nominate candidates for board of directors?
Yes, explicitly provided in the Corporate Governance Manual under Rights of Shareholders.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Investor Relations is responsible for providing and disseminating information and activities of the Bank for the benefit of investors, stock analysts, fund managers (both local and foreign) as well as government agencies. In 2014, Investor Relations held two (2) analyst briefings in March and August, participated in the quarterly analyst and media briefings of parent firm SM Investments Corporation and conducted road shows locally and abroad. Investor Relations also handled press release for significant bank events for the information of all concerned.

- The Bank strictly adheres to regulatory disclosure guidelines on material announcements or developments about the Bank which are disclosed to the PSE and SEC within ten (10) minutes following Board meetings during regular business hours on weekdays, or the following trading day should the meeting fall on a weekend. After the submission of regulatory disclosures, these are then forwarded to the press and wire agencies, as well as promptly posted in the Bank's website.
 - The Bank's external and internal communications policies as well as major announcements about the Bank are reviewed by the President and/or Board Chairperson.
- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

BDO has been an unwavering advocate of information transparency and active stakeholder interaction. Investor Relations (IR), as a strategic management function, play a vital role in the Bank's adherence to good corporate governance and dynamic shareholder engagement. It laid out a comprehensive engagement plan that will handle investor prospecting, relationship building/maintenance, and data automation. The IR strategy envisions better shareholder interface and information accessibility amongst various stakeholders.

Details

(1) Objectives

1. To foster effective communication with the Bank's stockholders, other stakeholders, and the public in general, promote stakeholders' rights and interests, and enhance investor and shareholder relation which includes managing stakeholders' expectations in relation to the Bank's performance and future prospects.
 2. To bridge the information gap between management and the investment community with the end goal of achieving fair valuation for the company.
- The Bank employs a multi-pronged communications strategy handled by specific units to promote transparency and actively engage with its various stakeholders, as well as increase awareness and visibility about the Bank.
 - Communication with the core audience is handled by the following: Investor Relations and Corporate Planning (IR and Corplan) for institutional investors and analysts; and the Corporate Secretary's office (CorSec) for retail investors and other shareholders; and both IR and CorSec for the Board members and key management. Also, communications requiring media involvement are done in conjunction with the Bank's Corporate Communications Group (MCG).

(2) Principles

The Bank adheres to five (5) basic principles: accountability, fairness, integrity, transparency, and performance.

(3) Modes of Communications

Investor Relations (IR)

- IR is a key component of the Bank's corporate governance framework, promoting transparency and active engagement with investors and analysts, as well as with Board members and key management.
- To the investment community, IR articulates the Bank's strategic directions as well as updates investors and analysts on the Bank's financial performance and other major developments. Investor updates are carried out through one-on-one meetings during conferences and roadshows, supplemented by periodic email broadcasts and posting of disclosures in the Bank's website. This ensures continuing access to both strategic and financial information about BDO.
- To Board members and key management, IR shares reports from analysts and feedback from investors for a better appreciation of external views regarding the Bank. IR likewise prepares and presents to the Board quarterly reports on institutional ownership, industry rankings, and

comparative financial performance, as well as BDO performance and share price analysis/valuation, among others.

- IR also maintains the IR page of the Bank's website, and regularly updates its contents that include, among others, the Bank's financial statements and reports, credit ratings, investor presentations, bank stock valuation indicators, as well as dividend, capital and funding history.
- In 2014, IR expanded its presence in the global fund management community by increasing the number of participation in global/local non-deal roadshows and conferences. Simultaneously, IR has actively coordinated with top brokers to organize small investor forums and one-on-one meetings in the Bank's premises to discuss relevant developments. The Bank also participated in a virtual investor conference catering to American Depositary Receipts (ADR) investors.

CorSec

- Corsec informs retail investors on recent developments about the Bank (which include, among others, declaration of cash/stock dividends; venue, date, time, and agenda of the Bank's annual meetings; explanation of each agenda item requiring shareholders' approval; explanation of the method of voting, and disclosure of voting results; quarterly reports on the Bank's financial performance) and other relevant corporate information through timely disclosures posted in the websites of the PSE, SEC, as well as of the Bank.
- To Board members and key management, CorSec provides minutes of Board and Board Committee meetings (specifically Audit, Compensation, Corporate Governance, Nominations, and Trust).
- Corsec maintains a pro-active relationship with the Bank's shareholders as it directly addresses their concerns and queries. It directly liaises with the Bank's stock transfer agent on matters relating to stockholders' claims for cash dividends, updating of contact information, and requests for documents and/or information regarding their stockholdings.

Marketing Communications Group (MCG)

- MCG handles the social media facility of the Bank such Facebook, Tweeter and Instagram. Investors and clients of the Bank could use this channel to communicate with the Investor Relations or the Corporate Secretary's Office for any concerns or queries related to the Bank.

(4) Investors Relations Officer

Mr. Luis S. Reyes, Jr.
Contact No.: 840-7142
Fax No.: 878-4151
Email: irandcorplan@bdo.com.ph

Richard R. Tan
Contact No.: 878-4809
Fax No.: 878-4151
Email: irandcorplan@bdo.com.ph

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Bank's Board of Directors may or may not appoint an independent party, depending on the size and complexity of the transaction. Evaluation of the transaction price is usually taken on a case-to-case basis.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (*updated*)

Discuss any initiative undertaken or proposed to be undertaken by the company in 2014.

BDO Foundation Inc., the socio-civic arm of the Bank, actively promotes the Bank's Corporate Social Responsibility through the initiative and partnerships with civil society, governments and stakeholders. In 2014, it was involved in the following community-related activities as a way of giving back to the communities in which the Bank operates:

INITIATIVES	BENEFICIARIES

Rehabilitation of Rural Health Centers	No of Individuals
Basey Municipal Health Center in Basey, Western Samar	50,423*
Carigara Municipal Health Center in Carigara, Leyte	47,444 **
Bogo City Main Health Center, Bogo, Northern Cebu	69,991**
Cabatuan Main Health Center, Cabatuan, Iloilo	54,950**
New Washington Main Health Center, New Washington, Aklan	42,112**
Roxas City Main Health Center, Roxas City, Capiz	156,197***
Alang-Alang, Alang-Alang, Leyte	48,660***
San Josef Norte Health Center, Cabanatuan City, Nueva Ecija	62,800*
The City of Biñan Main Health Center, Biñan, Laguna	283,396*
Tagbilaran Main Health Center, Tagbilaran, Bohol	17,114*
La Trinidad Main Health Center, La Trinidad, Benguet	107,188**
Sta. Maria Health Center, Zamboanga del Sur, Zamboanga City	21,432***

Construction of School Buildings	No. of students

1. Baybay Elementary School in Baybay, Catarman, Samar	1,206 students*
2. Lantangan Elementary School. in Lantangan, Pontevedra, Capiz	415 students*
3. Ibajay National High School in Ibajay, Aklan	634 students*
4. Efraim Santibañez National HS in Barangay Sto. Tomas, Passi, Iloilo	495 students
5. Tacloban National High School in Tacloban, Leyte	1,557 students**
6. Dr. Vicente F. Gustillo Memorial National HS in Cadiz City, Negros Occ.	1,483 students***
7. Pandan Central School in Centro Norte, Pandan, Antique	872 students**
8. San Miguel National High School in San Miguel, Leyte	1,077 students*
9. Divine Healer Learning Academy in Cabid-an, Sorsogon	400 students*
10. Bubukal Elementary School Annex in Bubukal, Laguna	276 students
11. Elisa P. Bernardo Memorial Elementary School in Tacurong, Sultan Kudarat.	396 students*
12. Ala Central School in Ala, Esperanza, Isulan, Sultan Kudarat	396 students*
13. Midsayap Dilangalen National High School in Midsayap, Northern Cotabato	500 students*
14. Nan Chong School in Vigan, Ilocos Sur	100 students*
15. Liloan National High School in Ormoc City, Leyte	2,177 students***
16. Calape Central Elementary School in Calape, Bohol	836 students***
17. Talon Talon Elementary School in Zamboanga del Sur, Zamboanga City	6,030 students***
18. Sangali Elementary School in Zamboanga del Sur, Zamboanga City	3,610 students***

Housing Resettlement/Multipurpose Halls	No of families
1. Resettlement Houses for typhoon Pablo victims in Mati, Davao Oriental	69 housing units/families**
2. Resettlement Houses for typhoon Yolanda victims With Workshop for Foundation of These-Abled Persons in Sta. Fe, Leyte	100 housing units**
3. BDO Volunteer Multipurpose Hall for BDO Foundation-Red Cross Village in Barangay Hinukay, Baliuag, Bulacan	110 families*
4. BDO Volunteer Multipurpose Hall in Barangay Milibili, Roxas City, Capiz	120 families*

Livelihood	No. of families
Workshop and Livelihood Projects for typhoon Yolanda victims	200 disabled families**
Motorized Boats with fishing nets for Barangay Santikan, San Dionisio, Iloilo fishing village	30 families*

Relief Operations (School Kits)	No. of school children
School kits for various schools in Balete, Aklan	2,000 school children*
School kits for various schools in Libacao, Aklan	2,000 school children*
School kits for various schools in Capiz	1,500 school children*
School kits for various schools in Batad and Sara in Iloilo	2,500 school children*
School kits for various schools in San Dionisio, Iloilo	400 school children*

Relief Operations (Relief Goods)	No. of families
Typhoon Glenda victims in Tanza, Cavite	1,193 families*
Typhoon Glenda victims in Calabanga, Naga City and Pili, Camarines Sur	1,143 families*
Typhoon Glenda victims in Rizal, Tanay	1,600 families*
Typhoon Luis and Mario victims in Calasiao and Dagupan, Pangasinan	5,000 families*
Typhoon Luis and Mario victims in Nangka, Marikina	2,700 families*
Typhoon Luis and Mario victims in Montalban, Rizal	1,306 families*
Typhoon Luis and Mario victims in San Mateo, Rizal	1,530 families*
Typhoon Luis and Mario victims in Sta. Maria, Narvacan and Candon, Ilocos Sur	5,938 families*
Mayon Volcano evacuees in Guinobatan, Camalig and Daraga, Albay	1,830 families*
Mayon Volcano evacuees in Guinobatan, Camalig and Sto. Domingo, Albay	2,727 families*
Typhoon Ruby victims in Iriga and Nabua in Camarines Sur	1,763 families*
Typhoon Ruby victims in New Washington, Balete, Batan and Kalibo, Aklan	2,275 families*
Typhoon Ruby victims in Mobo, Masbate	2,000 families*
Typhoon Ruby victims in Sorsogon, Sorsogon	500 families*
Typhoon Ruby victims in Catbalogan, Western Samar	387 families*
Typhoon Ruby victims in Virac, Catanduanes	500 families*
Typhoon Ruby victims in Tabaco, Albay	1,154 families*

LEGEND:

* **Completed/Delivered/Turned-over**

** **On-going/Under construction**

*** **For bidding**

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President. **(updated)**

	Process	Criteria
Board of Directors	Self-Evaluation by all directors and advisers	Please refer to Annex A-7
Board Committees	Self-evaluation by Committee members and advisers	same
Individual Directors	Peer Evaluation by other directors and advisers	same
CEO/President	Self-Evaluation by other directors and advisers	Qualifications, Financial Results, Regulatory Compliance and Integrity

N. INTERNAL BREACHES AND SANCTIONS

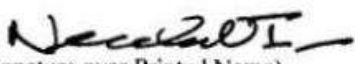
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Willful violations or non-compliance of the provisions of the Corporate Governance Manual	Subject to a penalty to be determined by the Board of Directors.

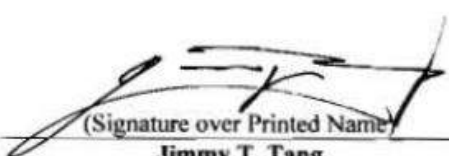
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of CITY OF MAKATI on JUN 28 2013 2013.

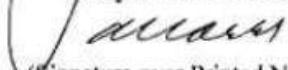
SIGNATURES


(Signature over Printed Name)
Teresita T. Sy
Chairperson


(Signature over Printed Name)
Nestor V. Tan
President


(Signature over Printed Name)
Jose F. Buenaventura
Independent Director


(Signature over Printed Name)
Jimmy T. Tang
Independent Director


(Signature over Printed Name)
Rebecca S. Torres
Chief Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of JUN 28 2013 2013,
affiant(s) exhibiting to me their _____, as follows:

NAME/PASSPORT NO.	PASSPORT NO./ EXPIRY DATE	PLACE OF ISSUE
Teresita T. Sy	EB0826424/ Aug. 24, 2015	Manila
Jose F. Buenaventura	XX4363215/ Aug. 13, 2013	Manila
Jimmy T. Tang	XX4860069/ Oct. 29, 2014	Manila

NAME/PASSPORT NO.**PASSPORT NO./
EXPIRY DATE****PLACE OF ISSUE**

Nestor V. Tan

B7352142
Feb. 10, 2018

Manila

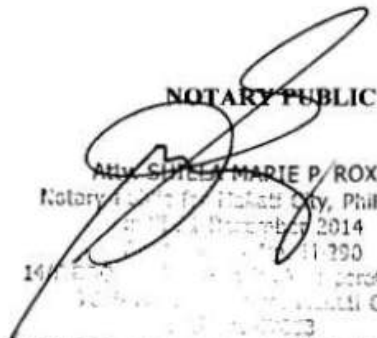
Rebecca S. Torres

XX1702950
July 27, 2013

Manila

Doc No. 121
Page No. 26
Book No. 1
Series of 2013

NOTARY PUBLIC


ATTY. SHIRELLE MARIE P. ROXAS
Notary Public for Makati City, Philippines
Commission Expires December 2014
147 EDSA, 14th Floor, Corporate Center
Makati City
IBP License No. 03004, Pampanga
RPS No. 001-10, 1/17/2013, Makati City
MCMC Compliance No. 11-0015787, 5/13/2010

TERMS OF REFERENCE EXECUTIVE COMMITTEE

I. Constitution

The Executive Committee shall be established by the Board of Directors (BOD) of Banco De Oro Unibank, Inc. (BDO Unibank). It is an extension of the BDO Unibank Board.

II. Objectives

The Executive Committee shall have the full authority to act on behalf of the Board of Directors on matters affecting the operations of the Bank subject to such limitations/ceilings that may be imposed by law, the Bank's by-laws, and the Bank's Board of Directors.

III. Duties and Responsibilities

- It shall have the authority to act on credit proposals as follows:
 1. Approval of credits above P50,000,000.00;
 2. Confirmation of all new accounts above P10,000,000.00;
 3. Confirmation of credits approved under delegated authorities above P25,000,000.00;
 4. Confirmation of SMB credits above P10,000,000.00;
 5. Confirmation of CLG credits above P25,000,000.00;
 6. Approval of Remedial proposals above P25,000,000.00; and
 7. Confirmation of Remedial proposals approved by the Management Credit Committee above P10,000,000.00
- It shall have the authority to approve technology-related projects or such other initiatives as may be recommended by management for the purpose of enhancing the Bank's operating and service delivery capabilities. Provided further, that it shall have the authority to approve the capital expenditures for such projects/initiatives in excess of US\$10 million but not to exceed US\$25 million or its equivalent.
- It shall have the authority to approve for implementation operating policies and/or manuals and amendments thereto as may be recommended by management.
- It shall endorse for the approval of the Board of Directors recommendations of management to establish domestic or foreign branch offices and/or extension offices at such places as will serve the public interest as well as the interest of the Bank.
- It shall endorse for the approval of the Board of Directors recommendations of management to establish domestic or foreign subsidiaries as will serve the interest of the Bank.
- It shall endorse for the approval of the Board of Directors recommendations of management on any amendments to the Bank's Articles of Incorporation and/or By-laws.

IV. Membership

The Executive Committee shall be composed of at least three (3) directors and at least two (2) members of senior management who shall be appointed / designated by the Board of Directors.

V. Meetings

The Executive Committee shall convene weekly or as often as it may be necessary for the resolution of all matters referred to it.

TERMS OF REFERENCE BOARD AUDIT COMMITTEE

I. Constitution

The Board Audit Committee (BAC) shall be established by the Board of Directors (BOD) of BDO Unibank, Inc. (BDO Unibank). It follows the rationale for the establishment of an audit committee as required and directed by the Bangko Sentral ng Pilipinas (BSP) Circular No. 456 Series of 2004 (which amended Subsection X141.3.c (9) of the Manual of Regulations for Banks) and BSP Circular No. 749 Series of 2012. As such, the BAC of the BDO Unibank is an extension of the BDO Unibank Board.

The BAC shall have the authority to investigate any matter within its terms of reference, full access to management and full discretion to invite any director, executive officer(s) and staff to attend its meetings. It shall be extended full cooperation by management and be provided with adequate resources to enable it to effectively discharge its functions.

It shall also oversee the Bank's compliance requisites as mandated by the appropriate regulatory bodies.

II. Objectives

1. To provide oversight on the BDO Unibank financial reporting process, system of internal control, audit process and monitoring of compliance with applicable rules and regulation.
2. To ensure that a review of the effectiveness of the Bank's internal controls, including financial, operational and compliance controls and risk management is conducted annually.
3. To provide oversight functions over the Bank's internal and external audit functions.

III. Duties and Responsibilities over the following:

1. Internal Audit Division

- a. It shall be responsible for organizing the Internal Audit Division, and the appointment of the Internal Auditor who shall report directly to the BAC.
- b. It shall perform oversight function over the Internal Audit Division.
- c. It shall review the annual internal audit plan to ensure its conformity with the objectives of the Bank. The plan shall include audit scope, resources and budget necessary and timetable for its implementation.
- d. It shall ensure that Internal Audit Division examines, evaluates and improves the effectiveness of risk management, internal control and governance processes of the organization.
- e. It shall review the internal audit reports, report major issues to the Board and ensure that management is taking corrective actions in a timely manner to address weaknesses, non-compliance with policies, laws and regulations and other issues identified by auditors.

2. External Audit

- a. It shall recommend to the BOD the appointment, re-appointment and/or change of external auditor.
- b. It shall review the Engagement Letter and discuss with the external auditor the nature, scope and expenses of the audit prior to the commencement of the audit work.

- c. It shall review the Management Letter submitted by the external auditor, as well as management's response to the external auditor's findings and recommendations before endorsing the same to the BOD for its approval.
 - d. It shall evaluate non-audit work if any is done by the external auditors and disallow it if it will conflict with their duties as external auditors.
 - e. It shall review the Management Representation Letter stating management's responsibility over the financial statements and financial reporting process.
3. **Operational, Financial, and Anti-Money Laundering Compliance**
- a. It shall review and approve the annual plan of the Compliance Office and Anti-Money Laundering Unit.
 - b. It shall review the quarterly, half-year and annual financial statements before their submission to the BOD.
 - c. It shall review the reports of BSP and other regulatory bodies as well as notices on financial or administrative penalties incurred due to delayed/non-submission/erroneous submission of required regulatory reports.
4. **Reporting Hierarchy**
- a. The BAC shall report to the BOD minutes of its meeting. The minutes shall be noted by the Corporate Secretary and shall include recording of names of those present.

IV. Authority

- 1. The BAC shall ensure that the internal and external auditors act independently from each other and that both are given unrestricted access to all properties and personnel to enable them to perform their respective audit functions.
- 2. The BAC shall review the Bank's processes that allow the employees to raise concerns, in confidence, about possible issues in financial reporting and/or other matters.

V. Membership

- 1. Members of the BAC shall be directors appointed by the Bank's BOD, with at least two independent directors, one of whom shall serve as BAC chair. Advisers may also be appointed to the Bank's BAC by the BOD.
- 2. BAC members shall preferably be with accounting, auditing, or related financial management experience.

VI. Meetings

- 1. Frequency of Meetings – at least once a month with the presence of at least one independent director. The Minutes of the meetings shall be circulated promptly to all members of the Committee.

VII. Other Matters

- 1. At least once a year, review its own performance, constitution and terms of reference to ensure that these are operating at maximum effectiveness and to recommend any changes it considers necessary to the BOD for approval.
- 2. Evaluate the performance of Internal Audit, Compliance and Anti-Money Laundering Unit and External Audit annually to ensure their effectiveness and achievement of objectives.

TERMS OF REFERENCE NOMINATIONS COMMITTEE

I. Constitution

The Nominations Committee shall be established by the Board of Directors (BOD) of BDO Unibank, Inc. (BDO Unibank). It is an extension of the BDO Unibank Board.

II. Objectives

The Nominations Committee shall provide oversight on the qualifications of all persons nominated to the Board as well as those nominated to other positions in the Bank requiring the appointment of the Board of Directors.

III. Duties and Responsibilities

The Nominations Committee leads the process for identifying and makes recommendations to the Board on, candidates for appointment as Directors of the Bank as well as those other positions requiring appointment by the Board of Directors, giving full consideration to succession planning and leadership needs of the Group. It shall make use of external database, e.g. Institute of Corporate Directors, or professional search. It shall recommend to the Board of Directors, the slate of nominees for election to the Board of Directors during the Bank’s annual stockholders’ meeting. It also makes recommendations to the Board on the composition and chairmanship of the various committees. It keeps under review 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 makes recommendations to the Board with regard to any changes.

IV. Membership

The Nominations Committee shall be composed of at least three (3) members, with two (2) independent directors and a Chairperson who is an Executive Director.

V. Meetings

The Nominations Committee shall convene at least twice a year or as often as may be required to perform its duties and responsibilities.

TERMS OF REFERENCE COMPENSATION COMMITTEE

I. Constitution

The Compensation Committee shall be established by the Board of Directors (BOD) of BDO Unibank, Inc. (BDO Unibank), for which it derives its authority.

II. Objectives

In compliance with BSP Circular 749, Guidelines in Strengthening the Corporate Governance in BSP Supervised Financial Institutions, the Compensation Committee shall provide oversight on directors’ compensation and remuneration of senior management and other key personnel ensuring that compensation policies and practices are consistent with the corporation’s culture, strategy and control environment as well as with peer institutions and designed to attract and retain qualified and competent individuals.

III. Scope of Authority

The Committee shall have oversight responsibility over the compliance of compensation and remuneration policies of the BDO Unibank Group and its authority shall extend to all subsidiaries and affiliates of the Bank.

IV. Duties and Responsibilities

- It shall review and recommend to the Board of Directors compensation policies for directors and board committees members.
- It shall review and recommend to the Board of Directors the compensation policies for senior management and other key personnel.
- It shall review the Terms of Reference annually or as necessary and submit any recommended changes thereto for approval of the Board of Directors.

V. Membership

The Compensation Committee shall be composed of at least three (3) members of the Board of Directors, one of whom should be an independent director.

VI. Meetings

The Compensation Committee shall convene at least once annually or as may be required to perform its duties and responsibilities.

TERMS OF REFERENCE TRUST COMMITTEE

I. Constitution

The Trust Committee shall be established by the Board of Directors (BOD) of BDO Unibank, Inc. (BDO Unibank). It is an extension of the BDO Unibank Board.

II. Duties and Responsibilities

The Trust Committee shall act within the sphere of authority as provided for in the Bank’s By-laws and/or as may be delegated by the Board of Directors such as but not limited to the following:

- It shall have the authority to accept and close trust and other fiduciary accounts.
- It shall conduct the initial review of assets placed under the trustee’s or fiduciary’s custody.
- It shall have the authority to approve the investment, reinvestment, and disposition of funds or property. Provided however, that such authority shall be subject to limitations that may be imposed by the Board of Directors.
- It shall have the authority to review and approve transactions between trust and/or fiduciary accounts. Provided however, that such authority shall be subject to the limitations that may be imposed by the Board of Directors.
- It shall review and evaluate trust and other fiduciary accounts at least once every 12 months to determine whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship, as well as the advisability of retaining or disposing of the trust or fiduciary assets.
- It shall endorse for the approval of the Board of Directors such general policies, guidelines, and operating manuals on the acceptance, termination or closure of trust and other fiduciary account; and, the investment, reinvestment and disposition of funds or property held in connection with the Bank’s capacity as trustee or fiduciary.

III. Reporting Hierarchy

The Trust Committee shall report to the BOD minutes of its meeting. The minutes shall be noted by the Corporate Secretary and shall include recording of names of those present.

IV. Membership

The Trust Committee shall consist of at least five (5) members as follows: three (3) directors who are not operating officers of the Bank or members of the Board Audit Committee, the President, and the Trust Officer.

V. Meetings

The Trust Committee shall convene at least once every quarter.

TERMS OF REFERENCE RISK MANAGEMENT COMMITTEE

I. Constitution

The Risk Management Committee (RMC) shall be established by the Board of Directors (BOD) of BDO Unibank, Inc. (BDO). It is an extension of the BDO Unibank Board.

II. Objectives

The Risk Management Committee shall be responsible for the development and oversight of the risk management program of BDO, including its Trust Unit.

III. Duties and Responsibilities

- It shall assess the probability of each identified risk exposure becoming a reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.

Considering the importance of appropriately addressing credit risk, a separate Credit Committee created by the Board of Directors shall continue to function guided by established credit policies, procedures and directives. The Credit Committee shall be responsible for approving credit-specific transactions, while the Risk Management Committee shall be responsible for approving credit portfolio risk-related policies and limits, as well as, market, liquidity, and operational risk policies and limits.

- It shall oversee the system of limits of discretionary authority that the Board of Directors delegates to management under its purview, ensure that the system of limits of discretionary authority remains effective, that the limits are observed, and immediate corrective actions are taken whenever limits are breached.
- It shall approve the written risk management plan developed by management, defining the policies, limits, and strategies for managing and controlling the major risks of BDO, including Trust.
- It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if risk becomes real.
- It shall conduct regular discussions with management on the current risk exposure based on regular management reports, and direct concerned units on how to reduce these risks.
- It shall evaluate the risk management plan as needed to ensure its continued relevance, comprehensiveness and effectiveness.
- It shall revisit risk-mitigating strategies, look for emerging or changing risk exposures or stay abreast of developments that affect the likelihood of harm or loss.
- It shall report regularly to the Board of Directors the Bank’s overall risk exposure, actions taken to reduce risks, and recommend further actions or plans as necessary.

IV. Reporting Hierarchy

The Risk Management Committee shall report to the BOD minutes of its meeting.

V. Membership

The Risk Management Committee shall be composed of at least three (3) members of the Board of Directors, including at least one (1) independent director, and a chairperson who is a non-executive member, in accordance with BSP regulations. The members of the Risk Management Committee shall possess a range of expertise, as well as, adequate knowledge of the BDO's risk exposure to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur.

VI. Meetings

The Risk Management Committee shall convene at least once a month or as may be required to perform its duties and responsibilities.

TERMS OF REFERENCE CORPORATE GOVERNANCE COMMITTEE

INTRODUCTION

The terms of reference of the Corporate Governance Committee were revised in order:

- To align with the requirements of BSP Circular 749 – Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions

1. CONSTITUTION

The Corporate Governance Committee is a committee of the Board of Directors of BDO Unibank, Inc. from which it derives its authority and reports to regularly. It was established by virtue of BSP Circular No. 456, as amended by BSP Circular No. 749 that directed the Board to do so and takes a leadership role in shaping the corporate governance policies and practices of the Bank, recommending applicable guidelines and monitoring compliance.

2. PURPOSE

The Committee shall assist the Board in fulfilling its corporate governance responsibilities by providing a focus on governance that will enhance the Board’s performance and effectiveness, taking into consideration governance best practices, as applicable. It shall also assist the Board in establishing BDO as a recognized financial institution for its good governance practices.

3. SCOPE OF AUTHORITY

The Committee, through the Corporate Governance Officer, shall have oversight responsibility over the compliance of corporate governance regulations of BDO Unibank and its authority shall extend to all subsidiaries and affiliates of the Bank.

4. DUTIES & RESPONSIBILITIES

The Committee shall perform the following on a regular basis:

- a) Review and assess the adequacy of the Bank’s policies and practices on corporate governance including the Corporate Governance Manual and recommend changes for approval of the Board;
- b) Advise the Board on any significant developments in the regulatory and best practices on corporate governance;
- c) Review the adequacy of the charters adopted by each committee of the Board and recommend changes as necessary;
- d) Review the Board Committee memberships to ensure adequacy of structure and composition. This shall include advising the Board on committee appointments, rotation of committee members and Chairs;
- e) Develop appropriate criteria and make recommendations to the Board regarding the definition of independent directors;
- f) Review the term limits and committee memberships of Board members and alert the Board as to which Committees will be affected;
- g) Review and redefine the criteria for the yearly board and director evaluation process;
- h) Conduct annual self-performance evaluation of the Board of Directors, its committees, Adviser to Board, executive management and each director using the approved criteria;
- i) Report annually to the Board the overall assessment of the Board, directors and advisers’ performance and effectiveness including recommendations for improvement;

- j) Make available a suitable induction and orientation process for new directors, and for the continuing education of existing directors, recommend the specific programs/topics and monitor its implementation;
- k) Review management's plan for succession to key leadership positions within the Bank giving full consideration to the skills and expertise needed in the future;
- l) The Committee Chair shall serve as a resource person in qualifying nominees to the Board, assignment to committees, succession plans for Board members and senior officers, and their remuneration commensurate with corporate and individual performance.
- m) Conduct an annual review of the Committee's performance, constitution and terms of reference to ensure that these are operating at maximum effectiveness and to recommend any changes to the Board as needed;
- n) Report regularly to the Board on the Committee's activities;
- o) Develop and recommend a specific and clearly stated Corporate Governance Improvement Plan (CGIP) to be approved by the Board, periodically reviewed and amended as necessary;
- p) Perform any other duties and responsibilities expressly delegated by the Board to the Committee from time to time.

5. MEMBERSHIP

The Committee shall be composed of at least 3 Directors, two (2) of whom shall be independent directors(BSP Circular 749). They shall serve for a minimum term of one (1) year.

The Chairman of the Committee shall be one of the independent directors.

6. MEETINGS

The Committee shall meet every other month with the presence of at least two (2) independent directors, with additional meetings at the discretion of the Committee Chair. Meetings may be in person, by telephone, web, or other electronic means agreeable to the Committee. Ability to act on matters can be by verbal or written consent by majority of the Committee members. Less than 50% attendance at Committee meetings in one (1) year shall be considered automatic threshold for non-reappointment.

7. SECRETARY

The Corporate Secretary, and/or the Asst. Corporate Secretary shall attend all meetings of the Committee.

8. MINUTES OF THE MEETING

The minutes of the meeting shall also include the names of those present, noted by the Corporate Secretary and circulated to all attendees.

9. REPORTING

The Committee shall report its discussion to the Board by distributing the highlights thereof and where appropriate, by oral report of the Committee Chair at the next Board meeting.

10. DISCLOSURE

The membership of the Committee, its activities during the year and review of corporate governance shall be disclosed and published in the Annual Report of the Bank.

TERMS OF REFERENCE INFORMATION TECHNOLOGY STEERING COMMITTEE

The Bank hereby sets forth these Terms of Reference to prescribe the formal status of the Information Technology (IT) Steering Committee function in BDO Unibank, Inc. (BDO) that defines, among others, the committee’s role and authority. The Terms of Reference are in consonance with the requirements of Monetary Board Resolution No. 1286, dated 01 August 2013, as implemented by BSP Circular No. 808, dated 22 August 2013.

I. Authority

The Information Technology Steering Committee (ITSC) is a committee of the Board of Directors of BDO from which it derives its authority and reports to regularly. The primary role of the ITSC is to exercise oversight and governance over the Bank’s IT function, including approvals of information technology-related policies and practices of the Bank and applicable guidelines.

II. Duties and Responsibilities of the IT Steering Committee (ITSC)

Accountability is a key concern of IT governance and this may be achieved via an organizational structure that has well-defined roles for the responsibility of information, business processes, applications, and IT infrastructure.

The IT Steering Committee is responsible for the following:

- a) Understanding technology risks that confront the Bank and its subsidiaries and ensuring that they are properly managed and mitigated.
- b) Monitoring IT performance and recommending appropriate actions to ensure achievement of desired results. Such as;
 - i. Providing the Board with adequate information on IT performance, status of major IT projects or other significant issues, to enable the Board to make well-informed decisions on the Bank’s IT operations.
 - ii. Review, regular monitoring, and recommending revisions to the Board, of the Bank’s IT Strategic Plan in the context of the Bank’s business strategy.
- c) Compliance oversight, and annual review of IT guidelines, policies, procedures, and standards.

III. Committee Composition

The ITSC, as a minimum, will have as members a non-executive Board director who oversees the institution’s IT function, the head of the IT Group, and the President. The head of control groups should participate in ITSC meetings in advisory capacity only.

IV. Frequency of Meetings

The Committee shall meet at least quarterly, with additional meetings held at the discretion of the Committee Chair. Meetings may be in person, by telephone, web, or any other means acceptable to the Committee. ITSC matters may be acted on by verbal and/or written consent of the majority of the Committee members.

V. Objective of Committee Meetings

The objective of ITSC meetings is to regularly inform and update committee members of both internal and external IT-related developments and activities, potential challenges and risks, progress vs. strategic objectives, and to establish a forum where IT-related best practices, strategic plans, policies and procedures may be discussed by the ITSC, and recommended for approval to the Board. Presentations to the ITSC shall be primarily aimed at information sharing and to assist the Committee in relation to its duties and responsibilities. Suggestions and inputs to the ITSC to enhance the IT organization, systems and processes are expected.

VI. Meeting Agenda

The list of agenda matters which may be taken up during ITSC meetings and their corresponding presenters may include the following topics:

- a. Board / ITSC Updates
- b. Major IT Projects Status Updates, including related financial / business reviews
- c. Strategic Plan progress updates
- d. Policy Changes/Updates
- e. Compliance and Security issues

VII. Committee Secretary

The Corporate Secretary, and/or the Asst. Corporate Secretary shall attend all meetings of the Committee.

VIII. Minutes of Meeting

The Corporate Secretary, and/or the Assistant Corporate Secretary, and/or a designated secretary, shall take the formal minutes of all Committee meetings to document all discussions and decisions. The minutes shall then be presented for confirmation of the Committee at its next meeting. The minutes of meeting shall also include the names of all those present at the meeting.

IX. Reporting

The Committee will report its discussions to the Board of Directors by distributing the highlights and the minutes of meeting thereof, and where appropriate, by oral report of the Committee Chairman.

TERMS OF REFERENCE RELATED PARTY TRANSACTIONS COMMITTEE

PURPOSE

The Related Party Transactions Committee (RPTC) is formally established to assist the Board in overseeing the conduct of all Related Party Transactions to protect the interests of the Bank and its stakeholders in accordance with regulatory requirements. Prior to the creation of the RPTC, Related Party Transactions of the Bank are reviewed and approved by the Executive Committee and the Board of Directors.

AUTHORITY

The Committee is authorized by the Board of Directors to:

1. Establish and put in place policies on Related Party Transactions.
2. Conduct an independent review to determine the propriety of Related Party Transactions of Php10 million and above including the ordinary course of business transactions with deviations to ensure that the Bank is not disadvantaged in entering into this transaction.
3. Ratify and endorse to the Board for final approval all credit and non-credit Related Party Transactions of Php10 million and above that were vetted by the Committee.
4. As necessary, review approved policies on Related Party Transactions on a periodic basis so that it will remain relevant to the best interests of the Bank. Any revisions or amendments to the policies should be approved by the Board of Directors.

DUTIES & RESPONSIBILITIES

The Committee shall perform the following:

1. Review, assess and consider all relevant facts and circumstances of all credit and non-credit Related Party Transactions (RPTs) including but not limited to:
 - the identities of the parties involved in the transaction or relationship;
 - the terms of the transaction which are no less favorable than the terms available to unrelated third parties under the same circumstances;
 - the impact on the independence of a director or senior officer;
 - the extent that such transaction or relationship would present an improper conflict of interest to the Bank; and
 - any other material information regarding the transaction/s or the Related Party's interest in the transaction/s.
2. Ensure the 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.
3. Review and assess the adequacy of the Terms of Reference at least annually and ensure that subsequent changes are approved by the Board of Directors.
4. Perform annual review of the Committee's performance.

MEMBERSHIP

The Committee shall be composed of 3 regular members and 1 alternate member. The regular members shall be 2 independent directors and 1 Non-Executive Director and the alternate member must be an independent director. The Committee shall have an Adviser who is a member of the Executive Committee. Each member will be appointed on an annual basis.

The Chairman of the Committee shall be appointed by the Board and must be one of the independent directors.

MEETINGS

The Committee shall meet every month with the presence of at least 2 regular members, with additional meetings at the discretion of the Committee Chairman. The alternate member is required to attend the meeting if there is no quorum or if one of the two independent director regular members is absent. Meetings may be in person, by telephone, web, or other electronic means agreeable to the Committee. Ability to act on matters can be by verbal or written consent by majority of the Committee members.

SECRETARY

The Corporate Secretary, and/or the Asst. Corporate Secretary shall attend all meetings of the Committee.

REPORTING

The Committee shall report its discussion to the Board by distributing the highlights thereof and where appropriate, by oral report of the Committee Chair at the next Board meeting.

DISCLOSURE

The membership of the Committee and its activities shall be disclosed and published in the Annual Report of the Bank.

PART 1 – BOARD OF DIRECTORS EVALUATION

Background

As required by regulatory authorities and as a matter of good practice, the Board of Directors should conduct on a periodic basis, a review of its performance against established criteria, for purposes of assessing its effectiveness and as a tool in its efforts to improve its structure, composition, and practices and procedures.

Assessment Criteria

The following criteria assist in determining how effective the Board's performance is in:

- Leadership
- Stewardship
- Contributing to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor and mitigate significant risks
- Ensure consistency between the bank's strategic and operational plans, on the one hand, and its risk appetite, on the other.
- Review management's succession plan
- Effective meetings
- Bank's approach to governance
- Accountability
- Clearly defining roles and monitoring activities of committees
- Review of the Bank's ethical conduct

PART 1 - BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being “Strongly Disagree” and 4 being “Strongly Agree” please rate the Board's performance against the following criteria.

Note: Additional comments are welcome.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Plan and Performance					
1	The Board understands the vision, mission and objectives of the Bank.				
2	The Board is involved in the review and approval of corporate goals and objectives including overall operating and financial plans to achieve them.				
3	The Board focuses on strategic and long-term issues; spends adequate time to address them.				
4	The Board regularly monitors actual operating results against targets and takes appropriate action as required.				
5	The Board regularly assesses strategic and operating risks and takes appropriate action as required.				
6	The Board understands the statutory, regulatory requirements and obligations under which they act as a Board.				
7	The Board has reviewed the senior management succession plan and is satisfied with it.				
8	The Board is diligent in verifying the integrity of its financial and management controls and systems.				
Additional Comments:					
1. Do you have suggestions regarding the performance of the Board on this area?					

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Operations					
1	The Board is able to function independently of management and has the mechanisms in place to maintain that distinction.				
2	The Board understands the difference between its role and that of management.				
3	The Board has an adequate policy for the orientation and continuing education of directors.				
4	The Board calendar is organized effectively as to number of meetings, timing and location.				
5	The number and length of Board meetings are appropriate.				
6	The subjects and issues discussed in Board meetings are of major importance.				
7	The Chair conducts the meeting in a respectful manner that ensures open communication and meaningful participation.				
8	The amount of information received in board packages is appropriate for discussion and decision making purposes.				
9	The Board materials are received sufficiently in advance to adequately prepare for meetings.				
10	Handling and disclosures of related party transactions are adequate and released on time.				
11	Conflicts of interest are properly disclosed.				
12	Vital issues elevated to the Board by management are discussed thoroughly and guidance given by the Board to management is appropriate.				
13	The Board has access to sufficient resources, both internal and outside advisers, to function effectively.				
Additional Comments: 1. Do you have suggestions for improving the way in which the Board functions?					

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES					
Identify the Board Committee (s) of which you are a member:					
(Executive, Audit, Trust, Nomination, Corporate Governance, Compensation , Risk Management and IT Steering Committee)					
1	The Committee structure and Terms of Reference provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.				
2	The composition of the Committee is based on experience and credentials.				
3	The number and length of Committee meetings are appropriate and in accordance with their charter.				
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.				
5	The amount of information received is appropriate for discussion and decision making purposes.				
6	The materials are received sufficiently in advance to adequately prepare for meetings.				
7	The Committee regularly reviews its mandate and performance.				
8	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.				
9	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding at the Committee's rationale for its recommendations.				
Additional Comments:					
1. Do you think the Committee(s) is effective in carrying out its mandate?					
2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?					

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear picture of the Bank's risk profile.				
2	The reports that the Board receives from the Bank's Chief Risk Officer are sufficiently detailed to permit the Board to have a high degree of confidence that risks are effectively identified, measured and managed by the Bank.				
3	The Board has sufficient resources and authority to ensure that an effective system of risk management is in place at the Bank.				
4	The Board reviews, understands and approves the Bank's risk appetite.				
Additional Comments: 1. Do you think that the Board is effective in carrying out its risk oversight mandate? 2. Do you have suggestions or feedback on improving the effectiveness of the Board in doing this function?					

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	
2	
3	

What further education/training would be valuable to you?

1. _____
2. _____

PART 2 – DIRECTOR AND PEER EVALUATION

Background

The director and peer evaluation is intended to encourage improved performance and effectiveness of directors by identifying areas that need improvement. You are requested to rate your colleagues on the Board and yourself using the following rating scale and questions:

Rating Scale:

- 1 - Needs Improvement**
- 2 - Meets Expectation**
- 3 - Exceeds Expectation**

Questions:

	The director:
1	Understands the vision, mission and objectives of the Bank.
2	Understands the Bank's organizational structure and culture.
3	Understands the business and regulatory environments in which the Bank operates.
4	Demonstrates a solid understanding of his/her responsibilities as a Director, including his/her statutory and fiduciary roles; understands the distinction between governance and management and acts appropriately in his/her governance role.
5	Demonstrates high ethical standards in his/her personal and professional dealings.
6	Is willing to act and be accountable for his/her boardroom decisions.
7	Is diligent in preparing for board and committee meetings (knows the material; has well informed questions; has consulted other Directors and/or management, if required, to evaluate and add value to agenda items presented).
8	Contributes meaningfully and knowledgeably to board discussions; makes useful suggestions; provides strategic insight and direction.
9	Is willing to take a stand or express a view, even if it runs contrary to prevailing wisdom or the direction of the conversation; shows independent thinking.
10	Displays an understanding of strategy and vision; conceptualizes key trends; evaluates strategic decisions.
11	Demonstrates an ability to identify the costs, benefits and implications of board decisions.
12	Listens effectively to others' ideas and viewpoints; encourages contributions from other Directors.
13	Is financially literate; demonstrates a strong understanding of financial statements; has grasped not only the fundamentals, but can see the issues behind the numbers.
14	Appropriately questions data and information presented to the board for its deliberation.
15	Is a team player; works effectively with fellow Directors; tries to build consensus; manage conflict

	The director:
	constructively.
16	Is sensitive to and supportive of the complex relationships that naturally exist among management, the Board Chair, the independent Directors and the President.
17	Communicates persuasively and logically; voices concerns, raises tough questions in a manner that encourages open discussion.
18	Respects confidentiality of Bank's information.
19	Participates on committees and is knowledgeable about the purpose and goals of each committee.
20	Understands his/her specific responsibilities as a committee member.
21	Understands the process of committee work, and the role of management and staff supporting the Committee.
22	Has the necessary time and commitment to fulfill his/her responsibilities as a Director and as a member of board committees.
23	Maintains an excellent attendance record at board and committee meetings.
24	Available when needed; accessible and approachable.
25	Actively seeks out ways to improve board and committee performance.
26	Has a personal track record of achievements, which lend credibility to his/her business judgment as board member.
27	Effectively applies his/her knowledge, experience and expertise to issues confronting the Bank.
28	Overall, makes a valuable contribution to the functioning of the board.

SENIOR MANAGEMENT* EVALUATION FORM

Rating Scale:

- Dissatisfied
- Needs Improvement
- Satisfied

CRITERIA	RATING
Qualifications	
Performance (Financials)	
Compliance (Regulatory)	
Integrity (Code of Conduct)	
Strategy	
Corporate Governance	

ADDITIONAL COMMENTS:

1. Do you have suggestions or feedback on further improving the effectiveness of the senior executives in managing the business of the Bank?

2. Any areas for improvement that you think should be addressed?

*Senior Management refers to the members of the Management Committee of the Bank.

**MINUTES OF THE
ANNUAL MEETING OF STOCKHOLDERS OF
BDO UNIBANK, INC.**

**RIZAL BALLROOM A & B, SECOND FLOOR, MAKATI SHANGRI-LA HOTEL
AYALA AVENUE CORNER MAKATI AVENUE, MAKATI CITY**

FRIDAY, APRIL 25, 2014, AT 2:00 O'CLOCK IN THE AFTERNOON

Number of shares held by shareholders:

Present in Person or Represented by Proxy, and Participant Brokers	-	3,352,090,084
Number of Total Outstanding Shares Preferred and Common	-	4,095,875,328
Percentage of the Total Shares Represented By Proxies and In Person	-	81.84%

Incumbent Directors Present:

Ms. Teresita T. Sy	Chairperson
Mr. Jesus A. Jacinto, Jr.	Vice Chairman
Mr. Christopher A. Bell-Knight	Director
Mr. Cheo Chai Hong	Director
Mr. Nestor V. Tan	President
Mr. Jones M. Castro, Jr.	Independent Director
Atty. Antonio C. Pacis	Director
Ms. Josefina N. Tan	Director
Mr. Jimmy T. Tang	Independent Director

Also Present:

Ms. Corazon S. de la Paz-Bernardo	Adviser to the Board
Mr. Jose T. Sio	Adviser to the Board
Atty. Edmundo L. Tan	Corporate Secretary
Atty. Sabino E. Acut, Jr.	Assistant Corporate Secretary
Atty. Angelita L. Ortega-Cortez	Assistant Corporate Secretary
Mr. Antonio N. Cotoco	Senior Executive Vice President
Mr. Walter C. Wassmer	Senior Executive Vice President
Mr. Jaime C. Yu	Senior Executive Vice President
Mr. Ador A. Abrogena	Executive Vice President
Ms. Julie Y. Chua	Executive Vice President
Mr. Pedro M. Florescio III	Executive Vice President/Treasurer
Mr. Eduardo V. Francisco	Executive Vice President
Ms. Guia C. Lim	Executive Vice President
Mr. Ricardo V. Martin	Executive Vice President
Mr. Edmundo S. Soriano	Executive Vice President
Ms. Evelyn L. Villanueva	Executive Vice President/Chief Risk Officer
Ms. Ursula A. Alano	Senior Vice President
Mr. Rafael G. Besa	Senior Vice President
Mr. Ismael G. Estela, Jr.	Senior Vice President/Corporate Governance Officer
Ms. Marilyn K. Go	Senior Vice President/ Assistant Treasurer
Atty. Alvin C. Go	Senior Vice President
Mr. Lazaro Jerome C. Guevarra	Senior Vice President
Mr. Gabriel U. Lim	Senior Vice President
Ms. Maria Corazon A. Mallillin	Senior Vice President
Ms. Aurea Imelda S. Montejo	Senior Vice President
Mr. Emmanuel T. Narciso	Senior Vice President
Ms. Estrellita V. Ong	Senior Vice President
Mr. Luis S. Reyes, Jr.	Senior Vice President

Ms. Shirley M. Sangalang
Ms. Ma. Theresa S. Simbul
Mr. Maria Theresa L. Tan
Ms. Rebecca S. Torres
Ms. Aurora M. Castro
Atty. Roy Allan V. Magturo

Senior Vice President
Senior Vice President
Senior Vice President
Senior Vice President/Chief Compliance Officer
First Vice President
First Vice President

I. Call to Order

The Chairperson, Ms. Teresita T. Sy, called the meeting to order. She formally opened the meeting with her welcome remarks, after which she requested the Bank's Vice Chairman, Mr. Jesus A. Jacinto, Jr., to preside over the meeting.

II. Proof of Notice and Determination of Existence of Quorum

The Corporate Secretary, Atty. Edmundo L. Tan, certified that (a) notices for the annual stockholders' meeting, together with the agenda and the Definitive Information Statement of the Bank, were sent out by mail or courier to all stockholders of record as of March 14, 2014 and likewise published in the Business World and The Philippine Star on March 24, 2014 and April 2, 2014, respectively, in accordance with the Amended By-Laws of the Corporation, and (b) based on the record of attendance, present for the meeting were stockholders, in person or by proxy, and participant brokers holding a total of 3,352,090,084 shares, equivalent to 81.84% of the outstanding voting shares of the Corporation, composed of 3,580,875,328 common shares and 515,000,000 voting Series A preferred shares. The Corporate Secretary therefore certified that there was a quorum for the transaction of business. He recorded the minutes of the proceedings.

Furthermore, Corporate Secretary Edmundo Tan announced that for purposes of the meeting, Punongbayan and Araullo (P&A) had been appointed to tabulate all votes in accordance with the voting procedures provided in the Bank's Definitive Information Statement.

III. Approval of the Minutes of the Previous Annual Meeting of Stockholders held on April 19, 2013

The Chairman of the Meeting proceeded to the next item in the agenda which was the reading and approval of the Minutes of the annual meeting of the stockholders held on April 19, 2013. He manifested that copies of the Minutes of the said meeting were appended to the Definitive Information Statement sent to all stockholders of record as of March 14, 2014, and made accessible at the Bank's website at www.bdo.com.ph anytime and at the Office of the Corporate Secretary during office hours.

Upon motion duly made and seconded, the minutes of the annual stockholders' meeting held on April 19, 2013 were approved and the following resolution was passed and adopted:

Stockholder's Resolution No. 01-2014

"RESOLVED, That the Shareholders of BDO Unibank, Inc. approve, as they hereby approve, the Minutes of the Annual Shareholder's Meeting held on April 19, 2013."

The Chairman instructed that the minutes of the meeting reflect a tabulation of votes to include proxies that had cast their votes in favor of the approval of the minutes of the last annual shareholders' meeting, and to note the proxies that had chosen to abstain on voting for, or had chosen to vote against, the approval of said minutes.

Based on P&A's tabulation, shareholders owning 3,349,322,454 voting shares or 99.92% of the total number of voting shares represented at the meeting approved the Minutes of the annual stockholders' meeting held on April 19, 2013, no shareholder or 0.0% voted against the approval of the minutes, while shareholders owning 2,767,630 voting shares or 0.08% of the total number of voting shares abstained.

IV. President's Report and approval of the Audited Financial Statements for 2013

The Chairman of the Meeting then gave the floor to the President of the Bank, Mr. Nestor V. Tan, to present his report on the Bank's results of operations for 2013, the 2014 first quarter performance and 2014 guidance.

Mr. Tan announced to the stockholders that the Bank had a record net income of Php22.6 Billion in 2013, 56% higher than the profit in 2012. This outstanding performance was attributed to increased earnings from its core businesses, mainly lending, deposit taking and fee-based services, accompanied by notable trading gains contributing strongly to the Bank's bottom line. Despite its continued business expansion, operating expense growth was well managed, and asset quality continued to improve. The Bank's capital base of P164 Billion remain to be the largest in the industry, with capital adequacy ratio and Tier 1 capital ratio comfortably above Basel III standards.

In terms of network, the Bank opened fifty-two (52) new branches in 2013, and eight (8) new branches so far in 2014, thereby bringing total domestic branch network to eight hundred twenty-two (822) as of end-March 2014. Most of these were set up outside Metro Manila. Over four hundred (400) ATMs were likewise added in 2013.

For 2014, Bank expects sustained loan growth, stabilized net interest margins, steady increase in fee income, normalized trading and forex gains, and further improvement in asset quality. The Bank's income guidance is Php 22.8 Billion for 2014. Mr. Tan emphasized that while the figure appeared flat compared to 2013, it reflected the replacement of one-time trading gains earned in 2013 with high quality earnings derived from the core businesses, and indicated the sustainability of the Bank's business franchises.

The President announced further that the Bank's first quarter net income was recorded at Php5.5 Billion, 45% lower year-on-year given that last year's figure included exceptional trading gains. However, the Bank's core businesses remained in high gear with further gains in loans and low cost deposits. First quarter net interest income grew by 27% year-on-year, and continued to be the main earning driver at Php12.2 Billion.

With the expansion across all the Bank's core business segments, the President remarked that the Bank is on track to meet its 2014 income guidance. The Bank has never been on a more solid footing and the franchise is there to sustain the performance it has shown over the last few years.

V. Open forum

After the President's presentation, the Chairman opened the floor to stockholders to provide them the opportunity to ask questions or give comments.

1. Stockholder Fr. Ed Bayani, a Catholic Priest narrated that he went to SM Megamall to withdraw money at the ATM at 9:00 o'clock in the morning and to another ATM at the Philippine Stock Exchange to buy stocks of the Bank but all the ATMs were empty. He also mentioned the incident where he went to the Bank's Lipa (Batangas) branch and to Cabuyao (Laguna) branch to buy stocks through PCIB Securities, and was charged a transfer fee of Php 200. He asked if it was a practice to pay transfer fee.

President, Mr. Tan apologized on behalf of the Bank for the inconvenience he may have experienced with the ATMs being empty. He said it was unusual for all the ATMs to be without cash at the same time. He said the matter would be looked into. As to the payment of transfer fee, Mr. Tan advised the minimal fee was for servicing the non-branch depositor for the withdrawal. It was also the Bank's way to protect its depositors because unfortunately, it had happened that somebody claiming to be a bona fide client would go to another branch that did not know and understand the client personally and the client's account. This opened the door to fraud. The Bank always tries to make sure that the necessary interbranch security is in place. The Bank is flexible in charging fees, especially if someone is a bona fide client and does transactions regularly and has the activity that could be justified.

Chairperson, Ms. Teresita Coson said that "servicing the Church is very close to our hearts". Further instructions would be given to the branches to give more information to clients who may not be familiar with Bank transactions. Special effort would be given in this area of service.

2. Stockholder Ernesto S. Dizon, a senior citizen and originally a PCI Bank stockholder, commended Mr. Tan for the Bank's performance which "exceeded even BPI, Metrobank, Landbank and PNB". He reiterated his call that there should be "transparency and disclosure" relative to DOSRI transactions and "receivables". He cited his continuing request to be provided all the shares he subscribed to during the Bank's last stock rights offering.

Relative to DOSRI, Mr. Dizon noted the President's shares increased to about 3,000,000 as disclosed, and asked if the acquisition was part of DOSRI, funded by the Bank. He also noted the increase in the number of shares being held by other Bank officers as disclosed by the Bank in its report.

Mr. Tan replied that he took out a loan to fund his acquisition of BDO Shares. He clarified that the increase in the number of his shares and that of the Bank officers were not taken from the Bank's stock rights offering. They were accumulated purchases from the market and the employee stock option plan. There was no special allocation or special treatment given to the officers, including himself, relative to the Bank's stock rights offer.

Chairperson Sy clarified that whenever the Bank would have stock rights offering, there would be more subscriptions than the shares available and under these circumstances, the Bank tried its best to satisfy all its clients who wanted to subscribe. Everybody had been treated equally. If the Bank officers have more shares, it was because the shares were acquired at different times, not during the stock rights offering. The officers' acquisition of Bank shares reflect their trust in the Bank. The Bank does things equitably. At times, the Bank would try to find ways to help those who found it difficult to understand the real situation and would persist on the number of shares they want.

Mr. Dizon then expressed satisfaction for the actions taken by the Bank.

3. Stockholder Dean Teodoro Ocampo inquired on how the Bank would address the 2015 ASEAN integration; on whether the Bank has specific initiatives to leverage or minimize the potential risk of integration.

Mr. Tan said the Philippine banking system is relatively small compared to the other ASEAN banking systems. Therefore, the Philippine banks like BDO, are relatively small in the ASEAN context. The Bank's strategy, is, first, to strengthen its position locally, which is defensive and from there, hopefully the Bank can generate enough earnings and capital to make its foray into the international markets. The Bank's expansion in the ASEAN markets is really to follow its "natural markets" - the cross-border activity, either overseas Filipino workers who have the purchasing power or middle market companies that trade with the ASEAN region. It will be more of a presence to service the Bank's existing natural markets.

Dean Ocampo also inquired if the Bank went through a risk analysis in making its investments. Mr. Tan replied that all of the Bank's investments, just like its loans would go through the rigorous credit analysis process, then passed upon by the executive committee, and transactions or exposures over a certain amount would have to be approved by the Board.

4. Stockholder Elias B. Dulalia, congratulated the Directors, the Management and employees of the Bank, noting that the Bank's P22.0 Billion net income is a "symbol of good management and good performance". He suggested that the Bank expand further by increasing the number of its branches, including in the Mindanao area. He hoped that the Bank would expand like J.P. Morgan and the Bank of America.

Chairperson Sy acknowledged Mr. Dulalia's expression of confidence and noted his suggestions.

5. Stockholder Rodel C. Navarro inquired on how much total resources the Bank projects for 2014.

Mr. Tan replied that the Bank does not project resources because it believes that resources are a by-product of the business brought on board. The Bank tries to cater to its client's needs with the best value it can provide and with the best value it can give to its shareholders. What the Bank tries to focus on is actually volume and the net income that it generates for the Bank. The resources will just happen by doing things in the regular course of business.

6. Stockholder Alfred Reiterer, President of the Philippine Active Shareholders Association, asked the President the following questions, and to which the President replied as follows:

(a) whether there will be consolidation in the Philippine banking sector in the light of the ASEAN integration -

Mr. Tan said the first premise is that the Bank or any of the big banks, in its current size, will have difficulty competing in the ASEAN so we all need to bulk up, either through merger or organic growth. At the very least, the Bank is trying to grow as fast and as big as it can to survive. The second thing about the development of ASEAN is that it will happen gradually, and will hurt, slowly and sometimes, unnoticed, certain businesses, like credit cards and private banking, where competition from local banks with ASEAN infrastructure is being seen.

(b) whether in the light of the growth in the Bank's portfolio, the Bank is expected to raise capital via private placement or from all stockholders

Mr. Tan said, based on the current regulation, the Bank does not anticipate raising common equity capital within the next three (3) to five (5) years. The Bank will likely explore the other forms of capital to leverage, but there are two caveats: i.e., there are no major regulatory changes that will require big increase in capital, and second, Bank's growth as seen now will continue at the same pace for the next three (3) to five (5) years.

(c) whether the Bank will be a leader in going to other countries so other Philippine industries and companies could follow -

Mr. Tan replied that it is most likely to be the reverse initially, meaning – the Bank, with its size, with its capability, will have to follow its natural market. Then with the Bank's presence, that natural market may multiply exponentially. The Bank cannot go to a specific locality and hope that the Filipinos would follow. The first thing to do is to go to a specific locality where there are already Filipino businesses operating. Hopefully, the Bank's presence, will spur others to follow in said locality.

Chairperson added that the Bank has contingency plans in anticipation of the ASEAN integration and hope that the Government understands the competition the Bank faces in such integration.

7. Stockholder Carmencita Santos, a retiree from an international financial institution, noted that the Bank's financials are truly impressive, except for the capital adequacy ratio (CAR) which went down by almost 4%; she likewise inquired how the Bank's CAR compare with other big banks in the Philippines, and if the Bank would raise capital within the next 2-3 years.

Mr. Tan replied as follows:

On the CAR - The total amount of qualifying capital went down because they changed the rules on how it is computed. In terms of a decline in CAR, not all declines are negative. If an institution were bringing on earning risk assets, and they used up capital, that is actually very good use of capital because there is value coming out of it. But if the capital ratio is being depleted to cover for losses, then it is a different story.

The Bank, had a declining CAR because we had been increasing earning assets on the books. As can be seen, the Bank grew by 23% quarter-on-quarter and 20% last year. The Bank watches closely its CAR and to make sure that it achieves the optimum capital ratio. Having too much will hurt return on equity (ROE); having too little is very risky.

On the CAR comparison, Mr. Tan replied that the Bank was within the ballpark figure but it was a question really of when the Bank raised capital which was in 2012, while some banks had just been raising capital this year.

On increase of capital, Mr. Tan replied that the Bank would likely not raise equity capital; it would be looking at higher return on equity (ROE) in the years to come and, if there would be no change in regulation and if the trend as we had seen continues, then growth in income would be sustained. The Bank, then would have internally generated capital.

8. Stockholder Elena Banquilla inquired on (i) how much dividends the stockholders can expect this year, and (ii) the book value of the Bank Shares, to which Mr. Tan replied - (i) the additional dividends on top of the quarterly dividends declared will be disclosed later, and (iii) the book value of Bank's Shares is P45.00 per share and stock price stood at P88.50 earlier that day.

9. Stockholder Emil Dela Cruz advised that he has not received the BDO Rewards he applied for his wife.

Mr. Tan immediately gave instruction to address Mr. Cruz's concern.

10. Stockholder Guillermo F. Gili, Jr. asked if BDO were the bank involved in the case reported in Philippine Star which prohibited withdrawal of about P92.0 Million in deposit notwithstanding finality of a Supreme Court decision.

Mr. Tan assured Mr. Gili that it is not BDO.

11. Stockholder Evangeline Escobillo inquired why Mr. Henry Sy, Jr. is stepping down as a Director to which Chairperson Sy replied that Director Sy, Jr. had given up his position to give way for the election of

another independent director conformably with banking regulations and the Securities and Exchange Commission's rules.

There being no other comments and questions from the stockholders, the President's Report and the Bank's Audited Financial Statements of 2013 were presented for notation and approval. Upon motion duly made and seconded, the President's Report of the Results of Operation and the Bank's Audited Financial Statements of 2013 were approved by the stockholders and the following resolution was passed and adopted:

Stockholders' Resolution No. 02-2014

"RESOLVED, That the President's Report on the 2013 Results of Operation and the Audited Financial Statements of BDO Unibank, Inc. for the period ending December 31, 2013, be noted and approved, as they are hereby approved and ratified."

The Chairman directed the Corporate Secretary to have the minutes reflect a tabulation of votes to include proxies that had cast their vote in favor of the approval of the President's Report and 2013 Audited Financial Statements, and to note the proxies that had chosen to abstain on voting for, or had voted against, the approval of the Bank's 2013 Audited Financial Statements.

Accordingly, based on P&A's tabulation, shareholders owning 3,348,463,922 voting shares or 99.89% of the total number of voting shares represented at the meeting noted and approved the President's Report and the Audited Financial Statements of the Bank for the period ending December 31, 2013. Shareholders owning 858,532 voting shares or 0.03% voted against the approval, while shareholders owning 2,767,630 voting shares or 0.08% of the total number of voting shares abstained.

VI. Approval and Ratification of All Acts of the Board of Directors, Board Committees, and Management during their Term of Office

The next item in the agenda taken up was the ratification of all acts, transactions and contracts entered into, as well as resolutions made and adopted by the Board of Directors and its duly constituted committees and of Management of the Bank from the date of the annual stockholders' meeting in 2013 up to Bank's 2014 annual stockholders' meeting. These items included, but not limited to, the following:

1. Acquisition of Citibank Savings Inc.;
2. Acquisition of the trust business of Deutsche Bank AG Manila Branch;
3. Declaration of cash dividends on common shares of the Bank on a quarterly basis and for 2013, on Preferred Shares Series "A";
4. Issuance of Long-Term Negotiable Certificates of Deposits; and
5. Regular business and operational matters including lending, appointments and promotions of senior officers.

Upon motion duly made and seconded, and there being no objection, the motion for the ratification of all acts of the Board, its Committees and Management were approved and the following resolution was passed and adopted:

Stockholders' Resolution No. 03-2014

"RESOLVED, That all of the resolutions, acts and proceedings of the Board of Directors of BDO Unibank, Inc. ("BDO Unibank"), its Committees, and Management, heretofore adopted and taken up at the several meetings of the Board of Directors, its Committees, and Management, since the annual stockholders' meeting of BDO Unibank in 2013 including the acquisition of Citibank Savings Inc.; acquisition of the trust business of Deutsche Bank AG Manila Branch; declaration of cash dividends on common shares of the Bank on a quarterly basis and for 2013, on Preferred Shares Series "A"; issuance of Long-Term Negotiable Certificates of Deposits; and regular business and operational matters, including lending, appointments and promotions of senior officers heretofore adopted, as shown by the records and the minutes books of BDO Unibank, and all of the acts of Management and its duly constituted committees in carrying out and promoting the purposes, objects, and interests of BDO Unibank be, as they are hereby, approved, confirmed, and ratified."

The Chairman instructed the Corporate Secretary to have the minutes reflect a tabulation of votes to include proxies that had cast their vote in favor of the ratification of the acts of the Board of Directors, its Committees and Management, and to note the proxies that had chosen to abstain on voting for, or had voted against, the ratification of the acts of the Board of Directors, its Committees and Management during their term.

Accordingly, based on P&A's tabulation, shareholders owning 3,348,463,922 voting shares or 99.89% of the total number of voting shares represented at the meeting approved and ratified all the acts of the Board of Directors, its duly constituted committees, and Management during their respective terms of office, while shareholders owning 778,162 voting shares or 0.02% voted against the approval and ratification of all of the acts of Directors, its Committees and Management during their term of office, and shareholders owning 2,848,000 voting shares or 0.08% of the total number of voting shares abstained.

VII. Election of the Board of Directors

The Chairman of the Meeting announced the election of members of the Board of Directors of the Bank for 2014 as the next item in the agenda. He mentioned that during the nomination period of March 4-14, 2014, there were only eleven (11) persons nominated for the eleven (11) seats in the Board. He announced that the Nominations Committee of the Bank had determined that the following nominees had all the qualifications and none of the disqualifications to be directors of the Bank for 2014:

Teresita T. Sy
Jesus A. Jacinto, Jr.
Nestor V. Tan
Christopher A. Bell-Knight
Cheo Chai Hong
Antonio C. Pacis
Josefina N. Tan

Independent Directors:

Jose F. Buenaventura
Jones M. Castro, Jr.
Jimmy T. Tang
Gilberto C. Teodoro, Jr.

Considering that there were only eleven (11) persons nominated to, and qualified for, the eleven (11) seats in the Board, stockholder Jessica Pinon moved that all unqualified votes be cast in favor of all the aforementioned eleven (11) individuals who were nominated as members of the Board of Directors of the Bank for the year 2014. Thus, upon motion duly made and seconded, the following resolution was passed and adopted:

Stockholders' Resolution No. 04-2014

"RESOLVED, That the following persons are hereby elected directors of BDO Unibank, Inc. for a period of one (1) year and until their successors shall have been duly elected and qualified:

Teresita T. Sy
Jesus A. Jacinto, Jr.
Nestor V. Tan
Christopher A. Bell-Knight
Cheo Chai Hong
Antonio C. Pacis
Josefina N. Tan

Independent Directors:

Jose F. Buenaventura
Jones M. Castro, Jr.
Jimmy T. Tang
Gilberto C. Teodoro, Jr.

The Chairman directed that the minutes reflect a tabulation of votes to include proxies that had cast their vote in favor of the election of each director and to exclude proxies that abstained or voted against each director. Based on the tally made by P&A, the votes cast and received, by the nominees were as follows:

Nominees	Number of voting shares in favor	Number of voting shares that voted against	Number of voting shares abstained
Teresita T. Sy	3,316,360,551	31,122,652	4,606,881
Jesus A. Jacinto, Jr.	3,316,944,751	29,305,406	5,839,927
Nestor V. Tan	3,326,269,958	22,487,585	3,332,541
Christopher A. Bell-Knight	3,326,009,052	23,313,402	2,767,630
Cheo Chai Hong	3,326,009,052	23,313,402	2,767,630
Antonio C. Pacis	3,326,009,052	23,313,402	2,767,630
Josefina N. Tan	3,313,421,709	24,712,160	13,956,215
Jose F. Buenaventura	3,349,322,454	0	2,767,630
Jones M. Castro, Jr.	3,349,322,454	0	2,767,630
Jimmy T. Tang	3,344,793,393	4,529,061	2,767,630
Gilberto C. Teodoro, Jr.	3,349,322,454	0	2,767,630

VIII. Appointment of External Auditor

The Chairman of the Meeting then announced that the next item in the agenda would be the appointment of the external auditor for the year 2014. He said that the Board Audit Committee had passed upon the nomination for external auditor. The current external auditor, Punongbayan & Araullo, CPAs, has been recommended for re-appointment as external auditor.

Upon motion duly made and seconded, and there being no objection, Punongbayan & Araullo was appointed external auditor of the Bank for the year 2014, and the following resolution was passed and adopted:

Stockholders' Resolution No. 04-2014

‘RESOLVED, That the stockholders approve, as they hereby approve, the appointment of Punongbayan & Araullo, CPAs, as the external auditor of BDO Unibank, Inc. for the year 2014 under such terms and conditions as may be approved by the Board of Directors.’

The Chairman directed the Corporate Secretary to have the minutes reflect a tabulation of votes to include proxies that had cast their vote in favor of the appointment of Punongbayan & Araullo as external auditor, and to note those proxies that had chosen to abstain on voting for, or had voted against, the appointment of the external auditor.

Based on the tabulation of P&A, shareholders owning 3,349,322,454 voting shares or 99.92% of the total number of voting shares represented at the meeting approved the appointment of Punongbayan & Araullo, CPAs as the Bank's external auditor for 2014; no shareholder or 0.00% voted against the appointment of P&A as external auditor, while shareholders owning 2,767,630 voting shares or 0.08% of the total number of voting shares abstained.

IX. Other Matters

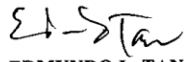
Declaration of Cash Dividends

The President informed the stockholders that at its regular meeting held earlier, April 25, 2014, the Board of Directors of BDO Unibank approved the declaration of special cash dividends on common shares of the Bank at ₱0.90 per share. The ₱0.90 per share is on top of the quarterly cash dividends of ₱ 0.30 previously declared by the Bank. The record date and payment date would be set after approval by the Bangko Sentral ng Pilipinas (BSP).

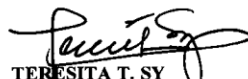
Thereafter, the stockholders NOTED and welcomed the declaration of special cash dividends on common shares.

X. Adjournment

There being no further business to transact, and upon motion duly made and seconded, the meeting was adjourned at 2:55 o'clock in the afternoon.


EDMUNDO L. TAN
Corporate Secretary

ATTESTED:


TERESITA T. SY
Chairperson of the Board

BDO UNIBANK, INC.

CORPORATE GOVERNANCE MANUAL
(Revised as of December 8, 2014)**INTRODUCTION**

As a publicly listed company, BDO believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the market place. Thus, the business and operations of the Bank will be conducted in accordance with the principles and best practices of good corporate governance.

The Board of Directors, acting on the recommendations of the Corporate Governance Committee, has formally adopted this revised Corporate Governance Manual that incorporates the established governance policies and practices in accordance with SEC Circular 6 series of 2009 (Revised Code of Corporate Governance) including the new guidelines of BSP Circular 747, 749, 757 and most recently, SEC Memorandum Circular No. 9 series of 2014. Through this manual, the Board aims to promote adherence and further strengthen the Group's commitment to good corporate governance.

The Board of Directors, management and staff hereby acknowledge that this Manual will be their guide to principled actions and responsible conduct in fulfilling their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which the Bank operates. Through a cascade program, the Manual will be implemented to the entire BDO Unibank Group, its subsidiaries and affiliate companies for compliance.

The Manual, in conjunction with the Bank's Articles of Incorporation, By-Laws and the charters of the Board Committees, constitute the governance framework of the Bank.

GOVERNANCE STRUCTURE**Board Composition**

1. **Size.** The Board of Directors of the Bank shall be composed of eleven (11) members who shall be owners of at least (1) share of the common stock of the bank (Article V, BDO By-Laws, as amended) complemented and aided by three (3) advisers. The stockholders of the Bank shall elect the members of the Board during the annual meeting.
2. **Mix.** The Board shall be composed of executive and non-executive directors, which include the independent directors. The Bank shall have at least four (4) independent directors that would constitute 36.36% of the members of the Board.

In accordance with regulations, the Bank shall appoint or elect independent directors who are free of material relations with the management, controllers, or others that might reasonably be expected to interfere with the independent exercise of his/her best judgment for the exclusive interest of the Bank. As approved by the Board of Directors at its meeting held on December 6, 2014, an independent director of a bank may only serve as such for a total of nine (9) years reckoned from January 1, 2012 to take effect as follows:

1. First term = up to 5 years subject to annual election;
2. Cooling off period = 2 consecutive years after the end of the first term;
3. Second and final term = up to 4 years subject to annual election

Any deviation from this rule will be justified and properly disclosed.

Selection, nomination and election of independent directors shall be done in accordance with the standard election procedures of the Bank's By-Laws. The independent directors will be clearly identified together with the date of their first election to the Board of Directors.

By definition, an independent director shall be any person who:

- a. is not or has not been an officer or employee of the bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election;
- b. is not a director or officer of the related companies of the institution's majority stockholder;
- c. is not a stockholder with shares of stock sufficient to elect one seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders;
- d. is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or a stockholder holding shares of stock sufficient to elect one seat in the board of the bank or any of its related companies;
- e. is not acting as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies or any of its substantial shareholders; and
- f. is not retained as professional adviser, consultant, agent or counsel of the institution, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and could not materially interfere with or influence the exercise of his judgment.

An independent director who is a member of any committee that exercises executive or management functions that can potentially impair such director's independence cannot accept membership in committees that perform independent oversight/control functions such as the Audit, Risk Management and Corporate Governance Committee, without prior approval of the Monetary Board.

- 3. Selection of Board members.** The Nominations Committee is tasked to undertake the process of identifying the qualifications of directors aligned with the company's strategic directions. In evaluating the suitability of individual board member and promoting diversity in the composition of the Board, the Nominations Committee should take into account the relevant qualifications of every candidate nominated for election such as among others, physical/mental fitness, relevant educational and professional background, personal track record, experience/training, commitment to contribute, willingness to serve and interest to

remain engaged and involved without undue prejudice to race, gender, ethnic origin, religion, age or sexual orientation. At least one of the non-executive directors should have prior working experience in the financial industry or a relevant business group. For the reelection of incumbent directors, the Nominations Committee should also consider the results of the most recent self-assessment of the Board and peer evaluation, director's attendance record in meetings, participation in Board activities and overall contribution to the functioning of the Board. A former partner or employee of the Bank's current external auditing firm will not be qualified for nomination as member of the Board. The Nominations Committee will use to the extent possible, external search firm or external data bases in selecting the pool of candidates for the members of the Board.

4. **Tenure/Term Limits.** Elected members of the Board serve for a one-year term and until their successors are elected. Term limits of independent directors as described above will apply.

Board Operations

1. **Board Meetings - Frequency.** The Board will meet monthly (every last Saturday of the month) and will hold additional meetings as necessary. Schedule of regular board meetings for the coming year are set in advance before the start of the new calendar year.
2. **Board Meetings – Quorum Requirements.** All directors are required to attend in person at least 50% of both scheduled and special meetings of the Board, the annual stockholders meeting and the meetings of the Board Committees on which they serve. They are expected to prepare diligently for the meetings to evaluate and add value to the items presented, actively participate and contribute meaningfully to the discussions of the Board. In view of modern technology, however, attendance of at least 75% at Board meetings through video or teleconference or other manner that may be allowed by the Bangko Sentral ng Pilipinas is required. An independent director shall always be in attendance. However, the absence of an independent director may not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause fails to attend the meeting.
3. **Board Meetings – Agenda and Materials.** The agenda and information package for each board and committee meeting should be sent to each director in hard or electronic copy at least 5 business days in advance, whenever possible and appropriate.
4. **Executive Sessions of Non-Executive Directors.** The non-executive members of the Board will meet at least twice a year or as needed in executive session with the external auditor and heads of the internal audit, compliance and risk management functions other than in meetings of the audit and risk oversight committees without the presence of senior management. These sessions will provide the opportunity to discuss topics and issues related to independent checks and balances that the non-executive directors may deem appropriate. A Lead Director shall be appointed by the Board of Directors from amongst the independent directors to serve for 1 year or until replaced to chair meetings and executive sessions of the independent and non-executive directors. The agenda of the meetings will be determined by the Lead Director in consultation with the other independent and non-executive directors. He will communicate to the Board Chair, President and any other executive directors the results of the discussions and consensus reached at the meetings.
5. **Directors' access to Senior Officers and Advisers.** Group Heads will be invited to attend the regular meetings of the Board. Other senior officers will be invited to Board meetings to provide inputs on specific board agenda items, as the need arises. The Directors have free and unrestricted access to senior management and the Corporate Secretary's Office may arrange

meetings with senior officers of the Bank, at the request of any director. The Bank will continue to engage advisers to the Board and its sub-Committees to provide independent counsel and resources as necessary.

6. **Director Orientation and Continuing Education.** All new directors joining the Board are required to undergo an orientation program within 3 months from date of election or appointment. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and Committees, the Bank's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Conduct and Business Ethics, Personal Trading Policy and Corporate Governance Manual. All directors are also encouraged to participate in continuing education programs at the Bank's expense to maintain a current and effective Board.
7. **Multiple Board Seats.** Independent Directors may concurrently serve in Boards of other corporations provided the provisions of SEC Memorandum Circular # 9 series of 2011 (Term Limits for Independent Directors) are strictly observed i.e. no limit if covered companies do not belong to a conglomerate and maximum of 5 companies of a conglomerate (parent company, subsidiary and affiliate). This limit on board seats applies to the independent directorship in BDO Group subsidiaries whether those subsidiaries are listed or unlisted. Provided further that the capacity of a director to devote quality time and attention in performing his duties and responsibilities is not compromised.
8. **Confidentiality.** It is important that directors respect the sensitivity of information received during their service as a director. As such, they are expected to maintain confidentiality of this information at all times.
9. **Directors Remuneration.** The levels of remuneration of the Bank shall be sufficient to attract and retain experienced and professional directors and officers needed to run the Bank successfully. A proportion of executive directors' remuneration may be structured so as to link rewards to corporate and individual performance.

The Bank may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors and officers. However, no director shall be involved in deciding his or her own remuneration.

The Bank's annual reports and information statements shall include a clear, concise and understandable disclosure of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly to all individuals serving as the CEO or acting in a similar capacity during the last completed fiscal year, and the Bank's four (4) most highly compensated executive officers other than the CEO who were serving as executive officers at the end of the last completed year.

Board Committees

The Board has established nine (9) committees to help in discharging its duties and responsibilities. These committees derive their authority from and report directly to the Board. Their mandates and scope of responsibilities are set forth in their respective charters which are subject to review and update annually or when there are significant changes therein. The number and membership composition of committees could be increased or decreased by the Board as it deems appropriate and consistent with applicable laws or regulations specifically on the majority membership and chairmanship of independent directors in various committees.

The standing committees of the Board are as follows:

- 1. Executive Committee.** The Executive Committee acts on behalf of the Board as the main approving body for Bank exposures particularly approval/confirmation of credit proposals, investments, and disposal of acquired assets. The Executive Committee shall be composed of at least (3) directors and at least two (2) members of senior management who shall be appointed/designated by the Board of Directors.
- 2. Audit Committee.** The Audit Committee ensures the integrity of financial reporting and provides oversight of the internal and external audit functions. It is vested by the Board with the following authority:
 - a. Review and approve the audit scope and frequency, and the annual internal audit plan.
 - b. Provide oversight on the Internal Audit Department and appointment of the Chief Internal Auditor as well as the Bank's independent external auditor, the terms and conditions of its engagement and removal of which only the independent and non-executive directors should decide.
 - c. Monitor and evaluate the adequacy and effectiveness of the Bank's internal control system, including financial, operational and compliance controls and risk management annually.
 - d. Receive and review reports of internal and external auditors, the Chief Compliance Officer, and regulatory agencies, where applicable, and shall address all issues and concerns from auditors expeditiously and effectively by ensuring that management is taking appropriate corrective actions in a timely manner and take appropriate corrective actions in addressing control and compliance issues with regulatory agencies.
 - e. Review the Bank's quarterly, semi-annual, and annual financial statements before submission to the Board and ensure that no revisions to the Bank's financial statements are implemented for reasons other than mandated changes in accounting practices.
 - f. Review and update the Audit Committee Charter at least annually, investigate any matter within its term of reference and provide mechanisms for reporting of improprieties and malpractices, independent investigation, follow-up action and subsequent resolution of complaints.
 - g. Ensure that the internal auditors shall have free and full access to all the company's records, properties and personnel relevant to the internal audit activity. The internal audit activity shall be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results.

The Committee shall be composed of at least four (4) members of the Board of Directors, three (3) of whom shall be independent directors including the Chairperson. Advisers may also be appointed to the Audit Committee by the Board of Directors. Membership exclusions apply to the Chief Executive Officer, Chief Financial Officer and/or Treasurer, or officers holding equivalent positions.

- 3. Compensation Committee.** The Compensation Committee provides oversight on directors' compensation and remuneration of senior management and other key personnel, ensuring that

compensation scheme is consistent with the Bank's culture and strategy, effectively aligned with prudent risk taking and commensurate with corporate and individual performance. It also ensures consistency of the compensation policies and practices across the Group. The Committee shall be composed of four (4) members of the Board of Directors, one of whom is an independent director who is also the Chairman.

- 4. Corporate Governance Committee.** 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 as well as its subsidiaries and affiliates. Annually, it also conducts the performance self-evaluation of the Board of Directors, its committees, executive management and also peer evaluation of directors using the Revised Board of Directors and Peer Evaluation Survey forms. It also oversees the implementation of the Directors Orientation and Continuing Education Policy. The Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors.
- 5. Nominations Committee.** The Nomination Committee leads the process for identifying and makes recommendations to the Board on, candidates for appointment as Directors of the bank as well as those other positions requiring appointment by the Board of Directors, giving full consideration to succession planning and the leadership needs of the Group. In particular, this process includes the profiling of the skills and competencies of the currently serving directors, the gaps in skills and competencies identified and the search for candidates who are aligned with the Bank's directions to fill the gaps. It also makes recommendations to the Board on the composition and chairmanship of the various committees. It keeps under review 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 makes recommendations to the Board with regard to any changes. The Committee shall be composed of three (3) members, with two (2) independent directors and a Chairperson who is an Executive Director.
- 6. Risk Management Committee.** The Risk Management Committee is responsible for the development of the Bank's risk policies, sets the risk appetite and 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 oversees the implementation and review of the risk management plan on an integrated enterprise-wide basis, system of limits of management's discretionary authority delegated by the Board and takes immediate corrective actions when breached. It is also responsible to reassess the continued relevance, comprehensiveness and effectiveness of the risk management plan and revise it when needed. It works with the Audit Committee in certifying in the Annual Report the adequacy of the Bank's internal control and risk management systems. The Committee shall be composed of at least three (3) members of the Board of Directors including at least one (1) independent director, and a chairperson who is a non-executive member who shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposure.
- 7. Trust Committee.** The Trust Committee reviews and approves transactions between trust and/or fiduciary accounts, to accept and close trust and other fiduciary accounts, and to approve the investment, reinvestment and disposition of funds or property. It evaluates trust and other fiduciary accounts at least once a year. In addition, it also reviews the Trust and Investment Group's overall performance, profile of funds and accountabilities under its management, industry position, and the risk management reports. It also approves offering of new products and services, establishment and renewal of lines and limits with financial institutions, and investment outlets and counterparties. The Committee shall be composed of at least five (5) members, including the President and the Trust Officer. The remaining 3

members including the Chairperson are non-executive directors or independent directors who are both not members of the Audit Committee.

- 8. Information Technology Steering Committee** – The IT 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 vs. strategic objectives. It approves and endorses to the Board IT-related best practices, strategic plans, policies and procedures. The Committee shall be composed of at least three (3) members, including a non-executive director, the President and the Head of the IT Group. The Chairman of the Committee is the non-executive director.
- 9. Related Party Transactions Committee-** The Related Party Transactions Committee (RPTC) 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 shall be composed of at least 3 regular members (2 independent directors and 1 non-executive director) and an alternate member who is an independent director. The Chairman of the Committee is one of the independent directors.

QUALIFICATIONS OF DIRECTORS

The minimum qualifications to be a Director of the BDO Unibank Group shall be the following:

1. He shall be at least twenty-five (25) years of age at the time of his election or appointment.
2. He shall be at least a college graduate or have at least five (5) years experience in business.
3. He must have attended a special seminar on corporate governance for board directors.
4. He must be fit and proper for the position, and in this regard, the following shall be considered: integrity/probity, physical/mental fitness, competence, relevant education/financial literacy training, diligence and knowledge/experience.
5. He must have a practical understanding of the business of the Bank.
6. He must be a member of good standing in the relevant industry, business or professional organizations.

Disqualifications of Directors.

A. Permanent Disqualification.

The following are permanently disqualified to become a Director of the Bank:

- a. Any person who has been convicted by final judgment by a court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft.

- b. Any person who has been convicted by final judgment by a court for violation of banking laws.
- c. Any person who has been judicially declared insolvent, spendthrift or incapacitated to contract.
- d. A Director, Officer, or employee of a closed bank who was responsible for such bank's closure as determined by the Monetary Board.
- e. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that [a] involves the purchase or sale of securities as defined in the Securities Regulation Code (SRC), [b] arises out of the person's conduct as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker, or [c] arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them.
- f. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC) or any court or administrative body of competent jurisdiction from [a] acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; [b] acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; [c] engaging in or continuing any conduct or practice in any of the above capacities mentioned in [a] and [b] above, or willfully violating the laws that govern securities and banking activities.
- g. Any person who has been adjudged by final judgment or order of the SEC, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the SEC or the Bangko Sentral ng Pilipinas (BSP), or any of its implementing rules, regulations or orders.
- h. Any person earlier elected as independent director who becomes an officer, employee, or consultant of the Bank.
- i. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above.
- j. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election.

B. Temporary Disqualification.

The following are temporarily disqualified from holding a director position in the Bank:

- a. Any person who refuses to fully disclose the extent of his business interest to the appropriate supervising and examination department of the BSP when required pursuant to a provision of law or of a BSP regulatory issuance. The disqualification shall be in effect as long as the refusal persists.

- b. Any person who refuses to comply with the disclosure requirements of the SRC and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists.
- c. Any Director who has been absent or have not participated in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his incumbency or any twelve (12) month period during said incumbency, and any director who failed to physically attend at least twenty-five percent (25%) of all board meetings in any year. This disqualification shall apply for purposes of the succeeding election.
- d. Any person who is delinquent in the payment of his financial obligations and those of his related interests. The disqualification shall be in effect as long as the deficiency persists.
- e. Any person convicted for offenses involving dishonesty or breach of trust or violation of banking laws but whose conviction has not yet become final and executory.
- f. Any director and officer of closed banks pending their clearance by the Monetary Board.
- g. Any Director disqualified for failure to observe/discharge his duties and responsibilities prescribed under existing regulations. The disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board.
- h. Any person dismissed/terminated from employment for cause. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity.
- i. Any person under preventive suspension.
- j. Any person with derogatory records with law enforcement agencies. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity.
- k. If the beneficial equity ownership of an independent director in the Bank or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. The temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate actions to remedy or correct the disqualification.
- l. Any director who failed to attend special seminar for Board of Directors required under item "c" of Subsection X141.2 of the Manual of Regulations of Banks.
- m. Any director found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court.
- n. Any director found by the Monetary Board to be unfit for the position of directors or officers because he/she was found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is a restrained by the court.

- o. Any director found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court.

Disqualifications of Bank Officers

- a. Except as may be authorized by the Monetary Board or the Governor, spouse or relative within the second degree of consanguinity or affinity of any person holding the position of Chairman, President, Executive Vice President or any position of equivalent rank, General Manager, Treasurer, Chief Cashier or Chief Accountant is disqualified from holding or being elected or appointed to any of said positions in the same bank/quasi-bank; and the spouse or relative within the second degree of consanguinity or affinity of any person holding the position of Manager, Cashier, or Accountant of a branch or office of a bank/quasi-bank/trust entity is disqualified from holding or being appointed to any of said positions in the same branch or office.
- b. Except as may otherwise be allowed under C.A> No. 108, otherwise known as “ The Anti-Dummy Law”, as amended, foreigner cannot be officers or employees of the bank.

DUTIES & RESPONSIBILITIES OF THE BOARD OF DIRECTORS

a. General Responsibility

It is the Board’s responsibility to foster the long-term success of the Bank, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

b. Specific Duties and Responsibilities

The specific duties and responsibilities of the Board are as follows:

1. Implement a process for the selection of Board members who can add value and meaningfully contribute independent judgment to the formulation of sound corporate strategies and policies.
2. Approve and monitor the implementation of strategic objectives. Review and approve corporate strategy, establish major plans of action, risk policy, annual budgets and business plans, set performance objectives and accountabilities; monitor implementation, measure corporate performance and take corrective action as needed.
3. Ensure that the Bank has a beneficial influence on the economy by providing those services and facilities that shall be supportive of the national economy.
4. Approve and oversee the implementation of policies governing major areas of banking operations. Approve policy directives that will guide the activities of the Bank on investments, loans, asset and liability management and trust business, prescribe risk tolerance level thereof, establish discretionary limits and decision-making authorities of each officer, committee, and such other groups for the purpose of lending, investing or committing the Bank to any financial undertaking or exposure to risk at any time, approving major capital expenditures, equity investments, acquisitions and divestments.

5. Approve and oversee the implementation of risk management policies. Adopt and maintain adequate integrated enterprise risk management policies, oversee entire risk management process, adequately and consistently evaluate, manage, control and monitor risk profile of the Bank to optimize risk and reward balance and take appropriate action as necessary when breaches occur.
6. Formulate and implement the necessary policies governing the Bank's internal control system. Undertake the continuing review of such a system in order to maintain its adequacy and effectiveness.
7. Ensure the bank's faithful compliance with all applicable laws, regulations and best business practices including the timely and accurate submission of public disclosures, prudential and supervisory reports to the relevant regulatory bodies.
8. Oversee selection and performance of senior management. Select and appoint competent management team applying at all times the fit and proper standards, monitor performance and actions of senior management to ensure consistency with approved policies, strategic objectives and business plans, replace key executives if necessary, review policies, internal controls, independent self-assessment functions to identify significant risks and issues and ensure succession planning is in place.
9. Adopt appropriate human resource and development programs including an equitable compensation plan for all concerned that is in line with the Bank's strategy and control environment and a fully funded employee pension fund.
10. Consistently conduct itself with honesty and integrity in the performance of its duties and responsibilities to ensure a high standard of best practice for the Bank, its stockholders and other stakeholders. Foster a culture of integrity that articulates corporate values, Code of Ethics that embraces responsible conduct and other standards of appropriate behavior for itself, senior management and other employees where doing the right thing is the expected practice everyday, and unethical or non-compliant behavior will be disciplined accordingly. Ensure strict adherence to policies governing DOSRI and other related party transactions, insider trading, conflict of interest situations, unlawful use of Bank's facilities, dealing with external constituencies and prohibit retaliation against "whistleblowers".
11. Define appropriate governance policies and practices for the bank and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement. Responsible for good governance through sound principles, policies, practices and structures it approves designed to facilitate effective decision-making and principled actions for itself and for the Group. Implement a Code of Conduct and Business Ethics that outlines the principles and policies that govern the activities of the institution and sets forth the rules of conduct in the workplace and standards of behavior of the directors, officers and employees in their activities and relationship with external stakeholders. Require full compliance with the standards and policies set forth therein and for the Office of the Human Resources to oversee the implementation of the Code across the BDO Unibank Group. Adopt a system of checks and balances in the board and mechanism for effective check and control down to the line officers of the bank, establish clear lines of responsibility and accountability especially in the separation of powers between the President and Board Chair. Keep the activities and decisions of the Board within its authority and in accordance with existing laws, rules and regulations. Appoint a Compliance Officer to oversee and monitor compliance. Meet regularly, allow independent views to be given full consideration, assess performance and effectiveness annually of the Board, committees, individual directors and executive

management. Ensure timely and accurate disclosure on the bank's performance, financial condition and risk exposures.

12. Constitute committees to increase efficiency and allow deeper focus in specific areas. Create committees relevant to the needs of the bank, approve its charter and review/update annually and appoint directors with the right mix of skills and experience.
13. Effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors. Recognize the value and importance of the assessment of the "independent watchers" in ensuring the safety and soundness of the bank's operations, taking appropriate action on findings and meeting with them regularly to discuss issues identified.
14. In group structures, define an appropriate corporate governance framework that shall contribute to the effective oversight over entities of the group. Define and establish a suitable governance mechanism to facilitate oversight of the entire group that includes formulation of policies, practices and structure, periodic review to ensure consistency and maintain its relevance, effective systems to generate and share information and monitor compliance by all entities with governance requirements. Understand the group structures, relationship of the entities with the parent and one another, its legal and operational implications, impact of attendant risks exposures on group's capital and funding. Ensure compliance with disclosure and reporting requirements to BSP, governance policies, practices and systems of the parent company.
15. Establish and maintain an alternative dispute resolution system in the Bank that can amicably settle conflicts or differences between the Bank and its stockholders, and the Bank and third parties, including the regulatory authorities.

SPECIFIC DUTIES & RESPONSIBILITIES OF A DIRECTOR

A director shall conduct his business transactions with the Bank fairly and ensure that personal interest does not bias Board decisions. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. Specific duties and responsibilities are as follows:

1. To remain fit and proper for the position for the duration of his term.
2. To act honestly and in good faith, with loyalty and in the best interest of the Bank. its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as the Bank's depositors, investors, borrowers and other clients in the general public.
3. To conduct fair business transactions with the Bank and ensuring that personal interest does not bias board decisions.
4. To devote time and attention necessary to properly discharge his duties and responsibilities. A director shall devote sufficient time to familiarize himself with the Bank's business. He should be constantly aware of the Bank's condition and be knowledgeable enough to contribute meaningfully to the Board's work.
5. To act judiciously. Every director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.

6. To contribute significantly to the decision-making process of the board.
7. To exercise independent judgment. A director shall view each problem/situation objectively. When a disagreement with others occurs, he shall carefully evaluate the situation and state his position. Corollary, he shall support plans and ideas that he thinks are beneficial to the Bank.
8. To have a working knowledge of the statutory and regulatory requirements affecting the Bank, including the contents of its Articles of Incorporation and By-laws, the requirements of the BSP, SEC, and where applicable, the requirements of other regulatory agencies.
9. To observe confidentiality. A director shall observe the confidentiality of non-public information acquired by reason of his position as director.
10. To ensure the continuing soundness, effectiveness and adequacy of the company's control environment.
11. A director, before assuming as such, shall attend a seminar on corporate governance conducted by a duly recognized and accredited private or government institute.

INDEPENDENT CHECK AND BALANCES

The Bank supports the principle and regulatory mandate of check and balances across the entire Group by its observance of the segregation of powers, independence of audit, compliance and risk management functions. In the context of good governance, the following roles are defined as follows:

Role of the Board

The Board is collectively responsible for the long-term shareholder value of the institution. Its role is to approve, oversee and review the implementation of the Group's business and strategic objectives, enterprise risk strategy and senior management performance to ensure the success of the Group and sustain its industry leading position.

It leads in establishing the tone and practices of good corporate governance at the top. It sets the Group's corporate values and high ethical standards of business conduct for itself and all members of the Group. Through its oversight, monitoring and review functions, the Board ensures that the Group is being run in a sound and prudent manner on a going concern basis in order to fulfill its obligations to all majority and minority shareholders while upholding and protecting the interests of different constituencies. To this end, the Board exercises the following:

1. **Oversight and Approval.** It is the duty of the Board to oversee the business affairs of the Bank and to exercise sound and objective judgment for its best interest. It is responsible among others for the approval of corporate strategy and proactive oversight of strategy execution, setting up of the accountability and control systems and promotion of a culture of good conduct and business ethics, social responsibility and corporate governance. It relies on the President and other senior management in the competent and ethical operation of the Bank on a day-to-day basis. Thus, it is the responsibility of the Board to monitor and oversee the performance of senior management in implementing the strategies, policies pertaining to major business activities and enterprise risks throughout the Group.
2. **High Ethical Standards in Doing Business.** Our corporate governance practice adheres to five (5) basic principles of integrity, transparency, fairness, accountability and performance. It is the responsibility of the Board including the officers and staff to follow at all times the

established governance policies and practices as these are put in place to protect the Bank's reputation, assets and businesses. The Bank has institutionalized the highest ethical standards through the strict implementation of the BDO Unibank Code of Conduct and Business Ethics that addresses insider trading, dealing with external constituencies, potential conflict of interests, confidentiality and information security, protection and proper use of corporate assets and responsibility to report in case of violations.

3. **Annual Board and Executive Management Performance Evaluation.** The Board, through the Corporate Governance Committee, shall undertake the evaluation of its performance as a collective body, its Committees and senior management to determine whether they are functioning effectively, pinpoint areas for improvement and ensure that the President is providing effective leadership to the Group. The Committee shall report the results of the self-assessment to the Board.
4. **Directors' Peer Evaluation.** This is intended to encourage improved performance and effectiveness of directors by identifying areas that need improvement. Each director is requested to rate their colleagues on the Board using the prescribed rating scale and questions. The Corporate Governance Committee shall report also the results of the peer evaluations to the Board.
5. **Management Succession Planning.** The Board, in coordination with the Corporate Governance Committee, shall ensure that the Bank has in place an appropriate and updated succession planning for key executives to address emergency in the event of extraordinary circumstances and ensure continuity of operations.

Role of the Board Chair and President.

The Board Chair and President collectively are responsible for the leadership of the company. The Chair's primary responsibility is for leading the Board and ensuring its effectiveness while the President is responsible for running the Bank's business.

The roles of the Board Chair and the Bank President shall be separate and distinct from each other to achieve a balance of authority, clear accountability, and capacity for independent decision making by the Board.

The role of the Board Chair includes the following:

1. Provide leadership in the board of directors by ensuring effective functioning of the Board, including maintaining a relationship of trust with board members.
2. Ensure that the board takes an informed decision thru a sound decision making process, encourage and promote critical discussions, ensure dissenting views are expressed and fully considered.
3. Ensure that the meetings of the Board of Directors are held in accordance with the Bylaws of the Bank.
4. Oversee the preparation of the agenda of the meeting of the Board of Directors in coordination with the Corporate Secretary, taking into account the suggestions of the Directors, the Bank President, and other members of the Senior Management.
5. Maintain effective lines of communication and information between the Board of Directors and Senior Management of the Bank.

6. Listen to and address satisfactorily any governance related issues.
7. Ensure that the Board of Directors exercises strong oversight over the Bank's business and performance of senior management to minimize if not eliminate issues that may affect its reputation in the market place.

In fulfilling his executive role, the President acts within the delegated authority vested to him by the Board among others the following:

1. Lead the senior management team in the day-to-day running of the Group's businesses.
2. Develop and present to the Board the strategy of the Group, medium and long- term plans and recommend annual operating and capital expenditure budgets.
3. Recommend and/ or approve acquisitions, investments, divestments and major contracts in accordance with the authority levels approved by the Board.
4. Report to the Board the monthly actual operating performance of the Group versus approved plans and directions and to the stockholders the state of affairs of the bank for the preceding year at the annual stockholders' meeting.
5. In conjunction with the Board Chair, represent the Group to customers, regulators, shareholders, financial industry and the general public.
6. Receive instructions from the Board and ensure full compliance.
7. Accountable for the performance of the management team.

Role of Officers

The officers (JAM to SEVP) constitute the operating management of the Bank who are vested with delegated authorities by the Board, guided by specific business objectives and entrusted to oversee the operations of the Groups or units assigned to them.

The role of officers includes the following:

1. Set the tone of corporate governance from the top by promoting good governance practices and ensuring that governance practices and policies are consistently adopted within their respective jurisdictions.
2. Oversee the day-to-day management of the bank by ensuring alignment of bank's activities and operations with the strategic objectives, risk strategy, corporate values and policies.
3. Ensure that duties are effectively delegated to their respective direct reports thru written job descriptions and oversee the performance of these delegated duties thru the Key Result Areas as basis for measurement.
4. Promote and strengthen checks and balances in the bank thru sound internal controls, avoiding activities that compromise and violate them and giving due recognition to the importance of internal audit, compliance and external audit functions.
- 5.

Role of Compliance Officer.

The Bank's Chief Compliance Officer (CCO) shall be appointed by the Board of Directors and shall be subject to the prior approval of the BSP Monetary Board. The CCO of the Bank shall report functionally to the Audit Committee, and administratively to the Office of the President.

The Chief Compliance Officer shall have commensurate skills and expertise to provide appropriate guidance and direction to the bank on the development, implementation and maintenance of the compliance program.

The role of the Compliance Officer includes the following:

1. Oversee, coordinate, monitor and facilitate compliance with existing laws, rules and regulations thru the implementation of the Bank's compliance system and program in accordance with the requirements of the BSP and other regulatory agencies, including but not limited to the identification and control of compliance risks, prudential reporting obligations as well as compliance training.
2. Monitor compliance with the provisions and requirements of the SEC's Revised Code of Corporate Governance as well as the Bank's Corporate Governance Manual.
3. Track and evaluate all new regulations or amendments to existing regulatory issuances and disseminate these immediately to the implementing units for their information and action.
4. Initiate requests for policy pronouncements or revisions to ensure new regulations are made part of the bank's policies and procedures.
5. Provide guidance, advisories and training to employees on significant laws and regulations.
6. Report to senior management and to the Board significant compliance issues.
7. Recommend corrective actions for any deviations from or violations of the provisions and requirements of the SEC's Revised Code of Corporate Governance as well as the Bank's Corporate Governance Manual.
8. Liaise with the regulatory authorities (i.e. BSP and SEC) and to appear before these bodies upon summons to clarify matters related to the compliance system as well as compliance with the provisions and requirements of the SEC's Revised Code of Corporate Governance as well as the Bank's Corporate Governance Manual.
9. Annually issue a certification to the SEC on or before 30 January on the Bank's compliance with the SEC's Revised Code of Corporate Governance as well as the Bank's Corporate Governance Manual for the completed year, and if there are any deviations, explain the reason for such deviations.

Role of Chief Risk Officer

A Chief Risk Officer shall be appointed or replaced with prior approval from the Board of Directors. It shall also ensure the independence of the CRO by providing direct access to the Board and Risk Management Committee without any impediment.

The Chief Risk Officer shall be independent from executive functions, business line responsibilities, operations and revenue-generating functions. The CRO may report functionally to the Risk

Management Committee and administratively to the President but the Board shall confirm the performance rating given by the President.

The role of the Chief Risk Officer includes the following:

1. Assist the Risk Management Committee (RMC), Board of Directors and senior management to establish and communicate the Bank's risk management objectives and direction.
2. Assist the RMC/BOD and senior management to develop and communicate risk management policies.
3. Facilitate in the identification, measurement, monitoring, reporting and control of credit risks, market and liquidity risks and operational risks.
4. Monitor and assess decisions to accept particular risks whether these are consistent with board approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures.
5. Report to senior management, Risk Management Committee and the Board of Directors the results of the assessment and monitoring of risk exposures.

Role of Chief Internal Auditor

The Bank shall have in place an independent audit function, through which the Bank's Board, senior management, and stockholders may be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Board shall appoint a Chief Internal Auditor to carry out the audit function, and shall require the Chief Internal Auditor to report to the Audit Committee that will allow the internal audit function to fulfill its responsibilities without impediment.

The role of the Chief Internal Auditor includes the following:

1. Develop and implement an effective annual internal audit program to be approved by the Audit Committee that covers the entire operations of the bank including subsidiaries and affiliates.
2. Submit to the Audit Committee an annual report on the performance of Internal Audit activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Committee including significant risk exposures, control issues and such matters as may be needed or requested by Board of Directors and senior management.
3. Conduct independent assessment of adequacy and effectiveness of management and IT control frameworks, risk management and governance processes of all units of the bank including subsidiaries and affiliates.
4. Monitor the resolution of internal control weaknesses noted during the examination with the end view of mitigating risks and strengthening the control environment.
5. Examine and analyze the organizational structure, checks and balances, methods of operations and use of human and physical resources to reveal defects in order to prevent fraud or irregularities.

6. Certify that the conduct of auditing activities is in accordance with the International Standards on the Professional Practice of Internal Auditing.

Role of External Auditor

The external auditor shall be appointed by the stockholders at the annual stockholders' meeting. It is tasked to conduct an independent audit of the Group's financial statements and render an opinion thereof based on the results of the audit. In performing this task, its role includes the following:

1. Update its understanding of the Group's internal accounting controls and reporting processes.
2. Perform an overall audit risk assessment process to determine management's areas of concerns and to identify audit risks and focus areas.
3. Present an audit plan to the Board Audit Committee (BAC) in relation to the Group's audit requirement.
4. Review internal audit work and findings to assess their impact on the audit of the financial statements.
5. Perform tests of transactions of the Group including assessment of the soundness and reasonableness of estimates and assumptions used in the recorded financial information.
6. Provide updates, advice and assistance on accounting standards and regulatory pronouncements.
7. Review of the Group's compliance with accounting standards and regulatory requirements.
8. Report to management, the Board Audit Committee, the Board of Directors and the stockholders on the results of the audit.

Role of Corporate Secretary

The Corporate Secretary is an officer of the Bank and shall be a Filipino citizen. He shall work and deal fairly and objectively with all the constituencies of the Bank, namely, the Board, management, stockholders and other stakeholders. He must have the legal skills of a chief legal officer, if he is not the general counsel. He should also have adequate administrative skills and the interpersonal skills of a human resources officer. The duties and responsibilities of the Corporate Secretary shall be the following:

1. Issue advance notice of meetings and agenda and reminders on the submission of materials at least eight (8) business days prior to the meeting as well as to keep the minutes of all meetings of the stockholders of the Bank and of the Board of Directors.
2. Provide to all directors the available materials related to the agenda items at least five (5) business days in advance of the scheduled board or committee meeting. Provide ready and reasonable access to information that directors may need for the deliberation of issues related to the meeting agenda.
3. Keep custody of the Stock Certificate Book, Stock and Transfer Book, the Corporate Seal, and other records, papers and documents of the Bank.
4. Prepare ballots for the annual election of directors, and keep a complete and up-to-date roll of the stockholders and their addresses.

5. Submit to the Securities and Exchange Commission at the end of the Bank's fiscal year an annual certification on the attendance of the directors during the Board meetings.
6. Ensure that Board procedures are being followed and the applicable rules and regulations are complied with.
7. Attend all Board meetings.
8. Work fairly and objectively with the Board, Management, stockholders and other stakeholders.

Role of Corporate Governance Officer

1. Assist the Corporate Governance Committee in ensuring compliance with regulatory and best practice requirements in corporate governance;
2. Perform oversight function of the Corporate Governance Committee of parent bank to all subsidiaries and affiliates;
3. Ensure that the meetings of the Corporate Governance Committee are held in accordance with the Terms of Reference;
4. Oversee the preparation of the agenda of the CG Committee meeting in coordination with the Office of the Corporate Secretary;
5. Keep the CG committee fully informed of any new regulatory developments and best practices in corporate governance; and
6. Recommend the trainings and seminars for the continuing education of the Board of Directors.

b. As adviser to the Corporate Governance Committee of BDOLF and BDO Private Bank

1. Oversee the corporate governance activities of BDOLF/BDO Private Bank to ensure compliance with regulations and alignment with the Bank's corporate governance policies and practices;
2. Provide guidance and assistance to the Committee in complying with new regulations and mandates, replying to deficiencies noted during examinations, and submissions required yearly to regulatory and rating bodies; and
3. Serve as a resource person in updating the Committee of new regulations, trends in good corporate governance and best practices that could be implemented.

ADEQUATE AND TIMELY INFORMATION

To enable the members of the Bank's Board of Directors to properly fulfill their duties and responsibilities, they shall be provided as follows:

1. Management shall provide the Board members with complete, adequate and timely information about matters to be taken up during their meetings.

2. The Board members shall have independent access to Management and the Corporate Secretary for all information to enable them to properly perform their duties and responsibilities.
3. The information to be provided to the Board members may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.
4. The Board members, either individually or as a body, shall have access to independent professional advice at the Bank's expense.

ACCOUNTABILITY AND AUDIT

1. The Board is primarily accountable to the Bank's stockholders. It shall provide the stockholders with a balanced and understandable assessment of the Bank's performance, position and prospects on a quarterly basis, including interim and other price sensitive public reports, and reports to regulators as required by law.
2. The Management in turn shall provide the Board of Directors with accurate and timely information. With the guidance of the Audit Committee, Management shall formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
3. The extent of Management's responsibility in the preparation of the financial statements of the Bank, with the corresponding delineation of the responsibilities that pertain to the external auditor, shall be clearly explained.
4. Management shall maintain a sound and effective system of internal control that will ensure the integrity of the financial reports and to safeguard stakeholders' investment and the company's assets for the benefit of all stockholders and other stakeholders.
5. On the basis of approved audit plans, internal audit examinations shall cover, at the minimum:
 - a. The evaluation of the adequacy and effectiveness of controls that cover the Bank's governance, operations and information systems.
 - b. The reliability and integrity of the Bank's financial and operational information.
 - c. Effectiveness and efficiency of operations.
 - d. Protection of assets.
 - e. Compliance with contracts, laws, rules and regulations.
6. The Bank shall consistently comply with the financial reporting requirements of the SEC.
7. The Board, through the Audit Committee, shall recommend to the stockholders duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which financial statements have been prepared and presented.

- a. The external auditor shall be rotated or changed every five [5] years or the signing partner of the external auditing firm assigned to the Bank shall be changed with the same frequency.
- b. The reason/s for the resignation, dismissal or cessation from service, and the effective date thereof, of an external auditor shall be reported in the Bank's annual and current reports.
- c. If an external auditor believes that the statements made in an annual report or information statement filed during his engagement are incorrect or incomplete, he shall also present his views in said reports.

STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

A. The Board of Directors shall be committed to respect the following rights of the stockholders:

1. Right to Nominate

Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in the Bank's By-Laws and the rules of BSP and SEC.

2. Voting Rights.

- a. Shareholders shall have the right to participate and vote in the Annual Stockholders Meeting including the right to elect, remove and replace directors, vote on certain corporate acts in accordance with the Corporation Code such as changes or amendments to the company's By-Laws and Articles of Incorporation, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code , issuance of additional shares and appointment of the external auditor.
- b. Each outstanding share is entitled to one vote unless a preferred share is expressly denied voting entitlement.
- c. Cumulative voting shall be used in the election of directors.
- d. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3. Power of Inspection

All shareholders shall be allowed, subject to reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, and shall be furnished with annual reports, financial statements, without costs or restrictions.

4. Right to Information

- a. Upon request and for a legitimate purpose, the shareholders shall be provided with information about the Bank's directors and officers, their holdings of the Bank's shares, and dealings with the Bank.
- b. The stockholders, including minority shareholders shall have access to any information relating to matters for which the management is accountable.
- c. The stockholders, including minority shareholders shall be granted the right to propose items in the agenda of the meeting provided the items is for legitimate business purposes.

5. Right to Dividends

- a. Shareholders shall have the right to receive dividends subject to the discretion of the Board of Directors as enunciated in the BDO Dividend Policy approved by the Board of Directors on December 6, 2014, as the same may be amended. Provided regulatory approval is received on time, the Bank will endeavor to pay dividends within 30 days from date of declaration or approval.
- b. The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital except;
 - i. When the bank is prohibited by the BSP or under any loan agreement with any financial institution or creditor to declare dividends without its consent and such consent has not been secured.
 - ii. When such retention is clearly necessary under special circumstances obtaining in the Bank, such as a need for special reserves for possible contingencies.
 - iii. When justified by definite corporate expansion projects or programs approved by the Board.

6. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment for the fair value of their shares in the manner provided for under Section 82 of the Corporation Code.

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class.
 - b. In case of the disposition of all or substantially all of the corporate property and assets as provided for in the Corporation Code.
 - c. In case of sale, lease, exchange, transfer, mortgage, pledge or other merger or consolidation or the extension or shortening the term of corporate existence.
- B.** The Board of Directors shall be transparent and fair in the conduct of the annual and special stockholders' meetings.

1. The stockholders (both individual and institutional) shall be encouraged to attend personally or by proxy such meetings of the stockholders in a place easily accessible to all investors. They shall be given the opportunity to ask and receive answers to their questions relating to the Bank. A summary of the questions asked and answers given will be included in the Minutes of the Annual Stockholders Meeting and posted on the corporate website.
2. The rights of the stockholders shall be promoted and impediments to the exercise of those rights shall be removed. An adequate avenue shall be provided for the stockholders to seek timely redress for breach of such rights.
3. Appropriate steps shall be taken to remove excessive or unnecessary costs and other administrative impediments to the stockholders' participation in meetings whether in person or by proxy.
4. Accurate and timely information shall be made available to the stockholders to enable them to make sound judgment on all matters brought to their attention for consideration or approval. The Office of the Corporate Secretary will issue the Notice of the Annual Stockholders Meeting at least 28 business days before the meeting date which includes the time, place and proposed agenda items together with a brief rationale for its inclusion thru mail, facsimile transmission or electronic mail and publication in newspapers of general circulation published in Metro Manila.
5. The introduction of additional, previously unannounced items into the Notice of Annual Stockholders' Meeting or agenda of the Annual Stockholders' Meeting will not be allowed.
6. The services of an independent body will be engaged to ensure that voting procedures and standards are adhered to. Results of the vote for each agenda item will be posted in the corporate website not later than the next business day after the Annual Stockholders Meeting.

GOVERNANCE SELF-RATING AND SCORECARD

1. The Board of Directors shall implement a self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Code of Corporate Governance.
2. The Bank shall accomplish the annual Corporate Governance Scorecard as may be prescribed and required by the SEC.

DISCLOSURE AND TRANSPARENCY

The essence of good corporate governance is transparency. The Board commits at all times to meet all disclosure requirements particularly those involving material information as mandated by regulators within the prescribed period.

1. All material information, both financial and non-financial, about the Bank that may adversely affect its viability or the interests of the stockholders and other stakeholders shall be publicly and timely disclosed such as, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, company's ownership structure, beneficial ownership whether direct or indirect of at least 5% of the company shares including that of the directors and senior officers, and direct and indirect remuneration of members of the Board and Management.

2. Information on BDO Group business structure including subsidiaries, joint ventures/special purpose vehicles and the participation of significant shareholders, directors and senior officers will be provided and updated regularly in the corporate website.
3. Audited financial statements will be released not later than 60 days after the close of the financial year together with a statement that management is responsible for its preparation and fair presentation in accordance with the financial reporting standards in the Philippines for banks.
4. All such information shall be disclosed through the appropriate disclosure mechanisms of the Philippine Securities Exchange and submissions to the Securities and Exchange Commission for the interest of its stockholders and other stakeholders.
5. The Bank will not put up barriers or impediments that will prevent stockholders from communicating or consulting with one another on any issues related to the Bank.

The BDO Code of Conduct and Business Ethics provides clear rules on disclosure of information and strictly prohibits the unauthorized disclosure, use and passing on of sensitive/confidential, non-public information for personal gain and is considered illegal.

COMMUNICATION PROCESS

1. This Manual shall be available for inspection by any stockholder of the Bank at all times.
2. The Board of Directors and management of the Bank shall ensure the dissemination of this Manual to all employees and related parties, and to likewise enjoin compliance in the process.
3. This Manual shall be disseminated to all directors, officers and employees of the Bank, including subsidiaries and affiliates to ensure their awareness of the corporate governance policies and practices of the Bank and to enjoin them to comply thereto at all times.

MONITORING AND ASSESSMENT

1. The Board of Directors shall designate the Chief Compliance Officer of the Bank to establish an evaluation system to determine and measure compliance with this Manual.
2. The developed evaluation system, including the features thereof, shall be disclosed in the Bank's annual report (SEC Form 17-A) or in such form of report that is applicable to the Bank.
3. This Manual shall be subject to at least an annual review by the Corporate Governance Committee of the Board of Directors.

PENALTIES FOR NON-COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE AND THE MANUAL OF CORPORATE GOVERNANCE

1. The Bank shall be imposed a fine of not more than Two Hundred Thousand Pesos [P200,000.00] by the SEC for every year that it violates the Code of Corporate Governance, without prejudice to other sanctions that the Commission may be authorized to impose under the law.

2. Directors, officers, and staff of the Bank who willfully violate the provisions of the Code and of this Manual shall, after due notice, hearing, and review, be subject to penalties and/or sanctions as may be imposed by the Board of Directors.

**Audited Financial Statements
and
Independent Auditor's Report
(December 31, 2014, 2013 And 2012)**

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED 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:

- a. Supplementary Schedules required under Annex 68-E of the Securities Regulation Code Rule 68;
- b. Reconciliation of Retained Earnings Available for Dividend Declaration;
- c. 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,
- d. 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


Pedro M. Florescio III
Treasurer

Banco de Oro

BDO Corporate Center Signed this 26th day of February 2015

7899 Makati Avenue

Makati City 0726, Philippines

Swift Code : BNORPHMM

Tel +63(2) 840 7000

www.bdo.com.ph

02. 2015.02.26

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

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.

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


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



Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and Stockholders

BDO Unibank, Inc.

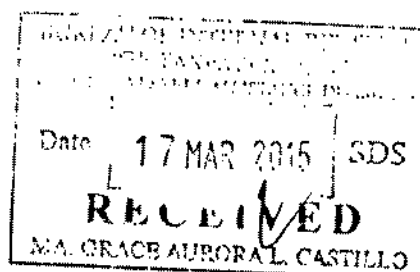
BDO Corporate Center

7899 Makati Avenue, Makati City

We have audited the accompanying financial statements of BDO Unibank, Inc. and subsidiaries (together hereinafter referred to as the BDO Unibank Group) and BDO Unibank, Inc. (the Parent Bank), which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Certified Public Accountants

P&A is a member firm within Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002

SEC Group A Accreditation No. 0002-FR-3

Auditors' Responsibility

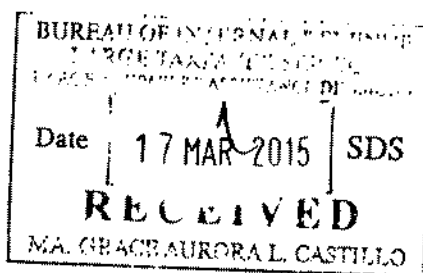
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the BDO Unibank Group and of the Parent Bank as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014, in accordance with Philippine Financial Reporting Standards.

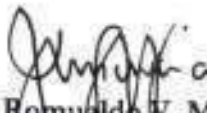




Emphasis of a Matter

As discussed in Note 27 to the financial statements, the Parent Bank presented the supplementary information required by the Bureau of Internal Revenue for the year ended December 31, 2014 in a supplementary schedule filed separately from the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards; it is neither a required disclosure under Philippine Securities and Exchange Commission rules and regulations covering form and content of financial statements under Securities Regulation Code 68.

PUNONGBAYAN & ARAULLO

By: 
Romualdo W. Murcia III
Partner

CPA Reg. No. 0095626

TIN 906-174-059

PTR No. 4748317, January 5, 2015, Makati City

SEC Group A Accreditation

Partner - No. 0628-AR-2 (until Sept. 5, 2016)

Firm - No. 0002-FR-3 (until March 31, 2015)

BIR AN 08-002511-22-2013 (until Nov. 7, 2016)

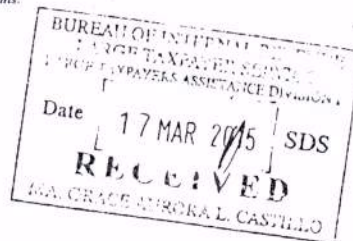
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

February 26, 2015

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
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.



BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF INCOME
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>
Attributable To:							
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>			
Earnings Per Share:	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.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos)

Notes	BDO Unibank Group			Parent Bank		
	2014	2013	2012	2014	2013	2012
NET PROFIT	P 22,828	P 22,646	P 14,542	P 22,797	P 20,499	P 13,044
OTHER COMPREHENSIVE INCOME						
Items that will be reclassified subsequently to profit or loss:						
Unrealized gains (losses) on available-for-sale (AFS) securities, net of tax	9 (2,440)	(12,410)	2,813	(2,846)	(12,334)	2,774
Transfer of realized gains on AFS securities to statements of income, net of tax	<u>2,801</u>	<u>7,378</u>	<u>471</u>	<u>2,796</u>	<u>7,388</u>	<u>468</u>
Net gains (losses) on AFS securities, net of tax	<u>361</u>	(5,032)	3,284	(50)	(4,946)	3,242
Translation adjustment related to foreign operations	<u>76</u>	<u>281</u>	(62)	(6)	<u>357</u>	(32)
	<u>437</u>	(4,751)	<u>3,222</u>	(56)	(4,589)	<u>3,210</u>
Items that will not be reclassified to profit or loss:						
Actuarial gains (losses) on remeasurement of retirement benefit asset, net of tax	23 (47)	74	81	(63)	46	77
Reversal of revaluation increment	<u>-</u>	(89)	-	<u>-</u>	(89)	-
	(47)	(15)	81	(63)	(43)	77
Total Other Comprehensive Income (Loss), Net of Tax	<u>390</u>	(4,766)	<u>3,303</u>	(119)	(4,632)	<u>3,287</u>
TOTAL COMPREHENSIVE INCOME	P 23,218	P 17,880	P 17,845	P 22,678	P 15,867	P 16,331
Attributable To:						
Shareholders of the Parent Bank	<u>P 23,184</u>	<u>P 17,845</u>	<u>P 17,783</u>			
Non-controlling Interests	<u>34</u>	<u>35</u>	<u>62</u>			
	<u>P 23,218</u>	<u>P 17,880</u>	<u>P 17,845</u>			

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos)

BDO Unibank Group														
							Net Unrealized Fair Value Gains (Losses) on Available-for-sale Securities	Accumulated Actuarial Gains (Losses)	Revaluation Increment	Accumulated Translation Adjustment	Total Attributable to Shareholders of the Parent Bank	Non-controlling Interests	Total Equity	
Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free								
BALANCE AT JANUARY 1, 2014	P 35,808	P 5,150	P 63,908	P 2,994	P 12	P 55,756	P 2,609	(P 3,407)	P 1,027	(P 146)	P 163,711	P 643	P 164,354	
Transaction with owners														
Cash dividends	19 -	-	-	-	-	(7,859)	-	-	-	-	(7,859)	(44)	(7,903)	
Total comprehensive income (loss)	-	-	-	-	-	22,805	356	(47)	-	70	23,184	34	23,218	
Transfer to (from) Surplus Free														
Appropriations during the year	19 -	-	-	268	-	(268)	-	-	-	-	-	-	-	
Trust reserve	19, 25 -	-	-	192	-	(192)	-	-	-	-	-	-	-	
	-	-	-	460	-	(460)	-	-	-	-	-	-	-	
BALANCE AT DECEMBER 31, 2014	P 35,808	P 5,150	P 63,908	P 3,454	P 12	P 70,242	P 2,965	(P 3,454)	P 1,027	(P 76)	P 179,036	P 633	P 179,669	
BALANCE AT JANUARY 1, 2013	P 35,808	P 5,150	P 63,908	P 2,254	P -	P 41,748	P 7,641	(P 3,484)	P 1,116	(P 427)	P 153,714	P 657	P 154,371	
Transaction with owners														
Cash dividends	19 -	-	-	-	-	(7,860)	-	-	-	-	(7,860)	(44)	(7,904)	
Total comprehensive income (loss)	-	-	-	-	-	22,608	(5,032)	77	(89)	281	17,845	35	17,880	
Transfer to (from) Surplus Free														
Appropriation during the year	19 -	-	-	550	-	(550)	-	-	-	-	-	-	-	
Trust reserve	19, 25 -	-	-	190	-	(190)	-	-	-	-	-	-	-	
	-	-	-	740	-	(740)	-	-	-	-	-	-	-	
Other Adjustments														
Increase of ownership interest in a subsidiary	-	-	-	-	12	-	-	-	-	-	12	(47)	(35)	
Consolidation of new subsidiary	-	-	-	-	-	-	-	-	-	-	-	42	42	
	-	-	-	-	12	-	-	-	-	-	12	(5)	7	
BALANCE AT DECEMBER 31, 2013	P 35,808	P 5,150	P 63,908	P 2,994	P 12	P 55,756	P 2,609	(P 3,407)	P 1,027	(P 146)	P 163,711	P 643	P 164,354	
BALANCE AT JANUARY 1, 2012	P 26,074	P 5,000	P 25,175	P 1,696	P -	P 33,674	P 4,360	(P 3,565)	P 1,118	(P 365)	P 93,167	P 633	P 93,800	
Transaction with owners														
Stock rights issuance	19 8,952	-	34,147	-	-	-	-	-	-	-	43,099	-	43,099	
Cash dividends	19 -	-	-	-	-	(330)	-	-	-	-	(330)	(38)	(368)	
Stock dividends	19 782	150	4,586	-	-	(5,524)	-	-	-	-	(6)	-	(6)	
Total transaction with owners	9,734	150	38,733	-	-	(5,854)	-	-	-	-	42,763	(38)	42,725	
Total comprehensive income (loss)	-	-	-	-	-	14,483	3,281	81	-	(62)	17,783	62	P 17,845	
Transfer to (from) Surplus Free														
Appropriations during the year	19 -	-	-	415	-	(415)	-	-	-	-	-	-	-	
Trust reserve	19, 25 -	-	-	143	-	(143)	-	-	-	-	-	-	-	
Revaluation increment on land written-off	-	-	-	-	-	3	-	-	(2)	-	1	-	1	
	-	-	-	558	-	(555)	-	-	(2)	-	1	-	1	
BALANCE AT DECEMBER 31, 2012	P 35,808	P 5,150	P 63,908	P 2,254	P -	P 41,748	P 7,641	(P 3,484)	P 1,116	(P 427)	P 153,714	P 657	P 154,371	

See Notes to Financial Statements.

Parent Bank												
Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on Available-for-sale Securities	Accumulated Actuarial Gains (Losses)	Revaluation Increment	Accumulated Translation Adjustment	Total Equity		
BALANCE AT JANUARY 1, 2014	P 35,808	P 5,150	P 63,889	P 1,575	P 47,035	P 2,461	(P 3,242)	P 1,024	P 8	P 153,708		
Transactions with owners												
Cash dividends	19 -	-	-	-	(7,859)	-	-	-	-	(7,859)		
Total comprehensive income (loss)	-	-	-	-	22,797	(50)	(63)	-	(6)	22,678		
Transfer to (from) Surplus Free												
Appropriation during the year	19 -	-	-	101	(101)	-	-	-	-	-		
Trust reserve	19, 25 -	-	-	156	(156)	-	-	-	-	-		
	-	-	-	257	(257)	-	-	-	-	-		
BALANCE AT DECEMBER 31, 2014	<u>P 35,808</u>	<u>P 5,150</u>	<u>P 63,889</u>	<u>P 1,832</u>	<u>P 61,716</u>	<u>P 2,411</u>	<u>(P 3,305)</u>	<u>P 1,024</u>	<u>P 2</u>	<u>P 168,527</u>		
BALANCE AT JANUARY 1, 2013	P 35,808	P 5,150	P 63,889	P 1,414	P 34,557	P 7,401	(P 3,288)	P 1,113	(P 349)	P 145,701		
Transactions with owners												
Cash dividends	19 -	-	-	-	(7,860)	-	-	-	-	(7,860)		
Total comprehensive income (loss)	-	-	-	-	20,499	(4,946)	46	(89)	357	15,867		
Transfer to (from) Surplus Free												
Trust reserve	19, 25 -	-	-	161	(161)	-	-	-	-	-		
BALANCE AT DECEMBER 31, 2013	<u>P 35,808</u>	<u>P 5,150</u>	<u>P 63,889</u>	<u>P 1,575</u>	<u>P 47,035</u>	<u>P 2,461</u>	<u>(P 3,242)</u>	<u>P 1,024</u>	<u>P 8</u>	<u>P 153,708</u>		
BALANCE AT JANUARY 1, 2012	P 26,074	P 5,000	P 25,156	P 1,295	P 27,483	P 4,165	(P 3,365)	P 1,115	(P 317)	P 86,606		
Transactions with owners												
Stock rights issuance	19 8,952	-	34,147	-	-	-	P -	-	-	43,099		
Cash dividends	19 -	-	-	-	(330)	-	-	-	-	(330)		
Stock dividends	19 782	150	4,586	-	(5,524)	-	-	-	-	(6)		
Total transaction with owners	9,734	150	38,733	-	(5,854)	-	-	-	-	42,763		
Total comprehensive income (loss)	-	-	-	-	13,044	3,242	77	-	(32)	16,331		
Transfer to (from) Surplus Free												
Trust reserve	19, 25 -	-	-	119	(119)	-	-	-	-	-		
Revaluation increment on land written-off	-	-	-	-	3	-	-	(2)	-	1		
	-	-	-	119	(116)	-	-	(2)	-	1		
BALANCE AT DECEMBER 31, 2012	<u>P 35,808</u>	<u>P 5,150</u>	<u>P 63,889</u>	<u>P 1,414</u>	<u>P 34,557</u>	<u>P 7,407</u>	<u>(P 3,288)</u>	<u>P 1,113</u>	<u>(P 349)</u>	<u>P 145,701</u>		

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos)

Notes	BDO Unibank Group			Parent Bank		
	2014	2013	2012	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	P 27,068	P 24,750	P 16,113	P 26,319	P 21,917	P 14,161
Adjustments for:						
Interest income	20 (63,583)	(56,606)	(54,014)	(60,871)	(54,431)	(51,657)
Interest received	62,529	56,737	53,495	60,122	54,596	51,153
Interest paid	(12,496)	(13,777)	(17,625)	(11,855)	(13,533)	(16,953)
Interest expense	21 12,358	13,440	17,893	11,728	13,014	17,245
Impairment losses	14 5,114	7,001	4,941	5,014	6,216	4,850
Depreciation and amortization	11, 12, 13 3,262	2,760	3,059	2,640	2,355	2,798
Share in net profit of associates	13 (652)	(606)	(470)	-	-	-
Fair value loss (gain)	9 (37)	(440)	(178)	(65)	17	(269)
Income from acquisition of a subsidiary	26 (18)	(43)	-	-	-	-
Operating profit before changes in operating resources and liabilities	33,545	33,216	23,214	33,032	30,151	21,328
Decrease (increase) in financial assets at fair value through profit or loss	1,076	22	(4,134)	(1,327)	1,138	(2,385)
Increase in loans and other receivables	(216,173)	(160,507)	(95,250)	(200,655)	(158,432)	(97,006)
Decrease (increase) in investment properties	(1,377)	(885)	1,188	(1,389)	1,597	1,130
Increase in other resources	(12,164)	(5,293)	(5,963)	(9,078)	(5,549)	(5,852)
Increase in deposit liabilities	147,105	413,734	72,945	147,110	397,695	80,874
Increase in other liabilities	18,543	12,075	11,763	9,907	9,557	11,919
Cash generated from (used in) operations	(29,445)	292,362	3,763	(22,400)	276,157	10,008
Cash paid for income tax	(4,160)	(2,168)	(1,346)	(3,589)	(1,204)	(630)
Net Cash From (Used in) Operating Activities	(33,605)	290,194	2,417	(25,989)	274,953	9,378
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposals of available-for-sale securities	383,247	612,048	391,344	373,079	594,111	387,278
Acquisitions of available-for-sale securities	9 (377,961)	(606,540)	(428,794)	(360,013)	(589,025)	(424,254)
Acquisitions of premises, furniture, fixtures and equipment	11 (5,970)	(4,321)	(2,975)	(4,712)	(3,143)	(2,571)
Proceeds from disposals of premises, furniture, fixtures and equipment	194	73	32	87	62	22
Acquisitions of held-to-maturity investments	9 -	(3,586)	(24,411)	-	(3,586)	(24,410)
Maturities and disposals of held-to-maturity investments	-	2,899	21,094	-	2,705	20,565
Net Cash From (Used in) Investing Activities	(490)	573	(43,710)	8,441	1,124	(43,370)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	19 (7,903)	(7,904)	(368)	(7,859)	(7,860)	(330)
Proceeds from (redemption of) subordinated notes payable	17 7,023	(25,000)	(10,000)	7,023	(25,000)	(10,000)
Net proceeds from (payments of) bills payable	6,100	21,974	(237)	2,216	17,639	871
Net proceeds from issuance of stock rights	-	-	43,099	-	-	43,099
Proceeds from issuance of senior notes payable	16 -	-	12,790	-	-	12,790
Transaction costs paid from issuance of stock dividends	-	-	(6)	-	-	(6)
Net Cash From (Used in) Financing Activities	5,220	(10,930)	45,278	1,380	(15,221)	46,424
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Carried Forward)	(P 28,875)	P 279,837	P 3,985	(P 16,168)	P 260,856	P 12,432

	Notes	BDO Unibank Group			Parent Bank		
		2014	2013	2012 (As Restated – see Note 2)	2014	2013	2012 (As Restated – see Note 2)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (<i>Brought Forward</i>)		(P 28,875)	P 279,837	P 3,985	(P 16,168)	P 260,856	P 12,432
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	7	27,824	21,539	33,129	27,736	21,512	33,102
Due from Bangko Sentral ng Pilipinas	7	408,383	156,591	124,894	384,361	151,303	115,992
Due from other banks	8	26,939	12,645	24,719	24,655	11,488	22,777
Securities purchased under reverse repurchase agreement	10	8,407	941	4,989	8,407	-	-
		<u>471,553</u>	<u>191,716</u>	<u>187,731</u>	<u>445,159</u>	<u>184,303</u>	<u>171,871</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	7	41,342	27,824	21,539	41,237	27,736	21,512
Due from Bangko Sentral ng Pilipinas	7	269,542	408,383	156,591	258,416	384,361	151,303
Due from other banks	8	45,621	26,939	12,645	43,165	24,655	11,488
Securities purchased under reverse repurchase agreement	10	86,173	8,407	941	86,173	8,407	-
		<u>P 442,678</u>	<u>P 471,553</u>	<u>P 191,716</u>	<u>P 428,991</u>	<u>P 445,159</u>	<u>P 184,303</u>

Supplemental Information on Non-cash Financing and Investing Activities

The following are the significant noncash transactions:

- On August 8, 2014, the Parent Bank and The Real Bank (A Thrift Bank), Inc. executed a Memorandum of Agreement to transfer to the Parent Bank the assets and liabilities of the latter amounting to P2,491 and P7,118, respectively, resulting in the recognition of Branch licenses and Accounts receivable amounting to P2,640 and P2,000, respectively (see Note 26).
- In 2013, the BDO Unibank Group and the Parent Bank reclassified its Held-to-maturity investments totalling to P95,860 and P88,840, respectively, to Available-for-sale securities in anticipation of its planned disposal in accordance with Philippine Accounting Standard 39, *Financial Instruments: Recognition and Measurement* (see Note 9).
- In 2013, BDO Capital and Investment Corporation (BDO Capital), a subsidiary of BDO Unibank, obtained control over CBN Grupo through its 60% ownership acquired in 2011. Goodwill amounted to P91 and non-controlling share in equity totaled P39 at the date the BDO Unibank Group's control was established (see Note 26). As of the date of initial consolidation, total resources and total liabilities of CBN Grupo amounted to P438 and P339, respectively.
- On August 30, 2013, BDO Capital acquired 100% of the total issued and outstanding capital stock of Averon Holdings Corporation, a company primarily engaged in the leasing business, amounting to P43 (see Note 26). As of the date of the acquisition, total resources and liabilities of Averon Holdings Corporation amounted to P1,484 and P1,397, respectively. Gain from acquisition amounted to P43.
- On July 24, 2012, the Parent Bank acquired Rural Bank of San Juan, Inc.'s assets amounting to P695 and assumed the liabilities amounting to P1,320 which resulted in the recognition of branch licenses of P481 and goodwill of P144 (see Note 13.5).
- On March 22, 2012, the Parent Bank declared 3% stock dividends on its outstanding common and preferred shares, equivalent to 78,218,589 common shares at P68.70 per share and 15,000,000 preferred shares at par. The declaration resulted in the recognition of additional paid-in capital of P4,586, net of issue costs (see Note 19.6). The dividends were distributed on June 8, 2012.

Other Information

Securities purchased under reverse repurchased agreement are included as part of cash and cash equivalents for cash flow purposes but are presented as part of Loans and Other Receivables in the statements of financial position (see Note 2.5).

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos, Except Per Share Data or As Indicated)

1. CORPORATE MATTER

1.1 Incorporation and Operations

BDO Unibank, Inc. (BDO Unibank, BDO or the Parent Bank) was incorporated in the Philippines on December 20, 1967 to engage in the business of banking. It was authorized to engage in trust operations on January 5, 1988 and in foreign currency deposit operations on November 23, 1990. The Bangko Sentral ng Pilipinas (BSP) granted approval to the Parent Bank to operate as an expanded commercial bank on August 5, 1996. The Parent Bank commenced operations as such in September of the same year. The Parent Bank and its subsidiaries (collectively referred to as BDO Unibank Group or the Group) offer a wide range of commercial, investment, private and other banking services. These services include traditional loan and deposit products, as well as treasury, asset management, realty management, leasing and finance, remittance, trade services, retail cash cards, insurance, credit card services, stockbrokerage, trust and others.

As a banking institution, BDO Unibank Group's operations are regulated and supervised by the BSP. In this regard, BDO Unibank Group is required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. BDO Unibank Group is subject to the provisions of the General Banking Law of 2000 Republic Act (RA) No. 8791.

The Parent Bank's common shares are listed in the Philippine Stock Exchange (PSE). As of December 31, 2014, the Parent Bank had 876 branches (including one foreign branch), 1,414 on-site and 1,177 off-site automated teller machines and 61 cash accept machines. The Parent Bank's registered address is at BDO Corporate Center, 7899 Makati Avenue, Makati City.

BDO Unibank Group operates mainly within the Philippines with a banking branch in Hong Kong and various remittance subsidiaries operating in Asia, Europe and the United States. These foreign operations accounted for 1.3%, 0.8% and 0.9% of BDO Unibank Group's total revenues in 2014, 2013 and 2012, respectively, and 1.1% and 0.5% of BDO Unibank Group's total resources as of December 31, 2014 and 2013, respectively. BDO Unibank Group's subsidiaries and associates are shown in Note 13.1.

1.2 Approval of Financial Statements

The financial statements of BDO Unibank Group and the Parent Bank as of and for the year ended December 31, 2014 (including the comparative financial statements for December 31, 2013 and 2012) were authorized for issue by the Parent Bank's Board of Directors (BOD) on February 26, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Financial Reporting Standards in the Philippines for Banks

The consolidated financial statements of BDO Unibank Group and the separate financial statements of the Parent Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC), from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

In 2013 and 2012, the BDO Unibank Group and the Parent Bank prepared its financial statements in compliance with financial reporting standards in the Philippines (FRSP) for banks which is in accordance with PFRS, except for the reclassification of the credit-linked notes (CLNs) that are linked to Republic of the Philippines (ROP) bonds without bifurcating the embedded derivatives from fair value through profit or loss (FVTPL) to unquoted debt securities classified as loans (UDSCL) that are outstanding as of the effective date of reclassification, which was permitted by the BSP for prudential reporting, and by the Philippine Securities and Exchange Commission (SEC) for financial reporting purposes. However, on May 8 and September 20, 2013, BDO Unibank Group unwound the remaining outstanding CLNs related to reclassified securities with certain financial institutions amounting to P823 and P892, respectively. Hence, except for the Surplus free as of January 1, 2013 amounting to P22 and certain profit or loss account totaling P3 in 2013, which were both immaterial, BDO Unibank Group and the Parent Bank's financial statements as of December 31, 2014 and 2013 do not differ both under PFRS and FRSP for banks.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. BDO Unibank Group presents a statement of comprehensive income separate from the statement of income.

The BDO Unibank Group presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, BDO Unibank Group's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated (see also Note 2.25).

Items included in the financial statements of BDO Unibank Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which BDO Unibank Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2014 that are Relevant to BDO Unibank Group

In 2014, BDO Unibank Group adopted for the first time the following amendments and interpretations to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
PFRS 10, 12 and PAS 27 (Amendments)	:	Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statements
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below are the relevant information about these amended standards and interpretation.

- (i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions. BDO Unibank Group's existing offsetting and settlement arrangements for its financial instruments with its counterparties are not affected by the amendment; hence, such did not have an impact on the presentation of financial assets and financial liabilities on BDO Unibank Group's financial statements for any periods presented.
- (ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less costs of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements. This amendment did not result in additional disclosures in the financial statements since the recoverable amounts of BDO Unibank Group's certain non-financial assets where impairment losses have been recognized were determined based on value-in-use, which have been adequately disclosed in accordance with PAS 36 (see Notes 11, 12 and 13.3).
- (iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. BDO Unibank Group enters into transactions involving derivative instrument; however, since it does not apply hedge accounting, the amendment did not have any impact on BDO Unibank Group's financial statements.

- (iv) PFRS 10, 12 and PAS 27 (Amendments), *Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statements – Exemption from Consolidation for Investment Entities*. The amendments define the term “investment entity” and provide to such an investment entity an exemption from the consolidation of particular subsidiaries and instead require to measure investment in each eligible subsidiary at fair value through profit or loss in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, both in its consolidated or separate financial statements, as the case maybe. The amendments also require additional disclosures about the details of the entity’s unconsolidated subsidiaries and the nature of its relationship and certain transactions with those subsidiaries. This amendment had no significant impact on the BDO Unibank Group’s financial statements.
- (v) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the BDO Unibank Group’s financial statements.

(b) *Effective Subsequent to 2014 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2014, which are issued by the FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements in accordance with their transitional provisions and, unless otherwise stated, none of these are expected to have significant impact on BDO Unibank Group’s financial statements:

- (i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan’s contribution formula or on a straight-line basis) for the gross benefit.

- (ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (iii) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated.
- (iv) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.
- (v) PAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective from January 1, 2016). This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39 or PFRS 9. As of the end of the reporting period, the BDO Unibank Group has no plan to change the accounting policy for its investments in its subsidiaries and associates.

- (vi) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.
- (vii) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.
- (viii) PFRS 10 (Amendment), *Consolidated Financial Statements – Investment Entities: Applying the consolidation exception* (effective from January 1, 2016). This amendment confirms that the exemption from preparing consolidated financial statements continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures its interest in all its subsidiaries at fair value in accordance with PFRS 10. The amendment further clarifies that if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services that are related to the investment activities of the investment entity parent, the latter shall consolidate that subsidiary.
- (ix) PFRS 11 (Amendment), *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (effective from January 1, 2016). This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in PFRS 3 to apply all accounting principles and disclosure requirements on business combinations under PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11.

- (x) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
 - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements, which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

BDO Unibank Group is currently assessing the impact of PFRS 9 on the financial statements of BDO Unibank Group since it may or may not significantly impact the financial statements and it is conducting a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (xi) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to BDO Unibank Group but management does not expect those to have material impact on the BDO Unibank Group's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- (a) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.
- (b) PAS 24 (~~Amendment~~), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.
- (c) PFRS 2 (Amendment), *Share-based Payment*. The amendment clarifies the definitions of "vesting condition" and "market condition" and defines a "performance condition" and a "service condition."
- (d) PFRS 3 (Amendment), *Business Combinations*. This amendment clarifies that an obligation to pay contingent consideration, which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32, *Financial Instruments – Presentation*. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.
- (e) PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments, which have been aggregated and the economic indicators, which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

- (f) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- (a) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.
- (b) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3.
- (c) PFRS 3 (Amendment), *Business Combinations*. It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11, *Joint Arrangement*, in the financial statements of the joint arrangement itself.

Annual Improvements to PFRS (2012-2014 Cycle)

- (a) PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds, which were used to determine the discount rate for post-employment benefit obligations, shall be made consistent with the currency and estimated term of the post-employment benefit obligations.
- (b) PAS 34 (Amendment), *Interim Financial Reporting - Disclosure of information "elsewhere in the interim financial report"*. The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, otherwise the interim financial statements will be incomplete.

- (c) PFRS 5 (Amendment), *Non-current Assets Held for Sale and Discontinued Operations*. The amendment clarifies that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of PFRS 5 does not apply. It also states that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of PFRS 5.
- (d) PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
- (e) PFRS 7 (Amendment), *Financial Instruments - Applicability of amendments to PFRS 7 to condensed interim financial statements*. This amendment clarifies that the additional disclosure required by the recent amendments to PFRS 7 related to offsetting financial assets and financial liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with PAS 34, *Interim Financial Reporting*, when its inclusion would be necessary in order to meet the general principles of PAS 34.

2.3 Basis of Consolidation

The Parent Bank obtains and exercises control through voting rights. BDO Unibank Group’s consolidated financial statements comprise the accounts of the Parent Bank and its subsidiaries as enumerated in Note 13.1, after the elimination of material intercompany transactions. All significant intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in resources are also eliminated in full. Intercompany losses that indicate impairment are recognized in BDO Unibank Group’s financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Bank, using consistent accounting principles.

The Parent Bank accounts for its investments in subsidiaries and transactions with non-controlling interest as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which BDO Unibank Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Bank controls another entity. The Parent Bank obtains and exercises control when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity, usually through voting rights. Subsidiaries are consolidated from the date the Parent Bank obtains control.

The Parent Bank reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

Except as otherwise indicated, the acquisition of subsidiaries are accounted for using the acquisition method (see Note 2.12). Acquisition method requires recognizing and measuring the identifiable resources acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the BDO Unibank Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, BDO Unibank Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of BDO Unibank Group's share of the identifiable net assets acquired, is recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as a gain in profit or loss (see Note 2.12).

On the other hand, business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls BDO Unibank Group are accounted for under the pooling-of-interests method and reflected in the financial statements as if the business combination had occurred at the beginning of the earliest comparative period presented, or if later, at the date that common control was established; for this purpose, comparative periods presented are restated. The resources and liabilities acquired are recognized in BDO Unibank Group's financial statements at their carrying amounts. The components of equity of the acquired entities are added to the same components within BDO Unibank Group's equity.

Investments in subsidiaries are accounted for in the Parent Bank's financial statements at cost less impairment losses, if any.

(b) Transactions with Non-controlling Interests

BDO Unibank Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of BDO Unibank Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net assets is recognized in equity. Disposals of equity investments to non-controlling interests, which result in gains or losses for BDO Unibank Group are also recognized in equity.

When BDO Unibank Group ceases to have control, any interest retained in the subsidiary is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The initial carrying amount for the purposes of subsequently accounting for the interest retained as an associate, joint venture or financial asset is the fair value. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if BDO Unibank Group had directly disposed of the related resources or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

In BDO Unibank Group's financial statements, the non-controlling interest component is shown in its statement of changes in equity, and in its statement of income and statement of comprehensive income for the share of profit or loss and movement of other comprehensive income, respectively, during the year.

The BDO Unibank Group holds interests in the following subsidiaries:

Subsidiaries	Percentage of Ownership		
	2014	2013	2012
Thrift Bank			
BDO Elite Savings Bank, Inc. (BDO Elite)	99%	99%	99%
Banco De Oro Savings Bank, Inc. (BDO Savings formerly Citibank Savings, Inc., or CSI)	100%	-	-
Investment House			
BDO Capital & Investment Corporation (BDO Capital)	100%	100%	100%
Private Banking			
BDO Private Bank, Inc. (BDO Private)	100%	100%	100%
Leasing and Finance			
BDO Leasing and Finance, Inc. (BDO Leasing)	89%	89%	87%
Averon Holdings Corporation	100%	100%	-
BDO Rental, Inc. (BDO Rental)	89%	89%	87%
Securities Companies			
BDO Securities Corporation (BDO Securities)	100%	100%	100%
PCIB Securities, Inc.	100%	100%	100%
Armstrong Securities, Inc. (ASI)	80%	80%	80%
Real Estate Companies			
BDO Strategic Holdings, Inc. (BDOSHI)	100%	100%	100%
BDORO Europe Ltd. (BDORO)	100%	100%	100%
Equimark-NFC Development Corporation (Equimark)	60%	60%	60%
Insurance Companies			
BDO Insurance Brokers, Inc. (BDOI)	100%	100%	100%
PCI Insurance Brokers, Inc. (PCI Insurance)	100%	100%	100%
Remittance Companies			
BDO Remit (USA), Inc.	100%	100%	100%
Express Padala (Hongkong), Ltd.	100%	100%	100%
PCIB Europe S.p.A.	100%	100%	100%
Express Padala Frankfurt GmbH	100%	100%	100%
BDO Remit (Italia) S.p.A	100%	100%	100%
BDO Remit (Japan) Ltd.	100%	-	-
BDO Remit (Canada) Ltd.	100%	-	-
BDO Remit Limited	100%	100%	100%
BDO Remit (Macau) Ltd.	100%	100%	100%
CBN Grupo International Holdings B.V. (CBN Grupo)	60%	60%	-
Others			
MDB Land, Inc.	100%	100%	100%
PCI Realty Corporation	100%	100%	100%

Non-controlling interests in 2014 and 2013 represent the interests not held by BDO Unibank Group in BDO Savings (0.1%), BDO Leasing, BDO Rental, BDO Elite, Equimark, CBN Grupo and ASI.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to BDO Unibank Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows BDO Unibank Group's products and services as disclosed in Note 5, which represent the main products and services provided by BDO Unibank Group.

Each of these operating segments is managed separately as each of these services requires different technologies and resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies of BDO Unibank Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.5 Financial Assets

Financial assets, which are recognized when BDO Unibank Group becomes a party to contractual terms of the financial instrument, include cash and other financial instruments. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) securities. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. Except for derivative financial instruments and financial assets designated at FVTPL, the designation of financial assets is re-evaluated at the end of each reporting period and at which date, a choice of classification or accounting treatment is available, which is subject to compliance with specific provisions of applicable accounting standards.

Regular purchases and sales of financial assets are recognized on their settlement date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at FVTPL

This category includes derivative financial instruments and financial assets that are either classified as held for trading (HFT) or which meet certain conditions and are designated by BDO Unibank Group to be carried at FVTPL upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. A financial asset is classified in this category if acquired principally for the purpose of selling it in the near term or if so designated by management. Derivatives are also categorized as “held for trading” unless they are designated and effective as hedging instrument. Financial assets at FVTPL include derivatives, equity securities and government and private debt securities.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term and for CLNs and derivatives embedded in CLNs linked to ROP bonds as permitted by the BSP for prudential reporting and by the SEC for financial reporting.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the BDO Unibank Group provides money, goods or services directly to the debtor with no intention of trading the receivables. Included in this category are financial assets arising from direct loans to customers, interbank loans receivables, sales contract receivables, and all receivables from customers and other banks. Loans and receivables also include the aggregate rental on finance lease transactions. Unearned income on finance lease transactions is shown as a deduction from loans and receivables.

BDO Unibank Group’s financial assets categorized as loans and receivables are presented as Cash and cash equivalents and Loans and Other Receivables in the statement of financial position. Cash and cash equivalents consist of cash, due from BSP and amounts due from other banks. For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, interbank call loans receivable and Securities Purchased Under Reverse Repurchase Agreement (SPURRA) with original maturities of three months or less from placement date.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, if any. Any change in the value of loans and receivables is recognized in profit or loss, except for reclassified financial assets under PAS 39 and PFRS 7. Increases in estimates of future cash receipts from financial assets that have been reclassified in accordance with PAS 39 and PFRS 7 shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate. SPURRA, wherein BDO Unibank Group enters into short-term purchases of securities under reverse repurchase agreements of substantially identical securities with the BSP, are included in this category. The difference between the sale and repurchase price is recognized as interest and accrued over the life of the agreements using the straight-line method.

Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables (see Note 2.23).

(c) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that BDO Unibank Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included under this category.

HTM investments consisted of government and private debt securities. If BDO Unibank Group were to sell other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities. The tainting provision will not apply if the sales or reclassifications of HTM investments: (i) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on its fair value; (ii) occur after BDO Unibank Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or, (iii) are attributable to an isolated event that is beyond the control of BDO Unibank Group, is nonrecurring and could not have been reasonably anticipated by BDO Unibank Group. Upon tainting, BDO Unibank Group shall not classify any financial assets as HTM investments for the next two reporting period after the year of tainting.

Subsequent to initial recognition, HTM investments are measured at amortized costs using effective interest method, less impairment losses, if any (see Note 2.23).

(d) AFS Securities

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. BDO Unibank Group's AFS securities include government and corporate bonds, equity securities and golf club shares.

Non-derivative financial assets classified as AFS securities may be reclassified to loans and receivable category if that financial asset would have met the definition of loans and receivable and if there is an intention and ability to hold that financial asset for the foreseeable future or until maturity.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from income taxes, except for interest and dividend income, impairment loss and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income (see Note 2.23).

Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are reported as part of Trading gain under Other Operating Income account in the statement of income in the period in which these arise. Gains and losses arising from changes in the fair value of AFS securities are recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income shall be reclassified to profit or loss. However, interest calculated using the effective interest method is recognized in profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding impaired financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the BDO Unibank Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the BDO Unibank Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the BDO Unibank Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Derivative Financial Instruments and Hedge Accounting

BDO Unibank Group is a party to various foreign currency forwards, cross-currency swaps and interest rate swaps. These contracts are entered into as a service to customers and as a means of reducing or managing BDO Unibank Group's foreign exchange and interest rate exposures, as well as for trading purposes.

Derivatives are initially recognized at fair value on the date on which derivative contract is entered into and are subsequently measured at their fair value (except for the embedded derivatives in CLNs linked to ROP bonds which BDO Unibank Group reclassified to loans and other receivables together with the host CLN in the prior years). Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, BDO Unibank Group recognizes profit or loss at initial recognition.

For more complex instruments, BDO Unibank Group uses proprietary models, which usually are developed from recognized valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into a transaction, the financial instrument is recognized initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference in fair value indicated by valuation techniques is recognized as profit or loss depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

Certain derivatives embedded in other financial instruments are considered as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are bifurcated from the host contracts and are measured at fair value with changes in fair value recognized in profit or loss. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies contractual cash flows.

Certain derivatives may be designated as either: (i) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or, (ii) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Changes in the fair value of derivatives are recognized in profit or loss. The method of recognizing the resulting fair value gain or loss on derivatives that qualify as hedging instrument depends on the hedging relationship designated by BDO Unibank Group.

2.7 Premises, Furniture, Fixtures and Equipment

Premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization and any impairment in value. Property items of the former Equitable PCI Bank (EPCIB), entity merged with BDO Unibank in 2008, stated at appraised values were included in BDO Unibank Group balances at their deemed costs at the date of transition to PFRS in 2005. The revaluation increment is credited to Revaluation Increment account in the Equity section, net of applicable deferred tax.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

Buildings	10 - 50 years
Leasehold rights and improvements	5 years
Furniture, fixtures and equipment	3 - 5 years

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.24).

The residual values and estimated useful lives of premises, furniture, fixtures and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and any impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

2.8 Investment Properties

Investment properties are stated at cost. The cost of an investment property comprises its purchase price and directly attributable costs incurred. This also includes land and building acquired by BDO Unibank Group from defaulting borrowers not held for sale in the next 12 months. For these properties, the cost is recognized initially at fair value. Investment properties, except land, are depreciated on a straight-line basis over a period of 10 - 25 years.

BDO Unibank Group adopted the cost model in measuring its investment properties; hence, these are carried at cost less accumulated depreciation and any impairment in value. Depreciation and impairment loss are recognized in the same manner as in premises, furniture, fixtures and equipment (see Note 2.24).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss and is presented as part of Income from assets sold or exchanged under Other Operating Income in the year of retirement or disposal (see Note 22).

2.9 Real Properties for Development and Sale

Real properties for development and sale (included as part of Other Resources account) consist of subdivision land for sale and development, and land acquired for home building, home development, and other types of real estate development. These are carried at the lower of aggregate cost and net realizable value (NRV). Costs, which is determined through specific identification, include acquisition costs and costs incurred for development, improvement and construction of subdivision land.

Land acquired for home building, home development and other types of real estate development is also carried at the lower of aggregate cost and NRV. Costs include acquisition costs and, once real estate development commences, the cost of these properties, including development costs incurred, is classified as Real properties for development and sale and is presented as part of Other Resources in the statement of financial position.

Real properties for development and sale are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of these properties is recognized in profit or loss is presented as part of Income from assets sold or exchanged under Other Operating Income in the year of retirement or disposal (see Note 22).

2.10 Non-current Assets Held for Sale

Non-current assets held for sale include other properties (chattels) acquired through repossession or foreclosure that BDO Unibank Group intends to sell within one year from the date of classification as held for sale. Starting 2014, for real properties acquired through foreclosure, BDO Unibank Group included in its criteria that there should be an existence of a buyer before a foreclosed real property can be classified as Non-current Asset Held for Sale [see Note 3.1(e)].

BDO Unibank Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond BDO Unibank Group's control and there is sufficient evidence that BDO Unibank Group remains committed to sell the asset.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as assets held for sale and their fair value less costs to sell. The BDO Unibank Group shall recognize an impairment loss for any initial and subsequent write-down of the asset to fair value less cost to sell. Gain for any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation or amortization.

If BDO Unibank Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the BDO Unibank Group shall cease to classify the asset as held for sale.

The profit or loss arising from the sale of assets held for sale is included as part of Income from assets sold or exchanged under Other Operating Income account in profit or loss (see Note 22).

2.11 Equity Investments

In BDO Unibank Group's financial statements, investments in associates (presented as Equity investments under Other Resources account in the statement of financial position) are accounted for under the equity method of accounting and are initially recognized at cost less allowance for impairment, if any (see Note 2.24). Associates are all entities over which BDO Unibank Group has significant influence but which are neither subsidiaries nor interest in a joint venture.

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the BDO Unibank Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Bank's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the BDO Unibank Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in Net Earnings (Losses) of Associates account in the BDO Unibank Group's statement of income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.24).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the BDO Unibank Group, as applicable. However, when the BDO Unibank Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the BDO Unibank Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

In the Parent Bank's financial statements, the investments in subsidiaries and associates (presented as Equity investments under Other Resources account in the statement of financial position) are carried at cost, less any impairment losses (see Note 2.24).

2.12 Business Combination

Except as indicated otherwise, business acquisitions are accounted for using the acquisition method of accounting.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of a business combination over BDO Unibank Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (see Note 2.24). Impairment losses on goodwill are not reversed.

Negative goodwill, if any, which is the excess of BDO Unibank Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segments.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by BDO Unibank Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting or pooling-of-interests method.

2.13 Prepayments and Other Resources

Prepayments and other resources pertain to other assets that are controlled by BDO Unibank Group as a result of past events. These are recognized in the financial statements when it is probable that the future economic benefits will flow to BDO Unibank Group and the asset has a cost or value that can be measured reliably.

2.14 Intangible Assets

Intangible assets include goodwill, trading rights, branch licenses, customer lists and computer software licenses.

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets acquired and branch licenses at the date of acquisition. Goodwill is classified as intangible asset with indefinite useful life, and thus, not subject to amortization but to an annual test for impairment (see Note 2.24). Goodwill is subsequently carried at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash generating units is represented by each primary reporting segment.

Trading rights represent the rights given to securities subsidiaries of BDO Unibank Group engage in stock brokerage to preserve access to the trading facilities and to transact business on PSE. Trading right is assessed as having an indefinite useful life. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less allowance for impairment loss, if any. The trading right is tested annually for any impairment in realizable value (see Note 2.24).

Branch licenses, on the other hand, represent the rights given to BDO Unibank Group to establish certain number of branches as an incentive in acquiring distressed banks or as provided by the BSP in addition to the current branches of the acquired banks. Branch licenses are assessed as having an indefinite useful life.

Customer lists consist of information about customers such as their name, contact information, and managed accounts under BDO Unibank Group's trust business. The customer list is classified as intangible asset with indefinite useful life, hence, would be reviewed for impairment in accordance with PAS 36 by assessing at each reporting date whether there is any indication that the trust business brought about by the customer lists may be impaired (see Note 2.24).

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. These costs are amortized on straight-line basis over the expected useful life of five years. Costs associated with maintaining computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.15 Financial Liabilities

Financial liabilities include deposit liabilities, bills payable, subordinated notes payable and other liabilities (including derivatives with negative fair values, except taxes payable, unearned income and capitalized interest and other charges).

Financial liabilities are recognized when BDO Unibank Group becomes a party to the contractual terms of the instrument.

Deposit liabilities and other liabilities are recognized initially at fair value and subsequently measured at amortized cost less settlement payments.

Bills payable and subordinated notes payable are recognized initially at fair value, equivalent to the issue proceeds (fair value of consideration received), net of direct issue costs. Bills payable and subordinated notes payable are subsequently measured at amortized cost. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Derivatives with negative fair values are recognized initially and subsequently measured at fair value with changes in fair value recognized in profit or loss.

Lease deposits from operating and finance leases (presented as Lease deposits under Other Liabilities account in the statement of financial position) are initially recognized at fair value. The excess of the principal amount of the deposits over its fair or present value is immediately recognized as day one gain and is included as part of Miscellaneous under Other Operating Income account in the statement of income. Meanwhile, interest expense on the subsequent amortization of the lease deposits is accrued using the effective interest method and is included as part of Interest Expense account in the statement of income.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are declared by BDO Unibank Group and are approved by the BSP.

Financial liabilities are derecognized in the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.16 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.17 Terminal Value of Leased Assets and Guaranty Deposits on Finance Lease

The terminal value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the disposal of the leased asset at the end of the lease term. The residual value of the leased asset at the end of the lease term is generally applied against the guaranty deposit of the lessee.

2.18 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Surplus reserves pertain to a portion of BDO Unibank Group's income from trust operations set-up on a yearly basis in compliance with BSP regulations. Surplus reserves also consist of reserve for additional working capital for underwriting and equity trading securities and reserve fund requirement for subsidiaries engaged in the security brokerage business (see Note 19.6).

Surplus free includes all current and prior period results as disclosed in profit or loss and which are available and not restricted for use by BDO Unibank Group, reduced by the amounts of dividends declared, if any.

Net unrealized gains (losses) of AFS securities arises from cumulative mark-to-market valuation of outstanding AFS securities.

Accumulated actuarial gains (losses) results from the remeasurements of post-employment defined benefit plan.

Revaluation increment pertains to gains from the revaluation of land under premises, furniture, fixtures and equipment, which is now treated as part of the deemed cost of the assets.

Accumulated translation adjustment pertains to exchange differences arising on translation of the resources and liabilities of foreign subsidiaries that are taken up in other comprehensive income (see Note 2.25).

Non-controlling interests represent the portion of the net resources and profit or loss not attributable to BDO Unibank Group, which are presented separately in BDO Unibank Group's statement of income, statement of comprehensive income and within the equity in BDO Unibank Group's statements of financial position and changes in equity.

Other reserves pertain to amount recognized from increase in percentage of ownership of any of the subsidiaries of BDO Unibank Group (see Note 19.7).

2.19 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between BDO Unibank Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with BDO Unibank Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of BDO Unibank Group that gives them significant influence over BDO Unibank Group and close members of the family of any such individual; and, (d) BDO Unibank Group's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.20 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the BDO Unibank Group; and the expenses and costs incurred and to be incurred can be measured reliably. Expenses and costs, if any, are recognized in profit or loss upon utilization of the assets or services or at the date these are incurred. All finance costs are reported in profit or loss on accrual basis.

The following specific recognition criteria of income and expenses must also be met before revenue and expense are recognized:

- (a) *Interest* – Interest income and expenses are recognized in profit or loss for all financial assets or liabilities using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, BDO Unibank Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income on finance lease is allocated over the lease term on a systematic and rational basis. The recognition of interest income on finance lease is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

- (b) *Service charges, fees and commissions* – Service charges, fees and commissions are generally recognized when the service has been provided. These include the following accounts:
 - (i) *Commission and fees* arising from loans, deposits, and other banking transactions are taken up as income based on agreed terms and conditions.
 - (ii) *Loan syndication fees* are recognized as revenue when the syndication has been completed and that BDO Unibank Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants.

- (iii) *Arranger fees* arising from negotiating, or participating in the negotiation of a transaction for a third party such as arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognized at the completion of the underlying assumptions.
 - (iv) *Portfolio and other management advisory and service fees* are recognized based on the applicable service contracts, usually on a time-proportionate basis.
 - (c) *Trust fees* – Trust fees related to investment funds are recognized ratably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.
 - (d) *Trading gain* – Trading gain is recognized when the ownership of the securities is transferred to the buyer (at an amount equal to the excess of the selling price over the carrying amount of securities) and as a result of the mark-to-market valuation of the securities classified as financial assets at FVTPL.
 - (e) *Income from assets sold or exchanged* – Income from assets sold or exchanged is recognized when the title to the properties is transferred to the buyer or when the collectibility of the entire sales price is reasonably assured. This is included in profit or loss as part of Other Operating Income.
- Collections from accounts, which did not qualify from revenue recognition are treated as customers' deposit included as part of Accounts payable under Other Liabilities account in the statement of financial position.
- (f) *Dividend* – Dividend income is recognized when BDO Unibank Group's right to receive dividend is established.
 - (g) *Rental income* – Rental income arising from leased properties accounted for as operating lease is recognized on a straight-line basis over the lease terms and is recorded in profit or loss as part of Miscellaneous – net under Other Operating Income (see Note 2.22).

BDO Unibank Group records its revenue at gross and separately recognizes an expense and liability relative to the fair value of the reward points earned by clients and customers [see Note 3.2(i)] since such points are redeemable primarily from the goods or services provided by a third party participating in the program, for example, SM Group (a related party) and rewards partners of the Parent Bank.

2.21 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and these can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events (e.g. legal disputes or onerous contracts).

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that BDO Unibank Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.22 Leases

BDO Unibank Group accounts for its leases as follows:

(a) BDO Unibank Group as Lessor

Leases, wherein BDO Unibank Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item, are classified as finance leases and are presented as receivable at an amount equal to BDO Unibank Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on BDO Unibank Group's net investment outstanding in respect of the finance lease.

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease collections are recognized as income in profit or loss on a straight-line basis over the lease term.

(b) BDO Unibank Group as Lessee

Leases, which do not transfer to BDO Unibank Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expense as incurred.

BDO Unibank Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.23 Impairment of Financial Assets

BDO Unibank Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of BDO Unibank Group about certain loss events, including, among others: (i) significant financial difficulty of the issuer or debtor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) the probability that the borrower will enter bankruptcy or other financial reorganization; (iv) the disappearance of an active market for that financial asset because of financial difficulties; or, (v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot be identified yet with the individual financial assets in the group.

(a) Assets carried at amortized cost

BDO Unibank Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If BDO Unibank Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, BDO Unibank Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss on loans and receivables or HTM investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If a loan and receivable or HTM investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. When practicable, BDO Unibank Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosures less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics, i.e., on the basis of BDO Unibank Group's or BSP's grading process that considers asset type, industry, collateral type, status and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be consistent with changes in related observable data from period to period. The methodologies and assumptions used for estimating future cash flows are reviewed regularly by BDO Unibank Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures, including approval from the management and the BOD, have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognized as an income, which is reported as Miscellaneous – net account under Other Operating Income in the statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

When possible, BDO Unibank Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans' original effective interest rate. The difference between the carrying value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in profit or loss as part of Impairment Losses.

In addition, under Section 9(f) of the Rules and Regulations to implement the provisions of Republic Act No. 8556, *The Financing Company Act of 1998*, a 100% allowance is also set up by BDO Leasing, a subsidiary, for the following:

- (i) clean loans and advances past due for a period of more than six months;
- (ii) past due loans secured by collateral such as inventories, receivables, equipment and other chattels that have declined in value by more than 50%, without the borrower offering additional collateral for the loans;

- (iii) past due loans secured by real estate mortgage the title to which is subject to an adverse claim rendering settlement through foreclosure doubtful;
- (iv) when the borrower, and his co-maker or guarantor, is insolvent or where their whereabouts is unknown, or their earning power is permanently impaired;
- (v) accrued interest receivable that remains uncollected after six months from the maturity date of the loan to which it accrues; and,
- (vi) accounts receivable past due for 361 days or more.

These requirements and conditions were accordingly considered by BDO Unibank Group in the determination of impairment loss provision on assets carried at amortized cost particularly receivables related to financing.

(b) Assets carried at fair value with changes recognized in other comprehensive income

In the case of investments classified as AFS securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for AFS securities, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in other comprehensive income as part of equity – is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as AFS securities increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

(c) Assets carried at cost

BDO Unibank Group assesses at the end of each reporting period whether there is objective evidence that any of the unquoted equity securities and derivative assets linked to and required to be settled in such unquoted equity instruments, which are carried at cost, may be impaired. The amount of impairment loss is the difference between the carrying amount of the equity security and the present value of the estimated future cash flows discounted at the current market rate of return of a similar asset. Impairment losses on assets carried at cost cannot be reversed.

2.24 Impairment of Non-financial Assets

BDO Unibank Group's real properties for development and sale, equity investments, goodwill, branch licenses, trading rights, customer lists (recorded as part of Other Resources), premises, furniture, fixtures and equipment, investment properties and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, branch licenses, customer lists and trading rights are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.25 Foreign Currency Transactions and Translations

(a) Foreign Currency Transactions

The financial statements of the Foreign Currency Deposit Unit (FCDU) of BDO Unibank Group are translated at the prevailing current exchange rates (for statement of financial position accounts) and average exchange rate during the period (for statement of income accounts) for consolidation purposes.

Foreign exchange gains and losses resulting from the settlement of foreign currency denominated transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS securities are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

(b) Foreign Currency Translation

The accounting records of BDO Unibank Group are maintained in Philippine pesos except for the FCDUs and foreign branch and subsidiaries which are maintained in U.S. dollars, European Union Euro (Euro), Great Britain Pound (GBP), Japanese Yen (JPY) or Hong Kong dollars.

The operating results and financial position of foreign branch and subsidiaries which are measured using the U.S. dollars, Euro, GBP, Yen or Hong Kong dollars, respectively, are translated to Philippine pesos (BDO Unibank Group's functional currency) as follows:

- i. Resources and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- ii. Income and expenses for each statement of income are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

- iii. All resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation due from foreign branch and net investment in foreign subsidiaries is recognized in other comprehensive income as part of Accumulated Translation Adjustment (see Note 2.18). When a foreign operation is sold, the cumulative amount of exchange differences are recognized in profit or loss.

The translation of the financial statements into Philippine peso should not be construed as a representation that the US dollar, Euro, GBP, JPY or Hong Kong dollar amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.26 Compensation and Benefits Expense

BDO Unibank Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with BDO Unibank Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund. BDO Unibank Group's defined benefit post-employment plan covers all regular full-time employees. The post-employment plan is tax-qualified, noncontributory and administered by a trustee.

The asset recognized in the statement of financial position for defined benefit post-employment plans is the fair value of plan assets at the end of reporting period less the present value of the defined benefit obligation (DBO), together with adjustments for asset ceiling. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interpolated yields of government bonds as published by Philippine Dealing and Exchange Corporation (PDEX), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Others under Interest Expense in the statement of income.

Past-service costs are recognized immediately in profit or loss in the period of plan amendment and curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which BDO Unibank Group pays fixed contributions into an independent entity, such as the Social Security System. BDO Unibank Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by BDO Unibank Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. BDO Unibank Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of reporting period are discounted to present value.

(d) Bonus Plans

BDO Unibank Group recognizes a liability and an expense for bonuses based on the Group's bonus policy. A provision is recognized by BDO Unibank Group where it is contractually obliged to pay the benefits or where there is a past practice that has created a constructive obligation.

(e) Executive Stock Option Plan

BDO Unibank Group grants stock option plan to its senior officers (from vice-president up) for their contribution to BDO Unibank Group's performance and attainment of team goals. The amount of stock option allocated to the qualified officers is based on the performance of the individual officers as determined by the management and is determined based on BDO Unibank Group's performance in the preceding year and amortized over five years (vesting period) starting from the date of the approval of the BOD. The number of officers qualified at the grant date is regularly evaluated (at least annually) during the vesting period and the amount of stock option is decreased in case there are changes in the number of qualified employees arising from resignation or disqualification. The annual amortization of stock option is included as part of Compensation and benefits expense under the Other Operating Expenses account in the statement of income.

(f) *Unavailed Leaves*

Unavailed leaves (excluding those qualified under the retirement benefit plan), included in Other Liabilities account, are recognized as expense at the amount BDO Unibank Group expects to pay at the end of reporting period. Unavailed leaves of employees qualified under the retirement plan are valued and funded as part of the present value of DBO under (a) in the previous page.

2.27 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates and tax laws have been enacted or substantively enacted at the end of each reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which BDO Unibank Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if BDO Unibank Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.28 Earnings Per Share

Basic earnings per share is determined by dividing net profit by the weighted average number of common shares issued and outstanding during the period, after retroactive adjustment for any stock dividend declared in the current period.

The diluted earnings per share is also computed by dividing net profit by the weighted average number of common shares issued and outstanding during the period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred shares and stock option plan granted by BDO Unibank Group to the qualified officers (to the extent that shares under the stock option plan shall be issued and not purchased from the market or stock exchange). Convertible preferred shares are deemed to have been converted to common shares at the issuance of preferred shares. The stock option plan is deemed to have been converted into common stock in the year the stock option is granted.

2.29 Trust Activities

BDO Unibank Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Resources and income arising thereon are excluded from these financial statements, as these are neither resources nor income of BDO Unibank Group.

2.30 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about BDO Unibank Group's financial position at the end of reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

BDO Unibank Group's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates and the differences could be significant.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying BDO Unibank Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Classifying Financial Assets as HTM Investments

BDO Unibank Group follows the guidance of PAS 39 in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investments. This classification requires significant judgment. In making this judgment, BDO Unibank Group evaluates its intention and ability to hold such investments up to maturity. If BDO Unibank Group fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class as AFS securities. In such a case, the investments would, therefore, be measured at fair value, not at amortized cost.

In 2013, BDO Unibank Group reclassified its HTM investments to AFS securities. Accordingly, the rest of the HTM portfolio was reclassified to AFS securities in accordance with PAS 39 (see Note 9.3).

(b) Evaluating Impairment of AFS Securities

BDO Unibank Group follows the guidance of PAS 39 in determining when an investment is permanently impaired. This determination requires significant judgment. In making this judgment, BDO Unibank Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. For investments issued by counterparty under bankruptcy or financial distress, BDO Unibank Group determines permanent impairment based on the price of the most recent transaction and on latest indications obtained from reputable counterparties (which regularly quote prices for distressed securities) since current bid prices are no longer available.

Based on the recent evaluation of information and circumstances affecting the BDO Unibank Group and the Parent Bank's AFS securities, management has recognized impairment loss on certain AFS securities in 2014 and 2013 as disclosed in Note 9.2. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(c) Distinguishing Investment Properties and Owner-occupied Properties

BDO Unibank Group determines whether a property qualifies as investment property. In making its judgment, BDO Unibank Group considers whether the property generates cash flows largely independent of the other assets held by BDO Unibank Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other resources used in the supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), BDO Unibank Group accounts for those portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. BDO Unibank Group considers each property separately in making its judgment.

(d) Distinguishing Operating and Finance Leases

BDO Unibank Group has entered into various lease agreements either as a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of resources and liabilities.

(e) Classification of Acquired Properties and Fair Value Determination for Non-current Assets Held for Sale, Investment Properties and Other Properties

BDO Unibank Group classifies its acquired properties as Premises, Furniture, Fixtures and Equipment if used in operations, for chattels as Non-current assets held for sale (presented under Other Resources) if expected to be recovered through sale rather than use, for real properties as Investment Properties if intended to be held for capital appreciation or lease, as Financial Assets if qualified as such in accordance with PAS 39 or as Other properties if held for sale but the depreciable properties (other than building) are not yet disposed within three years. At initial recognition, BDO Unibank Group determines the fair value of the acquired properties through internally or externally generated appraisal. The appraised value is determined based on the current economic and market conditions as well as the physical condition of the properties.

Starting 2014, BDO Unibank Group provides additional criterion for classifying real properties to Non-Current Asset Held for Sale (NCAHS) such that the real properties should have a ready buyer before it can be booked as NCAHS. Accounts previously classified as NCAHS with no ready buyers were reclassified to Investment Properties in 2014.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.21 and relevant disclosures are presented in Note 31.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next reporting period:

(a) Estimating Impairment of Financial Assets (AFS Securities, HTM Investments and Loans and Other Receivables)

BDO Unibank Group reviews its AFS securities, HTM investments and Loans and other receivables portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, BDO Unibank Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial asset or a portfolio of similar financial assets. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers or issuers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

BDO Unibank Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement are determined using verifiable objective evidence such as foreign exchange rates, interest rates and volatility rates. However, the amount of changes in fair value would differ if BDO Unibank Group had utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

The total impairment losses on financial assets recognized in profit or loss is presented in Note 14.

(b) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. Valuation techniques are used to determine fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as counterparty credit risk, volatilities and correlations require management to make estimates. Changes in assumptions could affect the reported fair value of financial instruments. BDO Unibank Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) *Determining Fair Value of Derivatives*

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques using the net present value computation.

Valuation techniques are used to determine fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions and correlations require management to make estimates. BDO Unibank Group and the Parent Bank use judgment to select a variety of methods and make assumptions that are mainly based on conditions existing at the end of each reporting period.

(d) *Estimating Useful Lives of Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Properties*

BDO Unibank Group estimates the useful lives of premises, furniture, fixtures and equipment, investment properties and other properties based on the period over which the assets are expected to be available for use. The estimated useful lives of premises, furniture, fixtures and equipment, investment properties and other properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of premises, furniture, fixtures and equipment are analyzed in Note 11 while investment properties and other properties are analyzed in Notes 12 and 13, respectively. Based on management's assessment as of December 31, 2014 and 2013, there is no change in estimated useful lives of premises, furniture, fixtures and equipment, investment properties and other properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Determining Principal Assumptions for Management's Estimation of Fair Value of Investment Properties*

Investment Properties are measured using the cost model. The fair value disclosed in Note 12 to the financial statements as determined by BDO Unibank Group and the Parent Bank using the discounted cash flows valuation technique which are mainly based on existing market conditions and actual transactions at each reporting period, such as: selling price under installment sales; expected timing of sale; and appropriate discount rates. The expected selling price is determined by either an independent or internal appraiser on the basis of current appraised values of the properties or similar properties in the same location and condition. BDO Unibank Group engages services of professional external or internal appraisers applying the relevant valuation methodologies as discussed in Note 6.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(f) Determining Realizable Amount of Deferred Tax Assets

BDO Unibank Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The carrying value of deferred tax assets, which management assessed to be utilized within the next two to three years, as of December 31, 2014 and 2013 is disclosed in Note 27.1.

(g) Impairment of Non-financial Assets

Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. BDO Unibank Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.24. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses recognized in profit or loss are disclosed in Note 14.

(h) Valuation of Post-employment Defined Benefit

The determination of BDO Unibank Group's obligation and cost of post-employment and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 and include, among others, discount rates and salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions in estimating such obligation are presented in Note 23.

(i) Recognition of Reward Points

BDO Unibank Group provides rewards points to its banking clients and customers each time they avail of the pre-identified products and services of the Parent Bank and the companies which the Parent Bank has identified as partners in the rewards program. Reward points are redeemable in a wide selection of reward categories, including travel, merchandise of third parties, reward credits and gift certificates. Certain loyalty points for credit card have no expiration date unless the credit card is cancelled but for other rewards program, unredeemed points may expire at some future date.

BDO Unibank Group sets up a liability to cover the cost of future reward redemptions for points earned to date. The estimated liability is based upon points earned by the clients and the current cost per point of redemption. The estimated points to be redeemed are measured and adjusted based on many factors including but not limited to past redemption behavior of the clients, product type on which the points are earned and their ultimate redemption rate on the points earned to date but not yet redeemed.

BDO Unibank Group continually evaluates its estimates for rewards based on developments in redemption patterns, cost per point redeemed and other factors. The estimated liability for unredeemed points is impacted over time by enrollment levels, amount of points earned and redeemed, weighted-average cost per point, redemption choices made by the clients and other membership rewards program changes. The calculation is most sensitive to changes in the estimated ultimate redemption rate. This rate is based on the expectation that a large majority of all points earned will eventually be redeemed and the rewards will be redeemed through goods or services supplied by a third party based on BDO Unibank Group's past experience.

The carrying value of the rewards points accrued by BDO Unibank Group and the Parent Bank is presented as part of Accrued expenses under Other Liabilities account in the statements of financial position as disclosed in Note 18.

4. RISK MANAGEMENT

By their nature, BDO Unibank Group's activities are principally related to the use of financial instruments including derivatives. BDO Unibank Group accepts deposits from customers at fixed and floating rates for various periods, and seeks to earn above average interest margins by investing these funds in high-quality assets. BDO Unibank Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due. BDO Unibank Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities and bonds and in currency and interest rate prices.

To manage the risk for holding financial resources and liabilities, BDO Unibank Group operates an integrated risk management system to address the risks it faces in its banking activities, including credit, liquidity, market (foreign exchange, interest rate, price risks) and operational risks. BDO Unibank Group's risk management objective is to adequately and consistently evaluate, manage, control, and monitor the risk profile of BDO Unibank Group's statements of financial position to optimize the risk-reward balance and maximize return on BDO Unibank Group's capital. BDO Unibank Group's Risk Management Committee (RMC) has overall responsibility for BDO Unibank Group's risk management systems and sets risk management policies across the full range of risks to which BDO Unibank Group is exposed. Specifically, BDO Unibank Group's RMC places limits on the level of exposure that can be taken in trading positions. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

Within BDO Unibank Group's overall risk management system is the Assets and Liabilities Committee (ALCO) which is responsible for managing BDO Unibank Group's statement of financial position, including BDO Unibank Group's liquidity, interest rate and foreign exchange related risks. In addition, ALCO formulates investment and financial policies by determining the asset allocation and funding mix strategies that are likely to yield the targeted financial results.

Separately, the Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the over-all risk profile of the BDO Unibank Group's activities across the different risk areas (i.e., credit, market, liquidity, and operational) to optimize the risk-reward balance and maximize return on capital.

RMG has responsibility for the setting of risk policies across the full range of risks to which BDO Unibank Group is exposed.

In the performance of its function, RMG observes the following framework:

- It is responsible for policy formulation in coordination with the relevant businesses/functions and ensures that proper approval for the manuals/policies is obtained from the appropriate body.
- It disseminates the approved policies to the relevant businesses/functions including authorities delegated down to the businesses/functions to guide them in the conduct of their businesses/functions. RMG then performs compliance review to ensure approved policies are adhered to.
- It is responsible for clarifying interpretations of risk policies/guidelines raised by the Business Heads/Units.
- When adverse trends are observed in the account/portfolio, RMG is responsible for flagging these trends and ensuring relevant policies for problem accounts/portfolio management are properly applied.
- RMG is responsible for the direct management of Non-Performing Loan (NPL) accounts under its supervision and ensures that appropriate strategies are formulated to maximize collection and/or recovery of these assets.
- It is also responsible for regular review and monitoring of accounts under its supervision and ensuring that the account's loan classification is assessed timely and accurately.

4.1 Liquidity Risk

Liquidity risk is the risk that there could be insufficient funds available to adequately meet the credit demands of BDO Unibank Group's customers and repay deposits on maturity. BDO Unibank Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure short-term funding requirements are met and by maintaining a balanced loan portfolio, which is repriced on a regular basis. In addition, BDO Unibank Group seeks to maintain sufficient liquidity to take advantage of interest rate and exchange rate opportunities when they arise.

The analysis of the maturity groupings of resources, liabilities and off-book items as of December 31, 2014 and 2013 in accordance with account classification of the BSP, is presented subsequently. The amounts disclosed in the maturity analysis are the contractual cash flows using the primary contractual maturities or behavioral assumptions on core levels (e.g., core deposit liabilities and core deposit substitutes with maturities within one year have been classified in the more than three years category), if the latter is more relevant for purposes of profiling the liquidity gap.

BDO Unibank Group

		2014				
		One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:						
Cash and other cash items	P	41,342	P -	P -	P -	P 41,342
Due from BSP and other banks		314,788	352	19	4	315,163
Loans and other receivables - net		453,499	134,949	149,859	474,623	1,212,930
Trading and investment securities		11,387	5,512	54,301	150,310	221,510
Other resources		<u>6,771</u>	<u>2,114</u>	<u>-</u>	<u>63,819</u>	<u>72,704</u>
Total Resources		<u>827,787</u>	<u>142,927</u>	<u>204,179</u>	<u>688,756</u>	<u>1,863,649</u>
Liabilities and Equity:						
Deposit liabilities		454,731	11,564	7,846	1,018,141	1,492,282
Bills and subordinated notes payable		47,948	2,372	55,066	5,005	110,391
Other liabilities		<u>21,950</u>	<u>1,107</u>	<u>2,056</u>	<u>56,194</u>	<u>81,307</u>
Total Liabilities		524,629	15,043	64,968	1,079,340	1,683,980
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>179,669</u>	<u>179,669</u>
Total Liabilities and Equity		<u>524,629</u>	<u>15,043</u>	<u>64,968</u>	<u>1,259,009</u>	<u>1,863,649</u>
On-book gap		<u>303,158</u>	<u>127,884</u>	<u>139,211</u>	<u>(570,253)</u>	<u>-</u>
Cumulative on-book gap		<u>303,158</u>	<u>431,042</u>	<u>570,253</u>	<u>-</u>	<u>-</u>
Contingent assets		185,404	28,324	53,469	41,039	308,236
Contingent liabilities		<u>216,686</u>	<u>29,243</u>	<u>60,510</u>	<u>39,824</u>	<u>346,263</u>
Off-book gap	(	<u>31,282)</u>	(<u>919)</u>	(<u>7,041)</u>	<u>1,215</u>	(<u>38,027)</u>
Net Periodic Gap		<u>271,876</u>	<u>126,965</u>	<u>132,170</u>	<u>(569,038)</u>	<u>-</u>
Cumulative Total Gap	P	<u>271,876</u>	P <u>398,841</u>	P <u>531,011</u>	(P <u>38,027)</u>	P <u>-</u>

BDO Unibank Group

		2013				
		One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:						
Cash and other cash items	P	27,824	P -	P -	P -	P 27,824
Due from BSP and other banks		435,308	-	9	5	435,322
Loans and other receivables - net		299,388	83,162	156,585	383,418	922,553
Trading and investment securities		13,100	4,469	29,884	180,457	227,910
Other resources		<u>1,554</u>	<u>2,356</u>	<u>1,776</u>	<u>53,483</u>	<u>59,169</u>
Total Resources		<u>777,174</u>	<u>89,987</u>	<u>188,254</u>	<u>617,363</u>	<u>1,672,778</u>
Liabilities and Equity:						
Deposit liabilities		479,635	13,678	5,594	846,426	1,345,333
Bills and subordinated notes payable		63,901	1,139	7,613	24,597	97,250
Other liabilities		<u>11,922</u>	<u>48,311</u>	<u>3,998</u>	<u>1,610</u>	<u>65,841</u>
Total Liabilities		555,458	63,128	17,205	872,633	1,508,424
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>164,354</u>	<u>164,354</u>
Total Liabilities and Equity		<u>555,458</u>	<u>63,128</u>	<u>17,205</u>	<u>1,036,987</u>	<u>1,672,778</u>
On-book gap		<u>221,716</u>	<u>26,859</u>	<u>171,049</u>	(<u>419,624</u>)	<u>-</u>
Cumulative on-book gap		<u>221,716</u>	<u>248,575</u>	<u>419,624</u>	<u>-</u>	<u>-</u>
Contingent assets		74,773	12,049	10,086	16,135	113,043
Contingent liabilities		<u>64,012</u>	<u>13,215</u>	<u>9,641</u>	<u>15,320</u>	<u>102,188</u>
Off-book gap		<u>10,761</u>	(<u>1,166</u>)	<u>445</u>	<u>815</u>	<u>10,855</u>
Net Periodic Gap		<u>232,477</u>	<u>25,693</u>	<u>171,494</u>	(<u>418,809</u>)	<u>-</u>
Cumulative Total Gap	P	<u>232,477</u>	P <u>258,170</u>	P <u>429,664</u>	P <u>10,855</u>	P <u>-</u>

Parent Bank

		2014				
		One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:						
Cash and other cash items	P	41,237	P -	P -	P -	P 41,237
Due from BSP and other banks		301,577	-	-	4	301,581
Loans and other receivables - net		450,461	128,662	137,660	465,401	1,182,184
Trading and investment securities		9,402	4,570	46,109	135,368	195,449
Other resources		<u>6,484</u>	<u>2,113</u>	<u>-</u>	<u>64,025</u>	<u>72,622</u>
Total Resources		<u>809,161</u>	<u>135,345</u>	<u>183,769</u>	<u>664,798</u>	<u>1,793,073</u>
Liabilities and Equity:						
Deposit liabilities		435,115	11,280	7,222	1,010,472	1,464,089
Bills and subordinated notes payable		35,298	1,819	46,238	11,744	95,099
Other liabilities		<u>21,122</u>	<u>-</u>	<u>-</u>	<u>44,236</u>	<u>65,358</u>
Total Liabilities		491,535	13,099	53,460	1,066,452	1,624,546
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>168,527</u>	<u>168,527</u>
Total Liabilities and Equity		<u>491,535</u>	<u>13,099</u>	<u>53,460</u>	<u>1,234,979</u>	<u>1,793,073</u>
On-book gap		<u>317,626</u>	<u>122,246</u>	<u>130,309</u>	<u>(570,181)</u>	<u>-</u>
Cumulative on-book gap		<u>317,626</u>	<u>439,872</u>	<u>570,181</u>	<u>-</u>	<u>-</u>
Contingent assets		174,670	20,486	12,294	1,212	208,662
Contingent liabilities		<u>198,922</u>	<u>21,621</u>	<u>20,191</u>	<u>1,210</u>	<u>241,944</u>
Off-book gap	(	<u>24,252)</u>	(<u>1,135)</u>	(<u>7,897)</u>	<u>2</u>	(<u>33,282)</u>
Net Periodic Gap		<u>293,374</u>	<u>121,111</u>	<u>122,412</u>	<u>(570,179)</u>	<u>-</u>
Cumulative Total Gap	P	<u>293,374</u>	P <u>414,485</u>	P <u>536,897</u>	(P <u>33,282)</u>	P <u>-</u>
		2013				
		One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:						
Cash and other cash items	P	27,736	P -	P -	P -	P 27,736
Due from BSP and other banks		409,012	-	-	4	409,016
Loans and other receivables - net		287,110	77,223	146,878	396,182	907,393
Trading and investment securities		9,769	4,182	28,386	165,410	207,747
Other resources		<u>1,571</u>	<u>2,445</u>	<u>2,275</u>	<u>56,598</u>	<u>62,889</u>
Total Resources		<u>735,198</u>	<u>83,850</u>	<u>177,539</u>	<u>618,194</u>	<u>1,614,781</u>
<i>(balance carried forward)</i>						
	P	<u>735,198</u>	P <u>83,850</u>	P <u>177,539</u>	P <u>618,194</u>	P <u>1,614,781</u>

Parent Bank

	2013				
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Total Resources (<i>balance brought forward</i>)	P 735,198	P 83,850	P 177,539	P 618,194	P 1,614,781
Liabilities and Equity:					
Deposit liabilities	459,912	12,975	3,750	840,495	1,317,132
Bills and subordinated notes payable	53,709	-	64	32,061	85,834
Other liabilities	11,524	44,397	2,115	71	58,107
Total Liabilities	525,145	57,372	5,929	872,627	1,461,073
Equity	-	-	-	153,708	153,708
Total Liabilities and Equity	525,145	57,372	5,929	1,026,335	1,614,781
On-book gap	210,053	26,478	171,610	(408,141)	-
Cumulative on-book gap	210,053	236,531	408,141	-	-
Contingent assets	73,437	8,089	2,447	2,271	86,244
Contingent liabilities	62,725	9,463	2,404	2,033	76,625
Off-book gap	10,712	(1,374)	43	238	9,619
Net Periodic Gap	220,765	25,104	171,653	(407,903)	-
Cumulative Total Gap	P 220,765	P 245,869	P 417,522	P 9,619	P -

4.2 Market Risk

BDO Unibank Group's exposure to market risk, the risk of future loss from changes in the price of a financial instrument, relates primarily to its holdings in foreign exchange instruments, debt securities, equity securities and derivatives. BDO Unibank Group manages its risk by identifying, analyzing and measuring relevant or likely market risks. Market Risk Management recommends market risk limits based on relevant activity indicators for approval by BDO Unibank Group's RMC and the BOD.

4.2.1 Foreign Exchange Risk

BDO Unibank Group manages its exposure to effects of fluctuations in the foreign currency exchange rates by maintaining foreign currency exposure within the existing regulatory guidelines and at a level that it believes to be relatively conservative for a financial institution engaged in that type of business.

BDO Unibank Group's net foreign exchange exposure is computed as its foreign currency assets less foreign currency liabilities. BSP regulations impose a cap of 20% of unimpaired capital or US\$50 million, whichever is lower, on the group excess foreign exchange holding of banks in the Philippines. BDO Unibank Group's foreign exchange exposure is primarily limited to the day-to-day, over-the-counter buying and selling of foreign exchange in BDO Unibank Group's branches as well as foreign exchange trading with corporate accounts and other financial institutions. BDO Unibank Group, being a major market participant in the Philippine Dealing System, may engage in proprietary trading to take advantage of foreign exchange fluctuations.

BDO Unibank Group's foreign exchange exposure during the day is guided by the limits set forth in BDO Unibank Group's Risk Management Manual. These limits are within the prescribed ceilings mandated by the BSP. At the end of each day, BDO Unibank Group reports to the BSP on its compliance with the mandated foreign currency exposure limits. In addition, it also reports to the BSP on the respective foreign currency positions of its subsidiaries.

The breakdown of the financial assets and liabilities as to foreign and peso-denominated balances as of December 31, 2014 and 2013 follows:

BDO Unibank Group

	2014			2013		
	Foreign Currencies	Philippine Pesos	Total	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items						
and due from BSP	P 33	P 310,851	P 310,884	P 31	P 436,176	P 436,207
Due from other banks	45,200	421	45,621	26,787	152	26,939
Trading and investment securities:						
At FVTPL	2,242	6,526	8,768	2,310	7,438	9,748
AFS securities	154,132	58,610	212,742	182,777	35,385	218,162
Loans and other receivables	206,944	1,005,986	1,212,930	134,583	787,970	922,553
Other resources	3,407	587	3,994	2,243	174	2,417
	<u>P 411,958</u>	<u>P 1,382,981</u>	<u>P 1,794,939</u>	<u>P 348,731</u>	<u>P 1,267,295</u>	<u>P 1,616,026</u>
Liabilities:						
Deposit liabilities	P 291,809	P 1,200,473	P 1,492,282	P 236,489	P 1,108,844	P 1,345,333
Bills payable	85,000	15,361	100,361	83,756	10,487	94,243
Subordinated notes payable	-	10,030	10,030	-	3,007	3,007
Other liabilities	2,287	76,198	78,485	2,303	61,125	63,428
	<u>P 379,096</u>	<u>P 1,302,062</u>	<u>P 1,681,158</u>	<u>P 322,548</u>	<u>P 1,183,463</u>	<u>P 1,506,011</u>

Parent Bank

Resources:						
Cash and other cash items						
and due from BSP	P -	P 299,653	P 299,653	P -	P 412,097	P 412,097
Due from other banks	43,092	73	43,165	24,611	44	24,655
Trading and investment securities:						
At FVTPL	1,993	3,320	5,313	2,103	1,811	3,914
AFS securities	147,136	43,000	190,136	177,592	26,241	203,833
Loans and other receivables	207,840	974,344	1,182,184	134,458	772,935	907,393
Other resources	3,407	245	3,652	2,243	98	2,341
	<u>P 403,468</u>	<u>P 1,320,635</u>	<u>P 1,724,103</u>	<u>P 341,007</u>	<u>P 1,213,226</u>	<u>P 1,554,233</u>

Parent Bank

	2014			2013		
	Foreign Currencies	Philippine Pesos	Total	Foreign Currencies	Philippine Pesos	Total
Liabilities:						
Deposit liabilities	P 284,653	P 1,179,436	P 1,464,089	P 229,989	P 1,087,143	P 1,317,132
Bills payable	85,000	69	85,069	82,711	116	82,827
Subordinated notes payable	-	10,030	10,030	-	3,007	3,007
Other liabilities	2,104	60,788	62,892	2,023	53,967	55,990
	<u>P 371,757</u>	<u>P 1,250,323</u>	<u>P 1,622,080</u>	<u>P 314,723</u>	<u>P 1,144,233</u>	<u>P 1,458,956</u>

4.2.2 Interest Rate Risk

BDO Unibank Group prepares gap analysis to measure the sensitivity of its resources, liabilities and off-book items to interest rate fluctuations. The focus of analysis is the impact of changes in interest rates on accrual or reported earnings. This analysis would give management a glimpse of the re-pricing profile of its interest sensitive resources and liabilities. An interest rate gap report is prepared by classifying all assets and liabilities into various time buckets according to contracted maturities if fixed or anticipated repricing dates if floating, or based on behavioral assumptions if more applicable. In the interest rate gap presented, loans and investments are profiled based on next repricing if floating or contracted maturity if fixed rate while non-maturity deposit liabilities are considered non-rate sensitive. The difference in the amount of resources and liabilities maturing or being repriced in any time period category would then give BDO Unibank Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income.

The analyses of the groupings of resources, liabilities and off-book items as of December 31, 2014 and 2013 based on the expected interest realization or recognition are presented below and in the succeeding pages.

BDO Unibank Group

	2014					
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 41,342	P 41,342
Due from BSP/ other banks	35,045	342	19	-	279,757	315,163
Loans and other receivables	777,650	89,898	209,143	135,267	972	1,212,930
Trading and investment securities	6,880	5,512	116,052	87,931	5,135	221,510
Other resources	-	-	-	-	72,704	72,704
Total Resources (balance carried forward)	<u>P 819,575</u>	<u>P 95,752</u>	<u>P 325,214</u>	<u>P 223,198</u>	<u>P 399,910</u>	<u>P 1,863,649</u>

BDO Unibank Group

2014						
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Total Resources (<i>balance brought forward</i>)	P 819,575	P 95,752	P 325,214	P 223,198	P 399,910	P 1,863,649
Liabilities and Equity:						
Deposit liabilities	454,444	32,694	77,225	20,652	907,267	1,492,282
Bills and subordinated notes payable	49,049	2,804	48,477	10,061	-	110,391
Other liabilities	10,424	1,806	4,316	80	64,681	81,307
Total Liabilities	513,917	37,304	130,018	30,793	971,948	1,683,980
Equity	-	-	-	-	179,669	179,669
Total Liabilities and Equity	513,917	37,304	130,018	30,793	1,151,617	1,863,649
On-book gap	305,658	58,448	195,196	192,405	(751,707)	-
Cumulative on-book gap	305,658	364,106	559,302	751,707	-	-
Contingent assets	32,204	2,035	-	-	-	34,239
Contingent liabilities	32,198	2,012	-	-	-	34,210
Off-book gap	6	23	-	-	-	29
Net Periodic Gap	305,664	58,471	195,196	192,405	(751,707)	-
Cumulative Total Gap	P 305,664	P 364,135	P 559,331	P 751,736	P 29	P -
2013						
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 27,824	P 27,824
Due from BSP/ other banks	212,555	-	9	-	222,758	435,322
Loans and other receivables	529,978	77,278	173,948	141,349	-	922,553
Trading and investment securities	10,956	4,469	67,334	135,403	9,748	227,910
Other resources	-	-	-	-	59,169	59,169
Total Resources	753,489	81,747	241,291	276,752	319,499	1,672,778
Liabilities and Equity:						
Deposit liabilities	474,966	48,366	51,417	32,164	738,420	1,345,333
Bills and subordinated notes payable	62,851	1,950	4,249	28,200	-	97,250
Other liabilities	867	703	2,615	11	61,645	65,841
Total Liabilities	538,684	51,019	58,281	60,375	800,065	1,508,424
Equity	-	-	-	-	164,354	164,354
Total Liabilities and Equity (<i>balance carried forward</i>)	P 538,684	P 51,019	P 58,281	P 60,375	P 964,419	P 1,672,778

BDO Unibank Group

2013						
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Total Liabilities and Equity (balance brought forward)	P 538,684	P 51,019	P 58,281	P 60,375	P 964,419	P 1,672,778
On-book gap	214,805	30,728	183,010	216,377	(644,920)	-
Cumulative on-book gap	214,805	245,533	428,543	644,920	-	-
Contingent assets	14,338	2,190	7,126	243	-	23,897
Contingent liabilities	14,413	2,220	7,125	244	-	24,002
Off-book gap	(75)	(30)	1	(1)	-	(105)
Net Periodic Gap	214,730	30,698	183,011	216,376	(644,920)	-
Cumulative Total Gap	P 214,730	P 245,428	P 428,439	P 644,815	(P 105)	P -

Parent Bank

2014						
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 41,237	P 41,237
Due from BSP/ other banks	27,594	-	-	-	273,987	301,581
Loans and other receivables	775,241	83,717	192,091	131,135	-	1,182,184
Trading and investment securities	5,239	4,570	108,309	73,148	4,183	195,449
Other resources	-	-	-	-	72,622	72,622
Total Resources	808,074	88,287	300,400	204,283	392,029	1,793,073
Liabilities and Equity:						
Deposit liabilities	432,887	31,989	75,762	20,653	902,798	1,464,089
Bills and subordinated notes payable	35,356	1,819	47,864	10,060	-	95,099
Other liabilities	6,484	-	-	-	58,874	65,358
Total Liabilities	474,727	33,808	123,626	30,713	961,672	1,624,546
Equity	-	-	-	-	168,527	168,527
Total Liabilities and Equity	474,727	33,808	123,626	30,713	1,130,199	1,793,073
On-book gap	333,347	54,479	176,774	173,570	(738,170)	-
Cumulative on-book gap (balance carried forward)	P 333,347	P 387,826	P 564,600	P 738,170	P -	P -

Parent Bank

2014						
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Cumulative on-book gap (balance brought forward)	P 333,347	P 387,826	P 564,600	P 738,170	P -	P -
Contingent assets	30,636	2,035	-	-	-	32,671
Contingent liabilities	30,633	2,012	-	-	-	32,645
Off-book gap	3	23	-	-	-	26
Net Periodic Gap	333,350	54,502	176,774	173,570	(738,170)	-
Cumulative Total Gap	P 333,350	P 387,852	P 564,626	P 738,196	P 26	P -
2013						
	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 27,736	P 27,736
Due from BSP/ other banks	191,800	-	-	-	217,216	409,016
Loans and other receivables	526,482	71,217	159,613	150,081	-	907,393
Trading and investment securities	7,732	4,183	62,592	129,326	3,914	207,747
Other resources	-	-	-	-	62,889	62,889
Total Resources	726,014	75,400	222,205	279,407	311,755	1,614,781
Liabilities and Equity:						
Deposit liabilities	453,551	47,663	49,576	32,164	734,178	1,317,132
Bills and subordinated notes payable	53,385	-	4,249	28,200	-	85,834
Other liabilities	-	-	-	-	58,107	58,107
Total Liabilities	506,936	47,663	53,825	60,364	792,285	1,461,073
Equity	-	-	-	-	153,708	153,708
Total Liabilities and Equity	506,936	47,663	53,825	60,364	945,993	1,614,781
On-book gap	219,078	27,737	168,380	219,043	(634,238)	-
Cumulative on-book gap	219,078	246,815	415,195	634,238	-	-
Contingent assets	13,323	2,190	7,126	243	-	22,882
Contingent liabilities	13,407	2,220	7,125	243	-	22,995
Off-book gap	(84)	(30)	1	-	-	(113)
Net Periodic Gap	218,994	27,707	168,381	219,043	(634,238)	-
Cumulative Total Gap	P 218,994	P 246,701	P 415,082	P 634,125	(P 113)	P -

BDO Unibank Group's market risk management limits are generally categorized as limits on:

- Value-at-risk (VaR) – The RMG computes the VaR benchmarked at a level, which is a percentage of projected earnings. BDO Unibank Group uses the VaR model to estimate the daily potential loss that BDO Unibank Group can incur from its trading book, based on a number of assumptions with a confidence level of 99%. The measurement is designed such that exceptions over dealing limits should only arise in very exceptional circumstances.
- Stop loss – The RMG sets the amount of each risk-bearing activity at a percentage of the budgeted annual income for such activity.
- Nominal position – The RMG sets the nominal amount to prevent over-trading, excessive concentration, and to limit financial loss supplementing other established limits.
- Trading volume – The RMG sets the volume of transactions that any employee may execute at various levels based on the rank of the personnel making the risk-bearing decision.
- Earnings-at-risk – The RMG computes the earnings-at-risk based on the repricing profile of the Banking Book and benchmarks against projected annual net interest income and capital.

VaR is one of the key measures in BDO Unibank Group's management of market risk. VaR is defined as a statistical estimate of the maximum possible loss on a given position during a time horizon within a given confidence interval. BDO Unibank Group uses a 99% confidence level and a 260-day observation period in VaR calculation. BDO Unibank Group's VaR limit is established as a percentage of projected earnings and is used to alert senior management whenever the potential losses in BDO Unibank Group's portfolios exceed tolerable levels. Because the VaR measure is tied to market volatility, it therefore allows management to react quickly and adjust its portfolio strategies in different market conditions in accordance with its risk philosophy and appetite. The VaR model is validated through back-testing.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A one-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;

- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and,
- The VaR measure is dependent upon BDO Unibank Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice-versa.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Parent Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Parent Bank's overall position. Stress VaR is also performed on all portfolios as a complementary measure of risk. While VaR deals with risk during times of normality, stress testing is used to measure the potential effect of a crisis or low probability event.

A summary of the VaR position of the trading portfolios at December 31 follows:

BDO Unibank Group

	<u>2014</u>		<u>2013</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
Foreign currency risk	(P 21)	(P 267)	(P 6)	(P 69)
Interest rate risk – Peso	(33)	(455)	(99)	(808)
Interest rate risk – USD	(10)	(329)	(7)	(115)
	<u>(P 64)</u>	<u>(P 1,051)</u>	<u>(P 112)</u>	<u>(P 992)</u>

Parent Bank

	<u>2014</u>		<u>2013</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
Foreign currency risk	(P 21)	(P 267)	(P 6)	(P 65)
Interest rate risk – Peso	(25)	(281)	(86)	(660)
Interest rate risk – USD	(10)	(283)	(5)	(88)
	<u>(P 56)</u>	<u>(P 831)</u>	<u>(P 97)</u>	<u>(P 813)</u>

The earnings-at-risk before tax in a rising and declining interest rate scenario for financial assets and liabilities repriced during 2014 and 2013 is shown below.

BDO Unibank Group

		2014			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income		(P 3,054)	P 3,054	(P 1,527)	P 1,527
As a percentage of the BDO Unibank Group's net interest income for 2014		(6.0%)	6.0%	(3.0%)	3.0%
Earnings-at-risk		P 1,419			

		2013			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income		(P 2,321)	P 2,321	(P 1,161)	P 1,161
As a percentage of the BDO Unibank Group's net interest income for 2013		(5.4%)	5.4%	(2.7%)	2.7%
Earnings-at-risk		P 1,639			

Parent Bank

		2014			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income		(P 3,350)	P 3,350	(P 1,675)	P 1,675
As a percentage of the Parent Bank's net interest income for 2014		(6.8%)	6.8%	(3.4%)	3.4%
Earnings-at-risk		P 1,535			

		2013			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income		(P 2,424)	P 2,424	(P 1,212)	P 1,212
As a percentage of the Parent Bank's net interest income for 2013		(5.9%)	5.9%	(2.9%)	2.9%
Earnings-at-risk		P 1,697			

4.2.3 Price Risk

BDO Unibank Group is exposed to equity securities price risk because of investments in equity securities held by BDO Unibank Group classified on the statement of financial position either as AFS securities, HFT securities or financial assets at FVTPL. BDO Unibank Group is not exposed to commodity price risk. To manage its price risk arising from investments in listed equity securities, BDO Unibank Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by BDO Unibank Group.

The table below summarizes the impact of equity prices on listed equity securities classified as HFT, financial assets at FVTPL and AFS securities on BDO Unibank Group's net profit after tax and equity as of December 31. The results are based on the volatility assumption of the benchmark equity index, which was 2.70% in 2014 and 5.96% in 2013 for securities classified as HFT securities, financial assets at FVTPL and AFS securities, with all other variables held constant and all BDO Unibank Group's equity instruments moved according to the historical correlation with the index.

BDO Unibank Group

	Impact on net profit after tax increase (decrease)		Impact on other comprehensive income increase (decrease)	
	2014	2013	2014	2013
HFT securities and Financial assets at FVTPL	P 12	P 0.43	P -	P -
AFS securities	-	-	110	502
	<u>P 12</u>	<u>P 0.43</u>	<u>P 110</u>	<u>P 502</u>

Parent Bank

	Impact on net profit after tax increase (decrease)		Impact on other comprehensive income increase (decrease)	
	2014	2013	2014	2013
AFS securities	P -	P -	P 154	P 266

4.2.4 Credit Risk

Credit risk is the risk that the counterparty in a transaction may default and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the BDO Unibank Group. It manages its credit risk and loan portfolio through the RMG, which undertakes several functions with respect to credit risk management.

The RMG undertakes credit analysis and review to ensure consistency in BDO Unibank Group's risk assessment process. The RMG performs risk ratings for corporate accounts and handles the development and monitoring of credit rating and scoring models for both corporate and consumer loans. It also ensures that BDO Unibank Group's credit policies and procedures are adequate to meet the demands of the business.

The RMG also undertakes portfolio management by reviewing BDO Unibank Group's loan portfolio, including the portfolio risks associated with particular industry sectors, loan size and maturity.

BDO Unibank Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

4.2.4.1 Exposure to Credit Risk

Loan classification and credit risk rating are an integral part of BDO Unibank Group's management of credit risk. On an annual basis, loans are reviewed, classified and rated based on internal and external factors that affect its performance. On a quarterly basis, loan classifications of impaired accounts are assessed and the results are used as basis for the review of loan loss provisions.

BDO Unibank Group's definition of its loan classification and corresponding credit risk ratings are as follows:

• Current/Unclassified	:	Grades AAA to B
• Watchlisted	:	Grade B
• Loans Especially Mentioned	:	Grade C
• Substandard	:	Grade D
• Doubtful	:	Grade E
• Loss	:	Grade F

Once an account is Watchlisted or Adversely Classified, the resulting risk rating grade is aligned based on the above classification.

(i) Unclassified

These are individual credits that do not have a greater-than-normal risk and do not possess the characteristics of adversely classified loans. These are credits that have the apparent ability to satisfy their obligations in full and therefore, no loss in ultimate collection is anticipated. These are adequately secured by readily marketable collateral or other forms of support security or are supported by sufficient credit and financial information of favorable nature to assure repayment as agreed.

(ii) *Watchlisted*

Since early identification of troublesome or potential accounts is vital in portfolio management, a “Watchlisted” classification of credit accounts is maintained. These accounts are not adversely classified but they require more than normal attention to prevent these accounts from deteriorating to said category.

Past due or individually impaired financial assets comprise accounts under the following risk ratings:

(iii) *Adversely Classified*

a. *Loans Especially Mentioned (LEM)*

Accounts classified as LEM are individual credits that have potential weaknesses particularly on documentation or credit administration that deserve management’s close attention. These potential weaknesses, if left uncorrected, may affect the repayment prospects of the loan and thus heighten the credit risk to BDO Unibank Group.

A credit may also be classified as “Loans Especially Mentioned” if there is evidence of weakness in the borrower’s financial condition or credit worthiness, or the credit is subject to an unrealistic repayment program or inadequate source of funds.

b. *Substandard*

Accounts classified as “Substandard” are individual credits or portions thereof, which appear to involve a substantial and unreasonable degree of risk to BDO Unibank Group because of unfavorable record or unsatisfactory characteristics. There exists in such accounts the possibility of future loss to BDO Unibank Group unless given closer supervision. Those classified as “Substandard” must have a well-defined weakness or weaknesses that jeopardize their liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

c. *Doubtful*

Accounts classified as “Doubtful” are individual credits or portions thereof which have the weaknesses inherent in those classified as “Substandard”, with the added characteristics that existing facts, conditions and values make collection or liquidation in full highly improbable and in which substantial loss is probable. Positive and vigorous action is required to avert or minimize losses.

d. *Loss*

Accounts classified as “Loss” are individual credits or portions thereof which are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recovery or salvage value. The amount of loss is difficult to measure and it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be obtained in the future.

In addition to the above, credit portfolio review is another integral part of BDO Unibank Group's management of credit risk. This exercise involves the conduct of periodic post approval review of individual credits whose main objective is to help monitor and maintain sound and healthy risk asset portfolio. Parameters of the credit portfolio review are structured so as to reflect both sides of the risk management equation such as credit quality and process. This function actuates the philosophy that credit quality is derived from sound risk management process. The credit quality of financial assets is managed by BDO Unibank Group using internal credit ratings.

The following table shows the exposure to credit risk as of December 31, 2014 and 2013 for each internal risk grade and the related allowance for impairment:

BDO Unibank Group

	2014		
	<u>Loans and Other Receivables</u>	<u>Due from Other Banks</u>	<u>Trading and Investment Securities</u>
Carrying Amount	<u>P 1,212,930</u>	<u>P 45,621</u>	<u>P 211,353</u>
Individually Impaired			
Grade C: LEM	P 11,873	P -	P -
Grade D: Substandard	1,625	-	-
Grade E: Doubtful	2,083	-	1,008
Grade F: Loss	<u>5,296</u>	<u>-</u>	<u>262</u>
Gross amount	20,877	-	1,270
Allowance for impairment	<u>(7,164)</u>	<u>-</u>	<u>(1,270)</u>
Carrying amount	<u>13,713</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Unclassified	275	-	17,941
Grade C: LEM	5,194	-	-
Grade D: Substandard	3,026	-	-
Grade E: Doubtful	841	-	-
Grade F: Loss	<u>3,103</u>	<u>-</u>	<u>-</u>
Gross amount	12,439	-	17,941
Allowance for impairment	<u>(4,961)</u>	<u>-</u>	<u>(121)</u>
Carrying amount	<u>7,478</u>	<u>-</u>	<u>17,820</u>
Past Due But Not Impaired			
Unclassified	<u>1,275</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>1,190,464</u>	<u>45,621</u>	<u>193,533</u>
Total Carrying Amount	<u>P 1,212,930</u>	<u>P 45,621</u>	<u>P 211,353</u>

BDO Unibank Group

	2013		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities
Carrying Amount	<u>P 922,553</u>	<u>P 26,939</u>	<u>P 216,936</u>
Individually Impaired			
Grade C: LEM	P 7,037	P -	P -
Grade D: Substandard	1,331	-	-
Grade E: Doubtful	1,817	-	1,000
Grade F: Loss	<u>5,877</u>	<u>-</u>	<u>262</u>
Gross amount	16,062	-	1,262
Allowance for impairment	(<u>8,149</u>)	<u>-</u>	(<u>1,262</u>)
Carrying amount	<u>7,913</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Unclassified	-	-	10,107
Grade C: LEM	4,528	-	-
Grade D: Substandard	2,104	-	-
Grade E: Doubtful	674	-	-
Grade F: Loss	<u>3,709</u>	<u>-</u>	<u>-</u>
Gross amount	11,015	-	10,107
Allowance for impairment	(<u>4,930</u>)	<u>-</u>	(<u>120</u>)
Carrying amount	<u>6,085</u>	<u>-</u>	<u>9,987</u>
Past Due But Not Impaired			
Unclassified	<u>1,274</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>907,281</u>	<u>26,939</u>	<u>206,949</u>
Total Carrying Amount	<u>P 922,553</u>	<u>P 26,939</u>	<u>P 216,936</u>

An aging of past due but not impaired accounts of BDO Unibank Group reckoned from the past due date per BSP definition follows:

	Loans and Other Receivables	
	2014	2013
Up to 30 days	P 718	P 746
31 to 60 days	296	368
61 to 90 days	232	156
91 to 180 days	11	1
More than 180 days	<u>18</u>	<u>3</u>
	<u>P 1,275</u>	<u>P 1,274</u>

An aging of neither past due nor impaired accounts of BDO Unibank Group reckoned from the last payment date follows:

	Loans and Other Receivables	
	2014	2013
Up to 30 days	P 1,167,276	P 878,424
31 to 60 days	2,100	15,678
61 to 90 days	<u>21,088</u>	<u>13,179</u>
	P 1,190,464	P 907,281

Parent Bank

	2014		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities
Carrying Amount	P 1,182,184	P 43,165	P 189,060
Individually Impaired			
Grade C: LEM	P 11,086	P -	P -
Grade D: Substandard	1,319	-	-
Grade E: Doubtful	1,899	-	1,008
Grade F: Loss	<u>5,141</u>	<u>-</u>	<u>262</u>
Gross amount	19,445	-	1,270
Allowance for impairment	(<u>6,921</u>)	<u>-</u>	(<u>1,270</u>)
Carrying amount	<u>12,524</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Grade C: LEM	5,194	-	-
Grade D: Substandard	3,026	-	-
Grade E: Doubtful	841	-	-
Grade F: Loss	<u>3,103</u>	<u>-</u>	<u>-</u>
Gross amount	12,164	-	-
Allowance for impairment	(<u>4,646</u>)	<u>-</u>	<u>-</u>
Carrying amount	<u>7,518</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Unclassified	<u>1,246</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>1,160,896</u>	<u>43,165</u>	<u>189,060</u>
Total Carrying Amount	P 1,182,184	P 43,165	P 189,060

Parent Bank

	2013		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities
Carrying Amount	<u>P 907,393</u>	<u>P 24,655</u>	<u>P 200,397</u>
Individually Impaired			
Grade C: LEM	P 5,840	P -	P -
Grade D: Substandard	1,047	-	-
Grade E: Doubtful	1,651	-	1,000
Grade F: Loss	<u>5,717</u>	<u>-</u>	<u>262</u>
Gross amount	14,255	-	1,262
Allowance for impairment	(<u>7,695</u>)	<u>-</u>	(<u>1,262</u>)
Carrying amount	<u>6,560</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Grade C: LEM	4,097	-	-
Grade D: Substandard	2,104	-	-
Grade E: Doubtful	674	-	-
Grade F: Loss	<u>3,709</u>	<u>-</u>	<u>-</u>
Gross amount	10,584	-	-
Allowance for impairment	(<u>4,923</u>)	<u>-</u>	<u>-</u>
Carrying amount	<u>5,661</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Unclassified	<u>1,274</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>893,898</u>	<u>24,655</u>	<u>200,397</u>
Total Carrying Amount	<u>P 907,393</u>	<u>P 24,655</u>	<u>P 200,397</u>

An aging of past due but not impaired accounts of the Parent Bank reckoned from past due date per BSP definition as follows:

	Loans and Other Receivables	
	2014	2013
Up to 30 days	P 718	P 746
31 to 60 days	293	368
61 to 90 days	219	156
91 to 180 days	1	1
More than 180 days	<u>15</u>	<u>3</u>
	<u>P 1,246</u>	<u>P 1,274</u>

An aging of neither past due nor impaired accounts of Parent Bank reckoned from the last payment date as follows:

	Loans and Other Receivables	
	2014	2013
Up to 30 days	P 1,159,060	P 877,623
31 to 60 days	1,830	14,854
61 to 90 days	6	1,421
	<u>P 1,160,896</u>	<u>P 893,898</u>

Exposure to credit risk also includes unused commercial letters of credits and committed credit lines amounting to P54,109 and P121,794, respectively, for 2014 and P37,423 and P121,989, respectively, for 2013 in BDO Unibank Group financial statements and P54,109 and P121,575, respectively, for 2014 and P37,423 and P121,676, respectively, for 2013 in the Parent Bank financial statements (see Note 31.3).

4.2.4.2 Collateral Held as Security and Other Credit Enhancements

BDO Unibank Group holds collateral against loans and receivables from customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated periodically, e.g., annually for real estate properties, as provided in the Parent Bank's Credit Policy Manual. Collateral generally is not held over due from other banks, interbank loans and investment securities, except when securities are held as part of reverse repurchase and securities borrowing activity. BDO Unibank Group holds collateral against loans and other receivables in the form of property, debt securities, equity securities, hold-out deposits and others.

Estimate of the fair value of collateral and other security enhancements held against the following loans and other receivables risk groupings as of December 31 follows:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Individually impaired				
Property	P 7,301	P 5,591	P 5,464	P 5,183
Equity security	4,232	2,979	3,845	2,652
Hold-out deposits	27	100	27	100
Others	1,224	1,312	1,224	1,312
	<u>12,784</u>	<u>9,982</u>	<u>10,560</u>	<u>9,247</u>
Collectively impaired				
Property	7,746	5,590	7,746	5,590
Hold-out deposits	2	-	2	-
Others	3,807	2,301	3,807	2,301
	<u>11,555</u>	<u>7,891</u>	<u>11,555</u>	<u>7,891</u>
<i>Balance carried forward</i>	<u>P 24,339</u>	<u>P 17,873</u>	<u>P 22,115</u>	<u>P 17,138</u>

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<i>Balance brought forward</i>	P 24,339	P 17,873	P 22,115	P 17,138
Past due but not impaired				
Property	2,231	1,848	2,210	1,848
Hold-out deposits	27	16	27	16
Debt security	6	-	6	-
Others	<u>584</u>	<u>518</u>	<u>584</u>	<u>518</u>
	<u>2,848</u>	<u>2,382</u>	<u>2,827</u>	<u>2,382</u>
Neither past due nor impaired				
Property	433,182	340,998	409,090	340,998
Equity security	152,214	135,384	151,934	135,173
Hold-out deposits	78,709	92,450	78,709	92,450
Debt security	4,532	2,292	4,101	2,023
Others	<u>389,866</u>	<u>354,412</u>	<u>389,798</u>	<u>354,330</u>
	<u>1,058,503</u>	<u>925,536</u>	<u>1,033,632</u>	<u>924,974</u>
	<u>P 1,085,690</u>	<u>P 945,791</u>	<u>P 1,058,574</u>	<u>P 944,494</u>

As of December 31, 2014 and 2013, no collateral is held for due from other banks and trading and investment securities.

BDO Unibank Group's manner of disposing the collateral for impaired loans and receivables is normally through sale of these assets after foreclosure proceedings have taken place.

4.2.4.3 Concentrations of Credit Risk

BDO Unibank Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk (gross of allowance) at the reporting date is shown below.

BDO Unibank Group

		2014			2013							
		Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities***	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities***					
Concentration by sector:												
Financial and insurance activities	P	442,678	P	181,628	P	128,548	P	471,553	P	138,476	P	121,868
Wholesale and retail trade	-			161,425		606		-		145,088		1,173
Manufacturing	-			137,676		20,709		-		115,116		22,382
Real estate activities	-			114,534		18,286		-		119,910		12,547
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	-			113,049	-			-		108,598	-	
Electricity, gas, steam and air-conditioning supply	-			103,584	-			-		69,086	-	
Transportation and storage	-			50,267		1,784		-		34,278		6,630
Accommodation and food service activities	-			32,834	-			-		18,492	-	
Information and communication	-			25,462	-			-		28,812	-	
Construction	-			23,196	-			-		16,067		-
Arts, entertainment and recreation	-			17,613	-			-		3,437	-	
Professional, scientific and technical services	-			15,128	-			-		18,171	-	
Water supply, sewerage waste management and remediation activities	-			13,987	-			-		14,536	-	
Agriculture, forestry and fishing	-			9,124	-			-		9,643		522
Human health and social work activities	-			9,316	-			-		6,156		121
Mining and quarrying	-			6,669	-			-		6,846	-	
Administrative and support services	-			4,877	-			-		2,534	-	
Education	-			1,827	-			-		1,338	-	
Public administrative and defense; compulsory social security	-			322	-			-		37	-	
Activities of extraterritorial organizations and bodies	-			53	-			-		-	-	
Other service activities	-			66,798		42,811		-		54,864		53,075
	P	442,678	P	1,089,369	P	212,744	P	471,553	P	911,485	P	218,318
Concentration by location:												
Philippines	P	440,288	P	1,024,278	P	172,074	P	445,968	P	888,915	P	171,371
Others		2,390		65,091		40,670		25,585		22,570		46,947
	P	442,678	P	1,089,369	P	212,744	P	471,553	P	911,485	P	218,318

Parent Bank

	2014			2013		
	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities***	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities***
Concentration by sector:						
Financial and						
insurance activities	P 428,991	P 179,415	P 109,896	P 445,159	P 137,411	P 113,344
Wholesale and retail trade	-	158,622	513	-	142,767	506
Manufacturing	-	134,201	18,523	-	111,463	22,206
Real estate activities	-	112,264	17,982	-	117,313	12,336
Activities of private						
household as						
employers and						
undifferentiated goods						
and services and						
producing activities						
of households						
for own use	-	112,172	-	-	108,218	-
Electricity, gas, steam and						
air-conditioning supply	-	101,667	-	-	68,312	-
Transportation and						
storage	-	47,566	1,439	-	31,187	6,551
Accommodation and food						
service activities	-	32,827	-	-	18,489	-
Information and						
communication	-	24,897	-	-	28,278	-
construction	-	19,955	-	-	13,315	-
Arts, entertainment and						
recreation	-	15,075	-	-	3,356	-
Professional, scientific and						
technical services	-	15,010	-	-	18,113	-
Water supply, sewerage						
waste management and						
remediation activities	-	13,411	-	-	13,939	-
Agriculture, forestry and						
fishing	-	9,016	-	-	9,531	522
Human health and social						
work activities	-	8,901	-	-	5,652	121
Mining and quarrying	-	4,542	-	-	4,464	-
Administrative and support						
services	-	4,469	-	-	2,219	-
Education	-	1,794	-	-	1,311	-
Public administrative and						
defense; compulsory						
social security	-	303	-	-	28	-
Activities of extraterritorial						
organizations and						
bodies	-	53	-	-	-	-
Other service activities	-	70,420	41,977	-	61,351	46,073
	P 428,991	P 1,066,580	P 190,330	P 445,159	P 896,717	P 201,659
Concentration by location:						
Philippines	P 428,831	P 1,001,024	P 152,359	P 421,872	P 873,575	P 156,607
Others	160	65,556	37,971	23,287	23,142	45,052
	P 428,991	P 1,066,580	P 190,330	P 445,159	P 896,717	P 201,659

* Cash and cash equivalents include SPURRA.

** Receivables from customers are reported as gross of allowance but net of unearned interests or discounts.

*** Trading and investment securities are reported as gross of allowance.

4.3 Operational Risk

Operational risk is the risk of loss due to BDO Unibank Group's:

- failure to comply with defined operational procedures;
- inability to address fraud committed internally or externally;
- inability to handle system failures; and,
- inability to cope with the impact of external events.

BDO Unibank Group manages its operational risks by instituting policies to minimize its expected losses, allocating capital for the unexpected losses, and having insurance and/or a business continuity plan to prepare for catastrophic losses.

Framework

True to its commitment to sound management and corporate governance, BDO Unibank Group considers operational risk management as a critical element in the conduct of its business. Under BDO Unibank Group's Operational Risk Management (ORM) framework, the BOD has the ultimate responsibility for providing leadership in the management of operational risk in BDO Unibank Group.

The RMG provides the common risk language and management tools across BDO Unibank Group as well as monitors the implementation of the ORM framework and policies. The business process owners, as risk owners, are responsible for identifying, assessing and limiting the impact of risk in their businesses/operations.

The Group continues to conduct periodic Risk and Control Self-Assessment (RCSA) so that business process owners could document both their operational risks and control mechanisms they have put in place to manage those risks. This ORM tool allows the Group to identify risks the business/operation faces, assess the severity of those risks, evaluate the adequacy of key controls associated to the identified risks, and take proactive action to address any deficiencies identified.

BDO Unibank Group also continues to use Key Risk Indicators (KRI) as alerts for operational risk vulnerabilities. Reporting of Top KRIs to the BOD through the RMC is done quarterly.

These ORM tools are continually being reviewed and enhanced to proactively manage operational risks. The Operational Risk Management System (ORMS) was implemented to automate the reporting of BDO Unibank Group's RCSAs and KRIs. To capture and assess operational risks arising from information security concerns, a bank-wide asset inventory was prepared. The inventory identified critical applications, sensitive data based on the BDO Unibank Group's classification standards, information risks, as well as, protection measures in place to mitigate these risks.

Operational risks arising from health, safety and environmental issues are appropriately managed through policies and measures that are integrated into BDO Unibank Group's day-to-day operations. These include Environmental Consciousness, Occupational Health and Safety, and Community Health and Safety.

BDO Unibank Group continues to review its preparedness for major disaster scenarios and implements required changes in its Business Continuity Plan.

5. SEGMENT REPORTING

BDO Unibank Group's main operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of BDO Unibank Group in reporting to its chief operating decision-maker for its strategic decision-making activities.

Management currently identifies BDO Unibank Group's four service lines as primary operating segments. In addition, minor operating segments, for which quantitative thresholds have not been met, as described in PFRS 8 are combined below as Others.

- (a) **Commercial banking** – handles the entire lending (corporate and consumer), trade financing and cash management services for corporate and retail customers;
- (b) **Investment banking** – provides services to corporate clients outside the traditional loan and deposit products. These services include loan syndications, underwriting and placing of debt and equity securities, and financial advisory services;
- (c) **Private banking** – provides traditional and non-traditional investment and structured products to high net worth individuals and institutional accounts; and,
- (d) **Leasing and financing** – provides direct leases, sale and leaseback arrangements and real estate leases; and,
- (e) **Others** – includes asset management, insurance brokerage, realty management, remittance, accounting service, credit card service and computer service, none of which individually constitutes a separate reportable segment.

These segments are the basis on which BDO Unibank Group reports its segment information. Transactions between the segments are on normal commercial terms and conditions. Inter-segment transactions are eliminated in consolidation.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on BDO Unibank Group's cost of capital. There are no other material items of income or expense between the segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

Segment revenues and expenses that are directly attributable to primary operating segment and the relevant portions of BDO Unibank Group's revenues and expenses that can be allocated to that operating segment are accordingly reflected as revenues and expenses of that operating segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

Segment information (by service lines) as of and for the years ended December 31, 2014, 2013 and 2012 follows:

	Commercial Banking	Investment Banking	Private Banking	Leasing and Finance	Others	Eliminations	Group
December 31, 2014							
Statement of Income							
Total interest income							
External	P 60,673	P 73	P 1,298	P 1,445	P 94	P -	P 63,583
Intersegment	<u>198</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>8</u>	<u>(214)</u>	<u>-</u>
	<u>60,871</u>	<u>77</u>	<u>1,302</u>	<u>1,445</u>	<u>102</u>	<u>(214)</u>	<u>63,583</u>
Total interest expense							
External	11,715	3	242	366	32	-	12,358
Intersegment	<u>12</u>	<u>73</u>	<u>-</u>	<u>93</u>	<u>34</u>	<u>(212)</u>	<u>-</u>
	<u>11,727</u>	<u>76</u>	<u>242</u>	<u>459</u>	<u>66</u>	<u>(212)</u>	<u>12,358</u>
Net interest income	<u>49,144</u>	<u>1</u>	<u>1,060</u>	<u>986</u>	<u>36</u>	<u>(2)</u>	<u>51,225</u>
Other operating income							
Investment banking fees	-	1,144	-	-	-	-	1,144
Others	<u>27,026</u>	<u>269</u>	<u>627</u>	<u>827</u>	<u>2,074</u>	<u>(2,480)</u>	<u>28,343</u>
	<u>27,026</u>	<u>1,413</u>	<u>627</u>	<u>827</u>	<u>2,074</u>	<u>(2,480)</u>	<u>29,487</u>
Other operating expenses							
Depreciation and amortization	2,640	48	46	498	30	-	3,262
Impairment losses	5,014	(1)	1	100	-	-	5,114
Others	<u>42,197</u>	<u>689</u>	<u>1,031</u>	<u>507</u>	<u>979</u>	<u>(135)</u>	<u>45,268</u>
	<u>49,851</u>	<u>736</u>	<u>1,078</u>	<u>1,105</u>	<u>1,009</u>	<u>(135)</u>	<u>53,644</u>
Profit before tax	26,319	678	609	708	1,101	(2,347)	27,068
Tax expense	<u>3,522</u>	<u>198</u>	<u>168</u>	<u>206</u>	<u>146</u>	<u>-</u>	<u>4,240</u>
Net profit	<u>P 22,797</u>	<u>P 480</u>	<u>P 441</u>	<u>P 502</u>	<u>P 955</u>	<u>(P 2,347)</u>	<u>P 22,828</u>
Statement of Financial Position							
Total resources							
Segment assets	P 1,782,613	P 13,949	P 38,779	P 29,220	P 10,308	(P 21,693)	P 1,853,176
Intangible assets	4,247	102	18	60	13	-	4,440
Deferred tax assets	<u>6,213</u>	<u>(193)</u>	<u>73</u>	<u>(41)</u>	<u>(19)</u>	<u>-</u>	<u>6,033</u>
	<u>P 1,793,073</u>	<u>P 13,858</u>	<u>P 38,870</u>	<u>P 29,239</u>	<u>P 10,302</u>	<u>(P 21,693)</u>	<u>P 1,863,649</u>
Total liabilities	<u>P 1,624,546</u>	<u>P 10,694</u>	<u>P 33,024</u>	<u>P 24,255</u>	<u>P 2,243</u>	<u>(P 10,782)</u>	<u>P 1,683,980</u>
Other segment information							
Capital expenditures	P 7,255	P 16	P 41	P 1,183	P 23	P -	P 8,518
Investment in associates under equity method	5,840	51	-	-	-	-	5,891
Share in the profit of associates	637	15	-	-	-	-	652

	Commercial Banking	Investment Banking	Private Banking	Leasing and Finance	Others	Eliminations	Group
December 31, 2013							
Statement of Income							
Total interest income							
External	P 54,262	P 72	P 956	P 1,292	P 24	P -	P 56,606
Inter-segment	217	3	2	-	9	(231)	-
	<u>54,479</u>	<u>75</u>	<u>958</u>	<u>1,292</u>	<u>33</u>	<u>(231)</u>	<u>56,606</u>
Total interest expense							
External	13,001	16	158	265	-	-	13,440
Inter-segment	12	40	1	148	29	(230)	-
	<u>13,013</u>	<u>56</u>	<u>159</u>	<u>413</u>	<u>29</u>	<u>(230)</u>	<u>13,440</u>
Net interest income	<u>41,466</u>	<u>19</u>	<u>799</u>	<u>879</u>	<u>4</u>	<u>(1)</u>	<u>43,166</u>
Other operating income							
Investment banking fees	-	1,165	-	-	-	-	1,165
Others	27,079	266	1,452	615	1,975	(708)	30,679
	<u>27,079</u>	<u>1,431</u>	<u>1,452</u>	<u>615</u>	<u>1,975</u>	<u>(708)</u>	<u>31,844</u>
Other operating expenses							
Depreciation and amortization	2,356	15	42	327	20	-	2,760
Impairment losses	6,216	44	32	126	(43)	626	7,001
Others	38,015	542	853	461	756	(128)	40,499
	<u>46,587</u>	<u>601</u>	<u>927</u>	<u>914</u>	<u>733</u>	<u>498</u>	<u>50,260</u>
Profit before tax	21,958	849	1,324	580	1,246	(1,207)	24,750
Tax expense	<u>1,428</u>	<u>223</u>	<u>154</u>	<u>160</u>	<u>139</u>	<u>-</u>	<u>2,104</u>
Net profit	<u>P 20,530</u>	<u>P 626</u>	<u>P 1,170</u>	<u>P 420</u>	<u>P 1,107</u>	<u>(P 1,207)</u>	<u>P 22,646</u>
Statement of Financial Position							
Total resources							
Segment assets	1,609,652	5,933	39,762	25,376	10,552	(25,163)	1,666,112
Intangible assets	612	101	11	-	1	-	725
Deferred tax assets	6,113	(190)	67	(24)	(25)	-	5,941
	<u>P 1,616,377</u>	<u>P 5,844</u>	<u>P 39,840</u>	<u>P 25,352</u>	<u>P 10,528</u>	<u>(P 25,163)</u>	<u>P 1,672,778</u>
Total liabilities	<u>P 1,461,077</u>	<u>P 3,108</u>	<u>P 33,601</u>	<u>P 20,580</u>	<u>P 2,317</u>	<u>(P 12,259)</u>	<u>P 1,508,424</u>
Other segment information							
Capital expenditures	P 3,328	P 1,486	P 21	P 1,101	P 1,210	P -	P 7,146
Investment in associates under equity method	5,362	36	-	-	-	-	5,398
Share in the profit of associates	593	13	-	-	-	-	606

	Commercial Banking	Investment Banking	Private Banking	Leasing and Finance	Others	Eliminations	Group
December 31, 2012							
Statement of Income							
Total interest income							
External	P 51,576	P 88	P 1,046	P 1,270	P 34	P -	P 54,014
Intersegment	<u>142</u>	<u>6</u>	<u>2</u>	<u>-</u>	<u>14</u>	<u>(164)</u>	<u>-</u>
	<u>51,718</u>	<u>94</u>	<u>1,048</u>	<u>1,270</u>	<u>48</u>	<u>(164)</u>	<u>54,014</u>
Total interest expense							
External	17,225	4	302	361	1	-	17,893
Intersegment	<u>20</u>	<u>43</u>	<u>1</u>	<u>98</u>	<u>1</u>	<u>(163)</u>	<u>-</u>
	<u>17,245</u>	<u>47</u>	<u>303</u>	<u>459</u>	<u>2</u>	<u>(163)</u>	<u>17,893</u>
Net interest income	<u>34,473</u>	<u>47</u>	<u>745</u>	<u>811</u>	<u>46</u>	<u>(1)</u>	<u>36,121</u>
Other operating income							
Investment banking fees	-	700	-	-	-	-	700
Others	<u>21,703</u>	<u>195</u>	<u>545</u>	<u>485</u>	<u>1,775</u>	<u>(976)</u>	<u>23,727</u>
	<u>21,703</u>	<u>895</u>	<u>545</u>	<u>485</u>	<u>1,775</u>	<u>(976)</u>	<u>24,427</u>
Other operating expenses							
Depreciation and amortization	2,800	4	39	195	21	-	3,059
Impairment losses	4,850	1	(27)	112	5	-	4,941
Others	<u>34,313</u>	<u>308</u>	<u>710</u>	<u>467</u>	<u>761</u>	<u>(124)</u>	<u>36,435</u>
	<u>41,963</u>	<u>313</u>	<u>722</u>	<u>774</u>	<u>787</u>	<u>(124)</u>	<u>44,435</u>
Profit before tax	14,213	629	568	522	1,034	(853)	16,113
Tax expense	<u>1,128</u>	<u>152</u>	<u>83</u>	<u>111</u>	<u>97</u>	<u>-</u>	<u>1,571</u>
Net profit	<u>P 13,085</u>	<u>P 477</u>	<u>P 485</u>	<u>P 411</u>	<u>P 937</u>	<u>(P 853)</u>	<u>P 14,542</u>
Other segment information							
Capital expenditures	P 2,890	P 4	P 47	P 369	P 19	P -	P 3,329
Investment in associates under equity method	4,985	22	-	-	-	-	5,007
Share in the profit of associates	448	22	-	-	-	-	470

6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

BDO Unibank Group

		2014			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets					
Loans and Receivables:					
Cash and other cash items	P	41,342	P -	P 41,342	P 41,342
Due from BSP		269,542	-	269,542	269,542
Due from other banks		45,621	-	45,621	45,621
Loans and other receivables		1,212,930	-	1,212,930	1,229,918
Other resources		3,994	-	3,994	3,994
Financial assets at FVTPL		-	8,768	8,768	8,768
AFS securities*		<u>-</u>	<u>212,407</u>	<u>212,407</u>	<u>212,407</u>
		<u>P 1,573,429</u>	<u>P 221,175</u>	<u>P 1,794,604</u>	<u>P 1,811,592</u>
Financial Liabilities					
At amortized cost:					
Deposit liabilities	P	1,492,282	P -	P 1,492,282	P 1,476,026
Bills payable		100,361	-	100,361	100,955
Subordinated notes payable		10,030	-	10,030	10,347
Other liabilities		75,853	-	75,853	75,853
At fair value:					
Other liabilities		<u>-</u>	<u>2,632</u>	<u>2,632</u>	<u>2,632</u>
		<u>P 1,678,526</u>	<u>P 2,632</u>	<u>P 1,681,158</u>	<u>P 1,665,813</u>
		2013			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets					
Loans and Receivables:					
Cash and other cash items	P	27,824	P -	P 27,824	P 27,824
Due from BSP		408,383	-	408,383	408,383
Due from other banks		26,939	-	26,939	26,939
Loans and other receivables		922,553	-	922,553	940,764
Other resources		2,417	-	2,417	2,417
Financial assets at FVTPL		-	9,748	9,748	9,748
AFS securities*		<u>-</u>	<u>217,668</u>	<u>217,668</u>	<u>217,668</u>
		<u>P 1,388,116</u>	<u>P 227,416</u>	<u>P 1,615,532</u>	<u>P 1,633,743</u>

BDO Unibank Group

		2013			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Liabilities					
At amortized cost:					
Deposit liabilities	P	1,345,333	P -	P 1,345,333	P 1,346,848
Bills payable		94,243	-	94,243	95,093
Subordinated notes payable		3,007	-	3,007	3,046
Other liabilities		59,983	-	59,983	59,983
At fair value:					
Other liabilities		-	3,445	3,445	3,445
	P	1,502,566	P 3,445	P 1,506,011	P 1,508,415

Parent Bank

		2014			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets					
Loans and Receivables:					
Cash and other cash items	P	41,237	P -	P 41,237	P 41,237
Due from BSP		258,416	-	258,416	258,416
Due from other banks		43,165	-	43,165	43,165
Loans and other receivables		1,182,184	-	1,182,184	1,198,795
Other resources		3,652	-	3,652	3,652
Financial assets at FVTPL		-	5,313	5,313	5,313
AFS securities*		<u>-</u>	<u>189,927</u>	<u>189,927</u>	<u>189,927</u>
		<u>P 1,528,654</u>	<u>P 195,240</u>	<u>P 1,723,894</u>	<u>P 1,740,505</u>
Financial Liabilities					
At amortized cost:					
Deposit liabilities	P	1,464,089	P -	P 1,464,089	P 1,445,056
Bills payable		85,069	-	85,069	85,718
Subordinated notes payable		10,030	-	10,030	10,347
Other liabilities		62,076	-	62,076	62,076
At fair value:					
Other liabilities		<u>-</u>	<u>816</u>	<u>816</u>	<u>816</u>
		<u>P 1,621,264</u>	<u>P 816</u>	<u>P 1,622,080</u>	<u>P 1,604,013</u>

		2013			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets					
Loans and Receivables:					
Cash and other cash items	P	27,736	P -	P 27,736	P 27,736
Due from BSP		384,361	-	384,361	384,361
Due from other banks		24,655	-	24,655	24,655
Loans and other receivables		907,393	-	907,393	922,367
Other resources		2,341	-	2,341	2,341
Financial assets at FVTPL		-	3,914	3,914	3,914
AFS securities*		<u>-</u>	<u>203,553</u>	<u>203,553</u>	<u>203,553</u>
		<u>P 1,346,486</u>	<u>P 207,467</u>	<u>P 1,553,953</u>	<u>P 1,568,927</u>
Financial Liabilities					
At amortized cost:					
Deposit liabilities	P	1,317,132	P -	P 1,317,132	P 1,318,624
Bills payable		82,827	-	82,827	83,756
Subordinated notes payable		3,007	-	3,007	3,046
Other liabilities		54,362	-	54,362	54,362
At fair value:					
Other liabilities		<u>-</u>	<u>1,628</u>	<u>1,628</u>	<u>1,628</u>
		<u>P 1,457,328</u>	<u>P 1,628</u>	<u>P 1,458,956</u>	<u>P 1,461,416</u>

* Unquoted AFS securities (amounting to P335 and P494 for BDO Unibank Group in 2014 and 2013, respectively, and P209 and P280 for the Parent Bank in 2014 and 2013, respectively) have no available fair value data, hence, are excluded for the purpose of this disclosure.

6.2 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When BDO Unibank Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.3 Financial Instruments Measured at Fair Value

The financial assets and financial liabilities as of December 31, 2014 and 2013 are grouped into the fair value hierarchy as presented in the following table. For the purpose of this disclosure, the investments in unquoted debt and equity securities classified as AFS securities amounting to P335 and P494 in 2014 and 2013, respectively, in BDO Unibank Group financial statements and P209 and P280 in 2014 and 2013, respectively, in the Parent Bank financial statements are measured at cost less impairment charges because the fair value cannot be reliably measured and therefore, are not included. Unquoted equity securities consist of preferred and common shares of various unlisted local companies.

BDO Unibank Group

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2014</u>					
Resources:					
Financial assets at FVTPL	9.1				
Derivative financial assets		P -	P 3,609	P -	P 3,609
Government bonds		4,199	-	-	4,199
Other debt securities		824	-	-	824
Equity securities – quoted		<u>136</u>	<u>-</u>	<u>-</u>	<u>136</u>
		<u>5,159</u>	<u>3,609</u>	<u>-</u>	<u>8,768</u>
AFS securities – net	9.2				
Government debt securities		141,566	-	-	141,566
Other debt securities		61,156	-	-	61,156
Equity securities – quoted		<u>9,684</u>	<u>1</u>	<u>-</u>	<u>9,685</u>
		<u>212,406</u>	<u>1</u>	<u>-</u>	<u>212,407</u>
		<u>P 217,565</u>	<u>P 3,610</u>	<u>P -</u>	<u>P 221,175</u>
Liabilities:					
Derivatives with negative fair values	18	<u>P 30</u>	<u>P 2,550</u>	<u>P -</u>	<u>P 2,580</u>

BDO Unibank Group

	Notes	Level 1	Level 2	Level 3	Total
<u>December 31, 2013</u>					
Resources:					
Financial assets at FVTPL	9.1				
Derivative financial assets		P -	P 4,458	P -	P 4,458
Government bonds		1,984	-	-	1,984
Other debt securities		3,294	-	-	3,294
Equity securities – quoted		<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
		<u>5,290</u>	<u>4,458</u>	<u>-</u>	<u>9,748</u>
AFS securities - net	9.2				
Government debt securities		147,906	18	-	147,924
Other debt securities		59,121	-	-	59,121
Equity securities - quoted		<u>10,497</u>	<u>126</u>	<u>-</u>	<u>10,623</u>
		<u>217,524</u>	<u>144</u>	<u>-</u>	<u>217,668</u>
		<u>P 222,814</u>	<u>P 4,602</u>	<u>P -</u>	<u>P 227,416</u>
Liabilities:					
Derivatives with negative fair values	18	<u>P -</u>	<u>P 3,445</u>	<u>P -</u>	<u>P 3,445</u>

Parent Bank

December 31, 2014

Resources:					
Financial assets at FVTPL	9.1				
Derivative financial assets		P -	P 1,112	P -	P 1,112
Government bonds		3,983	-	-	3,983
Other debt securities		<u>218</u>	<u>-</u>	<u>-</u>	<u>218</u>
		<u>4,201</u>	<u>1,112</u>	<u>-</u>	<u>5,313</u>
AFS securities - net	9.2				
Government debt securities		127,866	-	-	127,866
Other debt securities		55,881	-	-	55,881
Equity securities - quoted		<u>6,179</u>	<u>1</u>	<u>-</u>	<u>6,180</u>
		<u>189,926</u>	<u>1</u>	<u>-</u>	<u>189,927</u>
		<u>P 194,127</u>	<u>P 1,113</u>	<u>P -</u>	<u>P 195,240</u>
Liabilities:					
Derivatives with negative fair values	18	<u>P 30</u>	<u>P 786</u>	<u>P -</u>	<u>P 816</u>

December 31, 2013

Resources:					
Financial assets at FVTPL	9.1				
Derivative financial assets		P -	P 1,890	-	P 1,890
Government bonds		1,792	-	-	1,792
Other debt securities		<u>232</u>	<u>-</u>	<u>-</u>	<u>232</u>
		<u>2,024</u>	<u>1,890</u>	<u>-</u>	<u>3,914</u>
AFS securities - net	9.2				
Government debt securities		142,170	18	-	142,188
Other debt securities		54,294	-	-	54,294
Equity securities - quoted		<u>6,945</u>	<u>126</u>	<u>-</u>	<u>7,071</u>
		<u>203,409</u>	<u>144</u>	<u>-</u>	<u>203,553</u>
		<u>P 205,433</u>	<u>P 2,034</u>	<u>P -</u>	<u>P 207,467</u>

Parent Bank

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities:					
Derivatives with negative fair values	18	<u>P -</u>	<u>P 1,628</u>	<u>P -</u>	<u>P 1,628</u>

There have been no significant transfers among Levels 1 and 2 in the reporting periods.

Discussed below is the information about how fair values of the BDO Unibank Group and the Parent Bank's classes of financial assets are determined.

a) Equity securities

As of December 31, 2014 and 2013, instruments included in Level 1 consist of quoted equity securities classified as financial assets at FVTPL or AFS securities. These securities were valued based on their closing prices on the PSE.

Golf club shares classified as AFS securities are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

b) Debt securities

The fair value of the debt securities of BDO Unibank Group and the Parent Bank, which are categorized within Level 1, is discussed below.

(i) For peso-denominated government debt securities issued by the Philippine government, fair value is determined to be the reference price per PDEX which is computed based on the weighted average of done or executed deals, the simple average of all firm bids per benchmark tenor or interpolated yields. This is consistent with BSP Circular No. 813, issued by the BSP pursuant to Monetary Board Resolution No. 1504 dated September 13, 2013.

(ii) For other quoted debt securities, fair value is determined to be the current mid price, which is computed as the average of ask and bid prices as appearing on Bloomberg.

c) Derivatives

The fair value of derivative financial instruments, which are categorized within Level 2, is determined through valuation techniques using the net present value computation [see Note 3.2 (c)].

6.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

BDO Unibank Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2014</u>				
Resources:				
Cash and other cash items	P 41,342	P -	P -	P 41,342
Due from BSP	269,542	-	-	269,542
Due from other banks	45,621	-	-	45,621
Loans and other receivable	-	-	1,229,918	1,229,918
Other resources	<u>3,695</u>	<u>-</u>	<u>299</u>	<u>3,994</u>
	<u>P 360,200</u>	<u>P -</u>	<u>P 1,230,217</u>	<u>P 1,590,417</u>
Liabilities:				
Deposit liabilities	P 1,395,626	P -	P 80,400	P 1,476,026
Bills payable	27,606	73,349	-	100,955
Subordinated notes payable	-	10,347	-	10,347
Other liabilities	<u>-</u>	<u>-</u>	<u>75,853</u>	<u>75,853</u>
	<u>P 1,423,232</u>	<u>P 83,696</u>	<u>P 156,253</u>	<u>P 1,663,181</u>
<u>December 31, 2013</u>				
Resources:				
Cash and other cash items	P 27,824	P -	P -	P 27,824
Due from BSP	408,383	-	-	408,383
Due from other banks	26,939	-	-	26,939
Loans and other receivable	-	-	940,764	940,764
Other resources	<u>2,243</u>	<u>-</u>	<u>174</u>	<u>2,417</u>
	<u>P 465,389</u>	<u>P -</u>	<u>P 940,938</u>	<u>P 1,406,327</u>
Liabilities:				
Deposit liabilities	P 1,234,720	P -	P 112,128	P 1,346,848
Bills payable	27,829	67,264	-	95,093
Subordinated notes payable	-	3,046	-	3,046
Other liabilities	<u>-</u>	<u>-</u>	<u>59,983</u>	<u>59,983</u>
	<u>P 1,262,549</u>	<u>P 70,310</u>	<u>P 172,111</u>	<u>P 1,504,970</u>

Parent Bank

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2014</u>				
Resources:				
Cash and other cash items	P 41,237	P -	P -	P 41,237
Due from BSP	258,416	-	-	258,416
Due from other banks	43,165	-	-	43,165
Loans and other receivable	-	-	1,198,795	1,198,795
Other resources	<u>3,407</u>	<u>-</u>	<u>245</u>	<u>3,652</u>
	<u>P 346,225</u>	<u>P -</u>	<u>P 1,199,040</u>	<u>P 1,545,265</u>
Liabilities:				
Deposit liabilities	P 1,366,117	P -	P 78,939	P 1,445,056
Bills payable	27,606	58,112	-	85,718
Subordinated notes payable	-	10,347	-	10,347
Other liabilities	<u>-</u>	<u>-</u>	<u>62,076</u>	<u>62,076</u>
	<u>P 1,393,723</u>	<u>P 68,459</u>	<u>P 141,015</u>	<u>P 1,603,197</u>
<u>December 31, 2013</u>				
Resources:				
Cash and other cash items	P 27,736	P -	P -	P 27,736
Due from BSP	384,361	-	-	384,361
Due from other banks	24,655	-	-	24,655
Loans and other receivable	-	-	922,367	922,367
Other resources	<u>2,243</u>	<u>-</u>	<u>98</u>	<u>2,341</u>
	<u>P 438,995</u>	<u>P -</u>	<u>P 922,465</u>	<u>P 1,361,460</u>
Liabilities:				
Deposit liabilities	P 1,208,096	P -	P 110,528	P 1,318,624
Bills payable	27,829	55,927	-	83,756
Subordinated notes payable	-	3,046	-	3,046
Other liabilities	<u>-</u>	<u>-</u>	<u>54,362</u>	<u>54,362</u>
	<u>P 1,235,925</u>	<u>P 58,973</u>	<u>P 164,890</u>	<u>P 1,459,788</u>

For financial assets and financial liabilities, management considers that the carrying amounts of those short-term financial instruments approximate their fair values. The following are the methods used to determine the fair value of financial assets and financial liabilities not presented in the statements of financial position at their fair values:

(i) Due from BSP and Other Banks

Due from BSP pertains to deposits made by BDO Unibank Group to the BSP for clearing and reserve requirements. Due from other banks includes items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(ii) AFS Securities

The fair value of AFS securities is determined by direct reference to published price quoted in an active market for traded securities. On the other hand, unquoted AFS securities are carried at cost because the fair value cannot be reliably determined either by reference to similar financial instruments or through valuation technique.

Currently, there is no available market to sell the unquoted equity AFS securities. BDO Unibank will hold into the investments until management decides to sell them when there will be offers to buy out such investments on the appearance of an available market where the investments can be sold.

(iii) Loans and Other Receivables

Loans and other receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Deposits and Borrowings

The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The fair value of Senior notes presented as part of Bills Payable is computed based on the average of ask and bid prices as appearing on Bloomberg.

(v) Other Resources and Liabilities

Due to their short duration, the carrying amounts of other resources and liabilities in the statements of financial position are considered to be reasonable approximation of their fair values.

6.5 Fair Value Measurement for Non-financial Assets

Details of BDO Unibank Group and Parent Bank's investment properties and the information about the fair value hierarchy as of December 31, 2014 and 2013 are shown below.

BDO Unibank Group

		2014			
		Level 1	Level 2	Level 3	Total
Land	P	-	P	-	P 14,612
Building and improvements			-	7,897	7,897
	P	-	P	-	P 22,509
					P 22,509
		2013			
		Level 1	Level 2	Level 3	Total
Land	P	-	P	-	P 13,272
Building and improvements			-	4,977	4,977
	P	-	P	-	P 18,249
					P 18,249

Parent Bank

		2014			
		Level 1	Level 2	Level 3	Total
Land	P	-	P	-	P 13,406
Building and improvements			-	6,100	6,100
	P	-	P	-	P 19,506
					P 19,506
		2013			
		Level 1	Level 2	Level 3	Total
Land	P	-	P	-	P 12,242
Building and improvements			-	3,132	3,132
	P	-	P	-	P 15,374
					P 15,374

The fair value of the investment properties of BDO Unibank Group and Parent Bank as of December 31, 2014 and 2013 (see Note 12) was determined on the basis of a valuation carried out on the respective dates by either an independent or internal appraiser having appropriate qualifications and recent experience in the valuation of properties in the relevant locations. To some extent, the valuation process was conducted by the appraisers in discussion with the management of BDO Unibank Group and the Parent Bank with respect to determination of the inputs such as size, age, and condition of the land and buildings and the comparable prices in the corresponding property location. In estimating the fair value of the properties, management takes into account the market participant's ability to generate economic benefits by using the assets in its highest and best use. Based on management's assessment, the best use of the investment properties of BDO Unibank Group and the Parent Bank indicated above is their current use. The fair value discussed above as determined by the appraisers, which were used by BDO Unibank Group and Parent Bank in determining the fair value of discounted cash flows of the Investment Property.

The fair value of these investment properties were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 3 fair value of land was derived using the observable recent prices of the reference properties, which were adjusted for differences in key attributes such as property size, zoning and accessibility.

(ii) Fair Value Measurement for Buildings and Improvements

The Level 3 fair value of the buildings and improvements under Investment Properties account was determined using the replacement cost approach that reflects the cost to a market participant to construct an asset of comparable usage, constructions standards, design and lay-out, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change to the valuation techniques used by BDO Unibank Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2014 and 2013.

6.6 Offsetting Financial Assets and Financial Liabilities

The following financial assets of BDO Unibank Group and the Parent Bank with amounts presented in the statements of financial position as of December 31, 2014 and 2013 are subject to offsetting, enforceable master netting arrangements and similar agreements:

		December 31, 2014			
		Financial assets	Financial liabilities available for set-off	Collateral received	Net Amount
<u>BDO Unibank Group</u>					
AFS securities	P	31,574	P 22,779	P -	P 8,795
Financial assets at FVTPL					
Currency forwards		1,114	1,114	-	-
Currency swaps		4	4	-	-
Interest rate swaps		32	32	-	-
Loans and receivables					
Receivables from customers		<u>63,986</u>	<u>908</u>	<u>63,078</u>	<u>-</u>
Total		<u>P 96,710</u>	<u>P 24,837</u>	<u>P 63,078</u>	<u>P 8,795</u>
<u>Parent Bank</u>					
AFS securities	P	29,604	P 22,779	P -	P 6,825
Financial assets at FVTPL					
Currency swaps		4	4	-	-
Interest rate swaps		26	23	-	3
Loans and receivables					
Receivables from customers		<u>63,079</u>	<u>74</u>	<u>62,988</u>	<u>17</u>
Total		<u>P 92,713</u>	<u>P 22,880</u>	<u>P 62,988</u>	<u>P 6,845</u>
		December 31, 2013			
		Financial assets	Financial liabilities available for set-off	Collateral received	Net Amount
<u>BDO Unibank Group</u>					
AFS securities	P	29,273	P 27,951	P -	P 1,322
Financial assets at FVTPL					
Currency forwards		428	341	-	87
Currency swaps		41	24	-	17
Interest rate swaps		21	21	-	-
Loans and receivables					
Receivables from customers		<u>66,320</u>	<u>541</u>	<u>65,779</u>	<u>-</u>
Total		<u>P 96,083</u>	<u>P 28,878</u>	<u>65,779</u>	<u>P 1,426</u>

December 31, 2013									
		Financial assets		Financial liabilities available for set-off		Collateral received		Net Amount	
<u>Parent Bank</u>									
AFS securities		P	27,303	P	27,303	P	-	P	-
Financial assets at FVTPL									
Currency swaps			41		24		-		17
Interest rate swaps			21		21		-		-
Loans and receivables									
Receivables from customers			<u>65,818</u>		<u>353</u>		<u>65,387</u>		<u>- 78</u>
Total		P	<u>93,183</u>	P	<u>27,701</u>	P	<u>65,387</u>	P	<u>95</u>

The currency forwards and interest rate swaps above relates to accrued interest receivable and accrued interest payable subject to enforceable master netting arrangements but were not set off and presented at net in the statements of financial position.

The following financial liabilities with net amounts presented in the statements of financial position of BDO Unibank Group and the Parent Bank are subject to offsetting, enforceable master netting arrangements and similar agreements:

December 31, 2014							
	Financial liabilities		Financial assets available for set-off		Collateral given		Net Amount
<u>BDO Unibank Group</u>							
Deposits liabilities	P	70,137	P	63,078	P	-	P 7,059
Bills payable		23,977		-		23,977	-
Derivative liabilities							
Currency forwards		1,414		826		288	300
Currency swaps		28		4		-	24
Interest rate swaps		34		32		-	2
Total	P	95,590	P	63,940	P	24,265	P 7,385
<u>Parent Bank</u>							
Deposits liabilities	P	70,035	P	62,988	P	-	P 7,047
Bills payable		22,853		-		22,853	-
Derivative liabilities							
Currency swaps		28		4		-	24
Interest rate swaps		23		23		-	-
Total	P	92,939	P	63,015	P	22,853	P 7,071

	December 31, 2013			
	Financial	Financial	Collateral	Net Amount
	liabilities	assets available for se-off	given	
<u>BDO Unibank Group</u>				
Deposits liabilities	P 80,384	P 65,779	P -	P 14,605
Bills payable	29,022	-	29,022	-
Derivative liabilities				
Currency forwards	341	341	-	-
Currency swaps	24	24	-	-
Interest rate swaps	<u>124</u>	<u>21</u>	<u>-</u>	<u>103</u>
Total	<u>P 109,895</u>	<u>P 66,165</u>	<u>P 29,022</u>	<u>P 14,708</u>
<u>Parent Bank</u>				
Deposits liabilities	P 79,984	P 65,387	P -	P 14,597
Bills payable	28,304	-	27,734	570
Derivative liabilities				
Currency swaps	24	24	-	-
Interest rate swaps	<u>121</u>	<u>21</u>	<u>-</u>	<u>100</u>
Total	<u>P 108,433</u>	<u>P 65,432</u>	<u>P 27,734</u>	<u>P 15,267</u>

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the BDO Unibank Group and counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

7. CASH AND BALANCES WITH THE BSP

These accounts are composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash and other cash items	P 41,342	P 27,824	P 41,237	P 27,736
Due from BSP:				
Mandatory reserves	235,432	194,830	230,005	190,850
Other than mandatory reserves	34,110	213,553	28,411	193,511
	269,542	408,383	258,416	384,361
	P 310,884	P 436,207	P 299,653	P 412,097

Mandatory reserves represent the balance of the deposit accounts maintained with the BSP to meet reserve requirements and to serve as clearing accounts for interbank claims. Due from BSP, excluding mandatory reserves, which has no interest, bears annual interest rates of 2.0% to 2.5% in 2014, 1.9% to 3.5% in 2013, and 3.53% to 4.44% in 2012. Total interest income earned amounted to P2,026, P1,555 and P567 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P1,787, P1,363 and P432 in 2014, 2013 and 2012, respectively, in the Parent Bank's financial statements (see Note 20).

Cash and other cash items and balances with the BSP are included in cash and cash equivalents for statements of cash flows purposes.

8. DUE FROM OTHER BANKS

The balance of this account represents deposits with the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Foreign banks	P 43,559	P 25,539	P 41,276	P 23,272
Local banks	2,062	1,400	1,889	1,383
	P 45,621	P 26,939	P 43,165	P 24,655

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
U.S. Dollar	P 40,663	P 22,910	P 38,885	P 21,678
Other foreign currencies	4,537	3,877	4,207	2,933
Philippine pesos	421	152	73	44
	P 45,621	P 26,939	P 43,165	P 24,655

Annual interest rates on these deposits range from 0.01% to 3.3% in 2014, 0.01% to 2.5% in 2013 and 0.01% to 3.3% in 2012 in BDO Unibank Group's financial statements and 0.01% to 0.7% in 2014, 0.01% to 1.00% in 2013 and 0.01% to 0.5% in 2012 in the Parent Bank's financial statements. There are deposits such as current accounts, which do not earn interest. Total interest income earned amounted to P39, P21 and P30 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P35, P18 and P16 in 2014, 2013 and 2012, respectively, in the Parent Bank's financial statements (see Note 20).

Due from other banks are included in cash and cash equivalents for statements of cash flows purposes.

9. TRADING AND INVESTMENT SECURITIES

The components of this account are shown below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Financial assets at FVTPL	P 8,768	P 9,748	P 5,313	P 3,914
AFS securities	<u>212,742</u>	<u>218,162</u>	<u>190,136</u>	<u>203,833</u>
	<u>P 221,510</u>	<u>P 227,910</u>	<u>P 195,449</u>	<u>P 207,747</u>

9.1 Financial Assets at FVTPL

This account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Government bonds	P 4,199	P 1,984	P 3,983	P 1,792
Derivative financial assets	3,609	4,458	1,112	1,890
Other debt securities	<u>824</u>	<u>3,294</u>	<u>218</u>	<u>232</u>
	8,632	9,736	5,313	3,914
Equity securities – quoted	<u>136</u>	<u>12</u>	<u>-</u>	<u>-</u>
	<u>P 8,768</u>	<u>P 9,748</u>	<u>P 5,313</u>	<u>P 3,914</u>

All financial assets at FVTPL are held for trading. For government bonds and other debt securities, the amounts presented have been determined either directly or indirectly by reference to published prices quoted in an active market. On the other hand, the fair value of certain derivative financial assets is determined through valuation technique using net present value of future cash flows method. BDO Unibank Group recognized total fair value gain (loss) on financial assets at FVTPL amounting to P37, P440 and P178 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P65, (P17) and P269 in 2014, 2013 and 2012, respectively, in the Parent Bank's financial statements. These are included as part of Trading gain – net under Other Operating Income in the statements of income (see Note 22).

Foreign currency-denominated securities amounted to P2,242 and P2,310 as of December 31, 2014 and 2013, respectively, in BDO Unibank Group's financial statements and P1,993 and P2,103 as of December 31, 2014 and 2013, respectively, in the Parent Bank's financial statements.

Derivative instruments used by BDO Unibank Group include foreign currency and interest rate forwards/futures, foreign currency and interest rate swaps. Foreign currency and interest rate forwards/futures represent commitments to purchase/sell or contractual obligations to receive or pay a new amount based on changes in currency rates or interest rates on a future date at a specified price. Foreign currency and interest rate swaps are commitments to exchange one set of cash flows for another. The credit default swaps represent commitment of the counterparty to swap the note and deposit with high yielding securities upon the occurrence of the reference event by the reference entity.

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and liabilities are shown below.

BDO Unibank Group

	2014			2013		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 195,151	P 596	P 401	P 155,223	P 1,340	P 1,209
Cross currency swaps	62,196	2,918	2,040	95,978	2,906	2,048
Interest rate swaps	17,961	95	109	15,339	162	154
ROP warrants	15,021	-	30	15,021	-	34
Options	-	-	-	638	50	-
Credit default swaps	-	-	-	266	-	-
	<u>P 290,329</u>	<u>P 3,609</u>	<u>P 2,580</u>	<u>P 282,465</u>	<u>P 4,458</u>	<u>P 3,445</u>

Parent Bank

	2014			2013		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 195,146	P 596	P 397	P 155,050	P 1,336	P 1,208
Cross currency swaps	16,650	425	305	14,568	347	242
ROP warrants	15,021	-	30	15,021	-	34
Interest rate swaps	11,849	91	84	12,947	157	144
Options	-	-	-	638	50	-
	<u>P 238,666</u>	<u>P 1,112</u>	<u>P 816</u>	<u>P 198,224</u>	<u>P 1,890</u>	<u>P 1,628</u>

9.2 AFS Securities

AFS securities consist of the following:

	Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Government debt securities		P 141,578	P 147,945	P 127,866	P 142,207
Other debt securities:					
Quoted		62,291	60,238	56,908	55,295
Not quoted		243	399	243	243
Equity securities:					
Quoted		9,993	10,946	6,460	7,351
Not quoted		812	697	574	530
		214,917	220,225	192,051	205,626
Allowance for impairment	14	(2,175)	(2,063)	(1,915)	(1,793)
		<u>P 212,742</u>	<u>P 218,162</u>	<u>P 190,136</u>	<u>P 203,833</u>

As to currency, this account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Foreign currencies	P 154,132	P 182,777	P 147,136	P 177,592
Philippine peso	58,610	35,385	43,000	26,241
	<u>P 212,742</u>	<u>P 218,162</u>	<u>P 190,136</u>	<u>P 203,833</u>

Government debt securities issued by the ROP and foreign sovereigns and other debt securities issued by resident and non-resident corporations earn interest at annual rates ranging from 0% to 11.6% in 2014 and 0% to 13.0% in both 2013 and 2012 for BDO Unibank Group's financial statements while 0% to 11.6% in 2014, 0% to 11.8% in 2013 and 0% to 13.0% in 2012 in the Parent Bank's financial statements.

As of December 31, 2014 and 2013, other debt securities also include investments in foreign financial institutions under bankruptcy amounting to P1,027 and P1,019, respectively, in the Parent Bank financial statements. These investments are fully provided with allowance for impairment as of December 31, 2014 and 2013.

Unquoted equity securities consist of preferred shares and common shares of various unlisted local companies.

The fair values of government debt and quoted equity and other debt securities have been determined directly by reference to published prices generated in an active market (see Note 6.3).

For unquoted AFS securities, the fair value is not reliably determinable either by reference to similar financial instruments or through valuation technique using the net present value of the future cash flows. Accordingly, unquoted AFS securities are carried at cost.

Changes in AFS securities are presented below.

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Balance at beginning of year	P 218,162	P 131,154	P 203,833	P 123,633
Disposals	(380,568)	(616,356)	(370,443)	(598,722)
Additions	377,961	606,540	360,013	589,025
Unrealized gains (losses)	(2,440)	(12,410)	(2,846)	(12,334)
Reclassification from AFS securities to Loans and receivables	(1,380)	(1,000)	(1,380)	(1,000)
Foreign currency revaluation	1,119	13,493	1,081	13,267
Impairment recovery (loss)	(112)	1,111	(122)	1,124
Reclassification from HTM investments to AFS Securities	-	95,860	-	88,840
Reclassification from AFS securities to Equity investments	-	(230)	-	-
Balance at end of year	<u>P 212,742</u>	<u>P 218,162</u>	<u>P 190,136</u>	<u>P 203,833</u>

Government securities with an aggregate principal amount of P29,604 and P27,303 as of December 31, 2014 and 2013 were pledged as collaterals for bills payable under repurchase agreements (see Notes 16 and 29). These government securities were included in the reclassification from HTM investments in 2013 (see Note 9.3).

As mentioned in Note 25, certain government debt securities are deposited with the BSP.

9.3 HTM Investments

In 2013, the BDO Unibank Group and the Parent Bank reclassified its entire HTM investments to AFS securities with a carrying value of P95,860 and P88,840, respectively, in anticipation of its planned disposal in accordance with PAS 39.

During 2013, the BDO Unibank Group and the Parent Bank disposed of previously classified HTM investments amounting to P47,182 and P40,413, respectively. The related trading gains on disposal recognized by BDO Unibank Group and the Parent Bank amounted to P7,907 and P7,425, respectively, and are presented as part of Trading gains – net under Other Operating Income in the 2013 statement of income. As of December 31, 2014 and 2013, the market value of the remaining reclassified investments amounted to P20,430 and P56,839, respectively, for BDO Unibank Group and P20,430 and P56,334, respectively, for the Parent Bank.

Changes in the HTM investment account for the year ended December 31, 2013 are summarized below.

	BDO Unibank Group	Parent Bank
Balance at beginning of year	P 96,963	P 89,606
Reclassification to AFS securities	(95,860)	(88,840)
Maturities	(4,368)	(4,368)
Additions	3,586	3,586
Foreign currency revaluation	(321)	16
Balance at end of year	<u>P -</u>	<u>P -</u>

9.4 Reclassification of Investment Securities

BDO Unibank Group recognized the deterioration of the world's financial markets that occurred in the third quarter of 2008. The enormity and extent of the global credit crisis was crystallized by the substantial government programs instituted by major economies in response to the crisis, including temporary liquidity facilities, outright purchase of commercial papers and mortgaged-backed securities, guarantee of new unsecured debt issued by banks and purchase of equity stakes in financial institutions.

In 2008, BDO Unibank Group chose to avail of the regulatory relief on specific financial assets granted by the BSP under the governing provisions of Circular No. 628, which permitted the reclassification of certain financial assets to help banks cope with the adverse impact of the global financial crisis.

Accordingly, BDO Unibank Group reclassified in 2008 financial assets from FVTPL to HTM amounting to P6,297 and from AFS to HTM amounting to P25,540 (BDO Unibank Group) and P22,474 (Parent Bank). In 2013, BDO Unibank Group disposed all of its remaining financial assets at FVTPL reclassified to HTM. Moreover, as discussed in Note 9.3, BDO Unibank Group decided to reclassify its entire HTM investments to AFS securities, which include the financial assets previously coming from AFS securities. As of December 31, 2014 and 2013, the balance of such financial assets is shown below:

	Balances at							
	December 31, 2014				December 31, 2013			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
BDO Unibank Group	P	222	P	228	P	6,129	P	6,511
Parent Bank	P	222	P	228	P	6,129	P	6,511

10. LOANS AND OTHER RECEIVABLES

This account consists of the following:

Notes	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Receivables from customers:				
Loans and discounts	24 P 976,724	P 821,338	P 952,741	P 805,335
Customers' liabilities under letters of credit and trust receipts	51,547	37,259	51,547	37,259
Bills purchased	26,793	21,493	26,793	21,493
Others	35,985	34,068	35,985	34,068
	<u>1,091,049</u>	<u>914,158</u>	<u>1,067,066</u>	<u>898,155</u>
Unearned interests or discounts	(1,680)	(2,673)	(486)	(1,438)
Allowance for impairment	14 (26,752)	(25,189)	(26,226)	(24,763)
	<u>(28,432)</u>	<u>(27,862)</u>	<u>(26,712)</u>	<u>(26,201)</u>
	<u>1,062,617</u>	<u>886,296</u>	<u>1,040,354</u>	<u>871,954</u>
Other receivables:				
Interbank loans receivables	39,215	19,932	39,215	19,932
SPURRA	86,173	8,407	86,173	8,407
Accounts receivable	24, 26 17,840	6,685	9,554	6,278
UDSCL	6,671	170	6,671	170
Sales contract receivables	1,724	2,363	1,605	2,008
Others	110	91	-	-
	<u>151,733</u>	<u>37,648</u>	<u>143,218</u>	<u>36,795</u>
Allowance for impairment	14 (1,420)	(1,391)	(1,388)	(1,356)
	<u>150,313</u>	<u>36,257</u>	<u>141,830</u>	<u>35,439</u>
	<u>P 1,212,930</u>	<u>P 922,553</u>	<u>P 1,182,184</u>	<u>P 907,393</u>

Non-performing loans included in the total loan portfolio of BDO Unibank Group and the Parent Bank as of December 31, 2014 and 2013 are presented below as net of specific allowance for impairment in compliance with BSP Circular 772, which amends regulations governing non-performing loans.

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Non-performing loans (NPL)*	P 16,298	P 17,511	P 15,898	P 17,239
Allowance for impairment	(15,010)	(16,542)	(14,777)	(16,320)
	<u>P 1,288</u>	<u>P 969</u>	<u>P 1,121</u>	<u>P 919</u>

* These loans are inclusive of the Receivable from Special Purpose Vehicles (SPVs) presented under Other Resources in the BDO Unibank Group and Parent Bank financial statements (see Note 13).

Per MORB, non-performing loans shall, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for 30 days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual or annual installments, in which case, the total outstanding balance thereof shall be considered non-performing. In the case of loans payable in monthly installments, the total outstanding balance thereof shall be considered nonperforming when three or more installments are in arrears. In the case of loans payable in daily, weekly or semi-monthly installments, the entire outstanding balance of the loan/receivable shall be considered as past due when the total amount of arrearages reaches 10% of the total loan/receivable balance. Restructured loans shall be considered non-performing except when as of restructuring date, it has an updated principal and interest payments and it is fully secured by real estate with loan value of up to 60% of the appraised value of real estate security and the insured improvements and such other first class collaterals.

The credit concentration of receivables from customers (net of unearned interests or discounts) as to industry follows:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Financial and insurance activities	P 181,628	P 138,476	P 179,415	P 137,411
Wholesale and retail trade	161,425	145,088	158,622	142,767
Manufacturing	137,676	115,116	134,201	111,463
Real estate activities	114,534	119,910	112,264	117,313
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	113,049	108,598	112,172	108,218
Electricity, gas, steam and air-conditioning supply	103,584	69,086	101,667	68,312
Transportation and storage	50,267	34,278	47,566	31,187
Accommodation and food service activities	32,834	18,492	32,827	18,489
Information and communication	25,462	28,812	24,897	28,278
Construction	23,196	16,067	19,955	13,315
Arts, entertainment and recreation	17,613	3,437	15,075	3,356
Professional, scientific and technical services	15,128	18,171	15,010	18,113
Water supply, sewerage, waste management and remediation activities	13,987	14,536	13,411	13,939
Agriculture, forestry and fishing	9,124	9,643	9,016	9,531
Human health and social work activities	9,316	6,156	8,901	5,652
Mining and quarrying	6,669	6,846	4,542	4,464
Administrative and support services	4,877	2,534	4,469	2,219
Education	1,827	1,338	1,794	1,311
Public administrative and defense; compulsory social security	322	37	303	28
Activities of extraterritorial organizations and bodies	53	-	53	-
Other service activities	66,798	54,864	70,420	61,351
	P 1,089,369	P 911,485	P 1,066,580	P 896,717

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to secured and unsecured follows:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Secured:				
Real estate mortgage	P 170,485	P 149,332	P 169,204	P 148,133
Chattel mortgage	81,889	78,101	67,048	63,663
Other securities	151,066	155,290	144,978	152,348
	403,440	382,723	381,230	364,144
Unsecured	685,929	528,762	685,350	532,573
	P 1,089,369	P 911,485	P 1,066,580	P 896,717

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to type of interest rate follows:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Variable interest rates	P 812,322	P 645,124	P 800,316	P 632,450
Fixed interest rates	<u>277,047</u>	<u>266,361</u>	<u>266,264</u>	<u>264,267</u>
	<u>P 1,089,369</u>	<u>P 911,485</u>	<u>P 1,066,580</u>	<u>P 896,717</u>

Loans and receivables bear annual interest rates of 0% (e.g., non-performing loans and zero percent credit card installment program) to 4.1%, 4.0% and 3.6% per month in 2014, 2013 and 2012, respectively.

BDO Unibank Group's and the Parent Bank's receivables from customers amounting to P908 and P91, respectively, as of December 31, 2014 and P541 and P431, respectively, as of December 31, 2013 are pledged as collaterals to secure borrowings under rediscounting privileges (see Note 16).

11. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of premises, furniture, fixtures and equipment at the beginning and end of 2014 and 2013 are shown below.

	Land	Construction in Progress	Buildings	Leasehold Rights and Improvements	Furniture, Fixtures and Equipment	Total
<u>BDO Unibank Group</u>						
December 31, 2014						
Cost	P 5,211	P 4,244	P 8,390	P 3,996	P 15,415	P 37,256
Accumulated depreciation and amortization	-	-	(3,610)	(2,671)	(9,450)	(15,731)
Allowance for impairment	(<u>32</u>)	-	(<u>400</u>)	-	-	(<u>432</u>)
Net carrying amount	<u>P 5,179</u>	<u>P 4,244</u>	<u>P 4,380</u>	<u>P 1,325</u>	<u>P 5,965</u>	<u>P 21,093</u>
December 31, 2013						
Cost	P 5,114	P 2,382	P 7,865	P 3,464	P 15,471	P 34,296
Accumulated depreciation and amortization	-	-	(3,185)	(2,288)	(10,552)	(16,025)
Allowance for impairment	(<u>29</u>)	-	(<u>334</u>)	-	-	(<u>363</u>)
Net carrying amount	<u>P 5,085</u>	<u>P 2,382</u>	<u>P 4,346</u>	<u>P 1,176</u>	<u>P 4,919</u>	<u>P 17,908</u>
January 1, 2013						
Cost	P 5,132	P 1,509	P 7,397	P 3,060	P 13,844	P 30,942
Accumulated depreciation and amortization	-	-	(<u>2,819</u>)	(<u>1,960</u>)	(<u>9,773</u>)	(<u>14,552</u>)
Net carrying amount	<u>P 5,132</u>	<u>P 1,509</u>	<u>P 4,578</u>	<u>P 1,100</u>	<u>P 4,071</u>	<u>P 16,390</u>

		<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
Parent Bank							
December 31, 2014							
Cost	P	5,211	P 4,244	P 8,332	P 3,789	P 12,188	P 33,764
Accumulated depreciation and amortization		-	-	(3,563)	(2,528)	(8,324)	(14,415)
Allowance for Impairment	(	(32)	-	(400)	-	-	(432)
Net carrying amount		<u>P 5,179</u>	<u>P 4,244</u>	<u>P 4,369</u>	<u>P 1,261</u>	<u>P 3,864</u>	<u>P 18,917</u>
December 31, 2013							
Cost	P	5,114	P 2,382	P 7,806	P 3,273	P 13,107	P 31,682
Accumulated depreciation and amortization		-	-	(3,140)	(2,164)	(9,690)	(14,994)
Allowance for impairment	(	(29)	-	(334)	-	-	(363)
Net carrying amount		<u>P 5,085</u>	<u>P 2,382</u>	<u>P 4,332</u>	<u>P 1,109</u>	<u>P 3,417</u>	<u>P 16,325</u>
January 1, 2013							
Cost	P	5,132	P 1,509	P 7,339	P 2,898	P 12,492	P 29,370
Accumulated depreciation and amortization		-	-	(2,778)	(1,860)	(9,116)	(13,754)
Net carrying amount		<u>P 5,132</u>	<u>P 1,509</u>	<u>P 4,561</u>	<u>P 1,038</u>	<u>P 3,376</u>	<u>P 15,616</u>

A reconciliation of the carrying amounts, at the beginning and end of 2014 and 2013, of premises, furniture, fixtures and equipment is shown below.

		<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
BDO Unibank Group							
Balance at January 1, 2014, net of accumulated depreciation and amortization	P	5,085	P 2,382	P 4,346	P 1,176	P 4,919	P 17,908
Additions		99	1,856	466	565	2,984	5,970
Disposals	(	(2)	-	-	(5)	(117)	(124)
Reclassifications			6	(4)	3	1	6
Depreciation and amortization changes for the year		-	-	(362)	(414)	(1,822)	(2,598)
Impairment	(	(3)	-	(66)	-	-	(69)
Balance at December 31, 2014, net of accumulated depreciation and amortization		<u>P 5,179</u>	<u>P 4,244</u>	<u>P 4,380</u>	<u>P 1,325</u>	<u>P 5,965</u>	<u>P 21,093</u>
Balance at January 1, 2013 net of accumulated depreciation and amortization	P	5,132	P 1,509	P 4,578	P 1,100	P 4,071	P 16,390
Additions		93	1,072	245	455	2,456	4,321
Disposals	-	-	-	(3)	(8)	(25)	(36)
Reclassifications		15	(199)	211	-	43	70
Depreciation and amortization charges for the year		-	-	(351)	(371)	(1,626)	(2,348)
Impairment	(	(29)	-	(334)	-	-	(363)
Reversal of appraisal increment	(	(126)	-	-	-	-	(126)
Balance at December 31, 2013, net of accumulated depreciation, amortization and impairment		<u>P 5,085</u>	<u>P 2,382</u>	<u>P 4,346</u>	<u>P 1,176</u>	<u>P 4,919</u>	<u>P 17,908</u>

	Land	Construction in Progress	Buildings	Leasehold Rights and Improvements	Furniture, Fixtures and Equipment	Total
Parent Bank						
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 5,085	P 2,382	P 4,332	P 1,109	P 3,417	P 16,325
Additions	99	1,856	466	535	1,756	4,712
Disposals	(2)	-	-	(4)	(10)	(16)
Reclassifications	-	6	(4)	4	(1)	5
Depreciation and amortization charges for the year	-	-	(359)	(383)	(1,298)	(2,040)
Impairment	(3)	-	(66)	-	-	(69)
Balance at December 31, 2014, net of accumulated depreciation and amortization	<u>P 5,179</u>	<u>P 4,244</u>	<u>P 4,369</u>	<u>P 1,261</u>	<u>P 3,864</u>	<u>P 18,917</u>
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 5,132	P 1,509	P 4,561	P 1,038	P 3,376	P 15,616
Additions	93	1,072	245	427	1,306	3,143
Disposals	-	-	(3)	(9)	(12)	(24)
Reclassifications	15	(199)	211	-	43	70
Depreciation and amortization charges for the year	-	-	(348)	(347)	(1,296)	(1,991)
Impairment	(29)	-	(334)	-	-	(363)
Reversal of appraisal increment	(126)	-	-	-	-	(126)
Balance at December 31, 2013, net of accumulated depreciation, amortization and impairment	<u>P 5,085</u>	<u>P 2,382</u>	<u>P 4,332</u>	<u>P 1,109</u>	<u>P 3,417</u>	<u>P 16,325</u>

Under BSP rules, investments in premises, furniture, fixtures and equipment should not exceed 50% of a bank's unimpaired capital. As of December 31, 2014 and 2013, BDO Unibank Group has complied with this requirement.

In 2014 and 2013, impairment losses amounting to P69 and P363, respectively, was recognized by BDO Unibank Group and the Parent Bank to write-down to recoverable amount certain parcels of land and buildings. The recoverable amount of Land and Building as of December 31, 2014 and 2013, respectively, was based on the appraised values of such asset.

Certain fully depreciated premises, furniture, fixtures and equipment as of December 31, 2014 and 2013 are still being used in operations with acquisition costs amounting to P5,068 and P4,284, respectively for BDO Unibank Group and P4,959 and P4,096, respectively, for Parent Bank.

12. INVESTMENT PROPERTIES

Investment properties include land and buildings held for capital appreciation and for rental. Income earned from investment properties under rental arrangements amounted to P228 and P76 in 2014, P214 and P77 in 2013 and P74 and P67 in 2012 and are presented as part of Income from assets sold or exchanged under Other Operating Income in BDO Unibank Group and Parent Bank financial statements, respectively (see Note 22). Direct expenses incurred from these properties amounted to P3 and P3 in 2014, P10 and P4 in 2013 and P15 and P5 in 2012 in BDO Unibank Group and Parent Bank financial statements, respectively.

The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2014 and 2013 are shown below.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>BDO Unibank Group</u>			
December 31, 2014			
Cost	P 10,484	P 8,139	P 18,623
Accumulated depreciation	-	(2,339)	(2,339)
Allowance for impairment (see Note 14)	(<u>2,291</u>)	(<u>132</u>)	(<u>2,423</u>)
Net carrying amount	<u>P 8,193</u>	<u>P 5,668</u>	<u>P 13,861</u>
December 31, 2013			
Cost	P 8,966	P 5,829	P 14,795
Accumulated depreciation	-	(2,048)	(2,048)
Allowance for impairment (see Note 14)	(<u>2,287</u>)	(<u>79</u>)	(<u>2,366</u>)
Net carrying amount	<u>P 6,679</u>	<u>P 3,702</u>	<u>P 10,381</u>
January 1, 2013			
Cost	P 9,694	P 4,040	P 13,734
Accumulated depreciation	-	(2,017)	(2,017)
Allowance for impairment (see Note 14)	(<u>2,542</u>)	(<u>86</u>)	(<u>2,628</u>)
Net carrying amount	<u>P 7,152</u>	<u>P 1,937</u>	<u>P 9,089</u>
<u>Parent Bank</u>			
December 31, 2014			
Cost	P 9,217	P 6,099	P 15,316
Accumulated depreciation	-	(2,140)	(2,140)
Allowance for impairment (see Note 14)	(<u>2,230</u>)	(<u>88</u>)	(<u>2,318</u>)
Net carrying amount	<u>P 6,987</u>	<u>P 3,871</u>	<u>P 10,858</u>
December 31, 2013			
Cost	P 7,882	P 3,825	P 11,707
Accumulated depreciation	-	(1,921)	(1,921)
Allowance for impairment (see Note 14)	(<u>2,233</u>)	(<u>35</u>)	(<u>2,268</u>)
Net carrying amount	<u>P 5,649</u>	<u>P 1,869</u>	<u>P 7,518</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Parent Bank</u>			
January 1, 2013			
Cost	P 9,229	P 3,817	P 13,046
Accumulated depreciation	-	(1,914)	(1,914)
Allowance for impairment (see Note 14)	(2,498)	(25)	(2,523)
Net carrying amount	<u>P 6,731</u>	<u>P 1,878</u>	<u>P 8,609</u>

A reconciliation of the carrying amounts, at the beginning and end of 2014 and 2013, of investment properties is shown below.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>BDO Unibank Group</u>			
Balance at January 1, 2014, net of accumulated depreciation and impairment	P 6,679	P 3,702	P 10,381
Additions	1,370	1,178	2,548
Disposals	(1,020)	(151)	(1,171)
Reclassifications	1,164	1,390	2,554
Depreciation for the year	<u>-</u>	<u>(451)</u>	<u>(451)</u>
Balance at December 31, 2014, net of accumulated depreciation and impairment	<u>P 8,193</u>	<u>P 5,668</u>	<u>P 13,861</u>
Balance at January 1, 2013, net of accumulated depreciation and impairment	P 7,152	P 1,937	P 9,089
Additions	953	1,872	2,825
Disposals	(1,714)	(97)	(1,811)
Reclassifications	296	235	531
Depreciation for the year	-	(245)	(245)
Impairment	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Balance at December 31, 2013, net of accumulated depreciation and impairment	<u>P 6,679</u>	<u>P 3,702</u>	<u>P 10,381</u>
<u>Parent Bank</u>			
Balance at January 1, 2014, net of accumulated depreciation and impairment	P 5,649	P 1,869	P 7,518
Additions	1,366	1,177	2,543
Disposals	(1,011)	(143)	(1,154)
Reclassification	983	1,366	2,349
Depreciation for the year	<u>-</u>	<u>(398)</u>	<u>(398)</u>
Balance at December 31, 2014, net of accumulated depreciation and impairment	<u>P 6,987</u>	<u>P 3,871</u>	<u>P 10,858</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Parent Bank</u>			
Balance at January 1, 2013, net of accumulated depreciation and impairment	P 6,731	P 1,878	P 8,609
Additions	116	69	185
Disposals	(1,691)	(91)	(1,782)
Reclassification	493	240	733
Depreciation for the year	<u>-</u>	<u>(227)</u>	<u>(227)</u>
Balance at December 31, 2013, net of accumulated depreciation and impairment	<u>P 5,649</u>	<u>P 1,869</u>	<u>P 7,518</u>

The fair value of investment properties as of December 31, 2014 and 2013, determined based on the present value of the estimated future cash flows discounted at the current market rate, amounted to P22,509 and P18,249, respectively, for BDO Unibank Group accounts and P19,506 and P15,374, respectively, for the Parent Bank accounts. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 6.5.

In 2013, BDO Unibank Group recognized impairment losses of P8 to write-down certain investment properties to its recoverable amount and is presented as part of Impairment Losses in the 2013 statement of income (nil in 2014). The recoverable amount of such assets as of December 31, 2013 was based on value in use computed through discounted cash flows method at an effective rate of 1.48% and 1.50% in 2014 and 2013, respectively.

BDO Unibank Group has no contractual obligations to purchase, construct or develop investment properties, or to repair, neither maintain or enhance the same nor are there any restrictions on the future use or realizability of the investment properties.

Real and other properties acquired (ROPA) in settlement of loans through foreclosure or dacion in payment are significantly accounted for as either: investment properties, non-current assets held for sale, AFS securities or other resources. As of December 31, 2014 and 2013, ROPA, gross of allowance, comprise of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Investment properties	P 9,865	P 8,219	P 9,554	P 8,091
AFS securities	1,424	1,406	1,424	1,406
Non-current assets held for sale	501	2,490	473	2,161
Other resources – others	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>P 11,790</u>	<u>P 12,118</u>	<u>P 11,451</u>	<u>P 11,658</u>

13. OTHER RESOURCES

The components of this account are shown below.

	Notes	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		2014	2013	2014	2013
Deferred tax assets – net	27.1	P 6,033	P 5,941	P 6,213	P 6,114
Equity investments	13.1	5,891	5,398	17,027	19,446
Deposits under escrow	13.2	3,957	3,957	3,957	3,957
Foreign currency notes and coins on hand		3,406	2,242	3,406	2,242
Branch licenses	13.3, 26.2	3,020	100	3,020	100
Receivables from SPVs	13.4	2,820	3,440	2,820	3,440
Real properties for development and sale		2,224	2,287	-	-
Goodwill	13.3, 26.1	1,482	1,482	1,391	1,391
Retirement benefit asset	23.2	1,211	815	1,184	794
Computer software – net	13.6	779	451	688	440
Customer list	26.4	529	-	529	-
Non-current assets held for sale	13.5	501	2,490	473	2,161
Prepaid documentary stamps		460	320	438	300
Margin deposits		289	2	1	1
Dividend receivable		283	169	245	97
Returned checks and other cash items		223	12	223	12
Interoffice float items – net		-	253	-	252
Others	13.6	10,563	8,216	9,752	7,512
		43,671	37,575	51,367	48,259
Allowance for impairment	14	(5,921)	(6,695)	(8,520)	(9,213)
		P 37,750	P 30,880	P 42,847	P 39,046

13.1 Equity Investments

Equity investments consist of the following:

	<u>% Interest Held</u>	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Philippine Subsidiaries</u>					
BDO Private	100%	P -	P -	P 2,579	P 2,579
BDOSHI	100%	-	-	5,684	8,184
BDO Leasing	89%	-	-	1,878	1,878
BDO Savings	100%	-	-	877	-
BDO Elite	99%	-	-	700	1,500
BDO Capital	100%	-	-	300	300
Equimark	60%	-	-	45	45
PCIB Securities, Inc.	100%	-	-	39	39
PCI Realty Corporation	100%	-	-	34	34
BDOI	100%	-	-	11	11
PCI Insurance	100%	-	-	8	8
MDB Land, Inc.	100%	-	-	-	-
<i>Balance carried forward</i>		P -	P -	P 12,155	P 14,578

	% Interest Held	BDO Unibank Group		Parent Bank	
		2014	2013	2014	2013
<i>Balance brought forward</i>		P -	P -	P 12,155	P 14,578
<u>Foreign Subsidiaries</u>					
BDORO Europe Ltd.	100%	-	-	169	169
Express Padala (Hongkong), Ltd.	100%	-	-	28	28
BDO Remit (USA), Inc.	100%	-	-	26	26
BDO Remit (Japan) Ltd.	100%	-	-	4	-
PCIB Europe S.p.A.	100%	-	-	1	1
Express Padala Frankfurt GmbH	100%	-	-	1	1
BDO Remit (Canada) Ltd.	100%	-	-	-	-
		-	-	229	225
<u>Associates</u>					
SM Keppel Land, Inc. (SM Keppel)	50%	1,658	1,658	1,658	1,658
Manila North Tollways Corporation (MNTC)	12%	1,405	1,405	1,405	1,405
Generali Pilipinas Holdings, Inc. (Generali)	40%	1,235	1,235	1,168	1,168
Northpine Land Incorporated	20%	232	232	232	232
Taal Land, Inc.	33%	170	170	170	170
Others	*	10	10	10	10
		4,710	4,710	4,643	4,643
Accumulated equity in total comprehensive income:					
Balance at beginning of year		688	297	-	-
Equity in net profit		652	606	-	-
Equity in other comprehensive income		269	-	-	-
Dividends		(428)	(215)	-	-
Balance at end of year		1,181	688	-	-
Net investments in associates					
		5,891	5,398	4,643	4,643
		5,891	5,398	17,027	19,446
Allowance for impairment					
		(559)	(559)	(3,749)	(3,749)
		P 5,332	P 4,839	P 13,278	P 15,697

* This consists of various insignificant investments in associates; thus, percentage held is no longer disclosed.

BDO Unibank Group's percentage of interest held in each subsidiary and associate is the same as that of the Parent Bank in both 2014 and 2013, except for Generali, which is at 40% at BDO Unibank Group and 38% at the Parent Bank, and for BDO Leasing which is at 89% at BDO Unibank Group and 87% at the Parent Bank.

The fair value of BDO Leasing amounts to P4,117 and P3,781 in 2014 and 2013, respectively, which have been determined directly by reference to published prices quoted in an active market. The fair value of the remaining equity investments is not reliably determinable either by reference to similar financial instruments or through valuation technique using the net present value of the future cash flows.

BDO Unibank Group's subsidiaries are all incorporated in the Philippines, except for the following:

<u>Foreign Subsidiaries</u>	<u>Country of Incorporation</u>
Express Padala (Hongkong), Ltd.	Hong Kong
BDO Remit (USA), Inc.	United States of America
Express Padala Frankfurt GmbH	Germany
PCIB Europe S.p.A	Italy
BDORO Europe Ltd.	United Kingdom
BDO Remit (Italia) S.p.A	Italy
BDO Remit (Japan) Ltd.	Japan
BDO Remit (Canada) Ltd.	Canada
BDO Remit Limited	Hongkong
BDO Remit (Macau) Ltd.	Macau

On May 30, 2012, BDORO Europe Ltd. (BDORO) was registered with the Registrar of Companies for England and Wales UK as a private limited company with registered office at the 5th floor, 6 St. Andrew Street, London. BDORO will provide commercial banking services in United Kingdom (UK) and Europe, and subject to certain conditions, was approved by the BSP on October 13, 2011. In 2012, BDORO has applied for a banking license in the UK, but the approval is still pending as of December 31, 2014.

In 2012, the Parent Bank has an outstanding investment in BDORO amounting to P133 (absolute amount) representing the minimal capitalization of 2 GBP as an initial contribution to incorporate BDORO. As of December 31, 2013, the Parent Bank's outstanding investment in BDORO increased to P169.

In May 2013, BDO Capital obtained control over CBN Grupo through its 60% ownership. Goodwill amounted to P91 and non-controlling share in equity totaled P39 at the date the BDO Unibank Group's control was established.

On August 30, 2013, BDO Capital acquired 100% of the total issued and outstanding capital stock of Averon Holdings Corporation, a company engaged primarily in the leasing business. Gain from acquisition amounted to P43 and is presented as part of Others under Other Operating Income in the 2014 statements of income.

On September 27, 2013, the Parent Bank's BOD authorized the purchase of 99.995% of the total issued and outstanding capital of BDO Savings (formerly Citibank Savings, Inc.), a thrift bank registered in the Philippines resulting to recognition of income from acquisition and branch licenses amounting to P18 and P380, respectively (see Note 26.1).

On January 30, 2013, the Parent Bank's BOD approved the establishment of a wholly-owned remittance subsidiary, BDO Remit (Japan) Ltd., in Tokyo, Japan. BDO Remit (Japan) Ltd. will operate as a remittance business and function as a marketing office of the Parent Bank. This was approved by the BSP on October 10, 2013 and was incorporated on August 6, 2014.

On March 23, 2013, the Parent Bank's BOD approved the establishment of a wholly-owned remittance subsidiary, BDO Remit (Canada) Ltd., in Vancouver, Canada. BDO Remit (Canada) Ltd. will operate as a remittance business and function as a marketing office of the Parent Bank. This was approved by the BSP on November 28, 2013 and was incorporated on June 23, 2014. The payment of the subscribed shares amounting to CND 500,000 will be paid by the Parent Bank in 2015.

BDO Unibank Group includes one subsidiary, BDO Leasing, with significant non-controlling interest (NCI):

Name	Proportion of ownership interest and voting rights held by NCI		Profit allocated to NCI		Accumulated NCI	
	2014	2013	2014	2013	2014	2013
BDO Leasing	11.46%	11.46%	P 57	P 48	P 571	P 547

Dividends amounting to P37 were paid to the NCI for both 2014 and 2013.

Summarized consolidated financial information of BDO Leasing, before intragroup eliminations, follows:

	2014	2013
<i>Statements of financial position:</i>		
Total resources	P 29,239	P 25,352
Total liabilities	24,255	20,580
Equity attributable to owners of the parent	4,413	4,225
Non-controlling interest	571	547
<i>Statements of comprehensive income:</i>		
Total interest income	1,448	1,292
Total other operating income	827	615
Profit attributable to owners of the parent	445	372
Profit attributable to NCI	57	48
Profit	502	420
Total comprehensive income attributable to owners of the parent	P 477	P 449
Total comprehensive income attributable to NCI	62	58
Total comprehensive income	P 539	P 507
<i>Statements of cash flows:</i>		
Net cash used in operating activities	(P 948)	(P 2,569)
Net cash used in investing activities	(1,664)	(794)
Net cash from financing activities	2,892	3,432
Net cash inflow	P 280	P 69

The following table presents the summarized financial information of BDO Unibank Group's associates as of and for the years ended December 31, 2014, 2013 and 2012:

	MNTC	Generali	SM Keppel	Others	Total
December 31, 2014					
(Unaudited)					
Assets	P 28,725	P 19,144	P 2,484	P 2,204	P 52,557
Liabilities	21,106	15,411	231	525	37,273
Equity	7,619	3,733	2,253	1,679	15,284
Revenues	7,708	5,982	184	669	14,543
Net profit	2,564	852	16	99	3,531

		<u>MNTC</u>		<u>Generali</u>		<u>SM Keppel</u>		<u>Others</u>		<u>Total</u>
<u>December 31, 2013</u>										
<u>(Audited)</u>										
Assets	P	20,788	P	15,844	P	2,464	P	2,024	P	41,120
Liabilities		13,589		13,550		228		416		27,783
Equity		7,199		2,294		2,236		1,608		13,337
Revenues		7,640		5,129		267		618		13,654
Net profit		2,378		686		71		80		3,215
<u>December 31, 2012</u>										
<u>(Audited)</u>										
Assets	P	19,037	P	13,216	P	2,417	P	2,054	P	36,724
Liabilities		12,144		10,712		252		468		23,576
Equity		6,892		2,504		2,166		1,586		13,148
Revenues		7,196		3,795		348		986		12,325
Net profit		1,959		333		118		183		2,593

13.2 Deposits Under Escrow

Deposits under escrow pertain to the portion of the cash received by BDO Unibank Group in consideration for its assumption of First e-Bank Corporation's deposits and other liabilities in October 2002. This amount is held in escrow pending compliance by BDO Unibank Group with certain terms and conditions, particularly the transfer of titles, as stipulated in the Memorandum of Agreement (MOA). Deposits under escrow earned a return on investment of 1.3% and 2.6% in 2014 and 2013, respectively. As of December 31, 2014 and 2013, BDO Unibank Group and the Parent Bank provided an allowance for impairment both amounting to P400.

13.3 Goodwill and Branch Licenses

Goodwill represents the excess of the cost of acquisition of the Parent Bank over the fair value of the net assets acquired at the date of acquisition including branch licenses and relates mainly to business synergy for economics of scale and scope. This is from the acquisition of BDO Card Corporation, United Overseas Bank Philippines (UOBP), American Express Bank, Ltd., GE Money Bank, Rural Bank of San Juan, Inc. (RBSJI), CBN Grupo and BDO Savings, which were acquired in 2005, 2006, 2007, 2009, 2012, 2013 and 2014, respectively (see Note 26).

The Parent Bank recognized impairment loss of P62, P230 and P131 in 2014, 2013 and 2012, respectively, to write-down the value of the goodwill to their recoverable amount (see Note 14). The recoverable amount as of December 31, 2014 and 2013 is based on the value in use computed through discounted cash flows method at an effective interest of 3.93% and 4.79%, which amounted to P2,308 and P2,414, respectively. The Parent Bank provided impairment losses on its goodwill as it does not expect any economic benefit on this asset in the succeeding periods since the branch business grew as a result of the efforts and brand of the Parent Bank and is not a result of the customers of the previous banks acquired. There is no impairment loss recognized on the goodwill at the consolidated financial statements, except those related to the Parent Bank.

13.4 Receivables from SPVs

Receivables from SPVs represent the amount due from sale of certain non-performing assets to SPVs. In 2005, the former EPCIB (now part of BDO Unibank Group) sold certain non-performing assets with book value of P15,069 to Philippine Investment One, Philippine Investment Two and Cameron Granville Asset Management, Inc. (CGAM) for a consideration of P4,134. Cash received from the SPVs amounted to P798 in 2005 and the balance of P3,336, through issuance of SPV Notes, shall be paid based on a cash flow waterfall arrangement and interest rate of 20% and 50% per annum amounting to P2,776 and P560, respectively. Also, in 2005, the former Equitable Savings Bank, Inc. (ESB) entered into sale and purchase agreements with CGAM and LNC (SPV-AMC) Corporation (LNC) for the sale of the former ESB's loans to CGAM for P621 and for the sale of its investment properties to LNC for P98. The former ESB received SPV Notes amounting to P60 for loans from CGAM and P39 for investment properties from LNC, in addition to cash received amounting to P23 from CGAM and P4 from LNC.

Full allowance for impairment on the receivables from SPVs amounted to P2,820 and P3,440 as of December 31, 2014 and 2013, respectively. In 2014, the Parent Bank wrote-off receivable from SPVs amounting to P620 since the management has evaluated that those receivables are no longer recoverable.

13.5 Non-current Assets Held for sale

Non-current assets held for sale consist of real and other properties acquired through repossession or foreclosure that BDO Unibank Group intends to sell within one year from the date of classification as held for sale and with potential buyer at the end of the reporting period. Impairment loss recognized amounted to P34 and P155 in 2013 and 2012 in BDO Unibank Group (nil in 2014), respectively, and P130 in 2012 in the Parent Bank (nil in 2014 and 2013).

13.6 Others

Amortization expense on computer software licenses amounted to P206, P135 and P376 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P196, P128 and P368 in 2014, 2013 and 2012, respectively, in the Parent Bank's financial statements. These are reported as Amortization of computer software under Other Operating Expenses account in the statements of income (see Note 22).

Depreciation expense on certain assets amounting to P7, P32 and P21 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P6, P9 and P20 in 2014, 2013 and 2012, respectively, in the Parent Bank's financial statements, and are presented as part of Occupancy under Other Operating Expenses account in the statements of income (see Note 22).

14. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized below.

	Notes	BDO Unibank Group		Parent Bank	
		2014	2013	2014	2013
Balance at beginning of year:					
AFS securities	9.2	P 2,063	P 2,913	P 1,793	P 1,677
HTM investments	9.3	-	262	-	240
Loans and other receivables	10	26,580	29,142	26,119	28,798
Bank premises	11	363	-	363	-
Investment properties	12	2,366	2,628	2,268	2,523
Other resources	13	6,695	8,076	9,213	11,343
		38,067	43,021	39,756	44,581
Impairment losses - net		5,114	7,001	5,014	6,216
Business combination		276	-	237	-
Adjustments		(34)	(14)	-	-
Write-offs		(4,222)	(11,057)	(4,222)	(11,056)
Reversals		(93)	(1,129)	-	(221)
Foreign currency revaluation		15	245	14	236
Balance at end of year:					
AFS securities	9.2	2,175	2,063	1,915	1,793
Loans and other receivables	10	28,172	26,580	27,614	26,119
Bank premises	11	432	363	432	363
Investment properties	12	2,423	2,366	2,318	2,268
Other resources	13	5,921	6,695	8,520	9,213
		P 39,123	P 38,067	P 40,799	P 39,756

Total impairment losses on financial assets amounted to P5,052, P5,968 and P4,619 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P4,952, P5,850 and P4,557 in 2014, 2013 and 2012, respectively, in the Parent Bank financial statements.

Total impairment losses on non-financial assets amounted to P62, P1,033 and P322 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P62, P366 and P293 in 2014, 2013 and 2012, respectively, in the Parent Bank financial statements.

Total allowance for impairment transferred upon consolidation of BDO Savings and the asset acquisition of The Real Bank, Inc. amounted to P79 and P197, respectively, for BDO Unibank Group's 2014 financial statements and P40 and P197, respectively, in the Parent Bank's 2014 financial statements.

15. DEPOSIT LIABILITIES

The breakdown of this account follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Demand	P 85,807	P 79,601	P 60,384	P 54,178
Savings	872,976	695,243	874,731	696,691
Time	<u>533,499</u>	<u>570,489</u>	<u>528,974</u>	<u>566,263</u>
	<u>P 1,492,282</u>	<u>P 1,345,333</u>	<u>P 1,464,089</u>	<u>P 1,317,132</u>

This account is composed of the following (by counterparties):

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Due to other banks:				
Demand	P 1,126	P 1,030	P 1,126	P 1,029
Savings	4,561	2,803	4,561	2,803
Time	<u>5,626</u>	<u>4,234</u>	<u>5,626</u>	<u>4,234</u>
	<u>11,313</u>	<u>8,067</u>	<u>11,313</u>	<u>8,066</u>
Due to customers:				
Demand	84,681	78,571	59,258	53,149
Savings	868,415	692,440	870,170	693,888
Time	<u>527,873</u>	<u>566,255</u>	<u>523,348</u>	<u>562,029</u>
	<u>1,480,969</u>	<u>1,337,266</u>	<u>1,452,776</u>	<u>1,309,066</u>
	<u>P 1,492,282</u>	<u>P 1,345,333</u>	<u>P 1,464,089</u>	<u>P 1,317,132</u>

The breakdown of deposit liabilities as to currency is as follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Philippine pesos	P 1,200,473	P 1,108,844	P 1,179,436	P 1,087,143
Foreign currencies	<u>291,809</u>	<u>236,489</u>	<u>284,653</u>	<u>229,989</u>
	<u>P 1,492,282</u>	<u>P 1,345,333</u>	<u>P 1,464,089</u>	<u>P 1,317,132</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Less than one year	P 1,381,664	P 1,234,720	P 1,357,498	P 1,208,096
One to five years	47,868	61,017	43,841	59,440
Beyond five years	<u>62,750</u>	<u>49,596</u>	<u>62,750</u>	<u>49,596</u>
	<u>P 1,492,282</u>	<u>P 1,345,333</u>	<u>P 1,464,089</u>	<u>P 1,317,132</u>

BDO Unibank Group's and Parent Bank's deposit liabilities are in the form of demand, savings and time deposit accounts bearing annual interest rates of 0.0% to 5.3% in 2014, 0.0% to 5.3% in 2013 and 0.0% to 6.5% in 2012. Demand and savings deposits usually have both fixed and variable interest rates while time deposits have fixed interest rates.

BDO Unibank Group's time deposit liabilities include the Parent Bank's Long-term Negotiable Certificate of Deposits (LTNCD) as at December 31, 2014 and 2013 as follows:

<u>BSP Approval</u>	<u>Effective Rate</u>	<u>Outstanding Balance</u>	<u>Issue Date</u>	<u>Maturity Date</u>
October 25, 2013	3.125%	P 5,000	December 11, 2013	June 11, 2019
July 4, 2013	3.50%	5,000	September 12, 2013	September 12, 2020
January 31, 2013	3.80%	5,000	March 25, 2013	September 25, 2018
May 3, 2012	5.25%	<u>5,000</u>	October 15, 2012	October 15, 2019
		<u>P 20,000</u>		

The net proceeds from the issuance of LTNCD are intended to diversify the Parent Bank's maturity profile of funding source and to support its business expansion plans.

Effective May 30, 2014, Philippine Peso deposit liabilities of BDO Unibank Group are subject to a reserve requirement of 20%, in compliance with the BSP Circular No. 832 issued on May 27, 2014.

16. BILLS PAYABLE

This account is composed of the following borrowings from:

	Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Foreign banks		P 29,857	P 19,044	P 29,857	P 17,999
Senior notes	16.1	27,111	26,890	27,111	26,890
Deposit substitutes		22,779	27,951	22,779	27,951
Local banks		3,550	4,578	-	3,334
BSP		51	300	51	300
Others		17,013	15,480	5,271	6,353
		<u>P 100,361</u>	<u>P 94,243</u>	<u>P 85,069</u>	<u>P 82,827</u>

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Foreign currencies	P 85,000	P 83,756	P 85,000	P 82,711
Philippine pesos	15,361	10,487	69	116
	<u>P 100,361</u>	<u>P 94,243</u>	<u>P 85,069</u>	<u>P 82,827</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Less than one year	P 52,142	P 61,981	P 37,470	P 50,682
One to five years	31,695	1,857	31,075	1,740
Beyond five years	16,524	30,405	16,524	30,405
	<u>P 100,361</u>	<u>P 94,243</u>	<u>P 85,069</u>	<u>P 82,827</u>

Bills payable bear annual interest rates of 0.2% to 12.0% in 2014, 2013 and 2012.

Certain bills payable to local banks and the BSP are collateralized by certain receivables from customers and investment securities (see Notes 9 and 10).

The following comprise the interest expense included as part of Interest Expense on bills payable and other liabilities in the statements of income (see Note 21):

BDO Unibank Group					
	<u>2014</u>		<u>2013</u>		<u>2012</u>
Senior notes	P 1,139	P	1,086	P	1,008
Foreign banks	250		142		142
Local banks	97		130		39
Deposit substitutes	29		70		153
BSP	1		26		25
PDIC	-		-		169
Others	402		288		473
	<u>P 1,918</u>	P	<u>1,742</u>	P	<u>2,009</u>
Parent Bank					
	<u>2014</u>		<u>2013</u>		<u>2012</u>
Senior notes	P 1,139	P	1,086	P	1,008
Foreign banks	250		140		142
Deposit substitutes	29		70		149
Local banks	8		15		-
BSP	1		26		25
PDIC	-		-		169
Others	117		114		150
	<u>P 1,544</u>	P	<u>1,451</u>	P	<u>1,643</u>

16.1 Senior Notes

On February 16, 2012, the Parent Bank issued unsecured Senior Notes with a face value of US\$300 million at a price of 99.448 or a total price of US\$298 million. The Senior Notes, which will mature on February 16, 2017, bear a coupon rate of 4.5% per annum, with effective yield of 4.625% per annum, and is payable semi-annually every February 16 and August 16 since August 16, 2012. The net proceeds from the issuance of Senior Notes are intended for general funding and relending purposes. As of December 31, 2014 and 2013, the related Senior Notes had a carrying amount of P13,609 and P13,495, respectively.

On October 22, 2010, the Parent Bank issued unsecured Senior Notes with a face value of US\$300 million at a price of 99.632 or a total price of US\$299 million. The Senior Notes, which will mature on April 22, 2016, bear a fixed interest rate of 3.875% per annum, with an effective rate of 3.95% per annum, and is payable semi-annually every April 22 and October 22 since 2011. The net proceeds from the issuance are intended to support business expansion plans, and general banking and relending activities. As of December 31, 2014 and 2013, the related Senior Notes had a carrying amount of P13,502 and P13,395, respectively.

Interest on Senior Notes amounted to P1,139 in 2014, P1,086 in 2013 and P1,008 in 2012 and is included as part of Interest expense on bills payable and other liabilities under Interest Expense account (see Note 21).

17. SUBORDINATED NOTES PAYABLE

Subordinated notes payable by the Parent Bank consist of the following as of December 31:

	Coupon Interest	Principal Amount	Outstanding Balance		Issue Date	Maturity Date	Redemption Date
			2014	2013			
Tier 2 Series 1	7.00%	P 10,000	P -	P -	November 21, 2007	November 21, 2017	November 21, 2012
Tier 2 Series 2	8.50%	10,000	-	-	May 30, 2008	May 30, 2018	May 31, 2013
Tier 2 Series 3	7.50%	3,000	-	3,007	March 20, 2009	March 20, 2019	March 21, 2014
Tier 2 Series 4	6.50%	8,500	-	-	June 27, 2011	September 27, 2021	September 27, 2013
Tier 2 Series 5	6.38%	6,500	-	-	October 7, 2011	January 7, 2022	October 7, 2013
Tier 2 Series 2014-1	5.19%	10,000	10,030	-	December 10, 2014	March 10, 2025	-
			<u>P 48,000</u>	<u>P 10,030</u>	<u>P 3,007</u>		

The Notes represent direct, unconditional unsecured and subordinated peso-denominated obligations of the Parent Bank, issued in accordance with the Terms and Conditions under the Master Note. The Notes, like other subordinated indebtedness of the Parent Bank, are subordinated to the claims of depositors and ordinary creditors, are not a deposit, and are not guaranteed nor insured by the Parent Bank or any party related to the Parent Bank, such as its subsidiaries and affiliates, or the Philippine Deposit Insurance Corporation, or any other person. The Notes shall not be used as collateral for any loan made by the Parent Bank or any of its subsidiaries or affiliates. The Notes carry interest rates based on prevailing market rates, with a step-up provision if not called on the fifth year from issue date. The Parent Bank has the option to call the Notes on the fifth year, subject to prior notice to Noteholders. The Notes were used further to expand the Parent Bank's consumer loan portfolio and to refinance an existing issue of Lower Tier 2 debt. The Notes also increased and strengthened the Parent Bank's capital base, in anticipation of continued growth in the coming years.

The redemption of Series 1, Series 2 and Series 3 Notes was approved by the BSP on September 27, 2012, April 4, 2013 and November 28, 2013, respectively. The early redemption of the Series 4 and Series 5 Notes was approved by the BSP on July 11, 2013.

The issuance of Series 2014-1 Notes was approved by the BOD on March 29, 2014 and was issued on December 10, 2014.

Total interest expense on subordinated notes payable included as part of Interest expense on bills payable and other liabilities under the Interest Expense account in the statements of income amounted to P80, P1,305 and P2,667 in 2014, 2013 and 2012, respectively, both in BDO Unibank Group and Parent Bank statements of income (see Note 21).

18. OTHER LIABILITIES

Other liabilities consist of the following:

Note	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Bills purchased-contra	P 26,670	P 21,386	P 26,670	P 21,386
Accounts payable	19,504	10,066	10,758	9,076
Manager's checks	11,620	9,984	11,570	9,971
Accrued expenses	7,473	7,945	7,012	7,594
Lease deposits	4,271	3,888	74	68
Derivatives with negative fair values	9.1 2,580	3,445	816	1,628
Outstanding acceptances payable	1,781	1,572	1,781	1,572
Withholding taxes payable	1,347	1,144	1,281	1,091
Due to principal	415	269	-	-
Capitalized interest and other charges	403	386	371	364
Due to BSP and Treasurer of the Philippines	69	89	65	86
Unearned income	1	324	-	324
Others	5,173	5,343	4,960	4,947
	P 81,307	P 65,841	P 65,358	P 58,107

The liability for unredeemed reward points amounting to P2,803 and P2,401 as of December 31, 2014 and 2013, respectively, presented as part of Accrued expenses above represents the fair value of points earned which are redeemable significantly for goods or services provided by third parties identified by the Parent Bank as partners in the rewards program (see Note 2.20).

Others include margin deposits, cash letters of credit and other miscellaneous liabilities.

Interest expense on certain liabilities amounting to P8, P10, and P18 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P8, P10, and P13 in 2014, 2013, and 2012, respectively, in the Parent Bank's financial statements are presented as part of Interest expense on bills payable and other liabilities under Interest Expense account in the statements of income (see Note 21).

19. EQUITY

19.1 Capital Management and Regulatory Capital

On January 15, 2009, the BSP issued Circular No. 639 articulating the need for banks to adopt and document an Internal Capital Adequacy Assessment Process (ICAAP). All universal and commercial banks are expected to perform a thorough assessment of all their material risks and maintain adequate capital to support these risks. This is intended to complement the current regulatory capital requirement of at least 10% of risk assets, which covered only credit, market and operational risks. On December 29, 2009, the BSP issued Circular No. 677 effectively extending the implementation of ICAAP from January 2010 to January 2011.

In October 2009, BDO Unibank Group presented its ICAAP and submitted the initial draft of its ICAAP document to the BSP. Based on comments from the BSP, BDO Unibank Group subsequently revised its ICAAP document and secured approval from its BOD on January 8, 2011. Annually as required, BDO Unibank Group submits its updated ICAAP to the BSP.

The ICAAP document articulates BDO Unibank Group's capital planning strategy and discusses governance, risk assessment, capital assessment and planning, capital adequacy monitoring and reporting, as well as internal control reviews.

The lead regulator of the banking industry, the BSP, sets and monitors capital requirements for BDO Unibank Group. In implementing current capital requirements, the BSP requires BDO Unibank Group to maintain a prescribed ratio of qualifying capital to risk-weighted assets.

The BSP has adopted the Basel 3 risk-based capital adequacy framework effective January 1, 2014, which requires BDO Unibank Group to maintain:

- (a) Common Equity Tier 1 (CET1) of at least 6.0% of risk-weighted assets;
- (b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
- (c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets; and,
- (d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital.

The regulatory capital is analyzed as CET1 Capital, Additional Tier 1 Capital and Tier 2 Capital, each adjusted for prescribed regulatory deductions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

BDO Unibank Group's policy is to maintain a strong capital base to promote investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and BDO Unibank Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

At the end of each reporting period, BDO Unibank Group and the Parent Bank has complied with the prescribed ratio of qualifying capital to risk-weighted assets.

Under an existing BSP circular, expanded commercial banks are required to comply with the minimum capital requirement of P20,000. As at December 31, 2014 and 2013, the Parent Bank has complied with the above capitalization requirement.

BDO Unibank Group's and the Parent Bank's regulatory capital position (computed using balances prepared under PFRS) based on the Basel 3 risk-based capital adequacy framework as at December 31, 2014 follows:

	BDO	
	<u>Unibank Group</u>	<u>Parent Bank</u>
Tier 1 Capital		
CET 1	P 174,240	P 165,659
Additional Tier 1	<u>5,150</u>	<u>5,150</u>
	179,390	170,809
Tier 2 Capital	<u>22,465</u>	<u>21,875</u>
Total Regulatory Capital	201,855	192,684
Deductions	(18,565)	(35,534)
Total Qualifying Capital	<u>P 183,290</u>	<u>P 157,150</u>
Total Risk-Weighted Assets	<u>P 1,273,121</u>	<u>P 1,203,832</u>
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	14.4%	13.1%
Tier 1 Capital Ratio	12.6%	11.2%
Total CET 1 Ratio	12.2%	10.8%

BDO Unibank Group's and the Parent Bank's regulatory capital position (computed using balances prepared under PFRS) based on the Basel 2.5 risk-based capital adequacy framework as at December 31, 2013 follows:

	BDO	
	<u>Unibank Group</u>	<u>Parent Bank</u>
Tier 1 Capital	P 162,543	P 153,467
Tier 2 Capital	<u>13,625</u>	<u>13,126</u>
Total Regulatory Capital	176,168	166,593
Deductions	(11,981)	(33,249)
Total Qualifying Capital	<u>P 164,187</u>	<u>P 133,344</u>
Tier 1 Capital	P 162,543	P 153,467
Tier 1 Capital Deductions	(10,969)	(26,257)
Net Tier 1 Capital	<u>P 151,574</u>	<u>P 127,210</u>
Total Risk-Weighted Assets	<u>P 1,058,789</u>	<u>P 1,002,386</u>
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk-weighted assets	15.5%	13.3%
Tier 1 Capital Ratio	14.3%	12.7%

19.2 Capital Stock

Capital stock consists of the following:

	<u>Number of Shares</u>		<u>Amount</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Common shares – P10 par value				
Authorized – 4,500,000,000 shares				
Issued, fully paid and outstanding	<u>3,580,875,328</u>	<u>3,580,875,328</u>	<u>35,808</u>	<u>35,808</u>
Preferred shares – P10 par value				
Authorized – 2,000,000,000 shares				
Issued, fully paid and outstanding	<u>515,000,000</u>	<u>515,000,000</u>	<u>5,150</u>	<u>5,150</u>

19.2.1 Preferred Shares

The following are the features of the BDO Unibank Group's preferred shares:

- (a) Perpetual, voting, non-cumulative, convertible, non-participating, peso-denominated Series A shares;
- (b) Convertible to common shares at the option of the holder after five years from the issue date or at the option of BDO Unibank Group at any time after issue date; and,
- (c) Dividend rate is 6.5% per annum of the par value.

19.2.2 Common Shares

The Parent Bank's application for listing of its common shares was approved by the PSE on April 24, 2002. The application is for the initial listing of up to 952,708,650 common shares, with par value of P10 per share, at an offer price range of P17.80 to P23.80 per share. The proceeds from the sale of BDO Unibank's listed shares amounted to about P2,200.

The history of shares issuances from the initial public offering (IPO) and subsequently, private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code and other issuances, is as follows:

<u>Transaction</u>	<u>Subscriber</u>	<u>Issue Date</u>	<u>Number of Shares Issued</u>
IPO	Various	May 21, 2002	908,189,550
Private placement	International Finance Corporation (IFC)	June 21, 2005	31,403,592
Private placement	UOBP	February 8, 2006	22,429,906
BDO-EPCIB Merger	BDO-EPCIB Merger	May 31, 2007	1,308,606,021
Private placement	IFC	August 23, 2007	31,403,592
Private placement	GE Capital International Holdings Corporation	August 20, 2009	37,735,849
Private placement	Multi Realty Development Corporation	April 23, 2010	107,320,482
Private placement	IFC	April 26, 2010	24,033,253
Private placement	IFC Capitalization (Equity) Fund, L.P.	April 26, 2010	136,315,662
Stock dividends	Various	June 8, 2012	78,218,589
Stock rights	Various	July 4, 2012	<u>895,218,832</u>
			<u>3,580,875,328</u>

As of December 31, 2014, there are 12,887 holders of the listed shares equivalent to 100% of the Parent Bank's total outstanding shares. Such listed shares closed at P109.8 per share as of December 29, 2014 (the last trading day in 2014).

19.3 BDO American Depositary Receipt Program

On April 18, 2013, the Parent Bank launched its Sponsored Level 1 American Depositary Receipt (ADR) Program by which negotiable securities representing underlying BDO common shares can be traded in the U.S. over-the-counter (OTC) market. This provides flexibility for U.S. investors to trade BDO common shares in their time zone and settle their transactions locally. It is meant to tap the pool of U.S. ADR investors, enhance visibility and global presence and diversify and broaden the Parent Bank's shareholder base.

ADRs are quoted and traded in U.S. dollars, and cash dividends received on the underlying shares are paid to investors also in U.S. dollars. The ADR ratio for BDO's sponsored Level 1 ADR Program is 1:10, with each ADR representing ten underlying BDO common shares.

The sponsored Level 1 ADR Program does not necessitate the issuance of new shares as ADRs are traded on the U.S. OTC/secondary market using existing shares, in contrast to the sponsored Level II ADR or sponsored Level III ADR where shares are fully listed on a recognized U.S. exchange (e.g., NYSE, NASDAQ). As such, a Level 1 ADR is not a capital raising transaction, to differentiate it from Level III ADR, which allows the issuer to raise capital through a public offering of ADRs in the U.S.

The sponsored Level 1 ADR is exempt, under U.S. SEC Rule 12g3-2(b), from SEC registration, disclosure requirements and reporting obligations, including Sarbanes-Oxley and U.S. generally accepted accounting principles.

Given its sponsored Level 1 ADR Program, the Bank appointed Deutsche Bank (DB) as the exclusive depositary of ADRs for a period of five years. As depositary bank, DB is responsible for the issuance and cancellation, as well as the registration of the ADRs; custody of the underlying BDO common shares and maintenance of the register of holders; the distribution of dividends; and execution of corporate actions and services to the Issuer (i.e., BDO)/Investor/Broker.

There is no outstanding ADR as of December 31, 2014 and 2013.

19.4 Termination of Global Depositary Receipts by Primebridge

On various dates in 2006, Primebridge Holdings, Inc. (Primebridge), a stockholder owning 22.1% of the Parent Bank's total outstanding shares as of December 31, 2005, offered and sold in aggregate 9,399,700 global depositary receipts (GDRs) with each GDR representing 20 shares of the Parent Bank's common shares.

The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance to Rule 144A under the U.S. Securities Act of 1933 (the Securities Act) and an offering outside the U.S. in reliance to Regulation under the Securities Act. The offer price for each GDR was US\$12.70 on January 25, 2006 and February 14, 2006; and US\$14.55 on May 15, 2006. The GDRs are listed and are traded at the London Stock Exchange.

As part of the offering, Primebridge, while remaining as the registered holder of the Parent Bank's shares underlying the GDRs, transferred all rights and interests in the Parent Bank's shares underlying the GDRs to the depository on behalf of the holders of the GDRs and the latter are entitled to receive dividends paid on the shares. However, GDR holders have no voting rights or other direct rights of a shareholder with respect to the Parent Bank's shares.

Given the low trading activity for GDRs as well as the increase in float levels since 2006 when the program was established, the Parent Bank terminated the GDR program. BNY Mellon, as Depositary, subsequently received a Notice of Termination from BDO to terminate the GDR facility effective May 13, 2013.

With the termination of the program, BNY Mellon sold all remaining deposited securities representing the outstanding GDRs of BDO. On June 18, 2013, the remaining GDR holders were mandated to surrender their GDRs to BNY Mellon for cancellation and exchange in order to receive the cash proceeds from the sale of the deposited securities as follows:

Gross Rate per Depositary Shares	:	US\$	44.899
Cancellation Fee	:		<u>0.050</u>
Net Rate per Depositary Shares	:	<u>US\$</u>	<u>44.849</u>

The cash distribution by BNY Mellon to the remaining GDR holders effectively completed the GDR termination process. Subsequently, the GDRs were delisted from the London Stock Exchange.

19.5 Surplus Free

On June 11, 2014, the BOD of Equimark, a subsidiary of the Parent Bank, approved the declaration of cash dividends at P22.67 per share on 750,000 shares outstanding or a total of P17 to be paid to all stockholders of record as of December 31, 2013 and payable on June 27, 2014. Total dividends paid to non-controlling interests amounted to P7.

On February 26, 2014, the BOD of BDO Leasing, a subsidiary of the Parent Bank, approved the declaration of cash dividends at P0.15 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P324. The dividends were declared to stockholders of record as of March 13, 2014 and payable on March 31, 2014, of which, total dividends paid to non-controlling interest amounted to P37.

On January 25, 2014, the Parent Bank's BOD approved the declaration of cash dividends on preferred shares at a rate of 6.5% of par value or P339. This was approved by the BSP on February 13, 2014 and was paid on March 11, 2014.

On January 4, 2014, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P1.20 per share in respect of the 2013 earnings. On April 25, 2014, the Parent Bank's BOD also declared quarterly cash dividend of P0.30 per share representing dividends beginning the second quarter of 2014. Total dividends are P2.10 per share or P7,520. The dividends for the 2013 earnings and the quarterly cash dividends were approved by the BSP on January 27, 2014 and June 3, 2014, respectively. All related dividends declared were paid in 2014.

On June 20, 2013, the BOD of Equimark approved the declaration of cash dividends at P22.67 per share on 750,000 shares outstanding or a total of P17 to be paid to all stockholders of record as of December 31, 2012 and payable on June 28, 2013. Total dividends paid to non-controlling interests amounted to P7.

On April 19, 2013, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P1.20 per share in respect of the 2012 earnings. On the same date, the Parent Bank's BOD also declared quarterly cash dividend of P0.30 per share representing dividends beginning the second quarter of 2013. Total dividends are P2.10 per share or P7,520. This was approved by the BSP on May 28, 2013. The dividends for the 2012 earnings and second quarter of 2013 amounting to P5,371 were paid on July 5, 2013. The dividends for the third and fourth quarters amounting to P1,075 and P1,074 were paid on September 30, 2013 and December 27, 2013, respectively.

On April 17, 2013, the BOD of BDO Leasing approved the declaration of cash dividends at P0.15 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P324. The dividends were declared to stockholders of record as of May 17, 2013 and payable on June 13, 2013, of which, total dividends paid to non-controlling interest amounted to P37.

On January 26, 2013, the Parent Bank's BOD approved the declaration of annual cash dividends on peso denominated preferred shares at the rate of 6.5% per annum for a total dividend of P340, which was approved by BSP on February 20, 2013 and was paid on April 24, 2013.

On December 12, 2012, the BOD of Equimark approved the declaration of cash dividends at P80.00 per share on the 750,000 shares outstanding at the date of declaration or for P60. The dividends were declared to stockholders of record as of September 30, 2012 and paid on December 26, 2012. Total dividends paid to stockholders not within BDO Unibank Group amounted to P24.

On April 18, 2012, the BOD of BDO Leasing approved the declaration of cash dividends at P0.05 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P108. The dividends were declared to stockholders of record as of May 31, 2012 and payable on June 27, 2012, of which, total dividends paid to non-controlling interest amounted to P14.

On March 22, 2012, the Parent Bank's BOD approved the declaration of 3% stock dividend on outstanding common and preferred shares, equivalent to 78,218,589 common shares at P68.70 per share and 15,000,000 preferred shares at par. The declaration resulted in the recognition of APIC of P4,586, net of issue costs. The stock dividend was approved by the BSP on May 8, 2012 and distributed to the stockholders on June 8, 2012.

On January 28, 2012, the Parent Bank's BOD approved the declaration of annual cash dividends on peso denominated preferred shares at the rate of 6.5% per annum for a total dividend of P330, which was approved by BSP on February 20, 2012 and was paid on March 9, 2012.

19.6 Surplus Reserves

In 2014, the Parent Bank appropriated its Surplus Free amounting to P101 representing insurance fund on losses due to fire and robbery. This will be approved by the Parent Bank's BOD in its 2015 meeting.

On March 29, 2014, the BOD of BDO Securities, a subsidiary of the Parent Bank, approved the appropriation of their surplus free amounting to P150 as additional funds for proprietary equity trading of BDO Securities.

On May 31, 2013, the BOD of BDOI approved the reclassification of Surplus Reserves to Surplus Free amounting to P9 representing the cost of transfer of the BDOI's Consumer Lending Group (CLG) office from Orient Square to Equitable Robinson Tower Office.

On March 23, 2013, the BOD of BDO Capital and BDO Securities, subsidiaries of the Parent Bank, approved the appropriation of their surplus free amounting to P450 and P100, respectively, as additional working capital for underwriting activities and investments of BDO Capital and as additional funds for proprietary equity trading of BDO Securities.

On March 23, 2012, the BOD of BDO Capital approved the appropriation of its surplus free amounting to P250 as additional working capital for its underwriting activities and investments. On the same date, the BOD of BDO Securities, a wholly owned subsidiary of BDO Capital, approved the appropriations of its surplus free amounting to P80 and P70 as an additional working capital and additional funds for its proprietary equity trading, respectively.

Also, included in the 2014, 2013 and 2012 surplus reserve are the appropriations made by BDO Securities, PCIB Securities, Inc. and Armstrong Securities, Inc. (a subsidiary of BDOSHI), totaling P17, P9 and P10, respectively, as part of the reserve fund requirement of SEC Memorandum Circular No. 16, *Adoption of the Risk Based Capital Adequacy Requirement/ Ratio for Broker Dealers*.

In compliance with BSP regulations, 10% of BDO Unibank Group's and the Parent Bank's profit from trust business is appropriated to surplus reserve (see Note 25).

19.7 Other Reserves

In 2013, the BDO Unibank Group acquired additional shares of BDO Leasing through BDO Capital. This transaction increased the BDO Unibank Group's percentage of ownership from 87% to 89% resulting to a decrease in non-controlling interest of P47 and recognition of other reserves of P12 in the 2013 statement of changes in equity of BDO Unibank Group.

20. INTEREST INCOME

Interest income consists of the following:

		BDO Unibank Group		
	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Loans and other receivables	10	P 53,907	P 45,685	P 42,288
Trading and investment securities	9	7,333	9,164	10,819
Due from BSP and other banks	7, 8	2,065	1,576	597
Others		<u>278</u>	<u>181</u>	<u>310</u>
		<u>P 63,583</u>	<u>P 56,606</u>	<u>P 54,014</u>

		Parent Bank		
	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Loans and other receivables	10	P 52,172	P 44,279	P 40,830
Trading and investment securities	9	6,813	8,762	10,233
Due from BSP and other banks	7, 8	1,822	1,381	448
Others		<u>64</u>	<u>9</u>	<u>146</u>
		<u>P 60,871</u>	<u>P 54,431</u>	<u>P 51,657</u>

21. INTEREST EXPENSE

Interest expense is composed of the following:

		BDO Unibank Group		
	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Deposit liabilities	15	P 10,441	P 10,421	P 13,122
Bills payable and other liabilities	16, 17, 18, 23.2	<u>1,917</u>	<u>3,019</u>	<u>4,771</u>
		<u>P 12,358</u>	<u>P 13,440</u>	<u>P 17,893</u>

		Parent Bank		
	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Deposit liabilities	15	P 10,181	P 10,286	P 12,852
Bills payable and other liabilities	16, 17, 18, 23.2	<u>1,547</u>	<u>2,728</u>	<u>4,393</u>
		<u>P 11,728</u>	<u>P 13,014</u>	<u>P 17,245</u>

22. OTHER OPERATING INCOME AND EXPENSES

Other operating income is composed of the following:

	Notes	BDO Unibank Group		
		2014	2013	2012
Service charges, fees and commissions	24	P 15,386	P 12,991	P 11,446
Trading gains – net	9	5,868	8,422	8,445
Trust fees	25	2,624	2,473	1,986
Foreign exchange gains (losses)		1,244	4,342 (	212)
Income from assets sold or exchanged	12	1,067	840	671
Dividend income	24	490	498	422
Miscellaneous – net	26	2,808	2,278	1,669
		P 29,487	P 31,844	P 24,427

	Notes	Parent Bank		
		2014	2013	2012
Service charges, fees and commissions	24	P 13,151	P 10,952	P 9,945
Trading gains – net	9	5,694	7,302	8,082
Dividend income	24	2,613	829	994
Trust fees	25	2,180	2,116	1,696
Foreign exchange gains (losses)		1,043	4,153 (	333)
Income from assets sold or exchanged	12	1,022	664	389
Miscellaneous – net	26	1,323	1,064	930
		P 27,026	P 27,080	P 21,703

Other operating expenses consist of the following:

	Notes	BDO Unibank Group		
		2014	2013	2012
Compensation and benefits	23	P 18,081	P 16,480	P 15,600
Taxes and licenses		5,780	4,769	4,166
Occupancy	31.2	5,704	4,948	4,707
Fees and commissions		3,147	2,687	1,649
Insurance		2,856	2,019	1,864
Security, clerical, messengerial and janitorial		2,526	2,260	2,120
Advertising		2,427	2,499	2,361
Representation and entertainment		1,146	1,139	953
Repairs and maintenance		959	766	654
Power, light and water		920	863	895
Travelling		871	761	687
Supplies		515	485	389
Litigation on assets acquired		461	575	719
Telecommunication		432	427	330
Information technology		383	485	247
Freight expenses		241	210	204
Amortization of computer software	13.6	206	135	376
Miscellaneous		1,875	1,751	1,573
		P 48,530	P 43,259	P 39,494

	Notes	Parent Bank		
		2014	2013	2012
Compensation and benefits	23	P 16,905	P 15,463	P 14,682
Taxes and licenses		5,280	4,366	3,874
Occupancy	31.2	4,988	4,482	4,405
Fees and commissions		2,788	2,417	1,514
Insurance		2,771	1,976	1,821
Security, clerical, messengerial and janitorial		2,467	2,211	2,071
Advertising		2,323	2,362	2,246
Representation and entertainment		999	1,005	840
Repairs and maintenance		933	750	643
Power, light and water		861	819	853
Travelling		790	684	618
Supplies		480	455	366
Litigation on assets acquired		435	558	671
Telecommunication		381	383	297
Information technology		369	475	234
Freight expenses		238	208	203
Amortization of computer software	13.6	196	128	368
Miscellaneous		1,632	1,622	1,398
		P 44,836	P 40,364	P 37,104

23. COMPENSATION AND BENEFITS

23.1 Compensation and Benefits Expense

Expenses recognized for compensation and benefits are presented below.

	BDO Unibank Group		
	2014	2013	2012
Salaries and wages	P 10,896	P 9,765	P 8,906
Bonuses	3,502	3,174	2,895
Retirement – defined benefit plan	1,096	1,040	934
Social security costs	468	401	364
Other benefits	2,119	2,100	2,501
	<u>P 18,081</u>	<u>P 16,480</u>	<u>P 15,600</u>
	Parent Bank		
	2014	2013	2012
Salaries and wages	P 10,153	P 9,115	P 8,326
Bonuses	3,297	2,983	2,704
Retirement – defined benefit plan	991	960	864
Social security costs	429	369	346
Other benefits	2,035	2,036	2,442
	<u>P 16,905</u>	<u>P 15,463</u>	<u>P 14,682</u>

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

BDO Unibank Group maintains a fully funded, multi-employer and tax-qualified noncontributory retirement plan that is being administered by the Parent Bank's trust and investment group as trustee covering all regular full-time employees.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provided for an early retirement at age of 50 with a minimum of 10 years of credited service and late retirement up to age 65, both subject to the approval of BDO Unibank Group's BOD. Normal retirement benefit is an amount equivalent to a percentage ranging from 50% to 200% of plan salary for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2014 and 2013.

The amounts of retirement benefit asset recognized as part of Retirement asset under Other Resources (see Note 13) are determined as follows:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Fair value of plan assets	P 18,602	P 15,757	P 17,691	P 14,904
Present value of the DBO	(17,325)	(14,900)	(16,447)	(14,072)
Excess of plan assets	1,277	857	1,244	832
Effect of asset ceiling	(66)	(42)	(60)	(38)
	P 1,211	P 815	P 1,184	P 794

The movements in the fair value of plan assets are presented below.

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Balance at beginning of year	P 15,757	P 14,061	P 14,904	P 13,289
Contributions paid into the plan	2,870	1,396	2,758	1,354
Interest income	790	812	752	768
Benefits paid by the plan	(836)	(619)	(740)	(608)
Transfer to (from) the plan	57	-	57	-
Remeasurement gain - return on plan assets (excluding amounts included in net interest)	(36)	107	(40)	101
Balance at end of year	P 18,602	P 15,757	P 17,691	P 14,904

The movements in the present value of the DBO are as follows:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Balance at beginning of year	P 14,900	P 13,729	P 14,072	P 12,976
Current service cost	1,076	1,040	991	960
Interest expense	700	772	664	729
Benefits paid by the plan	(836)	(619)	(740)	(608)
Other liabilities*	1,436	-	1,404	-
Liabilities assumed in business combinations**	28	-	28	-
Remeasurements:				
Actuarial (gains) losses arising from:				
- changes in financial assumptions	69	(135)	78	(133)
- changes in demographic assumptions	(515)	-	(481)	-
- experience adjustments	467	113	431	148
Balance at end of year	P 17,325	P 14,900	P 16,447	P 14,072

* Other liabilities pertains to accrued sick leave/vacation leave credits of employees that qualify under the retirement plan of BDO Unibank Group. This amount was previously presented under Accrued other expense payable under Other Liabilities account in the 2013 statement of financial position, and was reversed upon funding through the retirement plan asset.

** Business combinations pertains to the retirement plan of BDO Savings, a newly acquired subsidiary in 2014, wherein the related retirement plan of the employees was subsequently transferred to the Parent Bank (see Note 26.1).

The composition of the fair value of plan assets at the end of the reporting period for each category and risk characteristics is shown below.

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Placements in debt instruments				
- Government bonds	P 6,207	P 6,008	P 5,903	P 5,683
- Corporate bonds	3,146	1,606	2,992	1,519
Cash and cash equivalents	3,970	2,789	3,775	2,638
Unit investment trust funds (UITFs)	2,576	2,318	2,450	2,192
Loans and other receivables	541	1,018	515	963
Equity instruments	216	158	205	149
Other properties	1,946	1,860	1,851	1,760
	<u>P 18,602</u>	<u>P 15,757</u>	<u>P 17,691</u>	<u>P 14,904</u>

Actual returns on plan assets were P754 and P712 in 2014 and P919 and P869 in 2013 in BDO Unibank Group and the Parent Bank financial statements, respectively.

Certain plan assets comprise BDO Unibank Group's own financial instruments [see Note 24(c)].

The components of amounts recognized in profit or loss and in other comprehensive income of BDO Unibank Group and the Parent Bank in respect of the defined benefit plan as follows:

	BDO Unibank Group		
	2014	2013	2012
<i>Recognized in profit or loss:</i>			
Current service costs	P 1,096	P 1,040	P 934
Interest costs (income)	(88)	(40)	76
	<u>P 1,008</u>	<u>P 1,000</u>	<u>P 1,010</u>
<i>Recognized in other comprehensive income, net of tax (see Note 27):</i>			
Actuarial gains (losses) arising from:			
- changes in financial assumptions	(P 48)	P 95	(P 74)
- changes in demographic assumptions	360	-	-
- experience adjustments	(327)	(79)	(326)
Remeasurement gain (loss) arising from:			
- return on plan assets (excluding amounts included in net interest expense)	(25)	74	494
- changes in the effect of the asset ceiling	(19)	(16)	(13)
Share in actuarial gains of associates	12	-	-
	<u>(P 47)</u>	<u>P 74</u>	<u>P 81</u>

	Parent Bank		
	2014	2013	2012
<i>Recognized in profit or loss:</i>			
Current service costs	P 991	P 960	P 864
Interest costs (income)	(86)	(39)	70
	P 905	P 921	P 934
<i>Recognized in other comprehensive income, net of tax (see Note 27):</i>			
Actuarial gains (losses) arising from:			
- changes in financial assumptions	(P 55)	P 93	(P 70)
- changes in demographic assumptions	336	-	-
- experience adjustments	(302)	(104)	(326)
Remeasurement gain (loss) arising from:			
- return on plan assets (excluding amounts included in net interest expense)	(28)	71	485
- changes in the effect of the asset ceiling	(14)	(14)	(12)
	(P 63)	P 46	P 77

Current service costs are presented as part of Compensation and benefits expense account under Other Operating Expenses while interest income (costs) are included as part of Others under Interest Income in the statements of income of BDO Unibank Group and the Parent Bank.

Amounts recognized in other comprehensive income were included within the items that will not be reclassified subsequently to profit or loss.

In determining the amounts of post-employment benefit obligation, the following significant actuarial assumptions were used:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Discount rates	4.54% - 4.96%	4.04% - 4.72%	4.54%	4.72%
Expected rate of salary increases	8.00%	8.00%	8.00%	8.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 26.9. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms of maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes BDO Unibank Group and the Parent Bank to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, UITF, debt and equity instruments, and loans and receivables. Due to the long-term nature of plan obligation, a level of continuing debt securities is an appropriate element of the BDO Unibank Group's long-term strategy to manage the plans effectively.

(ii) *Longevity and Salary Risks*

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31:

		<u>Impact on retirement benefit obligation</u>		
		<u>Change in</u>	<u>Increase in</u>	<u>Decrease in</u>
		<u>assumption</u>	<u>assumption</u>	<u>assumption</u>
<u>December 31, 2014</u>				
<u>BDO Unibank Group</u>				
Discount rate	1%	(P	544)	P 646
Salary increase rate	1%		548 (	467)
<u>Parent Bank</u>				
Discount rate	1%	(P	498)	P 597
Salary increase rate	1%		506 (	429)

	<u>Impact on retirement benefit obligation</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
<u>December 31, 2013</u>			
<u>BDO Unibank Group</u>			
Discount rate	1%	(P 437)	P 486
Salary increase rate	1%	401 (	370)
<u>Parent Bank</u>			
Discount rate	1%	(P 400)	P 445
Salary increase rate	1%	367 (	339)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, BDO Unibank Group through its Compensations Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds or UITFs) with maturities that match the benefit payments as they fall due and in the appropriate currency. BDO Unibank Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2014 and 2013 consists of debt instruments and cash and cash equivalents, although the BDO Unibank Group and Parent Bank also invest in UITFs and properties. The debt instruments include government bonds and corporate bonds.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

As of December 31, 2014, the plan of BDO Unibank Group and the Parent Bank is currently fully funded based on the latest actuarial valuation report.

The BDO Unibank Group and the Parent Bank expects to pay P1,452 and P1,355, respectively, as contributions to retirement benefit plans in 2015.

The expected maturity of undiscounted expected benefits payments of BDO Unibank Group and the Parent Bank from the plan for the next 10 years is presented as follows:

	BDO Unibank	
	<u>Group</u>	<u>Parent Bank</u>
Between 1 to 5 years	P 6,554	P 6,327
Between 6 to 10 years	<u>12,048</u>	<u>11,302</u>
	<u>P 18,602</u>	<u>P 17,629</u>

24. RELATED PARTY TRANSACTIONS

The summary of BDO Unibank Group's significant transactions with its related parties as of and for the years ended December 31, 2014 and 2013 are as follows:

Related Party Category	Notes	2014		2013	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
DOSRI Loans	24 (a)				
Stockholders		P 28,534	P 12,046	P 25,595	P 19,477
Related Parties Under Common Ownership		76,984	34,389	69,744	44,811
Officers and Employees		1,022	1,415	996	1,486
Directors		2	2	-	-
Deposit Liabilities	24 (b)				
Stockholders		397,735	624	324,435	145
Related Parties Under Common Ownership		825,574	3,009	646,610	2,318
Officers and Employees		98	1	-	-
Other Transactions with Associates	24 (d)				
Loans and Advances		-	1,229	-	1,244
Dividend Income		428	148	216	-
Interest Income		92	4	91	4
Service Fees		42	12	35	9
Related Parties Under Common Ownership					
Rent Expense	24 (d)	608	67	529	62
Key Management Personnel Compensation	24 (d)	1,202	-	1,051	-
Retirement Plan	24 (c)	139	4,312	175	3,754

The summary of the Parent Bank's significant transactions with its related parties as of and for the years ended December 31, 2014 and 2013 are as follows:

Related Party Category	Notes	2014		2013	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
DOSRI Loans	24 (a)				
Stockholders		P 28,534	P 12,046	P 25,595	P 19,477
Related Parties Under Common Ownership		76,924	34,310	69,668	44,782
Officers and Employees		1,021	1,413	995	1,481
Deposit Liabilities	24 (b)				
Stockholders		397,735	624	324,435	145
Related Parties Under Common Ownership		825,574	3,009	646,610	2,318
Officers and Employees		98	1	-	-
Other Transactions with Subsidiaries	24 (d)				
Loans and Advances		56,847	7,890	49,446	9,848
Derivative Assets		85	5	89	3
Derivative Liabilities		1,224	7	-	1
Deposit Liabilities		451	2,804	986	2,353
Dividend Income		1,934	-	364	-
Interest Income		198	68	219	45
Rent Income		57	-	53	-
Service Fees		66	-	66	-
Interest Expense		11	1	12	-
Rent Expense		8	-	8	-
Asset management fees		119	-	120	-
Other Transactions with Associates	24 (d)				
Dividend Income		428	148	216	-
Service Fees		42	12	35	9
Related Parties Under Common Ownership					
Rent Expense	24 (d)	608	67	529	62
Key Management Personnel	24 (d)				
Compensation		861	-	728	-
Retirement Plan	24 (c)	138	4,309	174	3,750

In the ordinary course of business, BDO Unibank Group and the Parent Bank have loans, deposits and other transactions with its related parties and with certain DOSRI as described below and in the succeeding pages:

(a) *Loans to Related Parties*

Under existing policies of BDO Unibank Group and the Parent Bank, these loans bear interest rates ranging from 2.0% to 3.5% per annum, 2.0% to 3.0% per annum, and 3.5% to 5.5% per annum in 2014, 2013 and 2012, respectively, which are substantially the same terms as loans granted to other individuals and businesses of comparable risks. The General Banking Act and BSP regulations limit the amount of the loans granted by a bank to a single borrower to 25% of equity. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the unencumbered deposit and book value of the investment in BDO Unibank Group and the Parent Bank.

In aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of BDO Unibank Group and the Parent Bank, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2014 and 2013, BDO Unibank Group and the Parent Bank is in compliance with these regulatory requirements.

The following additional information relates to the DOSRI loans:

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Total DOSRI loans	P 47,852	P 65,774	P 47,769	P 65,740
Unsecured DOSRI loans	3,203	3,862	3,143	3,856
Past due DOSRI loans	1	2	1	2
Non-performing DOSRI loans	1	2	1	2
% of DOSRI loans to total loan portfolio	4.4%	7.2%	4.5%	7.3%
% of unsecured DOSRI loans to total DOSRI loans	6.7%	5.9%	6.6%	5.9%
% of past due DOSRI loans to total DOSRI loans	0.0%	0.0%	0.0%	0.0%
% of non-performing DOSRI loans to total DOSRI loans	0.0%	0.0%	0.0%	0.0%

DOSRI loans of BDO Unibank Group and the Parent Bank bear annual interest rates of 2.2% to 12.0% in 2014, 2.3% to 12.0% in 2013 and 2.4% to 15.5% in 2012 (except for credit card receivables which bear a monthly interest rate of 0% to 3.6%).

Total DOSRI loans in of BDO Unibank Group and the Parent Bank include loans to officers under the Bank's fringe benefit program. Secured DOSRI loans are collateralized by publicly-listed shares, hold-out on deposits, chattels and real estate mortgages and are payable within one month to twenty years.

Total loan releases and collections in 2014 amounted to P106,541 and P124,463 for BDO Unibank Group and P106,478 and P124,449 for the Parent Bank, respectively. Total loan releases and collections in 2013, on the other hand, amounted to P96,335 and P81,987 for BDO Unibank Group and P96,258 and P81,898 for the Parent Bank, respectively.

(b) Deposits from Related Parties

Total deposits made by the related parties to BDO Unibank Group and the Parent Bank both amounted to P1,223,407 and P971,045 in 2014 and 2013, respectively, and bearing interest rates of 0.0% to 5.3% in 2014 and 0.0% to 5.3% in 2013. The related interest expense from deposits amounted to P906 and P23 in 2014 and 2013, respectively.

(c) *Transactions with Retirement Plan*

BDO Unibank Group's retirement fund has transactions directly and indirectly with BDO Unibank Group and Parent Bank for the years ended December 31, 2014 and 2013 as follows:

Transactions	December 31, 2014							
	BDO Unibank Group				Parent Bank			
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Loans to employees								
BDO Unibank, Inc.	P 130	P 71	P 130	P 71				
BDO Leasing	-	2	-	-				
BDO Capital	1	-	-	-				
Investment in shares of -								
BDO Unibank, Inc.	-	14	-	14				
BDO Leasing	-	1	-	-				
Deposit liabilities								
BDO Unibank, Inc.	-	4,090	-	4,090				
Trading gain								
BDO Unibank, Inc.	-	134	-	134				
Interest expense								
BDO Unibank, Inc.	8	-	8	-				
December 31, 2013								
Transactions	BDO Unibank Group				Parent Bank			
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Loans to employees								
BDO Unibank, Inc.	P 145	P 90	P 145	P 90				
BDO Leasing	-	3	-	-				
BDO Capital	1	-	-	-				
Investment in shares of -								
BDO Unibank, Inc.	-	9	-	9				
BDO Leasing	-	1	-	-				
Deposit liabilities								
BDO Unibank, Inc.	-	3,649	-	3,649				
Trading gain								
BDO Unibank, Inc.	-	2	-	2				
Interest expense								
BDO Unibank, Inc.	29	-	29	-				

Total deposits (including LTNCDS) of the retirement fund to BDO Unibank Group and Parent Bank amounted to P4,090 and P3,649 as of December 31, 2014 and 2013, respectively. The related interest expense recognized by both BDO Unibank Group and Parent Bank from these deposits amounted to P8 in 2014 and P29 in 2013.

Details of the contributions of BDO Unibank Group and Parent Bank, and benefits paid out by the plan to the employees are presented in Note 23.

(d) *Other Transactions with Related Parties*

A summary of other transactions of the Parent Bank with subsidiaries and associates and other related parties is shown below.

- (i) Transactions with and between subsidiaries have been eliminated in the consolidated financial statements. Significant transactions with subsidiaries are as follows:

(1) *Loans and Advances to Subsidiaries*

The Parent Bank grants noninterest-bearing advances to subsidiaries for working capital requirements, which are unsecured and without fixed repayment terms. Outstanding advances to subsidiaries recognized as part of Accounts receivable under Loans and Other Receivables amounted to P92 and P262 as of December 31, 2014 and 2013, respectively (see Note 10).

The Parent Bank also grants interest-bearing loans to subsidiaries with outstanding balance of P7,798 and P9,586 as of December 31, 2014 and 2013, respectively, and are presented as part of Loans and discounts under Loans and Other Receivables account in the Parent Bank's statements of financial position. These loans are payable between one month to two years. Interest income recognized on these loans amounted to P198 in 2014, P219 in 2013 and P142 in 2012 and is presented as part of Interest Income in the Parent Bank's statements of income. Interest rate on these loans ranges from 2.0% to 3.5% per annum in 2014, 2.0% to 3.0% per annum in 2013 and 3.5% to 5.5% per annum in 2012.

(2) *Income to the Parent Bank*

BDO subsidiaries engaged the Parent Bank, under service agreements to provide various support such as maintenance, administration of properties/assets management, supplies procurement, facilities management, accounting functions, loan documentation, safekeeping/custodianship of securities and collateral documents, credit card services, human resources management, information technology needs, internal audit, credit card services, corporate secretarial services, remittance transactions support, legal assistance on all loan and/or property/asset-related litigation, credit investigation services, security services and investigation requirements, and assistance on all tax-related issues. The service agreement shall continue to be in force unless terminated by either party through a written notice of either party at least 30 calendar days prior to the date intended for termination. The fees payable shall be exclusive of actual costs and expenditures of the Parent Bank in relation to the provision of the services, which shall be reimbursed by the subsidiaries to the Parent Bank.

In 2014, 2013 and 2012, total service fees amounted to P66, P66 and P26, respectively, and are presented as part of Service charges, fees and commissions under Other Operating Income in the Parent Bank's statements of income (see Note 22). There are no outstanding balance arising from these transactions as of December 31, 2014 and 2013.

Certain subsidiaries lease office space from the Parent Bank. For the years ended December 31, 2014, 2013 and 2012, total rent collected from the subsidiaries amounted to P57, P53 and P51, respectively, and is included as part of Miscellaneous – net under Other Operating Income in the Parent Bank's statements of income (see Note 22). The term of the lease is five years.

BDO Capital, BDO Securities Corporation and BDOI, have reimbursed the Parent Bank on the actual costs and expenditures in relation to its services amounting to P119 and P120 in 2014 and 2013, respectively.

In 2014, 2013 and 2012, the Parent Bank's share in the cash dividends declared by BDO Unibank Group's subsidiaries amounted to P1,934, P364 and P646, respectively. These are presented as part of Dividend under Other Operating Income in the Parent Bank statements of income (see Note 22). Out of the total dividends declared, the Parent Bank received P1,934, P364 and P536 in 2014, 2013 and 2012, respectively.

(3) Expenses of the Parent Bank

The Parent Bank leases space from certain subsidiaries for its branch operations. Total rent paid for the years ended December 31, 2014, 2013 and 2012 amounted to P8, P8 and P6, respectively, and is included as part of Occupancy account under Other Operating Expenses (see Note 22). The lease term is between two to five years.

(4) Derivatives

In 2014 and 2013, the Parent Bank entered into derivative transactions with certain subsidiary in the form of currency forwards, interest rate swap and cross currency swaps. As of December 31, 2014 and 2013, the outstanding balance of derivatives assets and liabilities are presented as part of Financial assets at FVTPL under Trading and Investment Securities account and Derivative liabilities under Other Liabilities account in the statements of financial position.

(5) Deposit Liabilities

Total deposits made by the subsidiaries to the Parent Bank amounted to P2,804 and P2,353 in 2014 and 2013, respectively, and bearing interest rates of 0.0% to 5.3% in 2014 and 0.0% to 5.3% in 2013. The related interest expense from deposits amounted to P11 and P12 in 2014 and 2013, respectively.

(ii) Other transactions with associates are shown below.

(1) Loans and Advances to Associates

As of December 31, 2014 and 2013, outstanding loans and advances to associates amounted to P1,229 and P1,244, respectively, in BDO Unibank Group financial statements (nil for the Parent Bank). The related loans and advances are presented as part of Loans and discounts and Accounts receivable under Loans and Other Receivables account in the statements of financial position (see Note 10). These loans are payable between five to seven years. BDO Unibank Group recognized P92, P91 and P92 interest income on these loans in 2014, 2013 and 2012, respectively. Annual interest rate on these loans ranges from 6.6% to 7.7% for the years 2014, 2013 and 2012. As of December 31, 2014 and 2013, there were no impairment losses recognized on these loans and advances.

(2) Income to the Parent Bank

Generali, an associate of BDO Unibank Group, has an existing Investment Management Agreement with the Parent Bank. For services rendered, Generali pays the Parent Bank management fees equivalent to 0.25% per annum of the managed funds and directed investments based on the average month-end market value of the fund and are deducted quarterly from the fund. For the years ended December 31, 2014, 2013 and 2012, total services fees amounted to P42, P35 and P28, respectively.

Outstanding balances arising from this transaction amounted to P12 and P9 as of December 31, 2014 and 2013, respectively and is included as part of Accounts receivable under Loans and Other Receivables (see Note 10).

In 2014, 2013 and 2012, the Parent Bank's share in the cash dividends by BDO Unibank Group's associates amounted to P428, P216 and P209, respectively. These are presented as part of Dividend under Other Operating Income in the statements of income (see Note 22). Dividends receivable amounted to P148 as of December 31, 2014 (nil as of December 31, 2013). These are presented as part of Other Resources (see Note 13).

(iii) Transaction of the Parent Bank with related parties under common ownership:

The Parent Bank leases space from related parties for its branch operations. For the years ended December 31, 2014, 2013 and 2012, total rent paid to related parties amounted to P608, P529 and P451, respectively, and is included as part of Occupancy account under Other Operating Expenses (see Note 22). The terms of the lease are from two to five years.

(iv) Key Management Personnel Compensation

The salaries and other compensation given to BDO Unibank Group and Parent Bank's key management are as follows:

BDO Unibank Group					
	2014		2013		2012
Salaries and wages	P 786	P	679	P	619
Bonuses	377		334		305
Social security costs and other benefits	39		38		32
	P 1,202	P	1,051	P	956
Parent Bank					
	2014		2013		2012
Salaries and wages	P 562	P	467	P	438
Bonuses	271		234		219
Social security costs and other benefits	28		27		24
	P 861	P	728	P	681

25. TRUST OPERATIONS

The following securities and other properties held by BDO Unibank Group in fiduciary or agency capacity (for a fee) for its customers are not included in BDO Unibank Group statements of financial position since these are not resources of the BDO Unibank Group (see Note 31.3).

	BDO Unibank Group		Parent Bank	
	2014	2013	2014	2013
Investments	P 808,105	P 764,614	P 590,995	P 576,632
Others	9,342	6,758	6,542	4,465
	P 817,447	P 771,372	P 597,537	P 581,097

In compliance with the requirements of the General Banking Act relative to the BDO Unibank Group's trust functions:

- (a) Investment in government securities (shown as part of AFS securities) with a total face value of P9,106 and P8,471 as of December 31, 2014 and 2013, respectively, in BDO Unibank Group and P6,230 and P6,503 as of December 31, 2014 and 2013, respectively, in the Parent Bank are deposited with the BSP as security for BDO Unibank Group's faithful compliance with its fiduciary obligations; and,

- (b) A certain percentage of the trust income is transferred to surplus reserves. This yearly transfer is required until the surplus reserve for trust function is equivalent to 20% of BDO Unibank Group's authorized capital stock. As of December 31, 2014 and 2013, the additional reserve for trust functions amounted to P192 and P190, respectively, for BDO Unibank Group and P156 and P161, respectively, for the Parent Bank, and is included as part of Surplus reserves in statements of changes in equity.

Income from trust operations, shown as Trust fees under Other Operating Income, amounted to P2,624, P2,473 and P1,986 for the years ended December 31, 2014, 2013 and 2012, respectively, in BDO Unibank Group statements of income and P2,180, P2,116 and P1,696 for the years ended December 31, 2014, 2013 and 2012, respectively, in the Parent Bank statements of income (see Note 22).

26. MERGERS AND ACQUISITIONS

26.1 Acquisition of CBN Grupo, Avera Holdings Corporation, BDO Savings, and One Network Bank, Inc.

BDO Savings

On September 27, 2013, the Parent Bank's BOD authorized the purchase of 99.99% of the outstanding capital stock of CSI for P876 subject to necessary regulatory approval. The BSP approved the transaction on February 20, 2014. The acquisition resulted in the recognition of income from acquisition and branch licenses amounting to P18 and P380, respectively. Subsequent to the acquisition, the Parent Bank changed the name of CSI to Banco De Oro Savings, Inc. (BDO Savings). Subsequently, the Parent Bank and BDO Savings executed a Deed of Assignment to transfer the latter's assets and liabilities to the Parent Bank (see Note 26.3). The breakdown of the acquisition-date fair value of the assets and liabilities of BDO Savings, including the cost of investments follows:

Cash and cash equivalents	P	5,756
Trading and investment securities		1,012
Loans and other receivables		11
Bank premises, furniture, fixtures and equipment		48
Other resources		<u>16</u>
Total resources		<u>6,843</u>
Deposit liabilities		5,748
Other liabilities		<u>199</u>
Total liabilities		<u>5,947</u>
Net asset position		896
Cost of investment*		<u>878</u>
Gain from acquisition	P	<u><u>18</u></u>

* The value of the 20 branch licenses as a consequence of this acquisition totaling P380 were separately identified and valued by the Parent Bank and previous shareholders, hence, did not form part of the cost of investment.

Averon Holdings

On August 30, 2013, BDO Capital, a subsidiary of BDO Unibank, acquired 100% of the total issued and outstanding capital stock of Averon Holdings Corporation, a company primarily engaged in the leasing business, amounting to P44. As of the date of acquisition, total resources and total liabilities of Averon Holdings Corporation amounted to P1,484 and P1,397, respectively. Gain from acquisition amounted to P43, which is presented as part of Miscellaneous - net account under Other Operating Income in the 2013 statement of income (see Note 22).

The breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investments follows:

Cash	P	24
Receivables		20
Investment property		1,434
Property and equipment		3
Other resources		<u>3</u>
Total resources		<u>1,484</u>
Loans payable		692
Accounts payable		471
Deferred tax liabilities		133
Other liabilities		<u>101</u>
Total liabilities		<u>1,397</u>
Net asset position	P	87
Cost of investment		<u>44</u>
Gain from acquisition	P	<u><u>43</u></u>

CBN Grupo

In May 2013, BDO Unibank Group obtained control over CBN Grupo through its 60% ownership. Goodwill amounted to P91 and non-controlling share in equity totaled P39 at the date the BDO Unibank Group's control was established. As of date of initial consolidation, total resources and total liabilities of CBN Grupo amounted to P438 and P339, respectively. The breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investments and the amount of goodwill follows:

Cash	P	368
Receivables		3
Property and equipment		44
Other resources		<u>23</u>
Total resources		<u>438</u>
Accounts payable		319
Other liabilities		<u>20</u>
Total liabilities		<u>339</u>
Net asset position		99
Non-controlling share in equity		39
Cost of investment		<u>151</u>
Goodwill	P	<u><u>91</u></u>

One Network Bank, Inc.

On December 23, 2014, the Parent Bank disclosed that it has entered into an agreement to acquire One Network Bank, Inc., a leading rural bank with 105 branches and micro-banking offices in the Mindanao and Panay areas. The transaction is still subject to closing conditions and the necessary regulatory approvals.

26.2 Purchase of Assets and Assumption of Liabilities of The Real Bank (A Thrift Bank), Inc.

On August 8, 2014, the Parent Bank and The Real Bank (A Thrift Bank), Inc. [TRB] executed a Memorandum of Agreement to transfer the latter's assets and liabilities to the Parent Bank. The BSP approved the transaction on July 2, 2014. The Bank recognized the fair value of assets and liabilities of TRB as presented below.

Cash and other cash items	P	97
Due from BSP		797
Due from other banks		49
Trading and other investments		125
Loans and other receivables		978
Premises, furniture, fixtures and equipment		77
Investment properties		358
Other resources		<u>10</u>
Total resources	P	<u><u>2,491</u></u>

Total resources	P <u>2,491</u>
Deposit liabilities	6,922
Bills payable	11
Other liabilities	<u>185</u>
Total liabilities	<u>7,118</u>
Net liability position	P <u><u>4,627</u></u>

As settlement on the net liability position assumed by the Parent Bank, the majority shareholder/s of TRB will shoulder the P2,000 deficiency, through a term loan covered by acceptable hard assets, while the remaining deficiency is recognized by the Parent Bank as part of Branch licenses as granted by the BSP (see Note 13). As of December 31, 2014, the necessary approval on the issuance of the term loan is still pending and is presented as part of Accounts receivables under Loans and Other Receivables in the 2014 statement of financial position (see Note 10).

26.3 Acquisition of Assets and Assumption of Liabilities from BDO Savings

On April 3, 2014, the Parent Bank and BDO Savings executed a Deed of Assignment to transfer the latter's assets and liabilities to the Parent Bank (see Note 26.1). The BSP approved the transaction on August 1, 2014. The Parent Bank recognized the assets and liabilities of BDO Savings as follows:

Cash and other cash items	P 4,778
Loans and other receivables	3
Premises, furniture, fixtures and equipment	35
Other resources	<u>18</u>
Total resources	<u>4,834</u>
Deposit liabilities	4,765
Other liabilities	<u>69</u>
Total liabilities	<u>4,834</u>
Net liability position	P <u><u>-</u></u>

26.4 Acquisition of Trust Business

On February 21, 2014, the Parent Bank entered into a definitive agreement for the acquisition of the trust business of Deutsche Bank AG's Manila branch (Deutsche) comprising of trust, other fiduciary and investment management activities amounting to P35.7 billion and presented as part of contingent accounts under Trust department accounts (see Note 31.3). The transaction resulted in the recognition of an intangible asset with indefinite useful life and is presented as Customer lists under Other Resources in the 2014 statement of financial position (see Note 13).

27. TAXES

27.1 Current and Deferred Taxes

The components of tax expense for the years ended December 31 follow:

	BDO Unibank Group		
	2014	2013	2012
<i>Reported in profit or loss</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	P 3,401	P 480	P 1,371
Minimum corporate income tax (MCIT) at 2%	369	583	3
Final taxes at 20%, 15%, 10% and 7.5%	<u>1,084</u>	<u>788</u>	<u>663</u>
	4,854	1,851	2,037
Deferred tax (income) expense relating to origination and reversal of temporary differences	(<u>74</u>)	<u>253</u>	<u>487</u>
	4,780	2,104	2,524
Application of previously unrecognized MCIT	(<u>540</u>)	-	(<u>953</u>)
	P 4,240	P 2,104	P 1,571
<i>Reported in other comprehensive income</i>			
Movements in actuarial gains (losses)	(P 22)	P 32	P 35
Movements in fair value of AFS securities	4 (	21)	(32)
Movements in revaluation increment	<u>-</u>	<u>(41)</u>	<u>-</u>
	(P 18)	(P 30)	P 3
	P 4,222	P 2,074	P 1,574
	P 8,462	P 4,178	P 3,145
<i>Reported in profit or loss</i>			
Current tax expense:			
RCIT at 30%	P 3,202	P 65	P 992
Final taxes at 20%, 15%, 10% and 7.5%	933	636	550
MCIT at 2%	<u>-</u>	<u>474</u>	<u>-</u>
	4,135	1,175	1,542
Deferred tax (income) expense relating to origination and reversal of temporary differences	(<u>73</u>)	<u>243</u>	<u>511</u>
	4,062	1,418	2,053
Application of previously unrecognized MCIT	(<u>540</u>)	-	(<u>936</u>)
	P 3,522	P 1,418	P 1,117
Tax expense reported in the statements of income	P 3,522	P 1,418	P 1,117
<i>Reported in other comprehensive income</i>			
Movements in actuarial gains (losses)	(P 26)	P 19	P 33
Movements in revaluation increment	<u>-</u>	<u>(38)</u>	<u>-</u>
	(P 26)	(P 19)	P 33

The reconciliation of the tax on pretax profit computed at the statutory tax rates to tax expense is shown below.

BDO Unibank Group					
	2014		2013		2012
Tax on pretax profit at 30%	P 8,120	P	7,425	P	4,834
Adjustment for income subjected to lower income tax rates	(430)	(	266)	(	24)
Tax effects of:					
Income exempt from tax	(3,446)	(	5,902)	(	3,349)
Non-deductible expenses	791		1,448		2,010
Utilization of previously unrecognized net operating loss carryover (NOLCO)	(501)	-	-	-	-
Application of previously unrecognized MCIT	(540)	-	-	(	953)
Deductible temporary differences not recognized	(266)	(	1,435)	(	896)
NOLCO not recognized	6		563		-
Others	506		271	(	51)
Tax expense reported in profit or loss	P 4,240	P	2,104	P	1,571

Parent Bank					
	2014		2013		2012
Tax on pretax profit at 30%	P 7,896	P	6,575	P	4,248
Adjustment for income subjected to lower income tax rates	(359)	(	244)	(	42)
Tax effects of:					
Income exempt from tax	(3,340)	(	5,628)	(	3,268)
Non-deductible expenses	630		1,194		1,925
Application of previously unrecognized MCIT	(540)	-	-	(	936)
Utilization of previously unrecognized NOLCO	(482)	-	-	-	-
Deductible temporary differences not recognized	(283)	(	1,435)	(	810)
NOLCO not recognized	-		482		-
Others	-		474		-
Tax expense reported in profit or loss	P 3,522	P	1,418	P	1,117

The components of the net deferred tax assets (see Note 13) as of December 31 follow:

Statements of Financial Position					
BDO Unibank Group			Parent Bank		
	2014	2013		2014	2013
Deferred tax assets:					
Allowance for impairment	P 5,924	P 5,624	P 5,823	P	5,513
Unamortized past service costs	1,608	1,298	1,556		1,249
Lease income differential – PAS 17	99	90	99		90
NOLCO	31	35	-		-
Others	2	46	-		-
Balance carried forward	P 7,664	P 7,093	P 7,478	P	6,852

Statements of Financial Position			
BDO Unibank Group		Parent Bank	
2014	2013	2014	2013
<i>Balance brought forward</i>	P 7,664	P 7,093	P 6,852
Deferred tax liabilities:			
Revaluation increment	438	438	439
Retirement asset	723	245	238
Lease income differential	121	150	-
Changes in fair values of AFS securities	76	70	-
Capitalized interest	58	61	61
Others	215	188	-
	1,631	1,152	738
Net Deferred Tax Assets	P 6,033	P 5,941	P 6,114

Deferred tax asset includes P184 from consolidation of Averon Holdings Corporation upon acquisition by BDO Capital in 2013.

Movements in net deferred tax assets for the year ended December 31 follow:

Statements of Income			
	2014	2013	2012
<u>BDO Unibank Group</u>			
Retirement asset	P 500	P 119	P 967
Unamortized past service costs	(310)	62	(783)
Allowance for impairment	(300)	73	347
Lease income differential	(38)	(4)	(43)
NOLCO	4	(28)	36
Capitalized interest	(3)	8	(3)
Others	73	23	(34)
Deferred Tax Expense (Income)	(P 74)	P 253	P 487
<u>Parent Bank</u>			
Retirement asset	P 556	P 130	P 876
Allowance for impairment	(310)	55	368
Unamortized past service costs	(307)	55	(728)
Lease income differential	(9)	(5)	(2)
Capitalized interest	(3)	8	(3)
Others	-	-	-
Deferred Tax Expense (Income)	(P 73)	P 243	P 511

Statements of Comprehensive Income			
BDO Unibank Group		Parent Bank	
2014	2013	2014	2013
Movements in unrecognized actuarial losses	(P 22)	32	P 19
Movements in fair value of AFS securities	4	-	-
Movements in revaluation increment	-	(41)	(38)
Deferred Tax Income	(P 18)	(P 30)	(P 19)

BDO Unibank Group is subject to MCIT, which is computed at 2% of gross income, as defined under tax regulations or RCIT, whichever is higher.

The breakdown of NOLCO and MCIT with the corresponding validity periods follows for BDO Unibank Group (nil for the Parent Bank):

<u>Year</u>		<u>NOLCO</u>		<u>MCIT</u>	<u>Valid Until</u>
2014	P	3	P	12	2017
2013		845		6	2016
2012		<u>82</u>		<u>-</u>	2015
		<u>P 930</u>		<u>P 18</u>	

In 2014, NOLCO and MCIT amounting to P13 and P1, respectively, expired for BDO Unibank Group; while, NOLCO and MCIT amounting to P1,607 and P539, respectively, were fully applied by the Parent Bank in 2014.

The amounts of unrecognized deferred tax assets arising from NOLCO and other temporary differences as of December 31, 2014 and 2013 are as follows:

BDO Unibank Group							
<u>2014</u>				<u>2013</u>			
	<u>Tax Base</u>	<u>Tax Effect</u>		<u>Tax Base</u>	<u>Tax Effect</u>		
Allowance for impairment	P 21,745	P 6,524	P	22,788	P	6,837	
NOLCO	930	279		1,878		563	
MCIT	18	18		540		540	
Others	<u>812</u>	<u>244</u>		<u>826</u>		<u>248</u>	
	<u>P 23,505</u>	<u>P 7,065</u>		<u>P 26,032</u>		<u>P 8,188</u>	
Parent Bank							
<u>2014</u>				<u>2013</u>			
	<u>Tax Base</u>	<u>Tax Effect</u>		<u>Tax Base</u>	<u>Tax Effect</u>		
Allowance for impairment	P 20,588	P 6,176	P	21,610	P	6,483	
NOLCO	-	-		1,607		482	
MCIT	-	-		539		539	
Others	<u>699</u>	<u>210</u>		<u>826</u>		<u>248</u>	
	<u>P 21,287</u>	<u>P 6,386</u>		<u>P 24,582</u>		<u>P 7,752</u>	

BDO Unibank Group continues claiming itemized deduction for income tax purposes.

27.2 Gross Receipts Tax

On January 29, 2004, RA No. 9238 reverted the imposition of gross receipts tax (GRT) on banks and financial institutions.

On May 24, 2005, the amendments on RA No. 9337 was approved amending, among others, the gross GRT on royalties, rentals of property, real or personal, profits from exchange and on net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments from 5% to 7% effective November 1, 2005.

27.3 Documentary Stamp Tax

Documentary stamp taxes (DST) (at varying rates) are imposed on the following:

- (a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;
- (b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government or any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other not payable on sight or demand;
- (c) Acceptance of bills of exchange and letters of credit; and,
- (d) Bills of lading or receipt.

On February 17, 2004, RA No. 9243 was passed amending the rates of DST, the significant provisions of which are summarized below.

- (a) On every issue of debt instruments, there shall be collected a DST of one peso on each two hundred pesos or fractional part thereof of the issue price of any such debt instrument. Provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days. Provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.
- (b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of 75 centavos on each two hundred pesos, or fractional part thereof, of the par value of such stock.
- (c) On all bills of exchange or drafts, there shall be collected a DST of 30 centavos on each two hundred pesos, or fractional part thereof, of the face value of any such bill of exchange or draft.
- (d) The following instruments, documents and papers shall be exempt from DST:
 - Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;

- Loan agreements or promissory notes, the aggregate of which does not exceed P250 thousand or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
- Sale, barter or exchange of shares of stock listed and traded through the local stock exchange for a period of five years from the effectivity of RA No. 9243;
- Fixed income and other securities traded in the secondary market or through an exchange;
- Derivatives including repurchase agreements and reverse repurchase agreements;
- Bank deposit accounts without a fixed term or maturity; and,
- Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

27.4 Supplementary Information Required by the Bureau of Internal Revenue

The BIR issued RR 15-2010 and RR 19-2011 on November 25, 2010 and December 9, 2011, respectively, which required certain tax information to be disclosed as part of the notes to the financial statements.

The supplementary information is, however, not a required part of the basic financial statements prepared in accordance PFRS; it is neither a required disclosure under the Philippine Securities and Exchange Commission rules and regulations covering form and content of financial statements under Securities Regulation Code Rule 68.

The Parent Bank presented this tax information required by the BIR as a supplementary schedule filed separately from the basic financial statements.

28. EARNINGS PER SHARE

Basic earnings per share attributable to equity holders of the BDO Unibank Group were computed as follows:

	BDO Unibank Group		
	2014	2013	2012
Net profit attributable to shareholders of the Parent Bank	P 22,805	P 22,608	P 14,483
Dividends on preferred shares	(339)	(340)	(330)
Net profit available to common shares	22,466	22,268	14,153
Divided by the weighted average number of outstanding common shares (in millions)	3,581	3,581	3,129
Basic earnings per share	<u>P 6.27</u>	<u>P 6.22</u>	<u>P 4.52</u>

Diluted earnings per share attributable to equity holders of the BDO Unibank Group were computed as follows:

	BDO Unibank Group		
	2014	2013	2012
Net profit attributable to shareholders of the Parent Bank	<u>P 22,466*</u>	<u>P 22,608</u>	<u>P 14,153*</u>
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	3,581	3,581	3,129
Potential common shares from assumed conversion of preferred shares	*	75	*
Potential common shares from assumed conversion of stock option plan	**	**	**
Total weighted average number of common shares after assumed conversion of convertible preferred shares	<u>3,581</u>	<u>3,656</u>	<u>3,129</u>
Diluted earnings per share	<u>P 6.27</u>	<u>P 6.18</u>	<u>P 4.52</u>

* Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2014 and 2012.

** Potential common shares from assumed conversion of stock option plan are purchased in the secondary market and no additional issuance is expected to be made.

Basic earnings per share in the Parent Bank's financial statements were computed as follows:

	Parent Bank		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net profit	P 22,797	P 20,499	P 13,044
Dividends on preferred shares	(<u>339</u>)	(<u>340</u>)	(<u>330</u>)
Net profit available to common shares	22,458	20,159	12,714
Divided by the weighted average number of outstanding common shares (in millions)	<u>3,581</u>	<u>3,581</u>	<u>3,129</u>
Basic earnings per share	<u>P 6.27</u>	<u>P 5.63</u>	<u>P 4.06</u>

Diluted earnings per share in the Parent Bank's financial statements were computed as follows:

	Parent Bank		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net profit	P 22,458*	P 20,499	P 12,714*
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	3,581	3,581	3,129
Potential common shares from assumed conversion of convertible preferred shares	*	75	*
Potential common shares from assumed conversion of stock option plan	<u>**</u>	<u>**</u>	<u>**</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares	<u>3,581</u>	<u>3,656</u>	<u>3,129</u>
Diluted earnings per share	<u>P 6.27</u>	<u>P 5.61</u>	<u>P 4.06</u>

* Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2014 and 2012.

** Potential common shares from assumed conversion of stock option plan are purchased in market and no additional issuance is expected to be made.

29. SELECTED FINANCIAL PERFORMANCE INDICATORS

(a) The following are some measures of BDO Unibank Group and Parent Bank's financial performance:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>BDO Unibank Group</u>			
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	13.4%	14.0%	11.7%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.3%	1.6%	1.3%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	3.2%	3.3%	3.4%
Return on common equity:			
$\frac{\text{Net profit}}{\text{Average common equity}}$	13.6%	14.3%	12.0%
Liquidity ratio:			
$\frac{\text{Total liquid resources}}{\text{Total resources}}$	38.1%	43.0%	35.3%
Debt to equity:			
$\frac{\text{Total liabilities}}{\text{Total equity}}$	937.3%	917.8%	704.3%
Resources to equity:			
$\frac{\text{Total resources}}{\text{Total equity}}$	1,037.3%	1,017.8%	804.3%
Interest rate coverage:			
$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	319.0%	284.2%	190.1%
Profit margin:			
$\frac{\text{Net profit}}{\text{Revenues}}$	24.5%	25.6%	18.5%

	2014	2013	2012
<u>BDO Unibank Group</u>			
Capital to risk resources ratio*:			
Combined credit, market and operational risks	14.4%	15.5%	19.2%
* Computed using balances prepared under PFRS			
<u>Parent Bank</u>			
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	14.3%	13.5%	11.2%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.4%	1.5%	1.2%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	3.2%	3.3%	3.3%
Return on common equity:			
$\frac{\text{Net profit}}{\text{Average common equity}}$	14.5%	13.8%	11.5%
Liquidity ratio:			
$\frac{\text{Total liquid resources}}{\text{Total resources}}$	37.4%	41.7%	34.1%
Debt to equity:			
$\frac{\text{Total liabilities}}{\text{Total equity}}$	964.0%	950.6%	729.1%
Resources to equity:			
$\frac{\text{Total resources}}{\text{Total equity}}$	1,064.0%	1,050.6%	829.1%
Interest rate coverage:			
$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	324.4%	268.4 %	182.1%
Profit margin:			
$\frac{\text{Net profit}}{\text{Revenues}}$	25.9%	25.2%	17.8 %

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Parent Bank</u>			
Capital to risk resources ratio*:			
Combined credit, market and operational risk	13.1%	13.3%	17.3%

* Computed using balances prepared under PFRS

(b) Secured liabilities and resources pledged as security are shown below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Aggregate amount of secured liabilities	<u>P 23,977</u>	<u>P 29,022</u>	<u>P 22,853</u>	<u>P 28,304</u>
Aggregate amount of resources pledged as security	<u>P 32,482</u>	<u>P 29,814</u>	<u>P 29,695</u>	<u>P 27,734</u>

30. EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 10, 2015, the Parent Bank's BOD approved the declaration of cash dividends on the Parent Bank's common shares of P0.30 per share as of end of each quarter in 2015 or a total of P1.20. The cash dividend declaration is pending approval from the BSP as of audit report date.

On January 31, 2015, the Parent Bank's BOD approved the declaration of annual cash dividends on preferred shares "Series A" at the rate of 6.5% per annum of the par value for a total dividend of P339. The said dividend declaration is pending approval from the BSP as of audit report date.

31. COMMITMENTS AND CONTINGENCIES

31.1 Litigations

BDO Unibank Group has pending claims and/or is a defendant in various legal actions arising from the ordinary course of business operations. As of December 31, 2014, management believes that no such legal proceedings are expected to have material adverse effect on BDO Unibank Group's financial position.

The Parent Bank was a respondent in two arbitration proceedings under the International Chamber of Commerce (ICC) arising from isolated transactions, i.e., the sale of its equity investments.

31.1.1 Sale of Bankard

BDO (as successor in interest of EPCIB), as respondent, and RCBC Capital Corporation (“RCBC Capital”), as claimant, were involved in international arbitration proceedings involving the Sale and Purchase Agreement (“SPA”) executed between RCBC Capital and EPCIB in May 2000, whereby EPCIB sold to RCBC Capital its 67% stake in the outstanding capital stock of Bankard, Inc. (“Bankard”). RCBC Capital and BDO Unibank, Inc. reached a complete and final settlement of their claims in 2013 and the various cases between them have been terminated.

31.1.2 PEACe bonds

On October 18, 2001, the Bureau of Treasury (BTr), through an auction, offered ten-year zero coupon treasury bonds, called the PEACe Bonds, to Government Securities Eligible Dealers.

Rizal Commercial Banking Corporation (RCBC) won the bid in the same year and was awarded approximately P35,000 worth of government bonds. The PEACe Bonds were subsequently purchased by investors, including BDO Unibank, who relied in good faith on representations that the same are not subject to 20% Final Withholding Tax (20% FWT).

On July 16, 2004, the Commissioner of Internal Revenue (the Commissioner) ruled that the mere issuance of government debt instruments and securities is deemed as falling within the coverage of deposit substitute irrespective of the number of lenders at the time of origination. Accordingly, government debt instruments and securities are not exempt from taxes.

On October 7, 2011, or nearly ten years after the auction, the Commissioner upon the request of the Secretary of Finance, issued a ruling stating that the PEACe Bonds are not exempt from the 20% FWT.

October 16, 2011, eight banks that purchased the PEACe Bonds filed a case in the Supreme Court to enjoin the BTr and BIR from withholding or collecting the 20% FWT, upon payment at maturity, as well as from enforcing the 2011 ruling.

On October 17, 2011, the BIR issued a second ruling stating that the 20% FWT should be imposed upon all subsequent holders of the PEACe Bonds.

On October 18, 2011, the Supreme Court unanimously resolved, and issued a temporary restraining order (TRO) which enjoined the government from implementing 2011 rulings that the PEACe Bonds were subject to 20% FWT. The Supreme Court instructed that the disputed amount should be placed in escrow by the petitioning banks.

On October 27, 2011, RCBC and RCBC Capital, and the Caucus of Development NGO Networks (Code NGO) as the original purchasers of the PEACe Bonds filed a Motion for Leave of Court to Intervene, which was granted by the Supreme Court on November 15, 2011.

On November 15, 2011, the Supreme Court required the Government to show cause why they failed to comply with the October 18, 2011 TRO and, required them to comply with said TRO within 10 days from notice, which would cause the return of the funds to the petitioning banks, for the latter to place in escrow.

While the Motion for Leave of Court to Intervene was granted by the Supreme Court as early as November 22, 2011, the Government filed its Comment on the Petitions-in-Intervention only on February 14, 2012, while the Petitioners-in-Intervention filed their respective Replies only on May 16, 2012 and June 6, 2012. The Supreme Court then issued a resolution dated June 19, 2012 noting the filing of pleadings and granting the Petitioners-in-Intervention's motions for extension.

On November 27, 2012, the Petitioning Banks filed a Manifestation With Urgent Reiterative Motion [To Direct Respondents to Comply with the Temporary Restraining Order] dated November 27, 2012 ("Manifestation/Reiterative Motion"), praying that the Supreme Court issue a resolution directing the Respondents to release to the Petitioners within a reasonable period the disputed 20% FWT to Petitioners to enable them to comply with the Honorable Court's "condition that the 20% final withholding tax on interest income therefrom shall be withheld by the banks and placed in escrow pending resolution of the subject petition".

On February 7, 2013, the Petitioners received Respondents' Motion asking for a period of thirty (30) days from February 4, 2013, or until March 6, 2013, to file their Comment (as directed by the Supreme Court) on the Manifestation/Reiterative Motion. In its Resolution dated February 12, 2013, the Supreme Court granted Respondents' Motion.

On April 17, 2013, the Petitioners received Respondents' Comment (On Petitioners' Manifestation with Urgent Reiterative Motion to Direct Respondents to Comply with the Temporary Restraining Order) dated April 11, 2013. On June 5, 2013, the Petitioners filed a Reply to said Comment. By Resolutions dated June 10, 2013 and July 9, 2013, respectively, the Supreme Court admitted the Petitioners-Intervenors RCBC and RCBC Capital's Reply and Petitioners' Reply. BDO Unibank Group is awaiting the resolution of the Supreme Court on the Manifestation with Urgent Reiterative Motion to Direct Respondents to Comply with the Temporary Restraining Order and further action on BDO Unibank Group's Petition.

Management believes that the petitioning banks have a strong case, and that the probability of recovery is high.

31.1.3 Others

BDO Unibank Group is also a defendant in various cases pending in courts for alleged claims against BDO Unibank Group, the outcomes of which are not fully determinable at present. As of December 31, 2014, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of BDO Unibank Group and will be recognized if and when a final resolution by the courts is made on each claim.

31.2 Leases

BDO Unibank Group leases the premises of its head office and most of its branch offices for periods ranging from 1 to 15 years from the date of the contracts; terms are renewable upon the mutual agreement of the parties. Rent expense, reported as part of Occupancy under Other Operating Expenses account in the statements of income, amounted to P2,199, P1,971 and P1,744 in 2014, 2013 and 2012, respectively, in BDO Unibank Group's financial statements and P2,131, P1,875 and P1,672 in 2014, 2013 and 2012, respectively, in the Parent Bank's financial statements (see Note 22).

As of December 31, 2014, the estimated minimum future annual rentals of BDO Unibank, Inc. and Parent Bank follow:

	BDO		
	<u>Unibank Group</u>		<u>Parent Bank</u>
Within one year	P 2,077	P	1,963
More than one year but not more than five years	10,398		9,802
More than five years	<u>3,908</u>		<u>3,768</u>
	<u>P 16,383</u>	<u>P</u>	<u>15,533</u>

31.3 Others

In the normal course of BDO Unibank Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, etc., which are not reflected in BDO Unibank Group financial statements. BDO Unibank Group recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. Management believes that, as of December 31, 2014 and 2013, no additional material losses or liabilities are required to be recognized in the financial statements of BDO Unibank Group as a result of the above commitments and contingencies.

Following is a summary of BDO Unibank Group's commitments and contingent accounts:

	Note	BDO Unibank Group		Parent Bank	
		2014	2013	2014	2013
Trust department accounts	25	P 817,447	P 771,372	P 597,537	P 581,097
Forward exchange sold		140,322	133,684	120,045	92,892
Committed credit lines		121,794	121,989	121,575	121,676
Forward exchange bought		121,434	117,517	98,584	76,726
Unused commercial letters of credit		54,109	37,423	54,109	37,423
ROP warrants		15,021	15,021	15,021	15,021
Interest rate swap receivable		8,756	7,670	5,900	6,474
Interest rate swap payable		8,756	7,670	5,900	6,474
Spot exchange sold		7,111	7,490	7,105	7,091
Bills for collection		6,978	7,375	6,978	7,375
Outstanding guarantees issued		3,446	664	3,446	664
Late deposits/payments received		3,318	2,534	3,318	2,534
Spot exchange bought		2,522	4,774	2,516	4,375
Export letters of credit confirmed		240	39	240	39
Credit default swap		-	133	-	-
Other contingent accounts		1,138	1,135	1,138	1,135

SUPPLEMENTARY SCHEDULES



Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors to Accompany SEC Schedules Filed Separately from the Basic Financial Statements

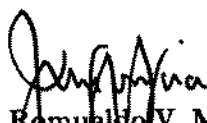
19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors
BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue, Makati City

We have audited the financial statements of BDO Unibank, Inc. and subsidiaries (together hereinafter referred to as the BDO Unibank Group) and BDO Unibank, Inc. (the Parent Bank) for the year ended December 31, 2014, on which we have rendered the attached report dated February 26, 2015. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) as of December 31, 2014 are presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68 and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 
Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 4748317, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until March 31, 2015)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

February 26, 2015

BDO Unibank, Inc. and Subsidiaries
SEC Supplementary Schedules
December 31, 2014

Table of Contents

<i><u>Schedule</u></i>	<i><u>Description</u></i>	<i><u>Page</u></i>
A	Marketable Securities - (Current Marketable Equity Securities and Other Short-Term Cash Investments)	<u>2</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates)	<u>3 - 4</u>
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements	<u>5</u>
D	Intangible Assets - Other Assets	<u>6</u>
E	Long-Term Debt	<u>7 - 8</u>
F	Indebtedness to Related Parties	<u>9</u>
G	Guarantees of Securities of Other Issuers	<u>10</u>
H	Capital Stock	<u>11</u>
SEC Circular 11		
	Reconciliation of Company Retained Earnings for Dividend Declaration	<u>12</u>
	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	<u>13 - 16</u>

BDO Unibank, Inc. and Subsidiaries
Schedule A - Financial Assets
December 31, 2014

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the balance sheet</i>	<i>Valued based on the market quotation at balance sheet date</i>	<i>Income received and accrued</i>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	P 120,628,673,607	P 3,608,849,074	P 3,608,849,074	P 1,067,802,406
Government securities	18,772,225,594	4,026,204,813	4,026,204,813	15,282,161
Unit investment trust fund	254,540	374,656,097	374,656,097	-
Sovereign bonds	134,160,000	155,608,867	155,608,867	3,634,432
Private debt securities	453,674,560	449,153,864	449,153,864	4,863,131
Private equity securities	39,434,267	135,999,351	135,999,351	-
Government owned and controlled corporations (GOCC) securities	13,416,000	17,624,775	17,624,775	79,866
		<u>8,768,096,841</u>	<u>8,768,096,841</u>	<u>1,091,661,996</u>
<u>Available-for-sale securities - net</u>				
Government debt securities	84,811,546,322	98,479,985,090	98,479,985,090	1,468,792,558
Private debt securities	59,470,797,813	61,175,062,190	61,175,062,190	881,689,806
Sovereign bonds	8,514,759,823	9,863,454,183	9,863,454,183	180,916,544
Private equity securities	1,170,523,335	10,010,620,620	10,010,620,620	-
GOCC debt securities	28,063,231,040	33,203,067,080	33,203,067,080	220,795,361
GOCC equity securities	100,000	10,000,000.00	10,000,000.00	-
		<u>212,742,189,163</u>	<u>212,742,189,163</u>	<u>2,752,194,269</u>
		<u>P 221,510,286,004</u>	<u>P 221,510,286,004</u>	<u>P 3,843,856,265</u>

BDO Unibank, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2014

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current*	Not current**	
Amounts Due from Related Parties:							
14 678 Property Holdings Inc	P 1,693,821,566	P 15,887,264	P 1,709,708,830	P -	P -	P -	P -
18 2 Property Holdings Inc	533,927,944	4,997,218	538,925,162	-	-	-	-
19 1 Property Holdings Inc	66,237,610	614,978	66,852,588	-	-	-	-
6 24 Property Holdings Inc	1,237,349,554	11,569,824	1,248,919,378	-	-	-	-
6 3 Property Holdings Inc	619,879,942	460,081,895	625,821,487	-	454,140,350	-	454,140,350
Allfirst Equity Holdings Inc	6,001,648,962	16,059,751,710	16,095,399,996	-	5,966,000,676	-	5,966,000,676
Asia Pacific Technology Educational Foundation Inc	3,560,593	1,380,057	4,049,662	-	890,988	-	890,988
Best Rubber Corporation	-	20,052,361	25,278	-	20,027,083	-	20,027,083
Bluesteel Industries Inc	5,985,411	-	5,985,411	-	-	-	-
Belk Corporation	-	2,508,847,222	2,508,847,222	-	-	-	-
Carmen Copper Corporation	168,269,610	508,933,979	402,544,933	-	274,658,656	-	274,658,656
Costa Del Hamilo Inc.	832,587,083	762,177,818	860,268,001	-	315,072,188	419,424,712	734,496,900
Crescent Park 14 678 Property Holdings Inc	274,361,271	10,574,193	276,929,464	-	8,006,000	-	8,006,000
Crescent Park 18 2 Property Holdings Inc	81,126,352	760,524	81,886,876	-	-	-	-
Crescent Park 19 1 Property Holdings Inc	117,893,408	1,105,200	118,998,608	-	-	-	-
Crescent Park 6 24 Property Holdings Inc	214,832,625	2,010,803	216,843,428	-	-	-	-
Crescent Park 6 3 Property Holdings Inc	91,600,546	69,158,392	92,507,788	-	68,251,150	-	68,251,150
Fast Retailing Philippines Inc	100,153,333	319,444	100,472,777	-	-	-	-
Highlands Prime Inc.	500,762,396	901,005,630	900,629,637	-	90,087,847	411,050,542	501,138,389
Intercontinental Devt Corp	135,236,712	8,119,825	9,472,192	-	133,884,345	-	133,884,345
International Toyworld Inc	150,237,222	154,054,708	154,113,180	-	150,178,750	-	150,178,750
Kultura Store Inc	70,170,000	71,897,430	71,949,791	-	70,117,639	-	70,117,639
Madison Shopping Plaza Inc.	100,126,389	101,590,694	201,717,083	-	-	-	-
Mainstream Business Inc.	250,315,972	153,750,833	404,066,805	-	-	-	-
Mandurriao Star Inc.	300,661,111	205,851,180	306,176,180	-	200,336,111	-	200,336,111
Manila Southern Associates Inc.	300,943,056	254,879,444	405,570,417	-	150,252,083	-	150,252,083
Market Strategic Firm Inc.	100,126,389	1,640,972	101,767,361	-	-	-	-
Mercantile Stores Group Inc.	300,661,111	256,547,986	306,655,278	-	250,553,819	-	250,553,819
Meridien Business Leader Inc.	350,583,333	308,464,305	358,543,471	-	300,504,167	-	300,504,167
Metro Main Star Asia Corp	300,879,167	409,808,611	310,107,222	-	400,580,556	-	400,580,556
Metro Manila Shopping Mecca Corp	200,379,167	206,087,500	206,130,556	-	200,336,111	-	200,336,111
Mindanao Shoppers Daily Destination Corp	551,042,708	484,832,166	615,508,207	-	420,366,667	-	420,366,667
Mindanao Shopping Destination Corp	100,126,389	102,376,389	122,411,111	-	80,091,667	-	80,091,667
Miniam College Foundation Inc.	6,079,480	288,777	4,341,764	-	2,026,493	-	2,026,493
Multi Realty Development Corporation	3,469,755,278	3,376,105,625	3,939,436,597	-	2,906,424,306	-	2,906,424,306
My Shoppinglane Cebu Corp	200,379,167	54,118,750	254,497,917	-	-	-	-
Nursery Care Corporation	100,318,333	102,913,861	103,042,750	-	100,189,444	-	100,189,444
Philippine Integrated Meat Corporation	1,269,387,345	68,182,815	68,182,815	-	-	1,269,387,345	1,269,387,345
Romer Mercantile Inc	14,504,106,036	44,297,826,356	43,720,274,216	-	15,081,658,176	-	15,081,658,176
Russfield Holdings Corp	-	30,144,375	110,000	-	30,034,375	-	30,034,375
Sanford Marketing Corporation	2,211,977,778	2,269,260,555	2,277,541,111	-	2,203,697,222	-	2,203,697,222
SM Development Corporation	5,003,267,123	273,131,507	5,276,398,630	-	-	-	-
Sports Central (Manila) Inc	100,291,667	103,781,528	103,831,528	-	100,241,667	-	100,241,667
Super Shopping Market Inc.	1,352,437,500	1,337,225,625	1,387,669,375	-	1,301,993,750	-	1,301,993,750
Supplies Station Inc.	15,040,833	15,317,708	15,347,083	-	15,011,458	-	15,011,458

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current*	Not current**	
Surplus Marketing Corporation	20,095,278	20,493,750	20,566,111	-	20,022,917	-	20,022,917
Sy, Henry Sr.	150,311,458	154,700,417	154,840,000	-	150,171,875	-	150,171,875
Sysmart Corporation	619,941,875	756,077,233	636,106,150	-	739,912,958	-	739,912,958
Tqm Construction Corp.	-	4,985,562	511,951	-	4,473,611	-	4,473,611
L.V. Locsin Condominium Corp.	5,202,149	-	1,734,149	-	3,468,000	-	3,468,000
L.V. Locsin Condominium Corp.	9,251,281	-	2,707,697	-	6,543,584	-	6,543,584
Westech WIPI Manufacturing Corp.	11,536,680	-	4,614,672	-	6,922,008	-	6,922,008
Ariece Enterprises	2,337,053	-	2,337,053	-	-	-	-
Giron, Sps. Conrado I. & Dalisay G.	594,556	-	594,556	-	-	-	-
Bautista, Sps. Arnold S. and Venus T./Four Sha Integ. Farm	2,814,523	-	274,740	-	2,539,783	-	2,539,783
Martínez Vergara Gonzales & Serrano	-	60,000,000	-	-	60,000,000	-	60,000,000
	<u>44,810,612,325</u>	<u>76,983,684,999</u>	<u>87,404,766,245</u>	<u>-</u>	<u>32,289,668,480</u>	<u>2,099,862,599</u>	<u>34,389,531,079</u>
Loans to Officers and Employees:							
Cotoco Antonio N	3,007,792	2,532,450	5,540,242	-	-	-	-
Auto Loans	228,938,882	54,626,762	101,668,826	-	12,433,010	169,463,808	181,896,818
Home Loans	200,452,699	18,416,054	35,688,658	-	1,410,505	181,769,590	183,180,095
Salary Loans	946,112,886	680,022,160	687,252,800	-	115,171,294	823,710,952	938,882,246
Credit Card Loans	105,057,202	265,213,348	260,626,599	-	107,154,430	2,489,522	109,643,951
Direct Lease	2,177,656	1,183,907	1,846,477	-	1,515,086	-	1,515,086
	<u>1,485,747,117</u>	<u>1,021,994,681</u>	<u>1,092,623,602</u>	<u>-</u>	<u>237,684,325</u>	<u>1,177,433,872</u>	<u>1,415,118,196</u>
Loans to Stockholders:							
SM Investments Corporation	7,185,400,828	1,485,176,540	8,670,577,368	-	-	-	-
SM Prime Holdings, Inc	-	6,058,500,000	6,058,500,000	-	-	-	-
Sybase Equity Investments Corporation	12,291,634,226	20,990,626,699	21,236,458,981	-	12,045,801,944	-	12,045,801,944
	<u>19,477,035,054</u>	<u>28,534,303,239</u>	<u>35,965,536,349</u>	<u>-</u>	<u>12,045,801,944</u>	<u>-</u>	<u>12,045,801,944</u>
Loans to Directors:							
Andres, Jesse Hermogenes Torres	-	2,127,792	265,974	-	1,861,818	-	1,861,818
	<u>P 65,773,394,496</u>	<u>P 106,542,110,711</u>	<u>P 124,463,192,170</u>	<u>P -</u>	<u>P 44,575,016,567</u>	<u>P 3,277,296,471</u>	<u>P 47,852,313,037</u>

*Due within one year

**Due beyond one year

BDO Unibank, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2014

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Current*	Non-current**	Balance at end of period
			Amounts collected	Amounts written off			
BDO Capital & Investment Corporation	P 2,359,843,210	P 25,819,484,945	P 25,804,590,067	P -	P 2,374,738,088	P -	P 2,374,738,088
BDO Insurance Brokers, Inc.	59,757,376	28,666,087	59,757,376	-	28,666,087	-	28,666,087
BDO Leasing & Finance, Inc.	6,119,813,518	22,558,308,542	24,291,097,261	-	4,387,024,799	-	4,387,024,799
BDO Remittance (USA), Inc.	71,290,978	6,293,309,113	6,330,055,079	-	34,545,012	-	34,545,012
BDO Remit Limited	21,128,363	102,118,554	97,813,989	-	25,432,928	-	25,432,928
BDO Strategic Holdings, Inc. (BDOSHI)	99,089,676	53,570	95,755,750	-	3,387,496	-	3,387,496
BDORO Europe, Ltd.	1,150,861,698	29,202,847	76,244,752	-	1,103,819,793	-	1,103,819,793
Express Padala (Hongkong) Ltd.	2,112,544	186,155,483	188,268,027	-	-	-	-
Express Padala Frankfurt GmbH	8,778,356	1,965,836,704	1,974,615,060	-	-	-	-
	<u>P 9,892,675,719</u>	<u>P 56,983,135,845</u>	<u>P 58,918,197,361</u>	<u>P -</u>	<u>P 7,957,614,203</u>	<u>P -</u>	<u>P 7,957,614,203</u>

*Due within one year

**Due beyond one year

BDO Unibank, Inc. and Subsidiaries
Schedule D - Intangible Assets - Other Assets
December 31, 2014

<i>Description</i>		<i>Beginning balance</i>	<i>Additions at Cost</i>	<i>Deductions</i>			<i>Ending balance</i>
				<i>Charged to cost and expenses</i>	<i>Charged to other accounts</i>	<i>Other changes additions (deductions)</i>	
Goodwill - net	P	162,784,396	P 338,784	(P 61,829,842)	P -	P -	P 101,293,338
Licenses & Franchises		551,296,056	4,080,193,846	(304,530,287)	-	-	4,326,959,615
Trading Rights		10,475,000	1,000,000	-	-	-	11,475,000
Customer List		-	528,585,296	-	-	-	528,585,296
Deferred Charges		-	3,455,274	-	-	-	3,455,274
	P	<u>724,555,452</u>	<u>P 4,613,573,201</u>	<u>(P 366,360,129)</u>	<u>P -</u>	<u>P -</u>	<u>P 4,971,768,523</u>

BDO Unibank, Inc. and Subsidiaries
Schedule E - Long-Term Debt
December 31, 2014

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>	<i>Interest Rate</i>	<i>Maturity Date</i>
Senior Notes					
Senior Notes 1	P 13,502,316,843	P 99,641,750	13,402,675,093	3.875%	April 22, 2016
Senior Notes 2	13,608,194,609	226,395,000	13,381,799,609	4.500%	February 16, 2017
	<u>27,110,511,452</u>	<u>326,036,750</u>	<u>26,784,474,702</u>		
Unsecured Subordinated Debt (Tier2)	<u>10,030,079,459</u>	<u>30,079,459</u>	<u>10,000,000,000</u>	5.188%	March 10, 2025
Bills Payable (Deutsche Bank)	<u>541,245,415</u>	<u>4,605,415</u>	<u>536,640,000</u>	1.850%	January 18, 2017
Bills Payable - Others					
Standard Chartered Bank	6,712,154,562	4,154,562	6,708,000,000	1.593%	June 20, 2016
Standard Chartered Bank	<u>2,237,679,497</u>	<u>1,679,497</u>	<u>2,236,000,000</u>	1.591%	June 20, 2016
	<u>8,949,834,059</u>	<u>5,834,059</u>	<u>8,944,000,000</u>		
Development Bank of the Philippines (DBP)					
	-	3,402,142	3,116,667	4.000%	November 29, 2016
	<u>612,750,000</u>	<u>408,500,000</u>	<u>204,250,000</u>	3.250%	June 30, 2016
	<u>612,750,000</u>	<u>411,902,142</u>	<u>207,366,667</u>		
Resources and Realty Ventures	<u>6,750,000</u>	-	<u>6,750,000</u>	n/a	n/a
BDORO	<u>5</u>	-	<u>5</u>	n/a	n/a
Landbank of the Philippines (LBP)	-	<u>5,655,639</u>	<u>4,212,500</u>	4.020%	August 26, 2016
Social Security System (SSS)	-	283,772	159,973	8.00% - 12.00%	2016
	-	4,712,726	8,785,877	5.00% - 12.00%	2017
	-	132,602	355,441	8.00% - 12.00%	2018
	-	19,634	93,562	10.000%	October 21, 2019
	-	42,459	238,581	8.000%	2020
	-	862,281	7,080,525	5.00% - 12.00%	2021
	-	1,241,263	11,309,021	5.00% - 12.00%	2022
	-	422,253	5,891,163	8.00% - 12.00%	2023
	-	60,387	964,701	10.00% - 12.00%	2024
	-	<u>143,422</u>	<u>2,293,155</u>	9.00% - 10.00%	2025
	-	<u>7,920,799</u>	<u>37,171,999</u>		

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>	<i>Interest Rate</i>	<i>Maturity Date</i>
The Export-Import Bank of Korea "KEXIM"	2,319,850,000	939,374,589	1,391,910,000	2.430%	April 19, 2017
	1,296,880,000	164,442,425	1,134,770,000	2.080%	April 19, 2019
	614,900,000	224,925,055	391,300,000	1.580%	August 14, 2017
	<u>301,860,000</u>	<u>100,936,936</u>	<u>201,240,000</u>	1.890%	December 12, 2017
	<u>4,533,490,000</u>	<u>1,429,679,005</u>	<u>3,119,220,000</u>		
United Overseas Bank Limited, Singapore	2,240,627,651	-	2,240,627,651	1.532%	May 16, 2016
Bank of America, N.A., Singapore Branch	279,753,066	-	279,753,066	1.591%	June 20, 2016
Commerzbank Aktiengesellschaft Frankfurt	279,753,066	-	279,753,066	1.591%	June 20, 2016
Deutsche Bank AG, Singapore	156,661,717	-	156,661,717	1.591%	June 20, 2016
ING Bank N.V., Hongkong Branch	279,753,066	-	279,753,066	1.591%	June 20, 2016
Mizuho Bank Ltd - Singapore Branch	279,753,066	-	279,753,066	1.591%	June 20, 2016
National Bank of Kuwait S.A.K. Singapore	123,091,349	-	123,091,349	1.591%	June 20, 2016
Standard Chartered Bank, Singapore	279,753,066	-	279,753,066	1.591%	June 20, 2016
The Hongkong & Shanghai Banking Corporation, HK	279,753,066	-	279,753,066	1.591%	June 20, 2016
United Overseas Bank Limited, Singapore	279,753,066	-	279,753,066	1.591%	June 20, 2016
Bank of America, N.A., Singapore Branch	279,716,230	-	279,716,230	1.593%	June 20, 2016
Commerzbank Aktiengesellschaft Frankfurt	279,716,230	-	279,716,230	1.593%	June 20, 2016
Deutsche Bank AG, Singapore	156,641,089	-	156,641,089	1.593%	June 20, 2016
ING Bank N.V., Hongkong Branch	279,716,230	-	279,716,230	1.593%	June 20, 2016
Mizuho Bank Ltd - Singapore Branch	279,716,230	-	279,716,230	1.593%	June 20, 2016
National Bank of Kuwait S.A.K. Singapore	123,075,141	-	123,075,141	1.593%	June 20, 2016
Standard Chartered Bank, Singapore	279,716,230	-	279,716,230	1.593%	June 20, 2016
The Hongkong & Shanghai Banking Corporation, HK	279,716,230	-	279,716,230	1.593%	June 20, 2016
United Overseas Bank Limited, Singapore	<u>279,716,230</u>	<u>-</u>	<u>279,716,230</u>	1.593%	June 20, 2016
	<u>6,716,382,018</u>	<u>-</u>	<u>6,716,382,018</u>		
P	<u>58,501,042,409</u>	P <u>2,221,713,268</u>	P <u>56,356,217,892</u>		

BDO Unibank, Inc. and Subsidiaries
Schedule F - Indebtedness to Related Parties
December 31, 2014

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>

Unconsolidated Subsidiary :

NOT APPLICABLE

Other Related Parties:

NOT APPLICABLE

BDO Unibank, Inc. and Subsidiaries
Schedule G - Guarantees of Securities of Other Issuers (1)
December 31, 2014

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed and outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>

NOT APPLICABLE

BDO Unibank, Inc. and Subsidiaries
Schedule H - Capital Stock
December 31, 2014

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P10 par value						
Authorized	4,500,000,000					
Issued and outstanding		3,580,875,328		1,540,764,665	9,023,522	2,031,087,141
Preferred Shares - P10 par value						
Authorized	2,000,000,000					
Issued and outstanding		515,000,000		515,000,000		

BDO Unibank, Inc.
7899 Makati Avenue, Makati City

Reconciliation of Retained Earnings Available for Dividend Declaration

December 31, 2014

(Amounts in Millions)

Unappropriated Retained Earnings at Beginning of Year	P	47,035	
Prior Year's Outstanding Reconciling Items , net of tax			
Deferred tax income	(	<u>6,852</u>)	
Unappropriated Retained Earnings Available for			
Dividend declaration at beginning of Year, as Adjusted			<u>40,183</u>
Net Profit realized during the Year			22,797
Non -actual/unrealized income, net of tax			
Unrealized foreign exchange gain - net	(P	583)	
Fair value adjustment (MTM gains)	(	46)	
Deferred tax income	(	<u>626</u>)	(<u>1,255</u>)
Net income actually earned during the period			21,542
Other Transactions During the Year			
Dividend declarations during the period	(	7,859)	
Appropriations of Retained Earnings during the period	(	<u>257</u>)	(<u>8,116</u>)
Unappropriated Retained Earnings Available for			
Dividend Declaration at End of Year	P		<u>53,609</u>

BDO UNIBANK, INC. AND SUBSIDIARIES

**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**

Philippine Financial Reporting Standards and Interpretations		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters **	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters **	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters **	✓		
	Amendment to PFRS 1: Government Loans **	✓		
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures** (effective when PFRS 9 is first applied)	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments * (effective January 1, 2018)			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception * (effective January 1, 2016)			✓
PFRS 11	Joint Arrangements	✓		
	Amendment to PFRS 11: Transition Guidance	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception * (effective January 1, 2016)			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts * (effective January 1, 2018)			✓

Philippine Accounting Standards (PAS) and Interpretations		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation**	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative * (effective January 1, 2016)			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions * (effective July 1, 2014)			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation **	✓		
	Amendment to PAS 32: Classification of Rights Issues **	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		

Philippine Financial Reporting Standards and Interpretations		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions **	✓		
	Amendments to PAS 39: The Fair Value Option **	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts **	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives **	✓		
	Amendment to PAS 39: Eligible Hedged Items **	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting **	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities **	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction **	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation **	✓		
IFRIC 17	Distributions of Non-cash Assets to Owners **	✓		
IFRIC 18	Transfers of Assets from Customers **	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments **	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Leases	✓		

Philippine Interpretations - Standing Interpretations Committee (SIC)		Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers **	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders **	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services **	✓		
SIC-32	Intangible Assets - Web Site Costs **	✓		

* These standards will be effective for periods subsequent to 2014 and are not early adopted by the Group.

** These standards have been adopted in the preparation of financial statements but the Group has no significant transactions covered in both years presented.

BDO Unibank, Inc. Subsidiaries and Affiliates
Organizational Chart
As of 31 December 2014

