

COVER SHEET

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

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

(COMPANY'S FULL NAME)  
B D O C O R P O R A T E C E N T E R , 7 8 9 9  
M A K A T I A V E N U E , M A K A T I C I T Y  
(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

RUBY A. CRUZ  
Contact Person  
856-7434/840-7000 loc 4575  
Company Telephone Number

0 6 3 0  
Month Day  
S E C 1 7 - Q  
Form Type  
Every last Friday of the month of May  
Annual Meeting

Secondary License type, if applicable

C F D  
Dept. Requiring this Doc.  
  
Amended Articles Number/Section

12,811  
Total No.of Stockholders  
Total Amount of Borrowings  
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number  
  
LCU  
  
Document I.D.  
  
Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended June 30, 2015.
2. Commission identification number 34001      3. BIR Tax Identification No. 000-708-174-000

BDO UNIBANK, INC.

4. Exact name of issuer as specified in its charter

Makati City, Philippines

5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code (For SEC Use Only)

BDO Corporate Center, 7899 Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

856-7434/840-7000 LOC 4575

8. Issuer's Telephone number, including area code

NA

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

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

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

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

Yes ☒ No. ☐

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

12. Indicate by check mark whether the registrant:

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


Yes ☒ No. ☐

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

Yes ☒ No. ☐

SEC FORM 17-Q

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

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

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

SUBSCRIBED AND SWORN TO before me this JUL 24 2015 day of July,  
2015, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	Passport - EB1933736 CTC - 04952159	02.17.2011/Manila 02.27.2015/Makati City

Doc. No. 196  
Page No. 41  
Book No. I  
Series of 2015

Notary Public  
  
Atty. REAGAN C. OLIVA  
Notary Public for Makati City, Philippines  
until 31 December 2016  
Appointment No. M-184  
14/F BDO North Tower, BDO Corporate Center  
7299 Makati Avenue, Makati City  
Roll No. 43988  
IBP No. 6951263, 1/5/2015, Quezon City  
PTR No. 4754366, 1/6/2015, Makati City  
MCLE Compliance No. IV-0017090, 4/16/2013

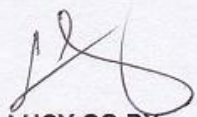
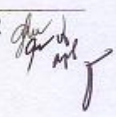
\* To be signed by any of the following officers pursuant to a Board Resolution filed with the Commission

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

## SIGNATURES

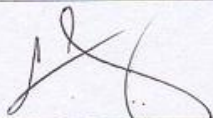
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... BDO UNIBANK, INC.

Signature and Title.....  
  
LUCY CO DY  
EVP/COMPTROLLER 

Date..... July 23, 2015

Principal Financial /Accounting  
Officer/Comptroller..... LUCY CO DY

Signature and Title.....  
  
EVP/COMPTROLLER

Date..... July 23, 2015



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

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

	As of June 30, 2015	Audited As of December 31, 2014
<b>RESOURCES</b>		
CASH AND OTHER CASH ITEMS	P 29,449	P 41,342
DUE FROM BANGKO SENTRAL NG PILIPINAS	257,996	269,542
DUE FROM OTHER BANKS	32,375	45,621
INVESTMENT SECURITIES		
At Fair Value Through Profit or Loss	10,640	8,768
Available-for-Sale – net	229,258	212,742
LOANS AND OTHER RECEIVABLES—net	1,242,514	1,212,930
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net	22,107	21,093
INVESTMENT PROPERTIES	12,528	13,861
EQUITY INVESTMENTS – net	5,689	5,332
DEFERRED TAX ASSETS	5,915	6,033
OTHER RESOURCES - net	24,735	26,385
<b>TOTAL RESOURCES</b>	<b>P 1,873,206</b>	<b>P 1,863,649</b>
<b>LIABILITIES AND CAPITAL FUNDS</b>		
DEPOSIT LIABILITIES	P	P
Demand	85,242	85,807
Savings	914,956	872,976
Time	520,218	533,499
Total Deposit Liabilities	1,520,416	1,492,282
BILLS PAYABLE	98,451	100,361
SUBORDINATED NOTES PAYABLE	10,030	10,030
OTHER LIABILITIES	63,757	81,307
Total Liabilities	1,692,654	1,683,980
<b>EQUITY</b>		
Attributable to Shareholders of the Parent Company	179,950	179,036
Minority Interest	602	633
Total Equity	180,552	179,669
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 1,873,206</b>	<b>P 1,863,649</b>
<b>CONTINGENT</b>		
Trust department accounts	P 845,285	P 817,447
Unused commercial letters of credit	44,208	54,109
Outstanding guarantees issued	9,722	3,446
Export L/Cs Confirmed	2,087	240
Bills for collection	7,146	6,978
Late deposits/payment received	2,318	3,318
Spot Exchange Bought	13,093	2,522
Spot Exchange Sold	20,006	7,111
Forward Exchange Bought	131,447	121,434
Forward Exchange Sold	143,057	140,322
Interest Rate Swap Receivable	13,244	8,756
Interest Rate Swap Payable	13,244	8,756
Other Contingent Accounts	146,406	137,953
<b>TOTAL CONTINGENT ACCOUNTS</b>	<b>P 1,391,263</b>	<b>P 1,312,392</b>

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

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

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

	For the six-month Period ended <u>June 30, 2015</u>	For the six-month Period ended <u>June 30, 2014</u>	For the Quarter ending <u>June 30, 2015</u>	For the Quarter ending <u>June 30, 2014</u>
INTEREST INCOME ON				
Loans and Receivables	P 30,042	P 25,374	P 15,481	P 13,050
Investment Securities	3,723	3,759	1,849	1,761
Due from Other Banks	499	1,396	167	594
Others	<u>7</u>	<u>6</u>	<u>4</u>	<u>3</u>
Total Interest Income	<u>34,271</u>	<u>30,535</u>	<u>17,501</u>	<u>15,408</u>
INTEREST EXPENSE ON				
Deposit liabilities	5,863	5,010	3,017	2,513
Bills Payable and Others	<u>1,336</u>	<u>954</u>	<u>668</u>	<u>457</u>
Total Interest Expense	<u>7,199</u>	<u>5,964</u>	<u>3,685</u>	<u>2,970</u>
NET INTEREST INCOME	<u>27,072</u>	<u>24,571</u>	<u>13,816</u>	<u>12,438</u>
IMPAIRMENT LOSSES	<u>2,133</u>	<u>2,553</u>	<u>965</u>	<u>1,260</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>24,939</u>	<u>22,018</u>	<u>12,851</u>	<u>11,178</u>
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	7,580	7,078	3,987	3,691
Trading Gain – net	4,388	4,110	1,223	2,372
Trust Fees	1,411	1,260	720	642
Foreign Exchange Gain/(Loss) – net	984	179	719	(309)
Miscellaneous – net	<u>2,058</u>	<u>1,764</u>	<u>1,000</u>	<u>917</u>
Total Other Operating Income	<u>16,421</u>	<u>14,391</u>	<u>7,649</u>	<u>7,313</u>
OTHER OPERATING EXPENSES				
Employee Benefits	9,252	8,206	5,435	4,839
Occupancy	3,116	2,710	1,606	1,393
Taxes and licenses	2,980	2,697	1,445	1,351
Security, Clerical, Messengerial and Janitorial	1,263	1,182	651	608
Insurance	1,585	1,353	796	680
Advertising	1,292	1,377	613	681
Litigation/Assets Acquired	66	286	32	143
Miscellaneous	<u>7,149</u>	<u>6,424</u>	<u>2,826</u>	<u>2,640</u>
Total Other Operating Expenses	<u>26,703</u>	<u>24,235</u>	<u>13,404</u>	<u>12,335</u>
INCOME BEFORE TAX	<u>14,657</u>	<u>12,174</u>	<u>7,096</u>	<u>6,156</u>
TAX EXPENSE (INCOME)	<u>2,916</u>	<u>1,119</u>	<u>1,482</u>	<u>572</u>
NET INCOME AFTER TAX	P <u><u>11,741</u></u>	P <u><u>11,055</u></u>	P <u><u>5,614</u></u>	P <u><u>5,584</u></u>
ATTRIBUTABLE TO:				
Equity holders of the parent	P 11,723	P 11,048	P 5,602	P 5,574
Minority Interest	<u>18</u>	<u>7</u>	<u>12</u>	<u>10</u>
	P <u><u>11,741</u></u>	P <u><u>11,055</u></u>	P <u><u>5,614</u></u>	P <u><u>5,584</u></u>
AVERAGE COMMON STOCK	3581	3851	3581	3581
INCOME PER SHARE (See annex A)				
Basic	3.18	2.99	1.56	1.56
Diluted	3.18	2.99	1.55	1.54

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

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

STATEMENTS OF COMPREHENSIVE INCOME  
*(Amounts in Millions of Pesos)*

	For the six-month period ending June 30, 2015	For the six-month period ending June 30, 2014
NET PROFIT	<u>11,741</u>	<u>11,055</u>
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	(2,884)	1,198
Translation adjustment related to foreign operations	(22)	(26)
Other Comprehensive Income, net of tax	<u>(2,906)</u>	<u>1,172</u>
Items that will not be reclassified to profit or loss:		
Reversal of revaluation increment	(19)	
Actuarial gains (losses) on remeasurement of retirement benefit asset, net of tax	<u>(4)</u>	<u>(1)</u>
	<u>(23)</u>	<u>(1)</u>
Total Other Comprehensive Income, Net of Tax	<u>(2,929)</u>	<u>1,171</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u><u>8,812</u></u>	<u><u>12,226</u></u>
Attributable To:		
Shareholders of the Parent Bank	8,773	12,226
Non-controlling Interest	<u>39</u>	<u>0</u>
	<u><u>8,812</u></u>	<u><u>12,226</u></u>

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

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

STATEMENTS OF CHANGES IN EQUITY  
COMPARATIVE PERIODS ENDED JUNE 30, 2015 AND 2014  
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid- in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain(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 Interest	Total Equity
Balance at January, 2015	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
Transactions with owners													
Common Stocks Redemption						(7,859)					0	(27)	(27)
Cash Dividend						(7,859)					(7,859)	(43)	(7,902)
Total transactions with owners	0	0	0	0	0	(7,859)	0	0	0	0	(7,859)	(70)	(7,929)
Total comprehensive income						11,723	(2,898)	(4)	(19)	(29)	8,773	39	8,812
Transfer to/(from) Surplus Free													
Additional appropriation				900		(900)					0		0
Trust reserve				44		(44)					0		0
Self Insurance				13		(13)					0		0
	0	0	0	957	0	(957)	0	0	0	0	0	0	0
Balance at June 30, 2015	P 35,808	P 5,150	P 63,908	P 4,411	P 12	P 73,149	P 67	(P 3,458)	P 1,008	(P 105)	P 179,950	P 602	P 180,552
Balance at January, 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
Transactions with owners													
Cash Dividends						(7,859)					(7,859)	(44)	(7,903)
Total transactions with owners	0	0	0	0	0	(7,859)	0	0	0	0	(7,859)	(44)	(7,903)
Total comprehensive income						11,048	1,207	(1)	0	(28)	12,226	0	12,226
Transfer to/(from) Surplus Free													
Trust reserve				36		(36)					0		0
	0	0	0	36	0	(36)	0	0	0	0	0	0	0
Balance at June 30, 2014	P 35,808	P 5,150	P 63,908	P 3,030	P 12	P 58,909	P 3,816	(P 3,408)	P 1,027	(P 174)	P 168,078	P 599	P 168,677



BDO UNIBANK, INC. & SUBSIDIARIES  
CASH FLOW STATEMENTS  
FOR THE PERIODS ENDED JUNE 30, 2015 AND 2014  
(Amounts in Millions of Pesos)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	14,657	12,174
Adjustments for:		
Interest income	(34,271)	(30,535)
Interest received	34,698	31,015
Interest expense	7,199	5,964
Interest paid	(7,426)	(6,263)
Impairment losses	2,133	2,553
Depreciation and amortization	1,845	1,533
Share in (profit)loss of associates	(383)	(308)
Fair value loss (gain)	288	191
Operating profit before changes in operating resources and liabilities	18,740	16,324
Decrease (increase) in financial assets at fair value through profit or loss	(2,186)	585
Decrease (increase) in loans and other receivables	(17,207)	(85,436)
Decrease (increase) in investment properties	1,048	612
Decrease (increase) in other resources	(621)	(2,106)
Increase (decrease) in deposit liabilities	28,356	20,859
Increase (decrease) in other liabilities	(21,743)	(7,245)
Cash generated from (used in) operations	6,387	(56,407)
Cash paid for income tax	(1,874)	(801)
Net Cash From (Used in) Operating Activities	4,513	(57,208)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of premises, furniture, fixture and equipment	(2,573)	(2,492)
Proceeds from disposals of premises, furniture, fixture and equipment	119	15
Proceeds from disposal of available-for-sale securities	236,611	239,150
Acquisition of available-for-sale securities	(255,983)	(205,270)
Net Cash From (Used in) Investing Activities	(21,826)	31,403
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from(payment of) bills payable	(1,904)	(7,960)
Proceeds from (redemption of) subordinated notes payable	0	(3,000)
Dividends paid	(2,531)	(2,532)
Net Cash From (Used in) Financing Activities	(4,435)	(13,492)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(21,748)	(39,297)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Cash and other cash items	41,342	27,824
Due from Bangko Sentral ng Pilipinas	269,542	408,383
Due from other banks	45,621	26,939
SPURRA	86,173	8,407
	442,678	471,553
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and other cash items	29,449	22,616
Due from Bangko Sentral ng Pilipinas	257,996	343,266
Due from other banks	32,375	32,866
SPURRA	101,110	33,508
	420,930	432,256

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE

As of June 30, 2015

(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK TERM LOANS RECEIVABLES	P 32,383	P 0	P 0	P 0	P 0	32,383
B. LOANS AND RECEIVABLES	P 1,214,324	P 6,871	P 2,341	P 6,456	P 2,625	1,232,617
Loans & Discounts	961,948	4,922	1,720	3,129	2,334	974,053
Agra-Agri Loans	52,986	93	1	21	0	53,101
Bills Purchased	8,884	0	0	24	1	8,909
Customers Liability on Draft under LC/TR	43,854	10	0	564	21	44,449
Customers Liability for this Bank's Acceptances	4,762	0	0	0	0	4,762
Credit Card Receivables	33,596	1,738	567	353	196	36,450
Restructured Loans	34	0	0	915	54	1,003
Other Loans & Receivables	6,305	108	53	1,280	19	7,765
Reverse Repurchase Agreement	101,110	0	0	0	0	101,110
Unquoted Debt Securities Classified as Loans	845	0	0	170	0	1,015
C. ACCOUNTS RECEIVABLE	P 4,291	P 2,523	P 248	P 601	P 4	7,667
TOTAL	P 1,250,998	P 9,394	P 2,589	P 7,057	P 2,629	1,272,667

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

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

NO. OF SHARES – COMMON As of June	2015		2014	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,581		3,581	
February	3,581		3,581	
March	3,581		3,581	
April	3,581		3,581	
May	3,581		3,581	
June	3,581	3,581	3,581	3,581
Weighted Average		<u>3,581</u>		<u>3,581</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		11,723		11,048
Less: Dividends on preferred shares		<u>339</u>		<u>339</u>
Net profit available to common shares		<u>11,384</u>		<u>10,709</u>
Divided by the weighted average number of outstanding common shares		<u>3,581</u>		<u>3,581</u>
<b>Basic Earnings per share</b>		<b><u>3.18</u></b>		<b><u>2.99</u></b>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		11,384		10,709
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		3,581		3,581
Potential common shares from assumed conversion of preferred shares		0		0
Potential common shares from assumed conversion of stock option plan		<u>0</u>		<u>0</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares		<u>3,581</u>		<u>3,581</u>
<b>Diluted Earnings Per Share</b>		<b><u>3.18</u></b>		<b><u>2.99</u></b>

Note:

*\*Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2015 and 2014.*

CHECKLIST OF REQUIRED DISCLOSURES  
BANCO DE ORO UNIBANK, INC.  
For the six months ended: June 30, 2015

FINANCIAL INFORMATION

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

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

The Bank has also opted not to implement early adoption of PFRS 9 for its 2014 and 2015 financial reporting. An impact evaluation was conducted on the second quarter of 2015 using the audited financial data as of December 31, 2014. The next impact evaluation study will be done on the second quarter of 2016 using audited financial data as of December 31, 2015.

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

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

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

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

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


Remarks: NONE

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

Remarks: NONE

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

On April 6, 2015 the Bank issued P7.5 worth of Long-Term Negotiable Certificates of Deposit. Proceeds of the issuance were used to support the Bank's loan growth.





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

On January 10, 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. The first and second quarter cash dividends were paid on April 24, 2015 and June 26, 2015, respectively, while the third and fourth quarter cash dividends are set to be paid on September 25, 2015 and December 28, 2015, respectively.

On January 31, 2015, 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 March 5, 2015 and the dividends were paid on April 15, 2015.

On April 24, 2015, the Board of Directors of BDO approved the declaration of special cash dividends on common shares at the rate of P0.90 per share. BSP approval was obtained on June 10, 2015 and the dividends are set to be paid on July 31, 2015.

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

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

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

On July 20, 2015, the Bank successfully completed its acquisition of One Network Bank, Inc. The acquisition expands the regional presence of BDO in the country, particularly in its target market in the southern Philippines.

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

Remarks: NONE

7.j Changes in contingent liabilities or contingent assets from December 31, 2014.

- Total Contingent Accounts went up 6% to P1.4 trillion from the following:
  - Outstanding Guarantees Issued and Export L/Cs Confirmed surged 182% and 770%, to P9.7 billion and P2.1 billion, respectively, owing to larger volume of trade transactions.
  - Increased treasury activities resulted in the following:
    - Spot Exchange Bought and Sold soared 419% and 181% to P13.1 billion and P20.0 billion, respectively
    - Forward Exchange Bought rose 8% to P131.4 billion
    - Interest Rate Swap Receivable and Payable climbed 51% apiece to P13.2 billion





- Other Contingent Accounts went up 6% to P146.4 billion from a higher level of committed credit lines.
- Unused L/Cs and Late Deposits and Payments Received dropped 18% and 30% to P44.2 billion and P2.3 billion, respectively, on account of lower volume of outstanding transactions as of the cut-off date.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### I. Balance Sheet – June 2015 vs. December 2014

- Cash and Other Cash Items dropped 29% to P29.4 billion as year-end 2014 level was high from deposits generated during the Christmas season.
- Due from Other Banks slid 29% to P32.4 billion due to lower volume of placements and working balances with correspondent banks.
- Investment Securities grew 8% to P239.9 billion, as excess liquidity was temporarily placed in the Bank's securities portfolio.
- Net Loans and Other Receivables inched up 2% to P1.2 trillion as the increases in gross customer receivables and Securities Purchased under Reverse Repurchase Agreements were offset by lower levels of Interbank Loans and Other Receivables.
- Equity Investments increased 7% to P5.7 billion from earnings of associates engaged in real estate and insurance.
- Bank Premises went up 5% to P22.1 billion resulting from branch expansion and enhancements in the Bank's distribution channels.
- Investment Properties dropped 10% to P12.5 billion owing to continued disposal of foreclosed assets.
- Other Resources went down 6% to P24.7 billion primarily from a lower levels of outstanding credit card transactions.
- Other Liabilities fell 22% to P63.8 billion owing to lower levels of accounts payable and bills purchased contra-account.

### II. Balance Sheet – June 2015 vs. June 2014

- Total Resources reached an 11% growth to register at P1.9 trillion as the Bank's securities and loan portfolios increased, primarily funded by an expansion in total deposits.
- Cash and Other Cash Items went up 30% following a higher deposit base.
- Due from BSP dropped 25% to P258.0 billion due to lower levels of placements with BSP.
- Investment Securities grew 24% owing to a 17% increase in Financial Assets at Fair Value Through Profit and Loss and a 24% rise in Available for Sale Securities.
- Net Loans and Other Receivables expanded 21% year-on-year as continued corporate and consumer loan demand pushed up gross customer receivables by 16%. Securities Purchased Under Reverse Repurchase Agreements and Other Receivables likewise went up 202% and 15%, respectively.
- Equity Investments increased 10% owing to earnings of associates.
- Bank Premises went up 16% from improvements in the Bank's distribution network.
- Investment Properties rose 24% on an investment in a prime property in the Makati central business district as well as foreclosures and dacion payments.





- Other Resources hiked 18% year-on-year resulting from higher levels of miscellaneous assets consistent with growing business volumes.
- Deposit Liabilities expanded 11% to P1.5 trillion as Savings deposits climbed 19% from low cost deposit marketing efforts. Time deposits likewise went up 2% while Demand deposits decreased by 1%.
- Bills Payable increased 14% to P98.5 billion on higher interbank borrowings.
- The Bank also issued Basel 3 compliant Subordinated Notes Payable worth P10.0 billion in December 2014.
- Total Equity went up 7% to P180.6 billion from continued profitable operations.

### III. Income Statement – June 2015 vs. June 2014

- Reported Net Income attributable to Equity holders of the Parent Company improved 6% year-on-year, to P11.7 billion from P11.0 billion the previous period.
- Net Interest Income grew 10% to P27.1 billion primarily due to an expansion in earning assets.
- Conservative provisioning stance was maintained as the Bank set aside P2.1 billion Provision for Impairment Losses for loans, securities, ROPA and other assets.
- Other income went up 14% to P16.4 billion from the following:
  - Trading Gain and Foreign Exchange (FX) Gain increased 7% and 450% to P4.4 billion and P984 million, respectively, as the Bank capitalized on market opportunities.
  - Service Charges and Fees grew 7% to P7.6 billion due to recurring fee income from major business lines.
  - Trust Fees improved 12% to P1.4 billion from an improved portfolio mix.
  - Miscellaneous Income hiked 17% to P2.1 billion owing to higher ROPA gains and rental income.
- Operating Expenses increased 10% to P26.7 billion on account of the following:
  - Employee Benefits grew 13% from annual salary increase as well as a higher manpower count needed for business expansion.
  - Occupancy expenses rose 15% owing to higher depreciation and rent expense from improvements in the Bank's distribution network.
  - Taxes and Licenses went up 10% primarily from GRT on a higher income base.
  - Insurance expenses climbed 17% from a higher deposit base.
  - Litigation/Assets Acquired expenses dropped 77% from reduced litigation and acquired asset expenses.
  - Security, Clerical and Janitorial expenses as well as Other Operating Expenses increased 7% and 11%, respectively, resulting from an expanded distribution network and increased business volumes.
- Tax Expense soared 161% to P2.9 billion on higher taxable income.

### IV. Comprehensive Income – June 2015 vs. June 2014

- From a Net Income of P11.7 billion, Total Comprehensive Income for the first half of 2015 registered at P8.8 billion. This included a P2.9 billion drop in unrealized gain on AFS Securities, a negative P22 million translation adjustment related to foreign operations, a P19 million reversal of revaluation increment and a P4.0 million loss on retirement benefit asset.



- Total Comprehensive Income for the same period last year registered at P12.2 billion, inclusive of a P1.2 billion increase in unrealized gain on AFS Securities, a negative P26 million translation adjustment and a P1 million loss on retirement benefit asset.

#### 1. Key Performance Indicators

Indicator	6M 2015	6M 2014	12M 2014
Return on Average Common Equity (%)	13.23%	13.54%	13.65%
Return on Average Assets(%)	1.26%	1.33%	1.32%
Net Interest Margin	3.09%	3.12%	3.16%
Liquidity Ratio	37.05%	39.61%	38.09%
Debt to Equity	937.49%	898.66%	937.27%
Asset to Equity	1037.49%	998.66%	1037.27%
Interest Rate Coverage	303.60%	304.12%	319.03%
Profit Margin	23.16%	24.61%	24.53%
Capital Adequacy Ratio	13.60%	14.51%	14.56%
Basic Earnings per Share	3.18	2.99	6.27

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

- Return on Average Common Equity and Return on Average Assets went down to 13.23% and 1.26%, respectively, as total equity and total assets expanded faster than Net Income growth.
- Net Interest Margin declined slightly to 3.09% from a continued decline in market rates.
- Liquidity Ratio dropped to 37.05% as loan portfolio increased more than liquid assets.
- Debt to Equity and Assets to Equity rose year-on-year to 937.49% and 1037.49%, respectively, owing to deposit growth, increase in bills payable and the issuance of subordinated debt.
- Interest Rate Coverage went down slightly to 303.60% resulting from higher interest expense on deposits and borrowings.
- Profit Margin dipped to 23.16% from higher provision for income tax.
- Capital Adequacy Ratio, covering credit, market and operations risk dropped to 13.60% as the increase in Tier 1 capital from profitable operations and the issuance of Tier 2 Notes in December 2014, were offset by the hike in risk-weighted assets.
- Basic earnings per share improved P0.19 year-on-year on account of higher bottomline profits.

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

Remarks: NONE

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

Remarks: NONE



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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

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

#### Vertical Analysis-Material Changes

##### I. Balance Sheet – June 2015 vs. December 2014

Remarks: NONE

##### II. Balance Sheet – June 2015 vs. June 2014

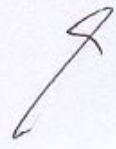
- Due from BSP to Total Assets dropped 6.6% to 13.8% owing to reduced placements with BSP.
- Conversely, Net Loans and Other Receivables as a percentage of Total Assets improved to 66.3% from 61.2% the previous year.

##### III. Income Statement – June 2015 vs. June 2014

- Tax Expense as a percentage of Income before Tax went up to 19.9% resulting from higher taxable income.

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

Remarks: NONE





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

- a. The financial assets reclassified into and from each category

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

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

in US\$ mil	Carrying Amount	Fair Value
HTM	-	-
UDSCL	-	-
Total	-	-

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

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

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

in US\$ mil	Impact
HTM	0.01
UDSCL	-
Total	0.01

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

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



BDO Unibank, Inc. & Subsidiaries  
Balances by Segment  
As of June 30, 2015  
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Others	Total	Eliminations	Group
<b>Statement of Income</b>								
Total Interest Income								
External	32,850	42	601	748	30	34,271	0	34,271
Inter-Segment	103	1	0	0	5	109	(109)	0
	<u>32,953</u>	<u>43</u>	<u>601</u>	<u>748</u>	<u>35</u>	<u>34,380</u>	<u>(109)</u>	<u>34,271</u>
Total Interest Expense								
External	6,860	0	127	212	0	7,199	0	7,199
Inter-Segment	5	36	0	52	17	110	(110)	0
	<u>6,865</u>	<u>36</u>	<u>127</u>	<u>264</u>	<u>17</u>	<u>7,309</u>	<u>(110)</u>	<u>7,199</u>
Net Interest Income	<u>26,088</u>	<u>7</u>	<u>474</u>	<u>484</u>	<u>18</u>	<u>27,071</u>	<u>1</u>	<u>27,072</u>
Other Operating Income								
Investment Banking Fees	0	477	0	0	0	477	0	477
Others	15,450	201	658	486	268	17,063	(1,119)	15,944
	<u>15,450</u>	<u>678</u>	<u>658</u>	<u>486</u>	<u>268</u>	<u>17,540</u>	<u>(1,119)</u>	<u>16,421</u>
Other Operating Expenses								
Depreciation and Amortization	1,474	18	26	315	12	1,845	0	1,845
Impairment Losses	2,081	2	0	50	0	2,133	0	2,133
Others	23,366	323	530	258	450	24,927	(69)	24,858
	<u>26,921</u>	<u>343</u>	<u>556</u>	<u>623</u>	<u>462</u>	<u>28,905</u>	<u>(69)</u>	<u>28,836</u>
Profit before Tax	<u>14,617</u>	<u>342</u>	<u>576</u>	<u>347</u>	<u>(176)</u>	<u>15,706</u>	<u>(1,049)</u>	<u>14,657</u>
Tax Expense	2,485	95	134	95	107	2,916		2,916
Net Profit	<u>12,132</u>	<u>247</u>	<u>442</u>	<u>252</u>	<u>(283)</u>	<u>12,790</u>	<u>(1,049)</u>	<u>11,741</u>
<b>Statements of Financial Position</b>								
Total Resources								
Segment Assets	1,797,606	6,638	38,593	30,906	9,825	1,883,568	(20,899)	1,862,669
Intangible Assets	4,428	102	16	57	19	4,622	0	4,622
Deferred Tax Assets	6,115	(213)	73	(39)	(21)	5,915	0	5,915
	<u>1,808,149</u>	<u>6,527</u>	<u>38,682</u>	<u>30,924</u>	<u>9,823</u>	<u>1,894,105</u>	<u>(20,899)</u>	<u>1,873,206</u>
Total Liabilities	<u>1,638,409</u>	<u>3,125</u>	<u>32,721</u>	<u>25,942</u>	<u>2,453</u>	<u>1,702,650</u>	<u>(9,996)</u>	<u>1,692,654</u>
<b>Other Segment Information</b>								
Capital expenditures	2,446	6	12	634	14	3,112	0	3,112
Investment in associate under equity method	5,639	89	0	0	0	5,728	0	5,728
Share in the Profit of associates	374	9	0	0	0	383	0	383

BDO Unibank, Inc. & Subsidiaries  
Balances by Segment  
As of June 30, 2014  
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Others	Total	Eliminations	Group
<b>Statement of Income</b>								
Total Interest Income								
External	29,206	36	522	716	55	30,535	0	30,535
Inter-Segment	100	2	0	0	4	106	(106)	0
	<u>29,306</u>	<u>38</u>	<u>522</u>	<u>716</u>	<u>59</u>	<u>30,641</u>	<u>(106)</u>	<u>30,535</u>
Total Interest Expense								
External	5,657	0	117	170	20	5,964	0	5,964
Inter-Segment	5	37	0	46	19	107	(107)	0
	<u>5,662</u>	<u>37</u>	<u>117</u>	<u>216</u>	<u>39</u>	<u>6,071</u>	<u>(107)</u>	<u>5,964</u>
Net Interest Income	<u>23,644</u>	<u>1</u>	<u>405</u>	<u>500</u>	<u>20</u>	<u>24,570</u>	<u>1</u>	<u>24,571</u>
Other Operating Income								
Investment Banking Fees	0	568	0	0	0	568	0	568
Others	13,633	73	394	394	1,004	15,498	(1,675)	13,823
	<u>13,633</u>	<u>641</u>	<u>394</u>	<u>394</u>	<u>1,004</u>	<u>16,066</u>	<u>(1,675)</u>	<u>14,391</u>
Other Operating Expenses								
Depreciation and Amortization	1,246	27	21	223	16	1,533	0	1,533
Impairment Losses	2,502	0	0	50	1	2,553	0	2,553
Others	21,175	390	475	263	467	22,770	(68)	22,702
	<u>24,923</u>	<u>417</u>	<u>496</u>	<u>536</u>	<u>484</u>	<u>26,856</u>	<u>(68)</u>	<u>26,788</u>
Profit before Tax	<u>12,354</u>	<u>225</u>	<u>303</u>	<u>358</u>	<u>540</u>	<u>13,780</u>	<u>(1,606)</u>	<u>12,174</u>
Tax Expense	797	82	69	108	63	1,119	0	1,119
Net Profit	<u>11,557</u>	<u>143</u>	<u>234</u>	<u>250</u>	<u>477</u>	<u>12,661</u>	<u>(1,606)</u>	<u>11,055</u>
<b>Statements of Financial Position</b>								
Total Resources								
Segment Assets	1,608,811	6,480	40,178	26,624	15,230	1,697,323	(19,873)	1,677,450
Intangible Assets	1,034	101	18	42	2	1,197	0	1,197
Deferred Tax Assets	6,029	(187)	68	(41)	(8)	5,861	0	5,861
	<u>1,615,874</u>	<u>6,394</u>	<u>40,264</u>	<u>26,625</u>	<u>15,224</u>	<u>1,704,381</u>	<u>(19,873)</u>	<u>1,684,508</u>
Total Liabilities	<u>1,457,517</u>	<u>3,500</u>	<u>34,666</u>	<u>22,019</u>	<u>7,277</u>	<u>1,524,979</u>	<u>(9,148)</u>	<u>1,515,831</u>
<b>Other Segment Information</b>								
Capital expenditures	1,941	11	19	492	53	2,516	0	2,516
Investment in associate under equity method	5,679	41	0	0	0	5,720	0	5,720
Share in the Profit of associates	303	5	0	0	0	308	0	308