

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 2016
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. Metro Manila, Philippines 6. (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	4,367,335,214 (as of April 10, 2017)
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 4,366,889,524 Common Shares
(as of April 10, 2017)

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: ₱185,128,223,092.90
(₱112.10 BDO share price as of December 29, 2016)

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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 1,103 operating domestic branches, 1 Hongkong branch and 3,655 ATMs and 328 Cash Accept Machines as of 31 December 2016.

Over the past several years, the Bank has experienced significant growth. This resulted from organic growth arising from a wider array of products and services, as well as through mergers and acquisitions of banks. 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 2016. BDO's market shares of the commercial banking sector are as follows:

- Assets - 18%
- Assets Under Management (Trust) - 36%
- Customer Loans - 22% and
- Deposits - 19%

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
One Network Bank, Inc. (A Rural Bank)	99.76%
BDO Private Bank, Inc.	100%
BDO Strategic Holdings, Inc.	100%
BDO Leasing and Finance, Inc.	88.54%
BDO Rental, Inc.	88.54%
Averon Holdings Corp.	99.88%
BDO Capital & Investment Corporation	99.88%
Equimark – NFC Development Corp.	60%
BDO Nomura Securities, Inc.	51%
Armstrong Securities, Inc.	80%
PCI Realty Corporation	100%
BDO Insurance Brokers, Inc.	100%
BDO Life Assurance Holdings Corp.	100%
BDO Life Assurance Co., Inc.	100%
BDORO Europe. Ltd	100%
Foreign Subsidiaries	% Interest Held
Express Padala HK Ltd.	100%
BDO Remit (USA), Inc.	100%
BDO Remit (Japan), Ltd.	100%
PCIB Europe, S.p.A	100%
Express Padala Frankfurt GmbH	100%
BDORO Europe Ltd.	100%
BDO Remit (Canada), Ltd.	100%
Associates	% Interest Held
Manila North Tollways Corporation (MNTC)	12.40%
SM Keppel Land, Inc.	50%
Northpine Land Incorporated	20%
Taal Land, Inc.	33.33%
MMPC Auto-Financial Services Corporation	34.97%

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.

Remittance

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, ShoeMart (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

BDO has created and grown its trust services and investment product offerings to provide solutions for every kind of client or investor need under a trust or an agency agreement. It is currently the dominant player in the local trust industry with around 35% market share and is the first local financial institution to breach the PhP 1 trillion assets under management (AUM) threshold as of end-2016. In the Unit Investment Trust Fund business, BDO also has a lion's share of 40%, a testament to its investment expertise.

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 the 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 3,655 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 payment and easy cash access using either pre-loaded or account-funded cards.

Credit Cards

In the credit card industry, BDO issues the most brands in the country, namely Mastercard, Visa, JCB, UnionPay, Diners Club and American Express, including corporate and tie-up cards with different companies.

The bank likewise dominates the merchant acquiring business in the Philippines with BDO POS terminals being the only terminals in the industry to accept the six (6) credit card brands and all locally issued ATM/Debit 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 non-life and group life insurance through BDO Insurance Brokers, Inc., a wholly owned subsidiary. The Bank also has a bancassurance license with BDO Life that permits it to market and sell individual life insurance products through its nationwide network of 981 branches, permitting customers access to a wide array of insurance products.

Trade Services

Trade finance plays a key role in the Bank. BDO's commitment to the trade business is reflected in its significant investments in technology, processing capabilities and people. BDO's strategy is to be able to provide a variety of trade solutions that fit clients' requirements at the least cost possible. We take a proactive role in finding out what our clients need and customize trade solutions to meet these needs.

Given BDO's leading standing in the industry and broad client coverage, BDO is able to capture a significant market share of customers' trade finance transactions. BDO processed over \$4.8 billion trade transactions in 2016, accounting for about 25% of the industry's trade business.

BDO has the ability to offer competitive pricing because of its access to low-cost funding as well as preferential pricing from its network of correspondent bank relationships.

Trade transactions are being serviced in 5 Trade Processing Centers geographically located across the country with 3 centers in Metro Manila and one each in Cebu and Davao. These centers are manned by around 100 employees who are trained in all aspects of international trade processing. Moreover, each center has a dedicated Customer Service team who are equipped to provide prompt response to clients' inquiries and concerns. We have also implemented groundbreaking services in the Philippines which include weekend banking and extended banking hours for our domestic branch network.

BDO is also able to service trade requirements of clients who would like to open their Letters of Credit offshore through the trade capabilities of BDO Hong Kong branch.

BDO offers a wide variety of documentary products and services including: 1) Letters of Credit (LC); 2) Import LC Openings and Negotiations; 3) Domestic LC; 4) Standby LCs; 5) Trust Receipt Financing; 6) Export Letters of Credit; 7) Export LC Advising and Confirmation; 8) Export Advances; 9) Export Bills Purchase; 10) Non-Letters of Credit; 11) Open account remittances; 12) Documents against Acceptance; and, 13) Documents against Payment.

International Desks

The International Desks (IDesks) of BDO's Institutional Banking Group comprise teams of relationship managers with international and local banking experience, dedicated to address the financial needs of foreign companies and nationals conducting business and/or with business interests, or residing in the Philippines, as well as embassies, diplomats, multilateral organizations, foreign chambers of commerce and international schools. IDesks' teams have been organized along geographic lines: ASEAN, China, EU, Japan, South Korea, North America/Australia and New Zealand, and Taiwan. Furthermore, several IDesks team members speak Japanese, Korean and the Chinese dialects of Mandarin and Fookien. In addition, IDesks' Multilateral and ECA (Export Credit Agency) Desk manage and facilitate specialized guarantee facilities and wholesale long term loan facilities for eligible clients and projects sourced from multilateral organizations such as the Asian Development Bank and the World Bank's International Finance Corporation; international export credit agencies such as the Japan Bank of International Cooperation and the Korea Export Import Bank; and domestically from the specialized lending facilities of the Development Bank of the Philippines, Land Bank, and the Social Security System.

Leasing

BDO Leasing and Finance provides leasing and financing products to commercial clients. Leasing products include direct leases and sale and leaseback arrangements. Its financing products consist of commercial and consumer loans, installment paper purchases, receivables discounting and factoring. Assets financed include automobiles, trucks, office equipment, industrial, agricultural and office machinery, real property, and financial assets such as receivables.

Subsidiaries and Associates

One Network Bank, Inc. (A Rural Bank)

One Network Bank, Inc. ("ONB") operates as a rural bank subsidiary of BDO Unibank, Inc. (BDO). ONB provides a wide range of financial products and services including loans, deposits, cash management, remittances, and bills payment in areas considered unserved or underserved by banks.

ONB's network of more than 120 branches and over 220 automated teller machines, most of which are located in countryside Mindanao, is complemented by access to BDO's nationwide network of more than 1,000 branches and over 3,500 ATMs nationwide. Expansion of the network is an ongoing endeavor, with a goal of covering more of ONB's target market segments.

With the support and guidance of BDO, ONB aims to provide more innovative and convenient banking solutions to its growing customer base.

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") is a domestic corporation incorporated in 1981. Its shares were listed in the Philippine Stock Exchange on January 6, 1997. BDO Leasing operates as a leasing and financing entity which provides direct leases, sale and leaseback arrangements and real estate leases. Financing products include amortized commercial and consumer loans, installment paper purchases, floor stock financing, receivables discounting, and factoring.

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.

Last August 10, 2016, the SEC approved the plan of merger of with BDO Elite Savings Bank, Inc. and Banco De Oro Savings Bank, Inc., with BDO Capital as the surviving entity.

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.

BDO Nomura Securities, Inc.

BDO Nomura Securities, Inc. ("BDO Nomura"), formerly, PCIB Securities, Inc., is a joint venture between BDO and Nomura Holdings of Japan, a leading financial services group and preeminent Asia-based investment bank with global reach.

BDO Nomura's goal is to become one of the premier securities brokerage firms in the Philippines by providing online trading services for local stocks to individual investors. The business also aims to provide stock brokerage services to institutional clients overseas and to eventually provide a platform to connect Filipino investors to the international stock markets.

BDO Insurance Brokers, Inc.

BDO Insurance Brokers, Inc. ("BDOI") is a wholly-owned subsidiary of the Bank engaged in insurance brokerage.

Through BDOI, BDO is able to offer and provide its clients non-life and group life insurance. BDO also has a bancassurance license with BDO Life Assurance Company Inc. that permits it to market and sell individual life insurance products through its nationwide network of 981 branches, permitting customers access to a wide array of insurance products.

BDO Life Assurance Holdings Corp. and BDO Life Assurance Co., Inc.

In March 1999, the Bank established Generali Pilipinas Holding Company, Inc., (“GPHC”) 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 GPHC. GPHC is effectively 40% owned by the Bank and 60% by Generali Asia, which, in turn, is 100% owned by Generali after subsequently acquiring the 40% interest of Jerneh Asia in Generali Asia in 2013.

On July 1, 2016, BDO Unibank assumed full control of GPHC when it acquired Generali Asia's 60% interest in GPHC which was thereafter renamed BDO Assurance Holdings, Inc.

Generali Pilipinas Life Assurance Company, Inc. (“GPLAC”) and Generali Pilipinas Insurance Company, Inc. (“GPIC”) 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.

On July 1, 2016, GPLAC was renamed BDO Life Assurance Company Inc. (“BDO Life”). On the same date, GPIC was acquired by Generali from BDO Assurance Holdings.

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 head offices in Daly City and branch in Los Angeles, and its agents in California and other states.

BDO Remit (Japan) Ltd.

BDO Remit (Japan) Ltd., a wholly owned subsidiary of the Bank, was incorporated in Tokyo, Japan on August 18, 2014 and registered with Kanto Financial Bureau as a fund

transfer business on December 2, 2015. The remittance subsidiary started its business operations on April 1, 2016.

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 is a wholly owned subsidiary of the Bank. Its liquidation proceedings has been completed and the company has been dissolved from the Commercial Register with effect as of March 21, 2016.

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 (Canada) Ltd.

BDO Remit (Canada) Ltd., a wholly owned subsidiary of the Bank, 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 ("NLEX") and is involved in all aspects of tollway operations and maintenance, which includes toll collection, traffic management, motorists' assistance and roadway maintenance. On March 19, 2015, MNTC officially commenced the operation of Segment 9 of the NLEX, a 2.4 km-road connecting NLEX to the McArthur Highway.

On February 2015, the Bases Conversion and Development Authority entered into a contract with MNTC for the management, operation and maintenance of the 94-kilometer Subic-Clark-Tarlac Expressway ("SCTEX"). MNTC officially took over the management, operation and maintenance of the SCTEX in October 2015.

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 Land Group. 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.

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 Pampanga, 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.

MMPC Auto-Financial Services Corporation

MMPC Auto Financial Services Corp. ("MAFS") is the auto-financing joint venture between Mitsubishi Motors Philippines Corp. (MMPC), Sojitz Corp., JACCS Co., Ltd, and BDO Leasing and Finance, Inc. ("BDO Leasing").

Thru the establishment of MAFS, customers will gain more financing options that will perfectly suit their capacity. MAFS will be dedicated in providing attractive and flexible financing packages for customers aiming to own a brand new Mitsubishi vehicle.

It is 40 percent owned by BDO Leasing and foreign companies, namely, MMPC (5 percent), Sojitz Corp. (35 percent) and JACCS Co. Ltd. (20 percent).

(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 1,103 operating

domestic branches, the Bank has 3,655 ATMs and 328 Cash Accept Machines as of 31 December 2016.

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 1.1%, 1.1% and 1.3%, of the Group's total revenues in 2016, 2015 and 2014, respectively.

(iii) Status of Publicly Announced New Products or Service

None

(iv) Competition

The Philippine universal and commercial banking sector consists of 21 universal and 21 commercial banks. Of the 21 universal banks, 12 are private universal domestic banks, 6 are branches of foreign universal banks and 3 are government-controlled universal banks. Of the 21 commercial banks, 5 are private commercial domestic banks, 14 are branches of foreign banks and 2 are subsidiaries of foreign banks.

Based on consolidated published statements of condition, the total assets of the commercial banking system as of 31 December 2016 reached P13.3 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 61% of total assets.

As of 31 December 2016, the loans and receivables (net) of the commercial banking system amounted to P7.4 trillion, while total deposits was at P10.2 trillion. The total capital accounts of the commercial banking system amounted to P1.3 trillion as of December 2016.

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:

	Trademarks	Duration
1	Banco De Oro	May 12, 2011 to May 12, 2021
2	BDO Kabayan Auto Loan	September 13, 2013 to September 13, 2023
3	BDO Kabayan Home Loan	September 13, 2013 to September 13, 2023
4	BDO Kabayan Loans	September 13, 2013 to September 13, 2023
5	BDO Remit Cash Cards	September 13, 2013 to September 13, 2023
6	BDO Remit & Device	September 13, 2013 to September 13, 2023
7	BDO Kabayan Personal Loan	September 13, 2013 to September 13, 2023
8	BDO Cash Management	September 13, 2013 to September 13, 2023
9	BDO Asenso Kabayan and Logo	September 13, 2013 to September 13, 2023
10	BDO Kabayan Savings	September 13, 2013 to September 13, 2023
11	BDO Asenso Kabayan & Device	September 13, 2013 to September 13, 2023
12	BDO Kabayan Bills Bayad	September 13, 2013 to September 13, 2023
13	BDO Remit	September 13, 2013 to September 13, 2023
14	BDO Banco De Oro Kabayan Home Loan & Device	September 13, 2013 to September 13, 2023
15	BDO (Stylized and In Color)	September 13, 2013 to September 13, 2023
16	BDO On Site & Device	September 13, 2013 to September 13, 2023
17	BDO Banco De Oro Kabayan Loan & Device	September 13, 2013 to September 13, 2023
18	BDO Banco De Oro Personal Loan & Device	September 13, 2013 to September 13, 2023
19	BDO Banco De Oro Auto Loan & Device	September 13, 2013 to September 13, 2023
20	BDO Remit & Device	September 13, 2013 to September 13, 2023
21	BDO Banco De Oro in class 36	September 13, 2013 to September 13, 2023
22	BDO Unibank (wordmark)	September 13, 2013 to September 13, 2023
23	BDO Unibank (Stylized And In Color)	September 13, 2013 to September 13, 2023

24	BDO Unibank (Stylized And In Color) in class 16	September 13, 2013 to September 13, 2023
25	BDO (Stylized And In Color) in class 16	May 9, 2014 to May 9, 2024
26	BDO Banco De Oro device in class 16	May 4, 2014 to May 4, 2024
27	BDO Securities Corporation	April 29, 2014 to April 29, 2024
28	BDO Capital & Investment Corporation	May 4, 2014 to May 4, 2024
29	BDO Foundation, Inc.	May 2, 2014 to May 2, 2024
30	BDO Private Bank in class 16 & 36	May 4, 2014 to May 4, 2024
31	BDO Leasing	May 4, 2014 to May 4, 2024
32	BDO Insurance Brokers, Inc.	May 4, 2014 to May 4, 2024
33	bdo.com.ph	May 4, 2014 to May 4, 2024
34	BDORO Europe Ltd. (blue) in class 16 & 36	April 3, 2014 to April 3, 2024
35	BDORO Europe Ltd. (blue & yellow) in class 16 & 36	April 3, 2014 to April 3, 2024
36	BDORO (color) in class 16 & 36	May 8, 2014 to May 8, 2024
37	BDORO (monochrome) in class 16 & 36	May 8, 2014 to May 8, 2024
38	Kabayan College Secure	June 30, 2008 to June 30, 2018
39	Kabayan College Secure & Device	June 30, 2008 to June 30, 2018
40	Kabayan Home Loan	June 23, 2008 to June 23, 2018
41	Kabayan Auto Loan	June 23, 2008 to June 23, 2018
42	Kabayan Personal Loan	June 30, 2008 to June 30, 2018
43	We find ways	November 20, 2014 to November 20, 2014
44	BDO Banco De Oro (Stylized) in class 36	May 7, 2015 to May 7, 2025
45	#bdo bancodeoro	July 23, 2015 to July 23, 2025
46	#bdounibank	July 23, 2015 to July 23, 2025
47	BDO Padala & Device	February 11, 2016 to February 11, 2026
48	#bdowefindways	December 17, 2015 to December 17, 2025
49	#wefindways	April 7, 2016 to April 7, 2026
50	#bdoremit	December 17, 2015 to December 17, 2025
51	#bdo	December 17, 2015 to December 17, 2025
52	One Network A Rural Bank of BDO	June 2, 2016 to June 2, 2026

	(horizontal)	
53	One Network A Rural Bank of BDO (vertical)	June 2, 2016 to June 2, 2026
54	One Network A Savings Bank of BDO (horizontal)	June 2, 2016 to June 2, 2026
55	One Network A Savings Bank of BDO (vertical)	June 2, 2016 to June 2, 2026
56	One Network A Rural Bank of BDO Unibank (horizontal)	June 23, 2016 to June 23, 2026
57	One Network A Rural Bank of BDO Unibank (vertical)	June 2, 2016 to June 2, 2026
58	One Network A Savings Bank of BDO Unibank (horizontal)	June 23, 2016 to June 23, 2026
59	One Network A Savings Bank of BDO Unibank (vertical)	June 2, 2016 to June 2, 2016
60	One Network A Rural Bank of BDO (in series horizontal)	June 2, 2016 to June 2, 2026
61	One Network A Rural Bank of BDO (in series vertical)	June 2, 2016 to June 2, 2026
62	One Network A Savings Bank of BDO (in series horizontal)	June 2, 2016 to June 2, 2016
63	One Network A Savings Bank of BDO (in series vertical)	July 14, 2016 to July 14, 2026
64	One Network A Rural Bank of BDO Unibank (in series horizontal)	July 14, 2016 to July 14, 2026
65	One Network A Rural Bank of BDO Unibank (in series vertical)	July 14, 2016 to July 14, 2026
66	One Network A Savings Bank of BDO Unibank (in series horizontal)	July 7, 2016 to July 7, 2026
67	One Network A Savings Bank of BDO Unibank (in series vertical)	July 7, 2016 to July 7, 2026
68	ONB	July 7, 2016 to July 7, 2026
69	One Network	July 28, 2016 to July 28, 2026
70	BDO Life (wordmark)	August 4, 2016 to August 4, 2026

71	BDO Life (monochrome black)	September 8, 2016 to September 8, 2026
72	BDO Life (monochrome blue)	September 8, 2016 to September 8, 2026
73	BDO Life (reverse black)	October 6, 2016 to October 6, 2026
74	BDO Life (reverse blue)	October 6, 2016 to October 6, 2026
75	We Protect (monochrome black)	September 1, 2016 to September 1, 2026
76	We Protect (in color)	September 1, 2016 to September 2, 2026
77	We Protect (reverse)	September 8, 2016 to September 8, 2026
78	We Protect (word)	September 8, 2016 to September 8, 2026
79	BDO Life (in color)	September 8, 2016 to September 8, 2026
80	BDO Life (reverse in color)	September 8, 2016 to September 8, 2026
81	BDO Invest Online	December 8, 2016 to December 8, 2026
82	Master the Art of Trading	December 8, 2016 to December 8, 2026
83	Diamond Rewards	November 5, 2015 to November 5, 2025
84	Sapphire Rewards	20 February 2015 to 20 February 2025
85	BDO Rewards (vertical)	November 10, 2014 to November 10, 2024
86	BDO Rewards (horizontal)	November 10, 2014 to November 10, 2024
87	Emerald Rewards	November 10, 2014 to November 10, 2024
88	Cash Agad (device)	August 4, 2016 to August 4, 2026
89	Cash Agad in Partnership with BDO	October 27, 2016 to October 27 2026
90	www.e-onb.com.ph	March 29, 2012 to March 29, 2022
91	www.onenetworkbank.com.ph	March 29, 2012 to March 29, 2022

(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 31,443 employees as of 31 December 2016 broken down as follows:

	Non-Officers	Officers	TOTAL
Total for Parent Company	15,886	11,543	27,429
Head Office	2,861	6,547	9,408
Branches	13,025	4,996	18,021
Total for Subsidiaries	2,592	1,422	4,014
TOTAL EMPLOYEES	18,478	12,965	31,443

The Bank has an existing Collective Bargaining Agreement (CBA) with the NUBE-Banco De Oro Employees Association 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 2015 to 31 October 2020, in so far as Union representation is concerned.

The Bank has not suffered any labor strikes in the past 28 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 34,000 total employees (in all levels; including those not included in the CBA) by 31 December 2017.

(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 2016 owned by the Bank and utilized as Head Offices:

No.	NAME	ADDRESS
1	BDO Corporate Center – North & South Tower	BDO Corporate Tower, 7899 Makati Avenue cor. H.V. Dela Costa St., Makati City
2	BDO Corporate Center – Ortigas	12 ADB Avenue Ortigas Center Mandaluyong City
3	Equitable Bank Tower	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
4	Pacific Star	Pacific Star Building, Makati Avenue, Makati City
5	Radio Marine - MTech	EBC Bldg., Paseo de Roxas cor. Gil Puyat Avenue, Makati City
6	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 2015 owned by the Bank and utilized as BDO branches:

(a) Metro Manila Branches

No.	BRANCH	ADDRESS
1	A. Santos - St. James	8406 A. Santos Ave., Sucat, Parañaque City
2	ADB Avenue Ortigas	Robinson's PCIBank Tower, ADB Avenue, Ortigas Center, Pasig City
3	Airport Road	Airport Road corner Quirino Avenue, Baclaran, Parañaque City
4	Alfaro - Salcedo Village	GF PCCI Bldg. , 118 Leviste Street (Formerly Alfaro St.) , Salcedo Village, Makati City
5	Arranque - T. Alonzo	733 T. Alonzo St., Manila
6	Asia Tower - Paseo	G/F Asia Tower corner Paseo De Roxas & Benavides St., 1229 Makati City
7	Aurora Blvd - Notre Dame	0137 Aurora Blvd. corner Notre Dame St., Cubao, 1110 Quezon City

No.	BRANCH	ADDRESS
8	Aurora Blvd - Yale	Aurora Blvd. corner Yale St., Cubao, Quezon 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, 7899 Makati Avenue, Makati City
12	Bel Air - Gil Puyat	Country Space 1 Condo. Bldg., Sen. Gil Puyat Avenue, Bel-Air Village, 1209 Makati City
13	Binondo	411 Quintin Paredes St., Binondo, Manila
14	Blumentritt	2325 Rizal Avenue corner Antipolo St., 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	C. M. Recto	CM Recto Avenue corner Nicanor Reyes St., Manila
18	C. M. Recto - San Sebastian	2070 C.M. Recto St., 1008 Sampaloc, Manila
19	C. Palanca - Quiapo	132 Carlos Palanca St., Quiapo, Manila
20	Caloocan - Sangandaan	No. 628 A. Mabini St., 1408 Sangandaan, Caloocan City
21	Capitol - Pasig B	2/F 125 Shaw Blvd. corner Danny Floro St. Pasig City
22	Corinthian Gardens	BDO Leasing Center, Ortigas Avenue, Quezon City
23	Dasmariñas St. - Binondo	BDO Bldg., Dasmariñas St., Binondo, 1006 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 City
26	EDSA - Reliance St.	G/F Paragon Plaza, corner Reliance St., Mandaluyong City
27	Fairview	Don Mariano Marcos Avenue, Fairview, Quezon City
28	Grace Park - 8th Avenue	259 Rizal Avenue Extension, Grace Park, Caloocan City
29	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City
30	Greenhills - Roosevelt	EBC Bldg. Ortigas Avenue corner Roosevelt Avenue, Greenhills, San Juan, MM
31	Greenhills North	Unit 102-103 Sunrise Condominium, Ortigas Avenue, 1500 San Juan, MM

No.	BRANCH	ADDRESS
32	Ilaya - M. De Santos	632 M. De Santos St., Manila
33	Kalentong	MRDC Bldg., Shaw Blvd. corner Gen. Kalentong St., Mandaluyong City
34	Las Piñas - Pamplona	Alabang-Zapote Road, Pamplona, Las Piñas
35	Las Piñas - Philamlife Avenue	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas, MM
36	Leveriza - Libertad	212 Libertad St., Pasay City, Metro Manila
37	Luneta – TM Kalaw	707 T.M. Kalaw St. corner Churrucua St., Ermita, Manila
38	Makati - Pasay Road	845 Corporate Plaza Bldg. , Pasay Road, Makati City
39	Makati Avenue - Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
40	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
41	Malabon	725 Rizal Avenue, San Agustin, Malabon City
42	Malabon - Rizal Avenue	694 Rizal Avenue, 1470 Malabon, Metro Manila
43	Marikina - Bayanbayanan	No. 48 Bayanbayanan Avenue, Brgy. Concepcion Uno, Marikina City
44	Marikina - Concepcion	17 Bayanbayanan Avenue, Concepcion, Marikina City
45	Marikina - Sumulong Highway	Corner E. Dela Paz St., Amang Rodriguez Avenue, Sto. Nino, Marikina City
46	Marulas – MacArthur Highway	Lot 16 & 17 McArthur Highway, Valenzuela, Metro Manila
47	Medical Plaza - Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo St. corner Dela Rosa St., Legaspi Village, Makati City
48	Muntinlupa - National Highway	No. 8 National Highway cor. Aguila St., Brgy. Putatan, Muntinlupa
49	N. Domingo - Araneta Avenue	No. 71 N. Domingo St. corner Katubusan St., Brgy. Rivera, San Juan City
50	Novaliches - Forest Hills	Lot 2 D 1 Quirino Avenue, Novaliches, Quezon City
51	Ortigas - Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
52	Ortigas Avenue	209 Ortigas Avenue, Greenhills, San Juan, MM
53	Paco - A. Linao	1635-1641 A. Linao St., Paco, Manila
54	Padre Faura - A. Mabini	A .Mabini corner Padre Faura St., 1000 Ermita, Manila
55	Pasay	Libertad corner Colayco St., Pasay City
56	Paseo - Gil Puyat	EBC Bldg., Paseo de Roxas corner Gil Puyat Avenue,

No.	BRANCH	ADDRESS
		Makati City
57	Paseo Tower - Makati	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
58	Pasig - Danny Floro	125 Shaw Blvd. corner Danny Floro St., Pasig City
59	Pasig - Manggahan	Amang Rodriguez Avenue, Manggahan, Pasig City
60	Pasig - Sixto Antonio Ave. Pilapil	Lot 2 B, Sixto Antonio Ave., Brgy. Kapasigan, Pasig City
61	Perea – Paseo	G/F Universal Re Bldg. 106 Paseo de Roxas 1228 Makati City
62	Pitimini - Roosevelt	EBC Bldg. Roosevelt Avenue corner Pitimini St., SFDM, Quezon City
63	Plaza Sta. Cruz - Dasmariñas St.	377 Plaza Sta. Cruz, Sta. Cruz, Manila 1003
64	Potrero	110 MacArthur Highway corner Riverside St., Potrero, Malabon
65	President's Avenue - BF Parañaque	President's Ave. corner J. Elizalde St., BF Homes Parañaque, Metro Manila
66	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
67	Quezon Avenue - West Triangle	Lot 3-B, Quezon Ave. Extension, Brgy. West Triangle, Quezon City
68	Quiapo - Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila
69	Reposo - Makati	EBC Bldg., JP Rizal corner N. Garcia (former Reposo), Makati City
70	Rizal Avenue	2502-2504 Rizal Avenue corner Cavite St. Sta. Cruz, Manila
71	Rockwell Center - Makati	Lot 3 Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
72	Shaw Blvd. - Stanford	EBC Bldg., Shaw Blvd. corner Stanford St., Mandaluyong City
73	St. Ignatius - Katipunan	BDO Bldg., 137 Katipunan Avenue, St. Ignatius, Quezon City
74	Strata 100 - Ortigas	G/F Strata 100 Bldg., Don Francisco Ortigas Jr., Pasig City
75	Taft - Vito Cruz	Bankard Bldg., 2422 Taft Avenue, 1004 Malate, Manila
76	Timog – South Triangle	G/F President Tower, 81 Timog Ave. corner Scout Ybardolaza St., Brgy. South Triangle, Diliman, Quezon City
77	Tomas Morato - Kamuning	Corner Kamuning & Tomas Morato, Quezon City

No.	BRANCH	ADDRESS
78	U.N. Avenue - J. Bocobo	EBC Bldg., UN Avenue corner J. Bocobo St., Ermita, Manila
79	V.A. Rufino – Valero	G/F Chattam House, Herrera St. corner Valero & San Agustin St., Salcedo Village, Makati City
80	Valenzuela – Malanday MacArthur Highway	656 MacArthur Highway, Brgy. Malanday, Valenzuela City 1444
81	West Trade Center - West Avenue	Unit #1, G/F West Trade Center, West Avenue, Quezon City
82	Yakal - Chino Roces Avenue	Units 2 & 3, G/F Tower 2 Bldg. Avida Towers Makati West Condominium cor. Yakal, Lumbayao and Malugay Sts., 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. & Gov. Gella St., San Jose, Antique 5700
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 corner Galo St., 6100 Bacolod City, Negros Occidental
7	Bacolod - Plaza	Araneta corner Gonzaga St., 6100 Bacolod City, Negros Occidental
8	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. corner Rosario St., Bacolod City, Negros Occidental
9	Balanga - A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
10	Baliwag – JP Rizal	J.P. Rizal St., San Jose, Baliwag, Bulacan
11	Batangas - Nasugbu	JP Laurel St., Barangay Poblacion, Nasugbu, Batangas
12	Batangas - Sto. Tomas	Maharlika Highway, San Antonio, Sto. Tomas, Batangas
13	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., 4200 Batangas, Batangas City
14	Biñan	A. Bonifacio St. Barrio Canlalay, Biñan, Laguna

No.	BRANCH	ADDRESS
15	Bukidnon - Valencia	M.L. Quezon St. corner G. Laviña Avenue, Valencia City, Bukidnon 8709
16	Cabanatuan - Maharlika Road	Maharlika Road near corner Sanciangco 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 - Lapasan	C.M. Recto Highway, Lapasan, 9000 Cagayan de Oro City, Misamis Oriental
20	Cagayan de Oro - Velez	Velez Road corner Abejuela Street, Cagayan de Oro
21	Calamba Crossing - North	Calamba Crossing National Highway, 4027 Calamba, Laguna
22	Cavite - General Trias Gateway	Gateway Business Park, C. Delos Reyes Avenue, 4107 Gen. Trias, Cavite
23	Cavite - Dasmariñas Techno Park	Governor's Drive, Barangay Paliparan I, Dasmariñas, Cavite
24	Cavite - Imus Anabu	Gen. Aguinaldo corner Ambrosia Road Anabu I, Imus, Cavite
25	Cavite – GMA Congressional Road	Lot 4 Block C-5-CL, Congressional Road Brgy. Poblacion 1, General Mariano Alvarez (GMA) Cavite
26	Cavite City - P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City
27	Cebu - Borromeo	Borromeo corner Magallanes 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 St., 6000 Cebu City
32	Cebu - North Mandaue	National Highway, Mandaue City
33	Cebu - North Reclamation	Blk. 20-A corner Port Centre Avenue and Juan Luna Avenue, 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 Avenue, 2400 Dagupan City, Pangasinan
37	Davao - Mati	Rizal corner Mabini St., 8200 Mati, Davao Oriental
38	Davao - C.M. Recto	383 Claro M. Recto St., Davao City

No.	BRANCH	ADDRESS
39	Davao - Claveria	BDO Building No. 30 C.M. Recto Ave., Poblacion, Davao City
40	Davao - Digos	Rizal Avenue, Zone II, Digos, Davao Del Sur
41	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
42	Davao - Toril	Agton St., Toril, Davao City
43	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Bajada, Davao City
44	Dipolog – Quezon Ave.	Quezon Avenue, 7100 Dipolog City, Zamboanga Del Norte
45	Dumaguete – Colon	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 General Santos St., South Cotabato
48	General Santos – Makar	Hadano Avenue (Makar Wharf), Purok Bagong Silang, Brgy. Labangal, General Santos City, South Cotabato 9500
49	Iligan - Del Pilar	BC Labao corner Del Pilar St., Iligan City
50	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
51	Iloilo - Valeria	0310 Valeria St., Iloilo City
52	Isabela - Roxas	#23 Osmeña Road., Bantug, Mallig Plain, 3320 Roxas, Isabela
53	Isabela - Santiago Centro	BDO Bldg. City Rd. cor. Guzman St., Calao West, Santiago City, Isabela
54	Isabela Santiago - Maharlika Highway	BDO Bldg., No. 57 Maharlika Highway cor. Quezon Ave. St., Santiago City, Isabela
55	Koronadal - Gensan Drive	NE of Gensan Drive, Zone 1, Koronadal City, South Cotabato
56	Koronadal – R. Alunan Avenue	R. Alunan Avenue corner Osmeña St., 9506 Koronadal, South Cotabato
57	La Union San Fernando – Quezon Avenue	Quezon Avenue, 2500 San Fernando, La Union
58	Laoag - Balintawak	Corner Rizal & Balintawak St., 2900 Laoag City, Ilocos Norte
59	Leyte - Maasin	Juan Luna St. cor. Enage St., Brgy. Tunga-tunga, Maasin, Southern Leyte

No.	BRANCH	ADDRESS
60	Leyte - Ormoc	Corner Burgos & Rizal St., 6541 Ormoc City, Leyte
61	Lipa - Rotonda	C.M. Recto Avenue, Lipa City
62	Lipa – C M Recto	131 C. M. Recto St., 4217 Lipa City, Batangas
63	Lucena – Merchan	Lot 2903 Merchan St. cor. C.M. Recto St. cor. Cabana St., Brgy. IV, Lucena City
64	Malolos - Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
65	Meycauayan - Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
66	Naga - Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
67	Negros Occ - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
68	Negros Occ - Escalante	National Highway, Escalante City, 6124 Negros Occidental
69	Negros Occ - Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
70	Negros Occ – Silay	Figueroa corner Rizal St., Silay City, 6116 Negros Occidental
71	Nueva Ecija - Gapan	Tinio St., 3105 Gapan, Nueva Ecija
72	Nueva Ecija - Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
73	Nueva Ecija - Muñoz	T. delos Santos St., Science City of Munoz, Nueva Ecija
74	Ozamiz	Cebedo St. corner Gallardo St., Centro, Ozamiz City, Misamis Occidental
75	Pagadian	F.S. Pajares Avenue, Pagadian City, 7016 Zambonga Del Sur
76	Pampanga - Guagua	Lot 4876 Plaza Burgos St., Guagua, Pampanga
77	Pampanga – Apalit	MacArthur Highway, Brgy. San Vicente, Apalit, Pampanga
78	Puerto Princesa – Rizal	261 Rizal Avenue, 5300 Puerto Princesa City, Palawan
79	Quezon - Candelaria	Rizal corner Valle St., Candelaria, Quezon 4323
80	Roxas - Roxas Avenue	Roxas Avenue, Roxas City, Capiz
81	San Pablo - Rizal St	2F Equitable PCI Bldg., Rizal St. corner P. Alcantara, San Pablo City, Laguna
82	Sta. Rosa - South Expressway	National Road, Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
83	Sultan Kudarat - Isulan	#075 National Highway, Kalawag 2, Isulan, Sultan Kudarat
84	Sultan Kudarat - Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
85	Tarlac - J. Luna	J. Luna St. near corner MacArthur Highway, Brgy. Sto. Cristo, Tarlac City

No.	BRANCH	ADDRESS
86	Tarlac - Luisita	MacArthur Highway, Barangay San Miguel, Tarlac City
87	Tuguegarao - Bonifacio St.	Bonifacio St., Tuguegarao, Cagayan
88	Urdaneta - Alexander	Alexander St., Urdaneta City, Pangasinan
89	Vigan - Quezon Avenue	Corner Bonifacio St. & Quezon Ave., 2900 Vigan, Ilocos Sur
90	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 2016 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	Presidents Tower (Unit G3)	Ground Floor of Presidents Tower Timog Ave. Q.C.
5	Taguig Warehouse	Arthuro cor. Franco Drive, Sta. Maria Industrial Estate, Barrio Bagumbayan, Taguig, Metro Manila

- D. Presented below is a list of the Bank's real properties (vacant lots and buildings) as of 31 December 2016 owned by the Bank reserved for future Branch or Regional use:

No.	NAME	ADDRESS
1	Cebu – J. Mall	National Highway, 6014 Mandaue City, Cebu
2	Juan Luna Binondo	J. Luna/Quintin Paredes & Hormiga Sts., Binondo, Manila
3	Malabon General Luna	Gen. Luna St., Barangay San Agustin, Malabon City
4	Malungon Gensan	Brgy. Upper Balulang, Cagayan de Oro City
5	Office Head – Region 1 – Northern Luzon	Vicar Hotel Bldg. along A.B. Fernandez Ave. Brgy. Herrero Perez Dagupan City, Pangasinan
6	Office Head – Region 1 – Northern Luzon	Lot 1, MacArthur Highway cor. Magalang Avenue, Brgy. Salapungan, Angeles City Pampanga
7	Office Head – Region 5 – Metro Manila	Lot 3 Blk 1 Doña Soledad Avenue, Better Living Subdivision Brgy. Don Bosco, Parañaque City
8	Office Head – Region 6 –	No. 8 Makati Avenue Brgy. Palatiw Pasig City

No.	NAME	ADDRESS
	Southern Luzon	
9	Premises Management Division (Naga Plaza, Rizal)	Gen. Luna St., 4400 Naga City, Camarines Sur
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

- E. Presented below is a list of the Bank's real properties (lot and building) as of 31 December 2016 owned by the Bank which are currently tenanted:

No.	NAME	ADDRESS
1	Citibank Centers	8741 Paseo de Roxas Cor. Villar St. Salcedo Village Makati City
2	Gercon Plaza	Lot 5 & 6 Gercon Plaza along Makati Ave., Brgy. Bel Air, Makati City
3	Shell House	156 Valero St. Salcedo Village Makati City

- F. Presented below is a list of the Bank's owned building on a leased lot as of 31 December 2016 which are currently tenanted:

No.	NAME	ADDRESS
1	RBSJ Lapaz Tarlac	Lot 981, 982 & 984, San Isidro, Lapaz, Tarlac

(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 30 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 P2,846, P2,569 and P2,199 (amounts in million) in 2016, 2015 and 2014 in BDO Unibank Group's financial statements and P2,670, P2,415 and P2,131 (amounts in million) in 2016, 2015 and 2014 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 2016:

No.	NAME	ADDRESS
1	Cash Hub - Baguio	4th Floor, National Life Bldg., Session Road Baguio City
2	Cash Hub – Cavite Carmona	Governor's Drive, Maduya, Carmona, Cavite
3	Cash Hub – FCIE	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite
4	SM Keppel Podium	ADB Avenue, Ortigas Center, Mandaluyong City

(b) Utilized as representative offices located abroad as of 31 December 2016:

No.	NAME	ADDRESS
1	China Representative Office	Level 24, China World Office 1, Beijing, China
2	Korea Representative Office	23 rd Floor Seoul Finance Center, 136 Sejongdaero Jung-gu, Seoul 100-768 Korea
3	Singapore Representative Office	27-63 One Raffles Place, Singapore
4	Taipei Representative Office	132 3 rd Floor Unit D Section 3 Misheng East Road, Songshan District, Taipei, Taiwan

(c) Utilized as regional offices as of 31 December 2016:

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
3	Sychangco Building (CLG Office)	2 nd Floor Bonifacio St., Tuguegarao City, Cagayan

(d) Metro Manila Branches

1. Lot leased

No.	BRANCH	ADDRESS
1	Better Living	Doña Soledad Avenue corner France St., Better Living, Parañaque City

No.	BRANCH	ADDRESS
2	Congressional - Mindanao Avenue	Congressional Avenue Extension corner Mindanao Avenue, Quezon City
3	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City
4	Isidora Hills	BDO Bldg., Pook Ligaya Riding Ground, Interneighborhood Road, Isidora Hills Subdivision, Barangay Holy Spirit, Quezon City
5	JAS – Recto	1174 J. Abad Santos Avenue Tondo, Manila
6	Las Piñas - BF Resort	BDO Bldg. , BF Resort Drive Phase 4, BF Resort Village, Las Piñas
7	Makati – J.P. Rizal	872 JP Rizal St. Barangay Poblacion, Makati City
8	Makati - P. Ocampo Sr. Ext.	243 P. Ocampo Sr. corner Flor de Lis St., Brgy La Paz, Makati City
9	Marikina - Tañong	223 A. Bonifacio Avenue, Brgy. Tañong, Marikina City
10	Mayon	No 166 Mayon St., Brgy. Maharlika, Sta. Mesa Heights, Quezon City
11	Monumento	MacArthur Highway corner Calle Uno, Caloocan City
12	Novaliches	1016 Quirino Highway Town Proper, Brgy. Monica, Novaliches, Quezon City
13	Novaliches - Lagro	Lot 2-B-6 (LRC) PSD 341349, Quirino Highway, Lagro, Novaliches, Quezon City
14	Paso De Blas - North Expressway	97 Paso De Blas, 1442 Valenzuela, Metro Manila
15	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn St., Brgy. Toro, Project 8, Quezon City
16	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City

2. Building leased

No.	BRANCH	ADDRESS
1	A Place - Coral Way	G/F A Place, Coral Way Drive, MOA Complex, Central Business Park 1, Island A, Pasay City
2	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City
3	A. Bonifacio Ave. -	960 A. Bonifacio Avenue, Balintawak, Quezon City

No.	BRANCH	ADDRESS
	Balintawak	
4	A. Arnaiz - Paseo	G/F Joni's Bldg., 832 Arnaiz Ave. Corner Edades St., Makati City
5	ABS CBN - Mother Ignacia	Stall No. 25 South Wing, G/F ELJCC Bldg., Sgt. E.A. Esguerra Avenue corner Mother Ignacia St., Quezon City
6	Acropolis - E. Rodriguez Jr.	G/F The SPA Bldg., E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
7	ADB Avenue – Opal	G/F Malayan Plaza ADB Ave. corner Opal Rd., Ortigas Center, Pasig City
8	Adriatico – Sta. Monica	1347 Adriatico near cor. Sta. Monica across Robinson's Place Manila, Ermita, Manila
9	Alabang - Madrigal Avenue	Units 5 & 6, Molito Commercial Complex, Madrigal Business Park, Madrigal Avenue, Alabang, Muntinlupa City
10	Alabang - Muntinlupa	Yellow 1 Bldg., South Station Bargain Center, Filinvest Corporate City, Alabang-Zapote Road, Alabang, Muntinlupa
11	Alabang Hills	Unit G02 UGF Madison Galleries, No. 398 Don Jesus Blvd., Brgy. Cupang, Alabang Hills, Muntinlupa City
12	Anonas - Kamias	Anonas St. corner K-6 St., East Kamias, 1102 Quezon City
13	Araneta Center – Gateway Mall	00016 Gateway Mall, Gen. Malvar Avenue, Brgy. Socorro, Cubao, Quezon City
14	Arranque	1359-1361 Soler St., Sta. Cruz, Manila
15	Arranque - Severino Reyes	1451-1457 C.M. Recto corner Severino Reyes St., Sta. Cruz, Manila
16	Aurora Blvd - Broadway Centrum	Broadway Centrum Condominium., Aurora Blvd. cor. Dona Juan Rodriguez St., 1112 Valencia, Quezon City
17	Aurora Blvd - Hemady	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City
18	Aurora Blvd. - Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City
19	Aurora Blvd. - New Manila	669 Aurora Blvd. Broadway Heights Bldg., Brgy. Mariana, New Manila, Quezon City
20	Aurora Blvd. - Princeton Residences	SMDC Princeton Residences (LC 102a-103d), Aurora Blvd., Brgy. Valencia, Quezon City

No.	BRANCH	ADDRESS
21	Ayala - Rufino	G/F Rufino Bldg., Ayala Avenue corner Herrera St., 1226 Makati City
22	Ayala Alabang	G/F Condominium C. Unioil Center Bldg., Acacia Avenue corner Commerce Avenue, Ayala Alabang, Muntinlupa
23	Ayala Alabang - Richville Center	Richville Center, 1314 Commerce Avenue Extension, Madrigal Business Park, Ayala Alabang, Muntinlupa
24	Ayala Avenue	6805 Multinational Bancorporation Bldg., Ayala Avenue, Makati City
25	Ayala Avenue - SGV 1 Bldg.	G/F SGV 1 Building, 6760 Ayala Avenue, Makati City
26	Ayala Avenue – People Support	G/F People Support Center, Amorsolo St. corner Ayala Avenue, Makati City
27	Ayala Triangle 1	GM-B G/F Tower 1, Ayala Triangle, Ayala Avenue, Makati City
28	Baclaran	2987 Taft Avenue Extension, Pasay City
29	Banawe - Agno	202-204 Banawe corner Agno St., 1103 Quezon City
30	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City
31	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City
32	Banawe - N. Roxas	71 Nicanor Roxas St. corner Banawe St., Quezon City
33	BDO Corporate Center Ortigas	G/F The Podium, ADB Avenue, Brgy. Wack-Wack, Mandaluyong City
34	Bel-Air – SM Cyberzone 1	G/F SM Makati Cyberzone 1, Along Sen. Gil Puyat Avenue, Makati City
35	Better Living - Bicutan	43 Doña Soledad Avenue, Better Living Subdivision, Don Bosco, Parañaque, MM
36	BF Homes - Aguirre	RGM Bldg., 326 Aguirre Avenue, BF Homes, Parañaque
37	BF Homes - Puregold Southpark	Units 4 & 5, G/F Puregold Avelino, President's Avenue, BF Homes, Parañaque City
38	BF Homes – Teoville	G/F Aurora Comm Bldg., President's Ave., Teoville Subd., Brgy. BF Homes, Paranaque City
39	Bicutan - West Service Road	HRDC Bldg., KM. 16 South Super Highway cor. Acsie Road, Severina Industrial Estate, Brgy. Marcelo Green, Parañaque
40	Binondo – Rosario	483 – 485 G/F Quintin Paredes St., Binondo, Manila
41	Bocobo - Pedro Gil	G/F, Altra Center, 1663 Jorge Bocobo St., Brgy 698,

No.	BRANCH	ADDRESS
		Malate, Manila
42	Boni - Ligaya	654 Boni Avenue, 1550 Mandaluyong City
43	Boni – Dansalan	G/F Exbonytz, Inc. Bldg. Boni Avenue corner M. Vicenter St., (formerly Dansalan St), Mandaluyong City
44	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
45	Bonifacio Global City - Fort Legends	G/F Fort Legends Tower corner 31st St. & 3rd Avenue, Bonifacio Global City, Taguig City
46	Bonifacio Global City - Grand Hamptons Tower	GF, Grand Hamptons Tower, 1st Avenue corner 31st St., Bonifacio Global City, Taguig City
47	Bonifacio Global City - J.Y. Campos Center	G/F J.Y. Campos Center, 30th St. corner 9th Avenue, Bonifacio Global City, Taguig City
48	Bonifacio Global City - Market Market	Space No. 101, Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM
49	Bonifacio Global City - MC Home Depot	G/F MC Home Depot, 32nd St. corner Bonifacio Avenue, Bonifacio Global City, Taguig
50	Bonifacio Global City - One Mckinley Place	G/F One McKinley Place, 4th Avenue corner 25th St., Bonifacio Global City, Taguig
51	Bonifacio Global City - Picadilly Star	G/F Picadilly Star Corporate Center, 4th Avenue corner 27th St., Bonifacio Global City, Taguig
52	Bonifacio Global City - St. Luke's	St. Luke's Medical Center, Rizal Drive corner 5th Avenue & 32nd St., Fort Bonifacio Global City, Taguig
53	Bonifacio Global City - The Infinity Tower	Unit 103 The Infinity Tower, 26th St., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
54	Bonifacio Global City - University Parkway	G/F Avecshares Center, 1132 University Parkway, Bonifacio North Triangle, Bonifacio Global City, Taguig
55	Bonifacio Global City – Ecotower	G/F Ecotower, 32nd St., corner 9th Avenue, Bonifacio Global City, Taguig City
56	Bonifacio Global City – Shangri-La	Unit GF 22, G/F Shangri-La at the Fort Manila, 30 th St. cor. 5 th Ave., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
57	Bonny Serrano Avenue	Unit 11 & 12, Aguinaldo Corporate Centre 125 Col. Bonny S. Serrano Avenue Brgy. Socorro, Quezon City
58	Buendia - Taft	No. 401 Sen. Gil Puyat Ave. corner Dominga St., Brgy. 48, Pasay City

No.	BRANCH	ADDRESS
59	C. M. Recto - Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila
60	C5 - Taguig	G/F Ridgewood Square, C5-Avenue, Ususan, Taguig City
61	Caloocan	Rizal Avenue Extension near corner 11th Avenue, Grace Park, Caloocan City
62	Caloocan - A. Mabini	G/F Corazon Bldg., 432 A. Mabini St., Poblacion, Caloocan City
63	Caloocan 7th Ave.	Rizal Avenue Extension corner 7th Avenue, Caloocan City
64	Carmen Planas	Nos. 822, 824 & 826 Carmen Planas St., Brgy. 269, Zone 25, District 3, Manila
65	Carmen Planas - Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila
66	Carmen Planas – P. Rada	1033-1035 C. Planas St., 1012 Tondo, Manila
67	Cash & Carry	G/F Unit No. G01A, Cash & Carry Mall, South Super Highway & Filmore St., Makati City
68	Central Market - V. Fugoso	1724 V. Fugoso St., Brgy. 311 Zone 31, District 3 Sta. Cruz, Manila
69	Chino Roces Avenue	Units 3 & 4 La Fuerza Plaza, Chino Roces, Makati City
70	Chino Roces Avenue – V.A. Rufino	G/F Pacifica One Center, 2178 Don Chino Roces Avenue, Brgy. Kit Del Pilar (North Arnaiz), Makati City
71	City of Dreams Manila	2nd Level, City of Dreams Manila, Aseana cor. Roxas Blvd., Brgy. Tambo, Parañaque City
72	Commonwealth	G/F Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City
73	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio (former Holy Spirit Drive), Don Antonio Heights Subdivision, Quezon City
74	Congressional Ave.	The Excelland System I, Congressional Avenue, Quezon City
75	Congressional Ave. Ext. – T.M. Kalaw	Blk. 3 Lot 6 Mira Nila Homes, Congressional Ave. Ext., Brgy. Pasong Tamo, Quezon City
76	Cubao - General Araneta	G/F Philamlife Cubao Bldg., Aurora Blvd. cor. Gen. Araneta Malvar Avenue, Cubao, Quezon City
77	Cubao - P. Tuazon	MEC Tower, P. Tuazon Ave. cor. 21st St., Cubao,

No.	BRANCH	ADDRESS
		Quezon City
78	Dapitan St. - A. H. Lacson Ave.	Dioresa Plaza, Dapitan St. corner A.H. Lacson Avenue, Sampaloc, Manila
79	Del Monte - Araneta Avenue	641 Del Monte Avenue, San Francisco Del Monte, Quezon City
80	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105
81	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City
82	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada St., Legaspi Village, 1229 Makati City
83	Dela Rosa – Gallardo	G/F Unit 15 Tropical Palms Condominium, 103 Dela Rosa St. cor. Gallardo St. cor. Perea St., Brgy. San Lorenzo, Legaspi Village, Makati City
84	Diliman - Matalino	G/F J & L Bldg., Matalino St., Diliman, Quezon City
85	Diliman – Capitol Hills	16 Capitol Hills Drive, Old Balara, Diliman, Quezon City
86	Divisoria	744 - 746 Ilaya St. Tondo, Manila
87	Divisoria - Sta. Elena	668 Sta. Elena St., Binondo, Manila
88	Dr. A. Santos Ave.	LT Bldg. Dr. A. Santos Avenue, Paranaque City
89	Dr. A. Santos Avenue – UPS 5	GF Omniworx Business Center, 0060 Dr. A. Santos Ave., Brgy. San Isidro, Parañaque City
90	E. Rodriguez - Welcome Rotonda	G/F AEK Bldg., 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City
91	E. Rodriguez Jr. Ave. - Bridgetowne	Shop 2-6 Tera Tower at Bridgetowne, E. Rodriguez Jr. Ave., Libis, Quezon City
92	E. Rodriguez Sr. - Hillcrest	G/F Rhodium Square Bldg., 1659 E. Rodriguez Sr. Avenue, Brgy. Pinagkaisahan, Quezon City
93	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
94	Eastwood City - IBM Plaza	G/F IBM Plaza, Eastwood City, E. Rodriguez Jr., Avenue, Bagumbayan, Quezon City
95	Eastwood City - Olympic Heights	G/F Olympic Heights, Eastwood City Cyberpark, Bagumbayan, Quezon City
96	Echague	No. 116-120 C. Palanca St. Quiapo, Manila
97	EDSA - A. de Jesus	474 EDSA corner B. Serrano & A. De Jesus St, 1403 Caloocan City

No.	BRANCH	ADDRESS
98	EDSA - Balintawak	G/F, 1310 Edsa, Brgy Apolonio Samson, Balintawak, Quezon City
99	EDSA - Bangkal	No. 3 EDSA, Barangay Bangkal, Makati City
100	EDSA - East Avenue	G/F Macdouton Building, 768 Edsa near cor. East Avenue, Brgy. Pinyahan, Cubao, Quezon City
101	EDSA - New Farmers Plaza	Unit 1-B, G/F New Farmers Plaza, General Roxas Avenue, Araneta Center, Cubao, Quezon City
102	EDSA - New York	EDSA corner New York St., Cubao 1111 Quezon City
103	EDSA – Ortigas	Maranaw Plaza, 187 Edsa, Brgy. Wack-Wack, Greenhills East, Mandaluyong City
104	EDSA Cubao	596 Simeon Medalla Bldg., corner Gen. McArthur Avenue, EDSA, Quezon City
105	EDSA East - Caloocan	L & E Bldg. EDSA corner Gen. Concepcion St, Caloocan City
106	EDSA POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong City
107	Elcano	SHC Tower 619 Elcano St. San Nicolas, Manila
108	Emerald Avenue	G/F Unit 101 Taipan Place, Don Francisco Ortigas Jr. Road, Pasig
109	España	Carmen Bldg. Espana corner G. Tolentino St. Sampaloc, Manila
110	España - M. Dela Fuente	Esperanza Place, España Blvd. corner M. Dela Fuente St., Sampaloc, Manila
111	España – Basilio	España St. corner Basilio St. corner Intrucccion St., Brgy 512, Manila
112	España – Blumentritt	2101-2103 España Avenue corner Blumentritt St. 1008 Sampaloc, Manila
113	Evangelista - Makati	1695 Evangelista St corner Gen. Lacuna St. Bangkal, Makati City 1233
114	F. Ortigas Jr. Road	G/F Ortigas Center Association, Inc. Bldg., F. Ortigas Jr. Road, Brgy. Oranbo, Ortigas Center, Pasig City
115	Fairview – Fairmont	Regalado Avenue, Brgy. North Fairview, Novaliches, Quezon City
116	Fairview – Regalado	G/F Regalado Hive, Regalado Ave., Brgy Fairview, Quezon City
117	Filinvest - Alabang	G/F Tower 1, Insular Life Corporate Center, Insular Life

No.	BRANCH	ADDRESS
		Drive, Filinvest Corporate City, Alabang, Muntinlupa City
118	Filinvest Avenue	G/F BC Group Bldg., Filinvest Ave. corner Commerce Ave., Brgy. Ayala Alabang, Filinvest Corporate City, Alabang, Muntinlupa
119	FiveE-comCenter	G/F Five E-com Center, Pacific Drive cor. Bayshore Ave., Brgy. 76, Zone 10, Mall of Asia Complex, Pasay City
120	Fort Bonifacio - Bayani Road	Bayani Road corner M. Roxas St., Fort Bonifacio, Taguig
121	Fort Bonifacio - McKinley Hill	G/F Three World Square, McKinley Hill, Fort Bonifacio, Taguig
122	G. Araneta - Brixton Hill	GF ILO Bldg., 195 G. Araneta Avenue, Quezon City
123	Gandara	811-813 Sabino Padilla St. (formerly Gandara St.) Sta. Cruz, Manila
124	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006 Binondo, Manila
125	GC Corporate Plaza - Legaspi St.	150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City
126	General Luis	297 Gen. Luis Street, Bo. Kaybiga, Caloocan City
127	Gil Puyat - Metro House	Metro House Building, 345 Sen. Gil J. Puyat Avenue, Brgy. Bel-Air, Makati City
128	Gil Puyat – Harrison	Unit IC, ID & IE, No. 53 Gil Puyat Avenue, Brgy. San Rafael, Pasay City
129	Gil Puyat – TechZone	G/F TechZone Philippines Bldg., 213 Sen. Gil Puyat Ave., Brgy. San Antonio, Makati City
130	Grace Park	G/F A & R Bldg., 213 Rizal Avenue Extension, Grace Park, Caloocan City
131	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City
132	Greenbelt – Legazpi St.	G/F 108 Legaspi St. cor. Paseo de Roxas, Pioneer House Bldg., Legazpi Village, Makati City
133	Greenhills	Greenhills Shopping Complex, Ortigas Avenue, San Juan, Metro Manila
134	Greenhills - Annapolis	Unit 101, GF Vasquez Madrigal Plaza, Annapolis St., Greenhills, San Juan
135	Greenhills - West	101 Limketkai Bldg., Ortigas Avenue, San Juan, Metro Manila

No.	BRANCH	ADDRESS
136	Greenhills - Wilson	227 Wilson Street corner Don Miguel Street, San Juan, Metro Manila
137	Greenhills – Connecticut	G/F Belomed Bldg., No. 49, Connecticut St., Brgy. Greenhills, San Juan City
138	Greenhills – Missouri	12 Missouri St., Northeast Greenhills, Brgy. Greenhills, San Juan City
139	Greenhills Shopping Center	G/F Jeweller Center, Greenhills Shopping Center, Ortigas Avenue, San Juan, Metro Manila
140	H.V. Dela Costa	120 Westgate Plaza Condominium, Salcedo Village, Makati City
141	Harrison Plaza	Unit R-5 URDI Building, Harrison Plaza Shopping Complex, F. B. Harrison, Malate, Manila
142	Ilaya	1049-1051 Ilaya Street, Divisoria, Manila
143	Ilaya - Padre Herrera	1089 Ilaya St., Brgy.3, Zone 01, Tondo, Manila
144	Intramuros	GF Chamber of Commerce Bldg., 3 Magallanes Drive, Intramuros, Manila
145	J. Abad Santos	GF Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila
146	JAS - Antipolo	GF Intercast Corp. Tower, Jose Abad Santos Avenue, Tondo, Manila
147	Juan Luna	262 Juan Luna Street, Binondo, Manila
148	Julia Vargas	IBP Building, Julia Vargas Avenue, Ortigas, Pasig City
149	Julia Vargas – Valle Verde	Units L1-01 & L1-02, Silver City, Frontera Verde, Brgy Ugong, Pasig City
150	Jupiter - Reposo	G/F CEI Headquarters, 158 Jupiter Street corner N. Garcia Street, Bel-Air Village, Makati City
151	Kamagong	2567 P. Ocampo (Vito Cruz Ext.) corner Madre Perla Street, Manila
152	Kamias Road	Trinidad Bldg., Kamias Road corner K- J St., Quezon City
153	Karrivin Plaza - Chino Roces Avenue Ext.	G/F Building A, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City
154	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila
155	Katipunan	Regis Center, No. 327 Katipunan Avenue corner F. dela Rosa St., Loyola Heights, Quezon City

No.	BRANCH	ADDRESS
156	Katipunan - B. Gonzales	G/F SMRC Bldg., Katipunan corner B. Gonzales St., Loyola Heights, Quezon City
157	Katipunan – Xavierville	GF Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights, Quezon City
158	Katipunan Avenue – Blue Residences	Strip at Blue, Blue Residences (LC 104-107A), Katipunan Ave. corner Aurora Blvd., Brgy. Loyola Heights, Quezon City
159	Las Piñas - Almanza	Alabang Zapote Road, Almanza Uno, Las Piñas, Metro Manila
160	Las Piñas - Marcos Alvarez Avenue	B-2 L-19 Kimberkay Bldg., Marcos Alvarez Ave., Brgy. Talon Cinco, Las Piñas City
161	Las Piñas - Naga Road	Near corner Naga Road and Main Access Road, E.T. Homes 2, Pulanglupa 2, Las Piñas City
162	Las Piñas - Talon	G/F MotionTrade Bldg, Alabang-Zapote Road, Talon, Las Piñas City
163	Las Piñas – Evia Daang Hari	Evia Lifestyle Center, Daang Hari Road, Tindig na Mangga, Brgy. Almanza Dos, Las Piñas City
164	Las Piñas – J. Aguilar Avenue Casimiro	Blk. 1 Lot 9 J. Aguilar Avenue, Casimiro Village 3, Brgy BF International, Las Piñas City
165	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba Street., San Nicolas, Manila
166	Legaspi Village - C. Palanca	G/F Colonade Residences, No. 132 Legaspi Village, Makati City
167	Legaspi Village - Salcedo St.	Maxicare Tower, 203 Salcedo St., Legaspi Village, Makati City
168	Loyola Heights - Berkeley Residences	G/F Berkeley Residences, Katipunan Ave. corner Escaler St., Loyola Heights, Quezon City
169	Magallanes Village	Unit 104, The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City
170	Makati - Esteban	G/F A & V Crystal Tower, 105 Esteban St., Legaspi Village, Makati City
171	Makati – Gramercy Residences	G/F Gramercy Residences, The Century City, Salamanca St., Brgy. Poblacion, Makati
172	Makati – Jazz Residences	G/F Jazz Residences, Jupiter St. corner N. Garcia St., Brgy. Bel-Air, Makati City
173	Makati – Metropolitan Avenue	G/F Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart(formerly Dao St), Makati City

No.	BRANCH	ADDRESS
174	Makati Avenue - Zuellig	G/F Zuellig Building, Paseo de Roxas corner Makati Avenue, Makati City
175	Makati Medical Center	G/F Makati Medical Center Bldg., Salcedo St. corner Dela Rosa St., Legaspi Village, Makati City
176	Makati Shangri-la Hotel	Unit 191 Shangri-la Hotel Manila, Ayala Center, Makati City
177	Malabon - Gov. Pascual	GF MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City
178	Malanday - McArthur Highway	G/F & 2/F, 584 MacArthur Highway, Brgy. Malanday, 1405 Valenzuela City
179	Malate - Adriatico	Adriatico Executive Center, Adriatico Street, Ermita, Manila
180	Conrad Hotel	G/F Conrad Hotel, Seaside Blvd. Corner Marina Way, Brgy. 76, Zone 10, Mall of Asia, Pasay City
181	Mall of Asia – Shell Residences	SMDC Shell Residences (LC 123), EDSA corner Road 11, Brgy. 76, SM Mall of Asia Complex, Pasay City
182	Mandaluyong - Calbayog	DMG Center, Libertad Street corner M. Cruz, Mandaluyong City
183	Mandaluyong - Libertad	Sierra Madre Street corner Libertad Street, Mandaluyong City
184	Mandaluyong - Light Mall	G/F Light Mall, Light Residences, Edsa corner Madison St., Brgy. Barangka Ilaya, Mandaluyong City
185	Manila - Otis	1763 Paz Mendoza Guanzon St., Paco, Manila
186	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal
187	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra, Cainta, Rizal
188	Marcos Highway - Vermont Park	Park Place Building, Marcos Highway corner Vermont Park, Brgy Mayamot, Antipolo City
189	Marikina - Calumpang	Florida 1 Bldg., JP Rizal corner M. A. Roxas Sts., Calumpang, Marikina City
190	Marikina - Gil Fernando Ave.	Gil Fernando Avenue corner Dragon Street, Marikina City
191	Marikina - Katipunan	G/F 107 Guerdon Commercial Center, Katipunan Avenue corner Rainbow St., Brgy. Concepcion Dos, Marikina City
192	Marikina - Lamuan	J. P. Rizal St. near corner Malaya St., Barangay Lamuan, Marikina City

No.	BRANCH	ADDRESS
193	Marikina - Nangka	Unit 1A-G/F Bldg 2, Citi Centre Nangka, J.P.Rizal Avenue corner Puerto Rico St., Marikina City
194	Marikina - Parang	No. 105 Gen. B. G. Molina St., Brgy. Parang, Marikina City
195	Marikina – JP Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City
196	Masangkay	Lung Hong Townmates Association Bldg., 1226 Masangkay, Sta. Cruz, Manila
197	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila
198	Masangkay - Luzon St.	907 Luzon St. corner Masangkay St., Tondo, Manila
199	Mascardo - Chino Roces Avenue	1101 Chino Roces corner Mascardo St., Brgy Sta. Cruz, Makati City
200	Mayon - Amoranto	489 Units A & B, Mayon Street, Sta. Mesa Heights, Quezon City
201	Mayon - N. Roxas	No. 241 Mayon Avenue corner Nicanor Roxas St., 1161 Quezon City
202	Meralco - Ortigas	Meralco Compound, Ortigas Avenue, 1604 Pasig City
203	Mezza Residences	G/F Mezza Residences, Aurora Blvd. corner Araneta Avenue, Guirayan St., Barangay Doña Imelda, Quezon City
204	Mindanao Avenue – Tandang Sora	G/F & 2/F, No.18 Mindanao Avenue, Brgy. Tandang Sora, Quezon City
205	Mother Ignacia – M Place	SMDC M Place South Triangle (LC 106-107), Mother Ignacia corner Panay Avenue, Brgy. South Triangle, Quezon City
206	Muñoz - Roosevelt	No. 328 Mesa Holding Bldg., Roosevelt Avenue, San Francisco Del Monte, Quezon City
207	Muntinlupa - Poblacion	G/F Elizabeth Center Bldg., National Road Poblacion, Muntinlupa City
208	N. Domingo - M. Paterno	G/F Maxsteel Bldg., No. 266 N. Domingo St., Brgy. Pasadena, San Juan City
209	Savemore – Nagtahan	G/F Savemore Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Sampaloc, Manila
210	NAIA	Arrival Area, Ninoy Aquino Intl. Airport, Ninoy Aquino Avenue, 1705 NAIA, Parañaque City
211	NAIA 3	Stall No.13, Arrival Lobby of Terminal 3, Ninoy Aquino

No.	BRANCH	ADDRESS
		International Airport, Andrews Avenue, Brgy. Villamor, Pasay City
212	Navotas	Seafront Commercial Bldg., North Bay Blvd., Navotas, Metro Manila
213	Neptune - Makati Avenue	101 Neptune St. corner Makati Avenue, 1209 Makati City
214	New Manila - E. Rodriguez Sr.	Unit 1G & 2E, 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City
215	Newport City	G/F Newport Office Building 1, Newport City, Pasay City
216	Newport City – Plaza 66	Unit Retail 13a, Plaza 66, Newport City, Manlunas St., Brgy. 183, Villamor Airbase, Pasay City
217	Northbay - Virgo Drive	Melandrea V Bldg., Honorio Lopez Blvd. near corner Virgo, North Bay, Navotas City
218	Novaliches - Zabarte	G/F C.I. Plaza, 1151 Quirino Highway corner Zabarte Road, Barangay Kaligayahan, Novaliches, Quezon City
219	Old Sta. Mesa - Albina	Newton Plaza, Old Sta. Mesa corner Albina Street, Sampaloc, Manila
220	OneE-comCenter	G/F One E-com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City
221	Ongpin	Unit ABC Imperial Sky Garden, Ongpin Street corner T. Pinpin, Binondo, Manila
222	Ongpin - T. Alonzo	G/F Anchor Skysuites, No. 827 Ongpin St., Brgy.300, Zone 29, Sta. Cruz, Manila
223	Ongpin-Tomas Mapua	1004-1006 Ongpin Street, Sta. Cruz, Manila
224	Ortigas - Octagon Centre	G/F Octagon Centre, San Miguel Avenue, Ortigas Center, Pasig City
225	Ortigas – Garnet Road	Unit 1 G/F Cyberscape Alpha Bldg., Garnet & Sapphire Rds., Ortigas Central Business District, San Antonio, Pasig City
226	Ortigas Avenue Ext. - St. Joseph	15 A, Ortigas Avenue Extension corner Monaco St., Pasig City
227	Ortigas Avenue Ext.-Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City
228	Pablo Ocampo Sr. St. - Arellano Avenue	Barko Bldg., P. Ocampo Sr. St. corner Arellano Avenue & Enriquez St., Malate, Manila
229	Pacific Star - Makati	GF Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City

No.	BRANCH	ADDRESS
230	Paco	1054-1060 Pedro Gil St., Paco, Manila
231	Padre Rada	Gosiupo Bldg., 480-482 Padre Rada Corner Elcano St., Tondo, Manila
232	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City
233	Parañaque - Moonwalk	G/F Seal I Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City
234	Parañaque – Moonwalk E. Rodriguez Ave.	15413 A&M Bldg., E. Rodriguez Ave. cor. Daang Batang St., Brgy. Moonwalk, Parañaque City
235	Parañaque - N. Aquino Avenue	JJM Bldg., 2 N. Aquino Ave., Sto. Niño, Parañaque City
236	Parañaque - Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, St. Niño, Parañaque City
237	Parañaque - San Antonio Valley 1	San Antonio Plaza, Blk 6 Lot 20 & 21, San Antonio Ave., Brgy. San Antonio Valley 1, Sucat, Parañaque
238	Pasay - Domestic Road	Caltex Compound (PDSC/Park 'N Fly Bldg.), NAIA corner Domestic Road, 1300, Pasay City
239	Pasay - Two Shopping Center	2nd Level. Retail Shops Area, Two Shopping Center, Taft Avenue, Pasay City
240	Paseo de Roxas 2	G/F BDO Plaza, 8737 Paseo de Roxas St., Makati City
241	Pasig - C. Raymundo Ave.	JEMCO Bldg., Raymundo Avenue corner Bernal St., Rosario, Pasig City
242	Pasig - Capitol Commons Estancia	Estancia Mall, Capitol Commons, Pasig City
243	Pasig - Caruncho	SG Bldg. Caruncho Avenue corner Market Avenue, Pasig City
244	Pasig - E. Rodriguez Jr. Ave.	G/F P & J Bldg., Pasig Blvd corner E. Rodriguez Jr. Ave., Brgy Ilog, Pasig City
245	Pasig - Kapasigan	Mariposa Arcade, A. Mabini cor. Dr. Pilapil St., Pasig City
246	Pasig - Meralco Avenue	G/F One Corporate Bldg., Julia Vargas Avenue corner Meralco Avenue, Pasig City
247	Pasig - Mercedes Avenue	No. 628 MK Building, Mercedes Avenue, Brgy. San Miguel, Pasig City
248	Pasig - Oranbo Drive	G/F AB Sandoval Bldg., Shaw Blvd. corner Oranbo Drive, Pasig City

No.	BRANCH	ADDRESS
249	Pasig - Pioneer	Pioneer Centre, Pioneer St. corner Brixton and United Streets, Pasig City
250	Pasig - Sixto Antonio Ave. Bedaña	Sixto Antonio Avenue corner R. Bedaña St., Pasig City
251	Pasig - The Grove Rockwell	G/F The Grove by Rockwell, 117 E. Rodriguez Jr. Avenue, Brgy. Ugong, Pasig City
252	Pasig - Valle Verde	G/F Reliance Center, 99 E. Rodriguez Jr. Avenue, Barrio Ugong, Pasig City
253	Pasig – A. Sandoval Ave.	G/F Isagabanna Bldg., A. Sandoval Ave. corner Col. R. Fernandez St., Villa Alegre Subd., Brgy. Pinagbuhatan, Pasig City
254	Pasig – Calle Industria	Retail 1, Acacia Escalades, Calle Industria, Brgy. Manggahan, Pasig City
255	Pasig – Maybunga	G/F Armal Bldg. 3, Blk 1 Lot 1-3, C. Raymundo Avenue, Maybunga, Pasig City
256	Pasig – Meralco Ave. Gen. Segundo	Iriz One Corporate Center, No. 35 Meralco Ave. cor. Gen. Segundo St., Brgy. San Antonio, Ortigas Center, Pasig
257	Pasig – Puregold San Joaquin	G/F Puregold, 165 M. Concepcion St., Brgy. Buting, Pasig City
258	Pasong Tamo Ext.	G/F Allegro Center, Pasong Tamo Extension, Makati City
259	Pateros - Poblacion	G/F Milaor Bldg., Almeda St., Poblacion, Pateros
260	Pedro Gil - A. Mabini	1567-1571 Salud Bldg., Pedro Gil corner A. Mabini St., Ermita, Manila
261	Pedro Gil - Adriatico	Adriatico near corner Pedro Gil St., Malate, Manila
262	Philam Tower – Valero	G/F Philamlife Tower, 8767 Paseo de Roxas, Brgy. Bel-Air, Makati City
263	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) LG/F Globe Telecom Plaza 1 Bldg., Pioneer St. Corner Madison St., Mandaluyong City
264	Plaza Calderon - Pedro Gil	GF Unit C, Harmonic Seven Bldg., 2332- 2334 Pedro Gil corner Vesta St., Sta. Ana, Manila
265	Port Area - South Harbor	G/F Velco Centre, RS Oca Corner A. C. Delgado Streets, Port Area, Manila
266	Q. I. - E. Rodriguez Sr.	G/F Ablaza Bldg., 117 E. Rodriguez Ave., Quezon City
267	Quezon Avenue - Araneta	G/F CSP Bldg., 815 Quezon Avenue, Quezon City
268	Quezon Avenue - Cordillera	No. 37 Quezon Avenue corner Cordillera St., Quezon

No.	BRANCH	ADDRESS
		City
269	Quezon Avenue – Examiner	G/F Maxmor Bldg., Examiner St. corner Quezon Ave. Brgy. West Triangle, Quezon City
270	Quezon Avenue – Fisher Mall	UB-Bank 1, Fisher Mall, Quezon Ave. corner Roosevelt Ave., Brgy Sta. Cruz, Quezon City
271	Quezon Avenue – Prima Residences	G/F Prima Residences, 243 Quezon Avenue, Brgy. Tatalon, Quezon City
272	Quiapo - Quezon Blvd.	Quezon Blvd., 1001 Quiapo, Manila
273	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St. corner Carvajal St., Binondo, Manila
274	Quirino Paco	CRS Tower Corner Perdigon Street, Pres. Quirino Avenue, Paco, Manila
275	Rada – Legaspi Village	G/F One Legaspi Place, Rada Street, Legaspi Village, Makati City
276	Resorts World Manila	Newport Blvd., Newport City, Pasay City
277	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila
278	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila
279	Robinson's Place - Manila	G/F Robinson's Mall corner Pedro Gil M. Orosa St., Ermita, Manila
280	Robinsons Galleria - Ortigas	Robinson's Galleria, Ortigas Avenue, 1602 Quezon City
281	Robinson's - Metro East	Level 1 (L1 160 & 162), Robinson's Metro East, Marcos Highway, Pasig City
282	Rockwell - Ortigas	Level 1, Tower 3 (South), The Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City
283	Rockwell – Power Plant	GF Power Plant Mall, Rockwell Centre, Amapola corner Estrella St., Makati City
284	Roxas Blvd. - Admiral Baysuites	G/F Admiral Baysuites, 2138 Aldecoa St. corner M.H. Del Pilar St., Brgy. 701 Malate, Manila
285	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila
286	Salcedo - Gamboa	Optima Building along Salcedo St. near corner Gamboa St., Legaspi Village, Makati City
287	Salcedo – Dela Rosa	Golden Rock Bldg., 168 Salcedo St., Legaspi Village,

No.	BRANCH	ADDRESS
		Makati City
288	Sales St. - Raon	545 Sales St. cor. G. Puyat St. (Raon), 1016 Sta. Cruz, Manila
289	Sampaloc – Legarda	GF Legarda Place Bldg., 2327 Legarda St., Sampaloc 042, Brgy. 416, Manila
290	Samson Road	G/F Ma. Cristina Bldg., Samson Road corner UE Tech, Caloocan City
291	San Andres	San Andres corner A. Linao St., Malate, Manila
292	San Juan – N. Domingo	88 N. Domingo Street, San Juan
293	Savemore - Amang Rodriguez	G/F Savemore Amang Rodriguez, GBU Bldg. Amang Rodriguez Avenue corner Evangelista St., Barangay Santolan, Pasig City
294	Savemore – Project 8	Savemore Project 8, Benefit St. corner Redemption and Grant St., Brgy. Sangandaan, Project 8, Quezon City
295	Savemore Novaliches	Savemore Novaliches, General Luis St., Novaliches, Quezon City
296	Scout Albano - Quezon Avenue	1488 Quezon Avenue, 1103 South Triangle, Quezon City
297	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Sgt. Limbaga Street, 1103, Quezon City
298	Shangri-La Plaza Mall - EDSA	Unit 516-517, Level 5 Shangri-La Plaza Mall, EDSA cor. Shaw Blvd., Brgy Wack-wack, Mandaluyong City
299	Shaw - Pasig Blvd.	145 Shaw Boulevard, Pasig City
300	Shaw Blvd. - Beacon Plaza	UG 105-UG 106 Beacon Plaza, Shaw Blvd. corner Ideal St., Mandaluyong City
301	Shaw Blvd. - Cherry Foodarama	Cherry Foodarama Shaw Blvd. (LC CS 1-09), Shaw Blvd. Corner Old Wack-Wack Rd., Brgy. Pleasant Hills, Mandaluyong City
302	Shaw Blvd. - Liberty Center	G/F Units 1 & 2 Bldg. B, Liberty Center, Shaw Blvd., Mandaluyong City
303	Shaw Blvd.-Wack-Wack	Unit A, BCC Showroom, 545 Shaw Blvd., Brgy Wack-Wack, Mandaluyong City
304	Shaw Blvd.-Yulo	285 Shaw Blvd. corner L. Cruz Street, Mandaluyong City
305	Silver City - Pasig	G/F Silver City Building 3, Frontera Verde, Ortigas Center, Pasig City

No.	BRANCH	ADDRESS
306	SM Aura Premier	LG/F SM Aura Premier, Bonifacio Global City, Brgy Fort Bonifacio, Taguig City
307	SM Center Las Piñas	LGF SM Center Las Piñas, Alabang-Zapote Road, Barangay Pamplona Dos, Las Piñas City
308	SM Center Muntinlupa	UG/F SM Center Muntinlupa, Barangay Tunasan, National Road, Muntinlupa City
309	SM Center Sangandaan	G/F SM Center Sangandaan, Marcelo H. Del Pilar St. corner Samson Road, Brgy. 003, 1408 Caloocan City
310	SM Center Valenzuela	Unit 126 G/F SM Center Valenzuela, McArthur Highway, Karuhatan Valenzuela City
311	SM City BF Parañaque	G/F SM City BF Parañaque, Dr. A. Santos Avenue, Brgy. BF Homes, Sucat, Parañaque City
312	SM City Bicutan	LG/F SM City Bicutan, Dona Soledad Avenue corner West Service Road, Paranaque City
313	SM City East Ortigas	SM City East Ortigas (LC180-183) , Ortigas Avenue Extension, Brgy. Sta. Lucia, Pasig City
314	SM City Fairview A	Quirino Highway corner Regalado St. Fairview, Quezon City
315	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
316	SM City Fairview C	LG/F, Annex 2, SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
317	SM City Manila	LG/F SM City Manila Concepcion corner Arroceros and San Marcelino St. Manila
318	SM City Marikina	G/F SM City Marikina, Barangay Calumpang, Marikina City
319	SM City North EDSA A	G/F The Block SM City North EDSA corner North Avenue, Quezon City
320	SM City North EDSA B	SM City North EDSA Annex I Bldg., North Avenue corner EDSA, Quezon City
321	SM City North EDSA C	SM Center Complex North EDSA, 1105 Quezon City
322	SM City Novaliches	G/F SM City Novaliches, Quirino Highway, Novaliches, Quezon City
323	SM City San Lazaro	Felix Huertas corner A.H. Lacson St. Sta. Cruz, Manila
324	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg. Aurora Blvd. Quezon City

No.	BRANCH	ADDRESS
325	SM City Sucat A	G/F SM Supercenter Sucat, Paranaque City
326	SM City Sucat B	GF Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Paranaque City
327	SM Corporate Offices	Bldg. D, 104 J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
328	SM Cubao	G/F SM Cubao, Cubao, Quezon City
329	SM Hypermarket Adriatico	G/F SM Hypermarket Adriatico, M. Adriatico St., Manila
330	SM Hypermarket Cubao	EDSA corner Main Street, Cubao, Quezon City
331	SM Hypermarket FTI Taguig	G/F SM Hypermarket FTI Taguig, Lot 85 A & B, DBP Avenue, FTI Complex, Brgy. Western Bicutan, Taguig City
332	SM Hypermarket Makati	SM Hypermarket Makati, 5560 Osmeña Highway corner Finlandia St, San Isidro, Makati City
333	SM Hypermarket Pasig	G/F SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig
334	SM Hypermarket Sucat – Dr. A. Santos Avenue	SM Hypermarket Sucat-Lopez (LC102-103), Dr. A. Santos Ave., San Isidro, Sucat, Paranaque City
335	SM Makati	G/F (GF05) Shoemart Bldg., Ayala Center, Brgy. San Lorenzo, Makati City
336	SM Mall of Asia A	G/F Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
337	SM Mall of Asia B	G/F Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
338	SM Megamall A	UG/F SM Megamall Bldg. A (LC121a-1 & 121a-2), Brgy. Wack-Wack, Greenhills West, Ortigas Center, Mandaluyong City
339	SM Megamall B	Upper & Lower Ground Floors, SM Megamall Bldg. B, Ortigas Center, Mandaluyong City
340	SM Megamall C	UG/F SM Megamall Bldg. A (LC 115A), Brgy. Wack-Wack, Greenhills West, Ortigas Center, Mandaluyong City
341	SM Southmall A	UG/F SM Southmall, Alabang - Zapote Road, Las Piñas City
342	SM Southmall B	UG/F SM Southmall, Alabang - Zapote Road, Las Piñas City

No.	BRANCH	ADDRESS
343	Solaire - Manila Resort	Solaire Manila, Bagong Nayong Pilipino Entertainment City, Parañaque City
344	Solaire - The Shoppes	Solaire Resorts and Casino Manila, Ang Bagong Nayong Pilipino Entertainment City, Brgy. Tambo, Parañaque City
345	Soler	U-1118 & 1120 Gracetown Building corner Soler & Alvarado Sts., Binondo, Manila
346	Soler - Reina Regente	1087 Soler St., Binondo, Manila
347	Southgate Mall - EDSA	G/F Southgate Mall, EDSA corner Pasong Tamo Extension, Makati City
348	Starmall - Alabang	Unit G33 Manuela Metropolis, South Super Highway, Alabang Interchange, Muntinlupa City
349	Sto. Cristo	475-477 Kim Siu Ching Foundation Building, Sto. Cristo St., Binondo, Manila
350	Sto. Cristo - Comercio	No. 686 Sto Cristo St., Binondo, Manila
351	Sto. Domingo	6 Sto. Domingo Avenue, Quezon City
352	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City
353	Sucat	Parañaque Cable TV Bldg., 8210 Dr. A Santos Avenue, Parañaque City
354	Sucat - Villa Mendoza	Dr. A. Santos Avenue corner Villa Mendoza Subd., Sucat Road, Parañaque City
355	Sun Residences	G/F Sun Residences, España Blvd. corner Mayon St., Brgy. Sta. Teresita, Quezon City
356	Tabora	859-861 L & J Building, Tabora Street, Divisoria, Manila
357	Taft - Libertad	2250 MCF Building, Taft Avenue corner College Road, Pasay City
358	Taft - Pedro Gil	1430 Taft Avenue, Manila
359	Taft Avenue - J. Nakpil	1747 Taft Avenue Corner J. Nakpil Street, Manila
360	Taft Avenue - Pres. Quirino	Ground Floor, FFW Bldg., 1943 Taft Avenue, Malate, Manila
361	Taguig - Levi Mariano Avenue	No. 160 Levi Mariano Avenue, Brgy Ususan, Taguig City
362	Tandang Sora	Tandang Sora Avenue corner Marcel Road, Quezon City
363	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay, Brgy. New Era, Quezon City

No.	BRANCH	ADDRESS
364	Tandang Sora – Commonwealth	Tierra Commercial Center Bldg., Commonwealth Ave. corner Tandang Sora Ave., Quezon City
365	Tayuman	G/F Delton Bldg., 1808 Rizal Avenue, Sta. Cruz, Manila
366	Teacher's Village	No. 115 Maginhawa St., Brgy Teacher's Village, Quezon City
367	Tierra Nueva - Alabang	Sycamore Arcade, Alabang-Zapote National Road, 1702 Alabang, Muntinlupa City
368	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City
369	Timog - Rotonda	GF Imperial Palace Suites, Tomas Morato corner Timog Avenue, South Triangle, Quezon City
370	Timog - Scout Torillo	Unit 11& 12, Timog Arcade, Timog Avenue corner Scout Torillo, Brgy. South Triangle, Quezon City
371	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City
372	Timog – EDSA	G/F GEMPC Bldg., 132 Timog Avenue, Brgy. Sacred Heart, 1103 Quezon City
373	Tomas Morato - Scout Gandia	No. 190 Tomas Morato Ave., Scout Gandia St., Quezon City
374	Tondo - Gagalangin	2459 Juan Luna St. corner Paez St., Gagalangin, Tondo, Manila
375	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila
376	Tordesillas - The Orient Mansion	G/F The Orient Mansion Condominium, 118 Tordesillas St. near corner H.V. dela Costa, Brgy. Bel-Air, Salcedo Village, Makati City
377	Tordesillas – Gallardo	G/F Cambridge Centre, 108 Tordesillas corner Gallardo St. Salcedo Village, Makati City
378	Trident - Gil Puyat	G/F Trident Tower Bldg., 312 Sen. Gil. Puyat Avenue, Makati City
379	Tutuban	DS 17-18 Tutuban Primeblock, Tutuban Center, CM Recto, Manila
380	UN Avenue	Puso ng Maynila Bldg., UN Avenue corner A. Mabini Street, Ermita, Manila
381	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
382	V - Mall	G/F New V- Mall, Greenhills Shopping Center, San Juan,

No.	BRANCH	ADDRESS
		Metro Manila
383	V. A. Rufino – Sotto	V.A. Rufino corner Sotto Street, Legaspi Village, Makati City
384	V.A. Rufino - Tuscan	GF Tuscan Building, 114 V. A Rufino St., Legaspi Village, Makati City
385	Valenzuela	Km. 15 MacArthur Highway, Dalandanan Valenzuela
386	Valenzuela - Gen. T. De Leon	Gen. T. De Leon Street, Valenzuela City
387	Valero - Salcedo Village	G/F Pearbank Center, 146 Valero Street, Salcedo Village, Makati City
388	Villar - Salcedo Village	Eurovilla III Condominium, 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City
389	Visayas Avenue	No. 30 Visayas Ave. near corner Congressional Avenue, Brgy. Bahay Toro, Quezon City
390	Walter Mart - North EDSA	G/F Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City
391	Waltermart - Bicutan	G/F Waltermart Bicutan, Km 16 East Service Road corner Mañalac Avenue, Brgy San Martin de Porres, Bicutan, Parañaque
392	Waltermart - Sucat	G/F Waltermart Sucat, Dr. A Santos Ave, Paranaque City
393	Washington - Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City
394	West Avenue - Baler	No. 118 Jafer Bldg., West Avenue, Quezon City
395	West Avenue - Del Monte	No. 40 West Ave., 1104 West Triangle, Q.C
396	West Avenue-East Maya	160 Ground floor Columbian Bldg. Near corner EDSA, West Avenue corner East- Maya Drive, Quezon City
397	Zurbaran	Rizal Avenue corner Fugoso Street, Sta. Cruz, Manila

(e) Provincial Branches:

1. Lot leased

No.	BRANCH	ADDRESS
1	Antipolo - Sumulong Highway	BDO Bldg. Sumulong Highway, Masinag, Mayamot, Antipolo
2	Bacoor Molino - Bahayang Pag - asa	L-20 B-5 Avenida Rizal St., Bahayang Pag-asa Subd., Brgy. Molino 5, Bacoor, Cavite

No.	BRANCH	ADDRESS
3	Bacoor - New Molino Blvd.	New Molino Blvd., Brgy. Molino 3, Bacoor , Cavite
4	Baliwag - Tagle	0301 J.P. Rizal cor. Tagle St., Poblacion, Baliwag, Bulacan 3006
5	Bataan - Mariveles FAB	Avenue of the Philippines cor. 8th Avenue, Freeport Zone of Bataan (the FAB), Mariveles, Bataan
6	Batangas - Rosario	BDO Bldg., G. Carandang St., Barangay C Poblacion, Rosario, Batangas
7	Bocaue - MacArthur Highway	MacArthur Highway, Brgy. Wakas, Bocaue, Bulacan
8	Bohol Tagbilaran – Visarra	C.P. Garcia Avenue near corner Visarra St., Bohol Tagbilaran City
9	Bulacan - Balagtas	McArthur Highway, Barangay San Juan, 3016 Balagtas, Bulacan
10	Bulacan - Obando	No. 224 J.P. Rizal St., Brgy Pag-asa, Obando, Bulacan
11	Cabanatuan - Sanciangco	Sanciangco St., Cabanatuan City
12	Cagayan de Oro – Limketkai	L-6 B-2, Limketkai Ave., Limketkai Commercial Complex, Brgy. 31, Poblacion, Cagayan De Oro City, Misamis Oriental
13	Cebu – Carcar	Dr. Jose Rizal St., Barangay Poblacion, Carcar City, Cebu
14	Cavite - Carmona	Governor's Drive, Barangay Maduya, 4116 Carmona, Cavite
15	Cavite - EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite
16	Cavite - Dasmariñas Aguinaldo Highway	Gen. Emilio Aguinaldo Highway corner Natividad St., Dasmariñas, Cavite
17	Cavite - Naic	Governor's Drive corner Soriano Highway, Naic, Cavite
18	Cavite – Dasmariñas FCIE	Governor's Drive, Barangay Langkaan, Dasmariñas, Cavite
19	Dumaguete - Silliman Campus	North National Highway, Dumaguete City, Negros Oriental
20	Iloilo - Central	Iznart St. Lot 317-B-2-A-1, 5000, Iloilo City, Iloilo
21	Iloilo - Molo	M.H. Del Pilar St. corner Jocson St., Molo, Iloilo City
22	Kawit - Binakayan	1497 National Road, Binakayan, 4104 Kawit, Cavite
23	Mactan – EPZA 1	Mactan-EPZA Compound, 6000 Lapu-Lapu City, Cebu

No.	BRANCH	ADDRESS
24	Masbate	Quezon St., Brgy. Pating, Masbate City
25	Meycauayan - MacArthur Highway	MacArthur Highway, Brgy. Calvario, Meycauayan, Bulacan
26	Pangasinan – Lingayen	80 Avenida Rizal East, Lingayen, Pangasinan
27	Quezon – Sariaya	Maharlika Road corner Rizal St. corner Quezon St., Brgy. Poblacion, Sariaya, Quezon
28	San Pedro - Rosario Complex 1	Lots 11 & 12, Rosario Avenue Complex 1, San Pedro, Laguna
29	Cavite - Silang	J.P. Rizal St. cor. Kiamzon St., Brgy. Poblacion III, Silang, Cavite
30	Tarlac – Paniqui	M. H. Del Pilar St., McArthur Highway 2307 Paniqui, Tarlac
31	Taytay - Manila East Road	BDO Bldg., East Road, Taytay, Rizal

2. Building leased

No.	BRANCH	ADDRESS
1	Abra - Bangued	Unit 12 The Rosario Bldg., Taft St. corner Magallanes St., 2800 Benguet, Abra
2	Agusan del Sur – San Francisco Gaisano	G/F Stall 28 & 29, Gaisano Grand Mall San Francisco, Davao Agusan National Highway, Brgy. 5, San Francisco, Agusan del Sur
3	Aklan - Kalibo	Along XIX Martyrs Street, Kalibo, Aklan
4	Aklan - Kalibo CityMall	Units 123-125 CityMall Kalibo, F. Quimpo St., Brgy. Andagao, Kalibo, Aklan
5	Aklan – Boracay	Station 2, Brgy. Balabag, Boracay Island, Malay, Aklan
6	Albay - Polanqui	Provincial Road corner Brgy. Road, Brgy. Ubaliw, Polanqui, Albay
7	Albay - Tabaco	Along Ziga Avenue, Tabaco, Albay
8	Albay – Daraga	Rizal St., corner Burgos St., Brgy Centro Ilawod, Daraga, Albay
9	Angeles - Friendship Highway	ECCO Bldg., Fil-Am Friendship Highway, Brgy. Anunas, Angeles City, Pampanga
10	Angeles - MacArthur	GF Excelsior Bldg., 314 Macarthur Highway, Brgy. CM

No.	BRANCH	ADDRESS
	Highway	Recto, Angeles City, Pampanga
11	Angeles - Marlim Mansions	G/F Marlim Mansions, MacArthur Highway, Balibago, Angeles City
12	Angeles - Sto. Rosario	Plaza Rafael I, 151- D. Sto. Rosario St., Sto. Domingo, Angeles City
13	Angeles City - Nepo Mart	NTEC Bldg., Teresa Ave., Nepo Mart Complex, Brgy. Cutcut, Angeles City, Pampanga
14	Angono - M.L. Quezon Avenue	G/F AB Commercial Plaza, M.L. Quezon Avenue, Barangay San Isidro, Angono, Rizal
15	Angono - National Highway	Aurora Bldg., Manila East Road corner Duhat St., Angono, Rizal
16	Antipolo - B. V. Soliven	Blk 24, Lot 1, Benito V. Soliven Avenue, Greenheights Subdivision, Barangay Mayamot, Antipolo City
17	Antipolo - Circumferential Road	G/F 1 Cirq Building, Circumferential Road, Bgy. San Roque, Antipolo City
18	Antipolo Plaza	Gatsby Bldg II, M. L. Quezon St., Antipolo
19	Bacolod - Araneta	Cineplex Complex, Araneta St., Bacolod City
20	Bacolod - East Block IT Park	G/F Villa Angela East Block Bldg A, The Block IT Park, Carlos Hilado National Highway, Bacolod City
21	Bacolod - Goldenfield	Building 1, Goldenfield Commercial Complex, Araneta St., Brgy. Singcang, Bacolod City
22	Bacolod - Gonzaga	Gonzaga - Lopez Enterprise Building Gonzaga Street, Bacolod City
23	Bacolod - Hilado	Hilado corner F. Y. Manalo Sts., 6100 Bacolod City, Negros Occidental
24	Bacolod - Libertad	Corner Hernaez St. & Lopez Jaena St., Bacolod City, Negros Occidental
25	Bacolod - Mandalagan	GF Sta. Clara Estate Building, Lacson St., Mandalagan, Bacolod City
26	Bacoor - Aguinaldo Highway	Gen. E. Aguinaldo Highway, Panapaan, Bacoor, Cavite
27	Bacoor - Zapote	Zapote Centre, Aguinaldo Highway, Zapote Road, Barangay Zapote 4, Bacoor, Cavite
28	Baguio - Harrison Road	G/F Our Lady of Lourdes Bldg., No.7 Harrison Rd., Brgy. Harrison Carantes Claudio, Baguio City

No.	BRANCH	ADDRESS
29	Baguio - Abanao Square	Abanao Square, Abanao corner Zanduetta Sts., Baguio City
30	Baguio - Bokawkan Road	69 Bokawkan Road, Brgy. Dizon Subdivision, Baguio City
31	Baguio - Legarda	Our Lady of Fatima Building, Yandoc St. Kayang Extension, Baguio City
32	Baguio - Luneta	Luneta Hill corner Governor Pack Road, Session Road, Baguio City
33	Baguio - Session Road	GF National Life Bldg., Session Road, Baguio City
34	Baguio – Marcos Highway Balsigan	G/F ECCO Bldg., No. 39 Marcos Highway, Brgy. Imelda Village, Baguio City
35	Baguio – Marcos Highway Center Point Plaza	G/F Centerpoint Plaza, Marcos Highway, Brgy Bakakeng Central, Baguio City
36	Balanga - Capitol Drive	G/F CT Edifice, Capitol Drive corner Kinatawan Road, Balanga City, Bataan
37	Batangas - Balayan	Antorcha St., Balayan, Batangas
38	Batangas - Kumintang	Along National Highway, Brgy. Kumintang Ilaya, Batangas City
39	Batangas - Lemery Ilustre	Ilustre Avenue corner Lakandula St., Lemery, Batangas
40	Batangas - Lemery Xentro Mall	G/F Xentro Mall Lemery, Brgy. Malinis, Lemery, Batangas
41	Batangas – Lima Technology Center	Unit 14 Lima Square, Business Loop, Malvar, Batangas
42	Batangas - P. Burgos	P. Burgos St. corner Evangelista St., Barangay Poblacion, Batangas City
43	Batangas - San Juan	Marasigan corner Kalayaan Sts., San Juan, Batangas
44	Batangas – Bauan	Kapitan Ponso St., Bauan, Batangas
45	Batangas – First Phil. Industrial Park	G/F Administration Bldg., First Philippine Industrial Park, Brgy. Sta. Anastacia, Sto. Tomas, Batangas
46	Batangas – Gulod	MB Bldg., Batangas Tabangao-Lobo Road, Brgy. Gulod Labac, Batangas City, Batangas
47	Batangas City - Puregold Calicanto	Puregold Batangas City, P. Burgos St., Brgy Calicanto, Batangas City, Batangas
48	Benguet - La Trinidad	G/F VC Arcadain Bldg., Km. 5, La Trinidad, Benguet

No.	BRANCH	ADDRESS
49	Biñan - A. Mabini	Rey Bldg., A. Mabini St. Poblacion, 4024 Binan, Laguna
50	Biñan Central Mall	G/F Biñan Central Mall, Units 8 & 9, Malvar St. corner Old National Highway, Biñan, Laguna
51	Bohol - Tagbilaran	CP Garcia Avenue., 56300 Tagbilaran City, Bohol
52	Bohol – Panglao	G/F Units 1-5, Hennan Resort Commercial Bldg., Panglao Circumferential Road, Brgy. Tawala, Panglao Island, Bohol
53	Bulacan - Bocaue	MacArthur Highway, Brgy. Biñang 1st, Bocaue, Bulacan
54	Bulacan - Hagonoy	Provincial Road, Brgy. Sto. Niño, Hagonoy, Bulacan
55	Bulacan - Plaridel	Along Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
56	Bulacan - Pulilan	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan
57	Bulacan - Puregold Baliwag	G/F Puregold Baliwag, Benigno S. Aquino Ave., Brgy. Bagong Nayon, Baliwag, Bulacan
58	Bulacan - San Jose Del Monte	National Highway, Tungkong Mangga, San Jose Del Monte City, Bulacan
59	Bulacan - San Rafael	Km. 59.5, Cagayan Valley Road, Brgy. Maguinao, San Rafael, Bulacan
60	Bulacan - Sapang Palay	G/F Elizabeth Place 1 Bldg., Bagong Buhay Ave., Brgy. Sapang Palay, San Jose Del Monte City, Bulacan
61	Bulacan - Sta. Maria Gov. F. Halili	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan
62	Bulacan - Sta. Maria M.G. De leon	#15 M.G. De Leon St., Poblacion., 3022 Sta. Maria, Bulacan
63	Bulacan - Sta. Rita Guiguinto	126 Cagayan Valley Road, Brgy. Sta. Rita, Guiguinto, Bulacan
64	Bulacan – Bustos	LRM Complex, Hilario St., Brgy. Poblacion, Bustos, Bulacan
65	Bulacan – Norzagaray	G/F Price Ken Bldg. II Circle, Gen. Alejo G. Santos Highway, Brgy. Partida, Poblacion, Norzagaray, Bulacan
66	Bulacan – San Miguel	Maharlika Highway, Brgy. Camias, San Miguel, Bulacan
67	Bulacan Sta. Maria - Pulong	GRECON Bldg., Km. 38 National Road, Brgy. Pulong

No.	BRANCH	ADDRESS
	Buhangin	Buhangin, Sta. Maria, Bulacan
68	Butuan - Estacio Village	Butuan Doctor's College, J.C. Aquino Ave. corner Victoria St., Brgy. Bayanihan, Butuan City, Agusan del Norte
69	Butuan - J.C. Aquino Avenue	D & V Plaza II Bldg., JC Aquino Avenue, Butuan City
70	Butuan - Montilla	Montilla Blvd. near corner Lopez Jaena St., Butuan City, Agusan Del Norte
71	Cabanatuan - Maharlika Highway North	G/F DGS Bldg., Along Maharlika Road, Bitas, Cabanatuan City
72	Cabanatuan - NE Pacific Mall	G/F Unit PA 5 & 6, NE Pacific Mall, Maharlika Highway, Cabanatuan City
73	Cabanatuan - Paco Roman	Along Paco Roman Street, Cabanatuan City, Nueva Ecija
74	Cagayan de Oro - Carmen	Max Y. Surriel St. corner V. Neri St., Carmen, Cagayan de Oro
75	Cagayan de Oro - Cogon	J. R Borja Street, Cagayan De Oro City
76	Cagayan de Oro - Hayes	GF Trendline Dept. Store, Arch James Hayes St., Cogon, Cagayan de Oro City
77	Cagayan de Oro - Osmeña	Pres. S. Osmena corner Ramon Chavez St., Cogon 9000, Cagayan de Oro, Misamis Oriental
78	Cagayan de Oro - R.N. Pelaez Blvd.	Georgetown Cyber Mall, Rodolfo N. Pelaez Blvd., Kaswagan, Cagayan de Oro City
79	Cagayan De Oro - Xavier	Library Annex Building Corrales Avenue, Cagayan de Oro City
80	Cainta - A. Bonifacio Ave.	Ledor Commercial Center, A. Bonifacio Avenue corner Samonte St., Barangay San Juan, Cainta, Rizal
81	Cainta – Puregold	Puregold Cainta Junction, A. Bonifacio Ave., Brgy. Sto. Domingo, Cainta, Rizal
82	Cainta Junction	Hipolito Bldg. Ortigas Avenue Extension Cainta Junction, Cainta, Rizal
83	Calamba - Paseo Uno	GF Paseo Uno de Calamba, National Highway, Barangay Paciano, Calamba City, Laguna
84	Calapan City – Puregold	Puregold Calapan Mindoro, J.P. Rizal St., Brgy Camilmil, Calapan City, Oriental Mindoro
85	Camarines Norte - Daet	J. Lukban Street corner Moreno Street Poblacion, Daet, Camarines Norte

No.	BRANCH	ADDRESS
86	Camarines Sur - Pili	Santiago, Pili, Camarines Sur
87	Camarines Sur – Nabua	Lot 374 CZA Bldg., National Rd. near corner Maganda Street, Brgy. San Antonio, Poblacion, Nabua, Camarines Sur
88	Canlubang iMall	Don Bosco Ave. corner Silangan Industrial Park Road, Brgy. Canlubang, Calamba City, Laguna
89	Catanduanes - Virac	San Juan corner Rizal Sts., 4800 Virac, Catanduanes
90	Cavite - Dasmariñas Central Mall	Central Mall Dasmariñas, Emilio Aguinaldo Highway corner Salitran St., Dasmariñas, Cavite
91	Cavite - Dasmariñas Salawag	EVY Commercial Bldg., Molino-Paliparan Rd., Brgy. Salawag, Dasmariñas, Cavite
92	Cavite - General Trias Manggahan	New Hall Commercial Center, Governor's Drive corner Crisanto delos Santos Ave., Brgy. Manggahan, General Trias, Cavite
93	Cavite – Gen. Trias San Francisco	Lot 1, along Arnaldo Highway, Brookside Lane, Brgy. San Francisco, Gen. Trias, Cavite
94	Cavite - Imus Aguinaldo Highway	GF DCR Building, Aguinaldo Highway, 4103 Imus, Cavite
95	Cavite - Imus Nueno Avenue	358 Exodus Building, Nueno Avenue, Imus, Cavite
96	Cavite - Puregold Noveleta	Puregold Noveleta Cavite, National Road, Brgy. Magdiwang, Noveleta, Cavite
97	Cavite - Puregold Tanza	GF Puregold Tanza, Provincial Road, Tanza, Cavite
98	Cavite - Trece Martires	L Paseo Arcade, near corner Indang, Trece Road, Trece Martires City, Cavite
99	Cebu - A. S. Fortuna	GF Tanaka Bldg., 869 A. S. Fortuna Banilad, Mandaue City
100	Cebu - A.C. Cortes	Units 1-4 Ibabao Square, A. Cortes Avenue, Brgy. Ibabao, Mandaue City, Cebu
101	Cebu - Asiatown IT Park	GF TGU Tower, Salinas Drive corner J. M. Del Mar St., Asiatown IT Park, Apas, Cebu City
102	Cebu - Ayala Business Park	GF Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City
103	Cebu - Ayala Mall	Stall R106 Ground Level, ACC Corporate Center, Ayala Center Cebu, Cebu Business Park, Cebu City
104	Cebu - Banilad	Gov. M. Cuenco Avenue, Banilad, Cebu City

No.	BRANCH	ADDRESS
105	Cebu - Bogo	P. Rodriguez corner San Vicente Sts., 6010 Bogo, Cebu City
106	Cebu - Capitol	Osmeña Blvd. corner Ma. Cristina St., 6000 Cebu City
107	Cebu - Consolacion	GF Annex Bldg. Fooda Saversmart, Consolacion, Cebu
108	Cebu - Elizabeth Mall	G/F Elizabeth Mall, Leon Kilat corner South Expressway, Cebu City
109	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000
110	Cebu - Gaisano Minglanilla	UG/F Gaisano Grand Mall Minglanilla, Poblacion, Minglanilla, Cebu City
111	Cebu - Guadalupe	R. Duterte Corner V. Rama Sts. Guadalupe, Cebu City
112	Cebu - Insular Life Business Centre	G/F Insular Life Cebu Business Centre, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City
113	Cebu - J. Mall	Unit 1 & 2 LGF, J Centre Mall, A.S. Fortuna St., Bakilid, Mandaue City 6014
114	Cebu - Mambaling	Grand Orchard Commercial Building, C. Padilla Street, Mambaling, Cebu City
115	Cebu - North Road	National Highway, Labogon, Mandaue City, Cebu
116	Cebu - Parkmall	Unit 29 - 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu
117	Cebu - Plaridel	21 Dy Bldg., Plaridel St., Cebu City
118	Cebu - Tabo-an	T. Abella St., San Nicolas Central, Cebu City
119	Cebu – Colon	279 Colon St., Brgy. Kalubihan, Cebu City
120	Cebu – Danao	Units 04 & 05 G/F Danao Central Mall Gaisano, Juan Luna St., Brgy Poblacion, Danao City, Cebu
121	Cebu – Escario	Cebu Escario St., Cebu City
122	Cebu – Legaspi	Legaspi corner Zamora Street, Cebu City
123	Cebu – Mabolo	Unit 10 Northwood Square, F. Cabahug St., Brgy. Kasambagan, Panagdait, Cebu City
124	Cebu – Magallanes	Plaridel St. corner Magallanes St. Cebu City
125	Cebu – Osmeña	JR Martinez Bldg., Osmena Blvd., Sta. Cruz, Cebu City

No.	BRANCH	ADDRESS
126	Cebu Mandaue	La Fuerza Compound, Subangdaku, Mandaue City
127	Cebu Tabunok	PBS Bldg., 2668 National Highway Tabunok, Talisay, Cebu City
128	Clark – Philexcel Business Park	Philexcel Business Park, Manuel A. Roxas Highway, Clark Freeport Zone, Pampanga
129	Clark SEZ - Centennial	Centennial Road, Clark Special Eco. Zone, Clarkfield, Pampanga
130	Cotabato - Kabacan	Rizal Avenue, National Highway, 9407 Kabacan, North Cotabato
131	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato
132	Cotabato – S. K. Pendatun	G/F Insular Life Bldg., Salipada K. Pendatun Ave., Brgy. Poblacion 5, Cotabato City, Maguindanao
133	Dagupan - Perez	386 Perez Boulevard, Dagupan City
134	Dagupan - Tapuac	Unit 8-10 Mother Goose Play School Bldg., MacArthur Highway, Tapuac District, Dagupan City, Pangasinan
135	Dagupan – Mayombo	G/F BHF Family Plaza, MacArthur Highway, Brgy. Mayombo, Dagupan City, Pangasinan
136	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City
137	Davao - Bangoy	R. Magsaysay Avenue corner C. Bangoy St., 8000 Davao City
138	Davao – Buhangin C.P. Garcia Highway	Carlos P. Garcia Highway, Buhangin Diversion Road, Davao City
139	Davao - Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur
140	Davao - Monteverde	GF Sequoia Inn, Monteverde Avenue, Davao City
141	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City
142	Davao - Quirino Avenue	Nicolas 1 Bldg. Quirino Ave., Davao City
143	Davao - Rizal	Caritas Building Rizal Street corner Pelayo Street, Davao City
144	Davao - Sta. Ana	Monteverde corner F. Bangoy Sts., 8000 Davao City, Davao del Sur
145	Davao - Sta. Ana Gempesaw	Sta. Ana Avenue corner Gempesaw St., Brgy. 015, Davao City

No.	BRANCH	ADDRESS
146	Davao - Wood Lane Diversion Road	Unit 1B G/F Bldg. 2, The Shoppes at Wood Lane, Diversion Road (Carlos P. Garcia Highway), Brgy. Ma-a, Davao City, Davao del Sur
147	Davao – Calinan	WTKC Realty Bldg., Davao-Bukidnon National Highway, Brgy. Calinan, Davao City
148	Davao – Felcris Centrale	Felcris Centrale, Quimpo Boulevard, Brgy. Bucana, Davao City
149	Davao – Lanang Insular Village	SJRDC Building, Insular Village 1 Commercial Area, Lanang, Davao City
150	Davao – Panabo	National Highway, Brgy. Sto. Niño, Panabo City, Davao del Norte
151	Davao Digos – San Jose	G/F Ladera Bldg., Rizal Avenue, Brgy. Zone III, Digos City, Davao Del Sur
152	Davao Magsaysay	R. Magsaysay Avenue, Davao City
153	Davao Tagum - National Highway	BIBU Square, Liwayway Commercial Area, National Highway, Brgy. Magugpo East, Tagum City, Davao del Norte
154	Dipolog – Rizal Avenue	Rizal Avenue near corner Gonzales St., Brgy. Central, Dipolog City
155	Gaisano Grand Mall - Cotabato Kidapawan	G/F Gaisano Grand Mall Kidapawan, Quezon Blvd., Purok 1, Brgy. Lanao, Kidapawan City, North Cotabato
156	General Santos	Santiago Boulevard corner JP Laurel Street, General Santos City
157	General Santos - National Highway	Tandem Center, Pasiliao Subdivision, National Highway, Brgy. City Heights, General Santos City, South Cotabato
158	General Santos - Pendatun	GF Sydney Hotel, corner Pioneer and Pendatun Avenue, General Santos City 9500
159	Iligan - Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao, Del Norte
160	Ilocos Norte - Batac	Aoigan Bldg., Washington St. Batac 2906, Ilocos Norte
161	Ilocos Sur - Candon	National Highway corner Abaya St., 2710 Candon, Ilocos Sur
162	Ilocos Sur – Narvacan	National Road, Brgy. Sta Lucia, Narvacan, Ilocos Sur
163	Iloilo - Arevalo	Calle M.L. Quezon corner Gen. Yulo Drive, Brgy. Quezon, Arevalo, Iloilo City
164	Iloilo - Jaro	NB Bldg., Lopez Jaena Street, Jaro, Iloilo City

No.	BRANCH	ADDRESS
165	Iloilo - La Paz	GF INJAP Bldg., corner Luna St. & Huervana St., La Paz, Iloilo City
166	Iloilo - Ledesma	GF Esther Building, Ledesma Street, Iloilo City
167	Iloilo - Tabuc Suba	Roger's Bldg., MacArthur Highway, Tabuc Suba, Iloilo City
168	Iloilo – General Luna	48 LPHTP Bldg. Gen. Luna St., Iloilo City
169	Iloilo – Passi	G/F Fronthub Ventures Bldg., Simeon Aguilar St. (National Road) corner Commonwealth Drive, Brgy Ilawod, Passi City, Iloilo
170	Iloilo – Quezon	Lots 3 & 5, Quezon St., Iloilo City
171	Iloilo Jaro - CityMall Tagbak	UO2 CityMall Tagbak Jaro Iloilo, MacArthur Highway, Brgy. Tagbak, Jaro, Iloilo City
172	Iriga City	Iriga Plaza Hotel, Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur
173	Isabela - Cauayan	Along National Highway, Cauayan, Isabela
174	Isabela - Ilagan	Along Maharlika Highway, Calamagui 2nd, Ilagan, Isabela
175	Isabela - Tumauini	National Highway, Brgy. San Pedro, Tumauini, Isabela
176	Isabela Santiago – Xentro Mall	G/F Xentro Mall corner National Highway & 4 Lanes Rd., Brgy. Villasis, Santiago City, Isabela
177	La Union - Agoo	Along National Highway, Barangay San Nicolas, Agoo, La Union
178	La Union San Fernando - Rizal Avenue	Rizal Avenue corner Ortega Street, San Fernando, La Union
179	La Union San Fernando – Manna Mall	G/F Manna Mall, National Highway corner Diversion Road, Brgy. Pagdaraoan, San Fernando City, La Union
180	Laguna - Cabuyao	GF Lim-Bell Business Center, JP Rizal St., Cabuyao, Laguna
181	Laguna - Pagsanjan	J P Rizal Street corner F. De San Juan St., Barangay Dos, Poblacion, Pagsanjan, Laguna
182	Laguna - Sta. Cruz	Along Regidor St., Sta. Cruz, Laguna
183	Laguna - Sta. Cruz National Highway	G/F E Home Town Center, National Highway, Brgy. Pagsawitan, Sta. Cruz, Laguna
184	Laguna - Technopark	GF Laguna Technopark Admin. Bldg. 1, North Main

No.	BRANCH	ADDRESS
		Avenue, Laguna Technopark Biñan, Laguna
185	Laguna – Alaminos	KCD Commercial Complex, National Highway, Barangay II Poblacion, Alaminos, Laguna
186	Laguna – Carmelray I	Administration Bldg., Carmelray Industrial Park I, Carmeltown, Canlubang, Calamba, Laguna
187	Laguna – Carmelray II	Administration Bldg., Carmelray Industrial Park II, Km. 54 National Highway, Brgy. Milagrosa, Calamba City
188	Laoag - Castro	Pichay Bldg., JP Rizal corner A. Castro St., Laoag City
189	Legazpi City - Albay District	G/F & Mezzanine Floor, ZPC Bldg., Rizal St., Brgy. Baño, Old Albay, Legazpi City, Albay
190	Legazpi City - Rizal St.	Rizal corner Gov. Imperial St., Legaspi City
191	Legazpi City - Rotonda	Rizal St., 4500 Legaspi City, Albay
192	Legazpi City - Tahao	AGR Building, Alternate Road, Tahao, Legazpi City
193	Leyte - Ormoc Gaisano	G/F Gaisano Capital Ormoc Riverside, Brgy. Alegria, Ormoc City, Leyte
194	Lipa - Ayala Highway	Casa Esperanza Building, Pres. JP Laurel Highway, Mataas na Lupa, Lipa City
195	Lipa - Robinson's Place	Level 1, Space L1- 177, Robinson's Place-Lipa, Lipa Highway, Lipa City, Batangas
196	Lipa – J. P. Laurel	J.P. Laurel St., Brgy Tambo, Lipa City, Batangas
197	Lipa – Puregold	G/F Puregold Lipa, Gen. Luna St., cor. D.P. Laygo St. & H. La Torre St., Brgy. 10, Lipa City, Batangas
198	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Brgy. Batong Malake, Los Baños
199	Lucena - Enriquez	Enriquez corner Evangelista St., Lucena City
200	Lucena - Gulang Gulang	505 Quezon Avenue Extension, Brgy. Gulang Gulang, Lucena City
201	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon
202	Lucena – Tagarao	M.L. Tagarao St., Brgy. 5, Lucena City
203	Mactan - EPZA 2	Unit 204 NGA Bldg. 2, Pueblo Verde MEZ II, Basak, Lapu-Lapu City
204	Mactan – Lapu-lapu GMC	Unit 9, The Arcade, ML Quezon Highway, Pajo, Lapu-Lapu City

No.	BRANCH	ADDRESS
205	Malolos - MacArthur Highway	S1 Space A, The Cabanas Mall, KM 44-45 MacArthur Highway, Malolos City
206	Malolos – Crossing	G/F Margen Bldg., MacArthur Highway, Sumapang Matanda, Malolos City, Bulacan
207	Marilao - MacArthur Highway	Unit 1-3 Cecilia Commercial Complex, Abangan Norte, MacArthur Hi-way, 3019 Marilao, Bulacan
208	Meycauayan - Malhacan	Supima Square Commercial Complex, Lukytex Compound, Malhacan Road, Meycauayan, Bulacan
209	Mindoro – Calapan	JP Rizal St., 5200 Calapan, Oriental Mindoro
210	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental
211	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental
212	Montalban – Puregold	G/F Units 3-5, Rodriguez Highway, Brgy. Rosario, Montalban, Rizal
213	Naga - Concepcion Grande	G/F Commercial Bldg., Maharlika Highway, Brgy. Concepcion Grande, Naga City
214	Naga - General Luna	Nos. 80-82 General Luna Street, Dinaga, Naga City
215	Naga - Magsaysay Avenue	One Magsaysay Bldg., Magsaysay Avenue corner Reno St., Brgy. Concepcion Pequeña, Naga City
216	Naga - San Francisco	Barangay San Francisco Peñafrancia Avenue, Naga City
217	Naga – Diversion Road	Building 5, Stalls A and B, M Plaza Roxas Avenue, Diversion Road, Concepcion Pequeña, Naga City
218	Naga – Elias Angeles	Chua O. Co Bldg., Elias Angeles St., Brgy. San Francisco, Naga City, Camarines Sur
219	Naga – Panganiban Drive	G/F DECA Corporate Center, Panganiban Drive, Brgy Tinago, Naga City, Camarines Sur
220	Negros Occ - Bago	Araneta Avenue St. corner J.P. Rizal Gen. Luna St., Bago City, Negros Occidental
221	Negros Occ - Binalbagan	Biscom Compound, Binalbagan, Negros Occidental
222	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran 6106, Negros Occidental
223	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental
224	Negros Occ – Talisay	Paseo Mabini St., Brgy. Poblacion, Zone 9, Talisay City, Negros Occidental

No.	BRANCH	ADDRESS
225	Negros Occ - Victorias	Osmeña Avenue, Victorias City, Negros Occidental, 6119
226	Negros Occ – La Carlota	Yunque St. corner Gurrea St., Brgy. 1, La Carlota City, Negros Occidental
227	Negros Oriental – Bayawan	G/F NVF Bldg. 441 National Highway, Brgy. Poblacion, Negros Oriental
228	Nueva Ecija - Gapan Maharlika Highway	Units 3-7, Maharlika Highway corner Sampaguita St., Brgy. Bayanihan, Gapan, Nueva Ecija
229	Nueva Ecija - San Jose	Maharlika Road, 3121 San Jose City, Nueva Ecija
230	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija
231	Nueva Ecija - Talavera	Maharlika Highway, Marcos District, Talavera, Nueva Ecija
232	Nueva Ecija – Cabiao	G/F PRIMARK Cabiao, Jose Abad Santos Ave., Brgy. San Roque, Cabiao, Nueva Ecija
233	Nueva Ecija – Zaragoza	Along Tarlac-Sta. Rosa Road, Brgy. Del Pilar East, Zaragoza, Nueva Ecija
234	Nueva Vizcaya - Solano	National Highway, Solano, Nueva Vizcaya
235	Olongapo	GF & 2F KT Tower, Rizal Avenue East corner 18th St., Bajac, Olongapo City
236	Ortigas Avenue Ext. - Cainta	Units 7-9 Philfoam Furnishing Bldg., Km 23 Ortigas Avenue Extension, Cainta, Rizal
237	Pampanga - Lubao	Olongapo-Gapan Road, Sta. Cruz, Lubao, Pampanga
238	Pampanga - Magalang	Poblacion San Pedro, Magalang, Pampanga
239	Pampanga – Puregold Dau	G/F & 2/F Puregold Dau, Mac Arthur Highway, Brgy. Dau, Mabalacat, Pampanga
240	Pampanga San Fernando - Dolores	MacArthur Highway, Dolores, 2000 City of San Fernando, Pampanga
241	Pampanga San Fernando - MacArthur Highway	GF Doña Isa Fel Building II, McArthur Highway, Dolores, San Fernando City, Pampanga
242	Pampanga San Fernando - Sindalan	Palm Bldg., MacArthur Highway, Sindalan, San Fernando City, Pampanga
243	Pangasinan - Alaminos	Marcos Avenue, Palamis, 2404 Alaminos, Pangasinan
244	Pangasinan - Calasiao	GF Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan

No.	BRANCH	ADDRESS
245	Pangasinan - Carmen	McArthur Highway, Carmen East, 2441 Rosales, Pangasinan
246	Pangasinan - Mangaldan	Along Rizal Avenue, Poblacion, Mangaldan, Pangasinan
247	Pangasinan - San Carlos	Palaris St., 2420 San Carlos City, Pangasinan
248	Pangasinan - Tayug	Along Quezon Blvd., Poblacion Tayug, Pangasinan
249	Pangasinan – Bayambang	206 Rizal Avenue, Brgy. Poblacion, Bayambang, Pangasinan
250	Pangasinan – Malasiqui	ARLU Bldg., Magsaysay St., Brgy Poblacion, Malasiqui, Pangasinan
251	Puerto Princesa – San Pedro	G/F Palawan Uno Hotel, National Highway, Brgy. San Pedro, Puerto Princesa City, Palawan
252	Rizal - Montalban	G/F Montalban Town Center, Rodriguez Highway corner Lardizabal St., Barangay San Jose, Rodriguez, Rizal
253	Rizal - Tanay	Tanay Town Center, Sampaloc Road corner F.T. Catapusan St., Plaza Aldea, Tanay, Rizal
254	Rizal – Morong	G/F & 2/F Morong Centerpoint, No. 58 T. Claudio St., Brgy. San Juan, Morong Rizal
255	Rizal – San Mateo	G/F & Mezzanine Flr., Doña Isabel Bldg., No. 29 Gen. Luna St., Brgy. Guitnang Bayan 1, San Mateo, Rizal
256	Robinson's Dumaguete	Robinsons Dumaguete, Dumaguete Business Park, South Road, Calingdagan, Dumaguete City
257	Robinson's Place General Trias	Level 1 130-133, Robinson's Place General Trias, EPZA Bacao Diversion Road, Brgy. Tejero, Gen. Trias, Cavite
258	Robinson's Place - San Nicolas	Unit 1-0144, Robinson's Place, San Nicolas, Ilocos Norte
259	Roxas – CityMall	CityMall-Roxas, Arnaldo Boulevard, Brgy. Baybay, Roxas City, Capiz
260	Roxas – Pueblo De Panay	GF Hotel Veronica Bldg., Immaculate Heart of Mary Ave., Pueblo de Panay, Brgy. Lawa-an, Roxas City
261	Samar - Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar
262	Samar – Catarman	E.B. Moore St. corner Anunciacion St., Brgy Lapu-Lapu, Catarman, Northern Samar
263	San Pablo - Maharlika Highway	GF Bien Paz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City

No.	BRANCH	ADDRESS
264	San Pablo - Paulino	M. Paulino St., San Pablo City
265	San Pedro	National Highway Junction & Mabini St., Brgy. Nueva, San Pedro Laguna
266	San Pedro - National Highway	Mega Building, National Highway, San Pedro, Laguna
267	San Pedro - Pacita	GF M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna
268	SM Center Angono	UG/F SM Center Angono, Manila East Road, Brgy. San Isidro, Angono, Rizal
269	SM City Bacolod	GF South Wing Bldg., SM City Bacolod, Poblacion Reclamation Area, Bacolod City
270	SM City Bacolod North	G/F SM City Bacolod North Wing Bldg., Brgy. 12, Poblacion, Reclamation Area, Bacolod City
271	SM City Bacoar	UG/F SM City Bacoar Gen. Aguinaldo Highway corner Tirona Highway Bacoar, Cavite
272	SM City Baguio	UGF SM City Baguio, Upper Session Road, Baguio City
273	SM City Baliwag	G/F SM City Baliwag (LC EX 101-102,105a-107a), DRT Highway, Brgy. Pagala, Baliwag, Bulacan
274	SM City Batangas	GF SM City Batangas, Barangay Pallocan West, Batangas City
275	SM City Cabanatuan	UG/F SM City Cabanatuan, Maharlika Highway, Brgy. Hermogenes C. Concepcion Sr., Cabanatuan City, Nueva Ecija
276	SM City Cagayan De Oro	GF SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan, Cagayan de Oro, Misamis Oriental
277	SM City Calamba	GF SM City Calamba, National Highway, Barangay Real, Calamba City, Laguna
278	SM City Cauayan	G/F & 2/F SM City Cauayan, Maharlika Highway, Brgy. San Fermin, Cauayan, Isabela
279	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City
280	SM City Cebu B	UGF, The Northwing - SM City Cebu, North Reclamation Area, San Jose dela Montaña corner M.J. Cuenco Avenue, Cebu City
281	SM City Clark A	G/F SM City Clark, Clark Field, Pampanga
282	SM City Clark B	G/F SM City Clark BPO Tower 1&2 (LC B1-101-107),

No.	BRANCH	ADDRESS
		Brgy. Malabanias, Pampanga
283	SM City Consolacion Cebu	G/F SM City Consolacion Cebu, Cebu North Road, Brgy. Lamac, Consolacion, Cebu
284	SM City Dasmariñas A	Upper Ground Floor, SM City Dasmariñas , Barrio Pala-Pala, Dasmariñas, Cavite
285	SM City Dasmariñas B	LGF SM City Dasmariñas, Governor's Drive, Brgy. Pala-Pala, Dasmariñas, Cavite
286	SM City Davao	UGF SM City Davao, Brgy. Matina, Davao City
287	SM City Davao Annex	G/F Annex Bldg., SM City Davao, Brgy. Matina, Davao City
288	SM City General Santos	G/F SM City General Santos, Santiago Boulevard corner San Miguel St., General Santos City
289	SM City Iloilo	UGF SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City
290	SM city Iloilo B	UGF SM City Iloilo Expansion Bldg. (LC1053A-1053F), Benigno Aquino Avenue, Brgy. Bolilao, Mandurriao, Iloilo City
291	SM City Lipa	GF SM City Lipa, Ayala Highway, Lipa City, Batangas
292	SM City Lucena	GF SM City Lucena (LC - 177- 178), Pagbilao National Road, Lucena City
293	SM City Marilao	GF SM City Marilao, MacArthur Highway, Marilao, Bulacan
294	SM City Masinag	G/F SM City Masinag, Marcos Highway, Mayamot, Antipolo City
295	SM City Molino	G/F SM Center Molino (LC 124), Brgy. Molino 4, Bacoar, Cavite
296	SM City Naga	GF SM City Naga, Brgy. Triangulo, Central Business District II, Naga City
297	SM City Olongapo	G/F SM City Olongapo (Location Code EXP 105-106), Magsaysay Drive corner Gordon Ave., Pag-asa, Olongapo City, Zambales
298	SM City Pampanga A	GF SM City Pampanga, San Fernando, Pampanga
299	SM City Pampanga B	GF SM City Pampanga Annex Bldg. 4, San Fernando, Pampanga
300	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan

No.	BRANCH	ADDRESS
301	SM City Rosario	GF SM City Rosario, General Trias Drive, Brgy. Tejero, Rosario, Cavite
302	SM City San Fernando	G/F SM City San Fernando, V. Tiomico St., Brgy. Poblacion, San Fernando, Pampanga
303	SM City San Jose Del Monte	SM City San Jose Del Monte, Quirino Highway, Brgy. Tungkong Mangga, San Jose Del Monte City, Bulacan
304	SM City San Mateo	SM City San Mateo, General Luna, Brgy. Ampid 1, San Mateo, Rizal
305	SM City San Pablo	G/F SM City San Pablo, Maharlika Highway, Brgy. San Rafael, San Pablo City, Laguna
306	SM City Sta. Rosa	GF SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna
307	SM City Tarlac	UGF & LGF, SM City Tarlac, MacArthur Highway, Barangay San Roque, Tarlac City
308	SM City Taytay	G/F Bldg. A, SM City Taytay, Manila East Road, Barangay Dolores, Taytay, Rizal
309	SM City Trece Martires	UG/F SM City Trece Martires, Brgy. San Agustin, Trece Martires, Cavite
310	SM Delgado	GF SM Delgado Building, Valeria Street, Iloilo City
311	SM Hypermarket Cainta	SM Hypermarket Cainta, Felix Huerta Avenue, Cainta, Rizal
312	SM Hypermarket Daet	G/F SM Hypermarket Daet, Vinzons Avenue, Barangay IV, Daet, Camarines Norte
313	SM Hypermarket Mabalacat	G/F SM Hypermarket Pampanga, MacArthur Highway, Brgy. Camachiles, Dau, Mabalacat, Pampanga
314	SM Lanang Premier	UGF SM Lanang Premier, J.P. Laurel Avenue, Brgy. San Antonio Bajada, Lanang, Davao City
315	SM Market Mall Dasmariñas	G/F Dasmariñas Bagong Bayan Resettlement Project Area B (DBB-B), Congressional Road, Kadiwa, Dasmariñas, Cavite
316	SM Megacenter Cabanatuan	UG/F SM Megacenter Cabanatuan, Gen. Tinio & Melencio Sts., San Roque Norte, Cabanatuan City
317	SM Savemore Davao Bangkal	G/F SM Savemore Market Bangkal, Davao Km. 7 MacArthur Highway, Brgy. Bangkal, Davao City
318	SM Savemore Tacloban	G/F SM Savemore Tacloban, Justice Romualdez St., Brgy. 13, Tacloban City

No.	BRANCH	ADDRESS
319	SM Seaside City Cebu A	LG/F SM Seaside City Cebu, Brgy. Mambaling, South Road Reclamation Area, Cebu City
320	Sorsogon City	Son Bldg., R. Magsaysay Avenue, Sorsogon City
321	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Hi-Way corner Felix Avenue, 1900 Cainta, Rizal
322	Sta. Lucia East – Felix Avenue	G/F Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta
323	Sta. Rosa - Don Jose	PCC Bldg., Sta. Rosa Tagaytay Road, Brgy. Don Jose, Sta. Rosa, Laguna
324	Sta. Rosa - Puregold Tagapo	Puregold Sta. Rosa - Tagapo, Rizal Blvd., Brgy Tagapo, Sta. Rosa, Laguna
325	Subic - Rizal Highway	Subicworx Building, 1056 Rizal Highway, Subic Bay Freeport Zone, Olongapo City, Pampanga
326	Subic - Times Square	420 Rizal Highway, Subic Bay Freeport Zone, 2200 Olongapo City, Zambales
327	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City
328	Tacloban - Justice Romualdez	Philamlife Bldg., Justice Romualdez St. corner P. Paterno St., Tacloban City
329	Tacloban - Rizal Avenue	Rizal Avenue, Brgy. 41, Tacloban City
330	Tacloban - Zamora	Carlos Chan Bldg. P. Zamora Street, Tacloban City
331	Tagaytay - Mendez Junction	E. Aguinaldo Hi-way, Mendez Crossing, Tagaytay City
332	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay
333	Tagaytay - Wind Residences	G/F Tower 2, SM Wind Residences, Aguinaldo Highway, Brgy. Maharlika West, Tagaytay City
334	Tanauan - A. Mabini	A. Mabini St., Tanauan, 4232 Batangas
335	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway corner Sixto Castillo St., Poblacion, Tanauan, Batangas
336	Tarlac - Camiling	Romulo St., Brgy. Poblacion, A. Camiling, Tarlac
337	Tarlac - Capas	San Trope Bldg., 57 McArthur Highway, Brgy. Sto. Domingo 1 st , Capas, Tarlac
338	Tarlac - Concepcion	L. Jaena cor. L. Cortes Sts., San Nicolas, 2316 Concepcion, Tarlac

No.	BRANCH	ADDRESS
339	Tarlac - F. Tañedo	F. Tanedo cor. Juan Luna St., Tarlac City
340	Tarlac - Moncada	Poblacion 1, Moncada, Tarlac
341	Tarlac - San Roque	1567 Zamora St., Brgy. San Roque, Tarlac City, Tarlac
342	Taytay - National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Barangay San Juan, Taytay Rizal
343	Tuguegarao – Buntun	Luna St., Brgy. Buntun, Tuguegarao City, Cagayan
344	Urdaneta - MacArthur Highway	182 LIS Bldg., McArthur Highway, San Vicente, Urdaneta
345	Vigan - Plaza Maestro	GF Plaza Maestro Commercial Complex, Burgos & Florentino Sts., Vigan City, Ilocos Sur
346	Vigan – Puregold	Puregold Vigan, Jose Singson St., Brgy VIII, Sta. Elena, Vigan City, Ilocos Sur
347	Virac Town Center	G/F Virac Town Center, Rizal Avenue, Brgy. Gogon Sirangan, Virac, Catanduanes
348	Waltermart - Bel-Air Sta. Rosa	G/F Waltermart Bel-Air Sta. Rosa, Tagaytay National Highway, Brgy. Pulong , Sta. Cruz, Sta. Rosa, Laguna
349	Waltermart - Guiguinto	Waltermart Guiguinto Bulacan, MacArthur Highway, Brgy. Ilang-ilang, Guiguinto, Bulacan
350	Waltermart - Pampanga	G/F Waltermart Pampanga, MacArthur Highway, San Agustin, San Fernando, Pampanga
351	Waltermart - Sta. Maria	GF Waltermart Sta. Maria, Provincial Road corner By Pass Road, Brgy. Sta.Clara, Sta. Maria, Bulacan
352	Waltermart - Sta. Rosa	San Lorenzo Drive corner Balibago Road, Brgy. Balibago, 4026 Sta. Rosa, Laguna
353	Waltermart – Cabanatuan	G/F Waltermart Cabanatuan, Brgy. Dicarma, Cabanatuan City, Nueva Ecija
354	Waltermart – Carmona	G/F Waltermart Carmona, Macaria Business Center, National Highway, Brgy. Mabuhay, Carmona, Cavite
355	Waltermart – Dasmariñas	G/F Waltermart Dasmariñas, National Highway, Brgy. Barrio Burol, Dasmariñas, Cavite
356	Waltermart – Tanauan	G/F Waltermart Tanauan, Pres. J.P. Laurel Highway, Brgy. Darasa, Tanauan City, Batangas
357	Waltermart Center - Makiling	G/F Waltermart Center Makiling, National Highway, Brgy. Makiling, Calamba, Laguna

No.	BRANCH	ADDRESS
358	Waltermart Center – Cabuyao	G/F Waltermart Center Cabuyao, Km 47 National Highway, Brgy. Banlic, Cabuyao, Laguna
359	Zambales - Castillejos	G/F RM Mall, National Highway, Brgy San Nicolas, Castillejos, Zambales
360	Zambales - Iba	Zambales - Pangasinan Provincial Road, Brgy. Sagapan, Iba, Zambales
361	Zamboanga	Grand Astoria Hotel, Annex Building, M. D. Jaldon Street, Zamboanga City
362	Zamboanga - Ipil	National Highway, Ipil, 7001 Zamboanga Del Sur
363	Zamboanga – Canelar	Mayor Jaldon Avenue, Brgy. Canelar, Zamboanga City
364	Zamboanga – City Mall Tetuan	U33 CityMall Tetuan Zamboanga, Gov. Alvarez Extension, Tetuan, Zamboanga City
365	Zamboanga – Veterans Avenue	G/F Wee Agro Commercial Bldg., Veterans Avenue, Brgy Camino Nuevo, Zamboanga City

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 own and lease several real properties for use as main and branch offices.

Lease on such premises are for various periods and terms, and are renewable upon the mutual agreement of the parties. Lease terms ranges from month to month to 6 years. Some contracts provide for renewal options subject to mutual agreement of the parties. Rental rates are based on prevailing market rental rates for the said properties. Please refer to Note 2.22 and 33.2 of the accompanying Notes to the Consolidated Financial Statements for further details on Lease

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 2016.

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 2016, 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 2015	123.70	105.80
Second Quarter 2015	123.00	106.00
Third Quarter 2015	108.30	93.00
Fourth Quarter 2015	109.00	98.00
First Quarter 2016	106.30	94.40
Second Quarter 2016	112.00	99.50
Third Quarter 2016	119.50	103.50

Fourth Quarter 2016	115.20	104.90
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Source: www.pse.com.ph

As of March 31, 2017, the closing price of the Bank's common shares is ₱117.60.

2) Holders of Securities

The number of common shareholders of record as of March 8, 2017 was 12,725. Common shares outstanding as of March 8, 2016 stood at 4,367,024,454. The top twenty (20) common shareholders as of March 8, 2017 are as follows:

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
1	SM Investments Corp.	Filipino	1,463,657,368	33.52%
2	PCD Nominee Corp. (Non-Filipino)	Non-Filipino	1,349,576,209	30.90%
3	PCD Nominee Corp. (Filipino)	Filipino	1,130,027,526	25.88%
4	Multi-Realty Development Corporation	Filipino	236,476,739	5.42%
5	Shoemart, Inc.	Filipino	75,254,191	1.72%
6	DFC Holdings, Inc.	Filipino	25,359,360	0.58%
7	Dacon Corporation	Filipino	21,111,450	0.48%
8	Sysmart Corporation	Filipino	5,171,420	0.12%
9	Sybase Equity Investments Corporation	Filipino	5,168,966	0.12%
10	Edilberto Narciso	Filipino	2,615,452	0.06%
11	Lucky Securities, Inc.	Filipino	2,458,676	0.06%
12	DHS Investment	Filipino	2,337,769	0.05%
13	Executive Optical Inc.	Filipino	2,235,761	0.05%
14	Simeon Tan	Filipino	1,180,868	0.03%
15	Ernest Lee Go	Filipino	1,042,124	0.02%
16	Cedar Commodities, Inc.	Filipino	877,850	0.02%
17	Hong Eng Tan	Filipino	863,500	0.02%
18	Tristan Matthew T. Sze	Filipino	618,000	0.01%
19	Regina Capital Development Corporation	Filipino	603,812	0.01%
20	Hong Hong Yu Gan	Filipino	479,722	0.01%

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
	Victoria Yu Tiam-Lee	Filipino	479,722	0.01%
Total			4,327,596,485	99.10%

As of 31 December 2015, the Bank has a public float level of 45.23%.

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 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.

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 cash dividends were paid on April 24, 2015, June 26, 2015, September 28, 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 were paid on July 31, 2015.

On January 30, 2016, 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. The dividends were paid on February 16, 2016.

The Board of Directors approved the declaration of quarterly cash dividends in the amount of P0.30 per common share for the first, second, third and fourth quarters of 2016 on February 27, 2016, May 28, 2016, August 27, 2016 and December 3, 2016, respectively. The dividends were paid on March 28, 2016, June 27, 2016, September 26, 2016 and December 29, 2016, respectively.

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

On October 24, 2016, the Bank issued US\$300 million in Senior Notes under the Bank's Medium Term Note Program.

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

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 capital position in further support of lending growth.

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

1) Management's Discussion and Analysis

Balance Sheet – 2016 vs. 2015

Total Resources climbed 14% in 2016 to P2.3 trillion. The increase is attributable to a 16% growth in customer loans as well as expansion in the Bank's liquid assets and investment securities. Due from BSP rose 17% to P318.0 billion corresponding to the increase in Total Deposits. Due from Other Banks surged 68% to P41.8 billion from higher levels of placements and working balances with correspondent banks. Investment

Securities jumped 19% primarily from the consolidation of the portfolio of BDO Life. Interbank Loans, Unquoted Debt Securities Classified as Loans and Other Receivables went up to P73.4 billion, P22.4 billion and P8.0 billion, respectively. Securities Purchased Under Reverse Repurchase Agreements, on the other hand, dropped to P14.3 billion.

Bank Premises rose 8% following branch expansion and enhancements in distribution channels. Equity Investments went down 23% due to the accounting consolidation of BDO Life. Other Resources declined 11% from various accounts.

Total Deposits expanded 15% to P1.9 trillion driven by a 10% and 23% growth in Demand and Savings deposits, respectively. Insurance Contract Liabilities of P20.5 billion was reflected in the Bank's balance sheet owing to the accounting consolidation of BDO Life. Other Liabilities grew 18% to P71.1 billion coming mainly from accounts payable, bills purchased contra-account and miscellaneous liabilities.

Total Equity increased 9% to P217.5 billion from continued profitability.

Contingent Accounts – 2016 v. 2015

Total Contingent Accounts expanded 15% to P1.6 trillion due to the following:

- Trust Department Accounts grew 12% to P1.0 trillion on account of higher levels of managed funds.
- Unused L/Cs and Outstanding Guarantees Issued increased 15% and 79% to P48.1 billion and P33.9 billion, respectively, from higher volume of trade transactions.
- Late Deposits and Payments Received rose 7% to P2.6 billion as non-cash deposits received after clearing cut-off time increased.
- Increased treasury trading activities resulted in a growth in Spot Exchange Bought and Sold, Interest Rate Swap Receivable and Payable. Forward Exchange Bought and Sold, on the other hand, dropped year-on-year.
- Export L/Cs confirmed went down 40% from a lower outstanding level as of the cut-off date.
- Other Contingent Accounts jumped 60% to P238.7 billion from higher levels of committed credit lines.

Income Statement – For the years Ended December 31, 2016 vs. 2015

Net Income Attributable to Equity holders of the Parent Company registered at P26.1 billion for 2016. This represents a 4% improvement from the previous year's Net Income of P25.1 billion despite lower trading gains.

Net Interest Income increased 15% to P65.6 billion resulting from the expansion in customer loan portfolio as well as an improvement in funding mix. The Bank maintained its conservative impairment provisioning allocating P3.8 billion for loans, securities, ROPA and other assets.

Other Income jumped 30% to P41.6 billion following the consolidation of BDO Life. Service Charges and Fees improved 16% owing to recurring fee income from major business lines. Trust Fees went up 7% from a higher level of funds managed. FX Gain grew 23% as the Bank capitalized on market opportunities. Insurance Premiums were reflected in the Bank's income statement as a result of the consolidation of BDO Life. Miscellaneous Income climbed 21% primarily owing to a non-recurring gain from the acquisition of the full interest in BDO Life.

Operating Expenses went up 27% to P70.1 billion inclusive of BDO Life:

- Employee Benefits rose 17% from salary increases and a higher manpower count from business expansion.
- Occupancy expenses grew 15% from an expanded distribution network.
- Taxes and Licenses hiked 8% from higher gross receipts taxes on interest and fee-based income.
- Insurance expenses increased 15% on account of a larger deposit base.
- Litigation/Assets Acquired expenses jumped 169% to P408 million due to higher ROPA-related expenses.
- Advertising expenses climbed 26% from higher spending on marketing and advertising campaigns.
- Policy Reserves, Insurance Benefits and Claims of P5.9 billion was reflected in the Bank's income statement following the accounting consolidation of BDO Life.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses moved up 11% and 19%, respectively, primarily from increased business volumes and an expanded distribution network.

Tax Expense grew to P6.8 billion on higher taxable income and lower write-offs of fully-provided assets.

Comprehensive Income – For the years Ended December 31, 2016 vs. 2015

From a Net Income of P26.1 billion, Total Comprehensive Income for 2016 stood at P22.3 billion inclusive of a drop in unrealized gains on AFS Securities of P3.3 billion, a P78 million translation adjustment related to foreign operations, an actuarial loss of retirement benefit asset amounting to P645 million and a P1 million share in Other Comprehensive

Income of subsidiaries and affiliates. The Total Comprehensive Income represented a 5% improvement from P21.2 billion in 2015.

Key Performance Indicators – 2015 vs. 2014

	2016	2015	Inc/(Dec)
Return on Average Common Equity	12.6%	13.6%	-1.0%
Return on Average Equity	12.5%	13.4%	-0.9%
Return on Average Assets	1.2%	1.3%	-0.1%
Net Interest Margin	3.24%	3.17%	0.07%
Capital to Risk Assets	12.4%	13.3%	-0.9%
Basic Earnings Per Share	7.06	6.84	0.22
Liquidity Ratio	33.5%	33.8%	-0.3%
Solvency Ratio (Debt-to-Equity)	968.8%	917.6%	51.2%
Asset-to-Equity Ratio	1068.8%	1017.6%	51.2%
Interest Rate Coverage Ratio	300.4%	302.8%	-2.4%
Profit Margin	21.1%	24.1%	-3.0%

Return on Average Common Equity, Return on Average Equity and Return on Average Assets inched down to 12.6%, 12.5% and 1.2%, respectively, as Net Income expansion was outpaced by growth in Equity and Total Resources.

Net Interest Margin improved to 3.24% owing to growth in earning assets and improvement in funding mix.

Capital to Risk Assets slipped to 12.4% as growth in risk-weighted assets outperformed Net Income improvement.

Basic Earnings Per Share grew to P7.06 from a higher bottomline profits.

Liquidity Ratio declined to 33.5% as the Bank focused on loan expansion.

Solvency Ratio and Asset-to-Equity Ratio rose 51.2% apiece to 968.8% and 1068.8%, respectively, as the Bank increased leverage following the expansion in Total Deposits.

Interest Rate Coverage Ratio and Profit Margin went down to 300.4% and 21.1%, respectively, due to higher provision for income tax.

Balance Sheet – 2015 vs. 2014

Total Resources reached P2.0 trillion in 2015, up 9% year-on-year. The growth is attributable to a 17% customer loan expansion to P1.3 trillion on the back of strong demand for corporate and consumer loans. Interbank Loans, likewise increased 33% to P52.0 billion, while Securities Purchased Under Reverse Repurchase Agreements (SPURRA), Unquoted Debt Securities Classified as Loans (UDSCL) and Other Receivables went down 19%, 88% and 60% to P69.5 billion, P812 million and P7.3 billion, respectively.

Due from Other Banks dropped 46% to P24.8 billion owing to lower working balances and placements with correspondent banks. Bank Premises climbed 18% to P25.0 billion with the addition of One Network Bank's (ONB) distribution network. Equity Investments went up 7% to P5.7 billion on account of earnings of associates engaged in real estate and insurance. Investment Properties rose 6% to P14.6 billion on foreclosures and dacion payments. Other Resources grew 21% to P32.0 billion due to goodwill from the purchase of ONB and higher levels of miscellaneous assets.

Total Deposits climbed 11% to P1.7 trillion on strong low cost deposit growth. Demand and Savings Deposits expanded 21% and 18% to P104.1 billion and P1.0 trillion, respectively. Other Liabilities fell 26% to P60.2 billion due to lower levels of accounts payable and bills purchased contra-account.

Total Equity rose 11% to P199.6 billion from continued profitable performance.

Contingent Accounts – 2015 v. 2014

Total Contingent Accounts went up 5% to P1.4 trillion owing to the following:

- Trust Department Accounts grew 12% to P917.3 billion from a larger portfolio of funds managed.
- Outstanding Guarantees Issued and Export L/Cs confirmed soared 449% and 974% to P18.9 billion and P2.6 billion, respectively, from higher volume of trade transactions.
- Increased treasury trading activities gave rise to growth in Spot Exchange Bought as well as Interest Rate Swap Receivable and Payable. Spot Exchange Sold and Forward Exchange Bought and Sold, on the other hand, dropped year-on-year.
- Unused L/Cs, Bills for Collection and Late Deposits and Payments Received declined 23%, 25% and 28%, respectively, from a lower outstanding level as of the cut-off date.

- Other Contingent Accounts rose 8% to P149.6 billion primarily from a higher level of committed credit lines.

Income Statement – For the years Ended December 31, 2015 vs. 2014

Net Income Attributable to Equity holders of the Parent Company climbed 10% to P25.0 billion, supported by an 11% growth in Net Interest Income, which registered at P57.0 billion for 2015. This was achieved through an expansion in the Bank's interest earning assets portfolio funded by the increase in low cost deposits. The Bank set aside P3.0 billion as impairment provisioning for loans, securities, ROPA and other assets.

Other Income, likewise, rose 8% to P31.9 billion primarily owing to a 7% increase in Service Charges & Fees as well as an 11% growth in Trust Fees. Trading Gain dropped 19%, but was offset by a 96% jump in Foreign Exchange Gains as the Bank capitalized on market opportunities. Miscellaneous Income rose 24% from various income sources, including gains from asset sales, dividend income and income from a receivable of the Bank.

Operating Expenses went up 14% to P55.1 billion due to the following:

- Employee Benefits hiked 17% from salary increases and a higher manpower count from business expansion and the addition of ONB.
- Occupancy expenses jumped 17% from an expanded distribution network inclusive of ONB's branches.
- Taxes and Licenses grew 16% on higher gross receipts taxes on interest and fee-based income.
- Insurance expenses and Other Operating Expenses rose 16% apiece owing to a higher deposit base and increased business volumes.
- Litigation/Assets Acquired expenses slid 67% on lower ROPA-related expenses while Advertising Expenses declined 11% from lower marketing and publicity expenses.

Tax Expense climbed 34% to P5.7 billion on higher taxable income.

Comprehensive Income – For the years Ended December 31, 2015 vs. 2014

The Bank's Net Income of P25.1 billion for 2015 along with a P19 million translation adjustment was offset by a drop in unrealized gains on AFS Securities of P3.3 billion from a combination of realized gains from securities sales and revaluation of the portfolio, a P19

million reversal of revaluation increment, a P147 million loss on retirement benefit asset and a P356 million share in Other Comprehensive Loss of subsidiaries and affiliates. Total Comprehensive Income for 2015 registered at P21.1 billion or a 9% decline from P23.2 billion in 2014.

Key Performance Indicators – 2015 vs. 2014

	2015	2014	Inc/(Dec)
Return on Average Common Equity	13.6%	13.6%	0.0%
Return on Average Equity	13.4%	13.4%	0.0%
Return on Average Assets	1.3%	1.3%	0.0%
Net Interest Margin	3.17%	3.16%	0.01%
Capital to Risk Assets	13.3%	14.4%	-1.1%
Basic Earnings Per Share	6.84	6.27	0.57
Liquidity Ratio	33.8%	38.1%	-4.3%
Solvency Ratio (Debt-to-Equity)	917.6%	937.3%	-19.7%
Asset-to-Equity Ratio	1017.6%	1037.3%	-19.7%
Interest Rate Coverage Ratio	302.8%	319.0%	-16.2%
Profit Margin	24.1%	24.5%	-0.4%

Return on Average Common Equity, Return on Average Equity and Return on Average Assets remained steadfast at 13.6%, 13.4% and 1.3%, respectively.

Net Interest Margin improved slightly to 3.17% despite competitive pricing pressures.

Capital to Risk Assets dropped to 13.3% as the Bank's loan growth of 17% outpaced the industry trend of 13%.

Basic Earnings Per Share moved up P0.57 to P6.84 from a higher Net Income.

Liquidity Ratio went down to 33.8% as the Bank focused on growing its higher-yielding loan assets.

Solvency Ratio and Asset-to-Equity Ratio dropped 19.7% apiece to 917.6% and 1017.6%, respectively, as the increase in total equity from bottomline profits outpaced the growth in total liabilities.

Interest Rate Coverage Ratio slid to 302.8% following a higher interest expense on deposits and borrowings.

Profit Margin slightly was slightly down to 24.1% due to higher provision for income tax.

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

The Bank registered an audited Net Income of P26.1 billion for 2016 on the back of robust growth across its core businesses. The Bank's customer loan portfolio increased by 16% while Total Deposits rose by 15% on sustained growth in low-cost CASA deposits. Fee-based businesses also reported increases compensating for the drop in trading gains. The accounting consolidation of BDO Life contributed P8.1 billion in Insurance Premiums.

BDO continued its conservative provisioning setting aside P3.8 billion even as asset quality remained stable. The Bank's gross non-performing loan (NPL) ratio held steady at 1.3% while NPL cover remained high at 139%.

In January 2017, the Bank completed its rights offer that raised a total of P60.0 billion. The fresh capital will support the Bank's medium-term growth objectives, providing a comfortable buffer over higher capital requirements with the forthcoming imposition of DSIB surcharge.

With strengthened capital base, robust business franchise and extensive distribution network, BDO is formidably positioned to ride on the country's growth momentum as well as confront the challenges of an increasingly competitive environment.

Prospects for the Future/Plans of Operation

The Philippines is seen sustaining its growth momentum this year with broad-based expansion driven by a resilient consumer demand supported by Overseas Filipino Workers (OFW) remittances and Business Process Outsourcing (BPO) revenues. Continuing investments, a modest export recovery and infrastructure spending provide further upside to the country's outlook.

With the positive backdrop, the Philippine banking sector, including BDO, is expected to benefit from opportunities in the corporate, middle-market and consumer segments arising from accelerating provincial growth, rising per capita incomes, low banking penetration and the government's infrastructure build-up.

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 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 2014-2016 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 2016 and 31 December 2015 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 amounted to P 9,810,273.49 for the year 2016, P 11,129,790.27

for the year 2015, P7,882,340.81 for the year 2014. 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 2016, 2015 and 2014.

Tax Fees and Other Fees

No other fees were paid to Punongbayan & Araullo for the last two (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.

The members of the Audit Committee of BDO are as follows:

- | | | | |
|----|---------------------------------|---|---------------------------------|
| 1. | Jose F. Buenaventura | - | Chairman (Independent Director) |
| 2. | Jones M. Castro, Jr. | - | Member (Independent Director) |
| 3. | Jimmy T. Tang | - | Member (Independent Director) |
| 4. | Corazon S. de la Paz – Bernardo | - | Adviser |
| 5. | Christopher A. Bell-Knight | - | Adviser |
| 6. | Jesus A. Jacinto, Jr. | - | Adviser |

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 2016, the Board met seventeen (17) times to approve annual operating plan and budget, Capital and Funding Plan, declaration of dividends, release of the 2015 Audited Financial Statements within 60 days from financial year end, strategic planning, review financial performance, approve corporate strategies, discuss issues related to regulatory capital, risk management and consumer protection, and other 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 2017, Board members of BDO and its subsidiaries attended the Bank-sponsored Corporate Governance Briefing on Cybersecurity conducted by SGV & Co./Ernst and Young. The Board also received regular economic briefings.

Below is the list of the members of the Board, and the corporate officers and their business experience during the past five (5) years:

Teresita T. Sy
Chairperson
Filipino, 66 years old

Teresita T. Sy was elected to the Board of Directors of BDO Unibank, Inc. (BDO) in 1997, and she currently serves as Chairperson of the Board. Concurrently, she serves as Chairperson and/or Director of the following subsidiaries and affiliates of BDO: BDO Private Bank, Inc., BDO Leasing & Finance, Inc., BDO Capital & Investment Corporation, BDO Foundation, Inc., BDO Life Assurance Holdings Corporation (formerly Generali Pilipinas Holding Company, Inc.), and BDO Life Assurance Company, Inc. (formerly Generali Pilipinas Life Assurance Company, Inc.). Ms. Sy also serves as Adviser to the Board of Directors of One Network Bank, Inc. (A Rural Bank).

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 and/or Director of the following companies: Multi Realty Development Corporation, Belleshare Holdings, Inc. (formerly SM Commercial Properties, Inc.), SM Mart, Inc., SM Retail, Inc., and First Asia Realty Development Corp. A graduate of Assumption College, Ms. Sy brings to the board her diverse expertise in banking and finance, retail merchandising, and mall and real estate development.

Jesus A. Jacinto, Jr.
Vice Chairman
Filipino, 69 years old

Jesus A. Jacinto, Jr. was elected to the Board of Directors of BDO Unibank, Inc. on May 25, 1996, and has since been Vice Chairman of the Board. He 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. Formerly, he was Director and Executive Vice President of CityTrust Banking Corporation; Director of CityTrust Investments Philippines and CityTrust Finance Corporation; 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 an MBA in International Business from Columbia University, New York City.

Nestor V. Tan
Director
Filipino, 58 years old

Nestor V. Tan is the President and CEO of BDO Unibank. He was elected to the Board of Directors on June 27, 1998. Concurrently, he holds vice chairmanships and/or directorships in the following subsidiaries of BDO Unibank, Inc.: BDO Leasing and Finance, Inc. (PLC), BDO Capital & Investment Corporation, BDO Insurance Brokers, Inc., BDO Life Assurance Holdings Corp. (formerly Generali Pilipinas Holding Company), BDO Life Assurance Company, Inc. (formerly Generali Pilipinas Life Assurance Company, Inc.), BDO Private Bank, Inc., BDO Remit (USA), Inc., and SM Keppel Land, Inc. He also concurrently holds the Chairmanship of BDO Strategic Holdings Inc., One Network Bank, Inc. (A Rural Bank), BancNet, Philippine Dealings System Holdings Corp. and RBB Micro Finance Foundation. He is a Trustee of BDO Foundation, Inc., the De La Salle University Board of Advisors, and the Asian Institute of Management. At present, he is the Director of the Asian School of Business & Technology, and serves as President and Director of the Bankers Association of the Philippines.

Prior to joining BDO Unibank, Mr. Tan was Chief Operating Officer of the Financial Institutions Services Group of BZW, the investment banking subsidiary of the Barclays Group. His banking career spans nearly four decades and includes posts at global financial institutions, among them Mellon Bank (now BNY Mellon) in Pittsburgh, PA; Bankers Trust Company (now Deutsche Bank) in New York; and the Barclays Group in New York and London. He holds a bachelor's degree in Commerce from De La Salle University and an MBA from the Wharton School, University of Pennsylvania.

Christopher A. Bell-Knight
Director
Canadian, 72 years old

Christopher A. Bell-Knight was elected to the Board of Directors of BDO Unibank on July 27, 2013. Until his election as Director, he had been acting as Adviser to the Board of BDO Unibank for more than two 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 of the Philippines from March 2007 to March 2013, and currently serves as an Advisor to the Board. He was formerly a Director of Solidbank Corporation and Vice President and Country Head of The Bank of Nova Scotia. Mr. Bell-Knight has had over 40 years of banking experience in England, Canada, and Asia, 35 of which were spent in credit and marketing. He is an Associate of the Chartered Institute of Bankers – British; an Associate of the Institute of Canadian Bankers; and a Fellow of the Institute of Corporate Directors. He studied at Frome Grammar School in Somerset, England, and attended universities both in England and Canada.

Antonio C. Pacis
Director
Filipino, 76 years old

Antonio C. Pacis was elected to the Board of Directors of BDO Unibank on June 25, 2004. He previously served as director BDO Capital & Investment Corporation. 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 planning. In the course of his practice, he has served in various capacities in companies upon the invitation of clients. He holds degrees from Ateneo de Manila University (AB), Ateneo School of Law (LLB), and Harvard Law School (LLM).

Josefina N. Tan
Director
Filipino, 71 years old

Josefina N. Tan was elected to the Board of Directors of BDO Unibank on July 27, 2007. Concurrently, she serves as President and Director of BDO Private Bank, Inc. She is also Chairman of the Board of Miriam College and a Trustee of the Development Center for Finance and the Laura Vicuña Foundation. She was a Director of the Bank from 2001 to August 2005 and was a Director of Equitable PCI Bank, Inc. from September 2005 until its merger with BDO Unibank in May 2007. She was also Executive Vice President of the former Far East Bank & Trust Co.; Director and President of FEB Leasing & Finance Corporation; Executive Director and Trustee of FEB Foundation, Inc.; and Executive Vice President of FEB Investments, Inc. until 2000. Ms. Tan holds a Bachelor of Arts degree with a major in Communications Arts from Maryknoll College, and a Masters in Business Administration from Ateneo Graduate School of Business.

Jose F. Buenaventura
Independent Director
Filipino, 82 years old

Jose F. Buenaventura was elected to the Board of Directors of BDO Unibank on April 19, 2013. Since 1976, he has been a Senior Partner at Romulo Mabanta Sayoc & de los Angeles Law Offices. He is President and Director of Consolidated Coconut Corporation, and Director and Corporate Secretary of 2B3C Foundation, Inc. and Peter Paul Philippines Corporation. He sits on the Boards of Directors of the following companies: BDO Securities Corporation (*Independent Director*), Capital Managers & Advisors, Inc., Cebu Air, Inc. (PLC), GROW, Inc., GROW Holdings, Inc., Hicap Properties Corporation, Himap Properties Corporation, La Concha Land Investment Corporation, Melco Crown (Philippines) Resorts Corporation (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 Bachelor of Arts and Bachelor of Laws degrees from Ateneo de Manila University, and a Master of Laws from Georgetown University Law Center in Washington, D.C.

Jones M. Castro, Jr.
Independent Director
Filipino and American, 68 years old

Jones M. Castro, Jr., was elected to the Board of Directors of BDO Unibank on April 20, 2012. Mr. Castro has 43 years of banking expertise, with 37 years of international banking experience. From 2009 to 2011, Mr. Castro was the Area Head for South and Southeast Asia of Wells Fargo Bank, San Francisco and 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 a US\$1.8-billion loan portfolio. 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, and is a Fellow at the Institute of Corporate Directors. Mr. Castro obtained his bachelor degree in Applied Mathematics in Economics and graduated *cum laude* from Harvard University. He received his Masters in Business Administration, Accounting & Finance from Stanford University.

Dioscoro I. Ramos
Independent Director
Filipino, 58 years old

Dioscoro I. Ramos was elected to the Board of Directors of BDO Unibank on January 9, 2016. Since 2011, Mr. Ramos has been the Chief Investment Officer of RY&S Investments Ltd., Hong Kong. He was Head of Asia Financials Investment Research of Goldman Sachs Asia, LLC, Hong Kong from 1994 to 2011, and appointed Managing Director in 1998 and Partner in 2006. Prior to that, he was with Mellon Bank, N.A. with postings in Pittsburgh, Philadelphia, New York, and Hong Kong. Mr. Ramos is a Certified Public Accountant. He holds a Bachelor of Science degree in Business Administration and Accountancy, *cum laude*, from the University of the Philippines; and a Master's in Business degree from Wharton School, University of Pennsylvania.

Jimmy T. Tang
Independent Director
Filipino, 81 years old

Jimmy T. Tang was elected as an Independent Director of BDO Unibank on July 27, 2002. He served the Board since 1984. He is President and Chairman of the Board of the Avesco Group of Companies. He currently serves as Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII); Honorary Adviser of the Federation of Electrical and Electronics Suppliers and Manufacturers of the

Philippines, Inc. (PESA); and Chairman Emeritus of PESA Foundation. He also served two terms as President of FFCCCII. Mr. Tang was the ninth President of PESA and the first Chairman of the PESA Foundation, where he served for seven years. He holds a bachelor's degree in Electrical Engineering from the Mapua Institute of Technology and was awarded "Top Outstanding Mapuan for Entrepreneurship" in 1987.

Gilberto C. Teodoro, Jr.
Director
Filipino, 52

Gilberto C. Teodoro, Jr. was elected to the Board of Directors of BDO Unibank on April 25, 2014. He is the Chairman of Sagittarius Mines, Inc. and Indophil Resources Philippines, Inc. 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, Inc. and Canlubang Sugar Estate. He served as Secretary of National Defense from 2007 to 2009 and was a member of the Philippine House of Representatives from 1998 to 2007. He is well-trained in litigation 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 degree in Commerce, Major in Management of Financial Institutions, from De La Salle University; a Bachelor's in Law degree (LLB) from the University of the Philippines; and a Masters in Law degree (LLM) from Harvard Law School. He placed first in the Philippine Bar Examinations of 1989 and was admitted to the State Bar of New York.

Edmundo L. Tan
Corporate Secretary
Filipino, 71 years old

Edmundo L. Tan is the Corporate Secretary of BDO Unibank since July 27, 2007, and BDO Private Bank since February 2012. He was formerly a Director of BDO Leasing & Finance, Inc., where he serves as Adviser to the Board presently. 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., OCP Holdings, Inc., and Sagittarius Mines, Inc., and Trustee of the Philippine Dispute Resolution Center, Inc. (PDRCI). Atty. Tan has been the Managing Partner of Tan Acut Lopez & Pison Law Offices since 1993. He was formerly a 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. Atty. Tan holds a Bachelor of Arts degree from De La Salle College, Bacolod and Bachelor's degree in Law from the University of the Philippines.

Sabino E. Acut, Jr.
Assistant Corporate Secretary
Filipino, 66 years old

Sabino E. Acut, Jr. was appointed Assistant Corporate Secretary of BDO Unibank, Inc. 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 Philippine Global Communications, Inc. He was the Corporate Secretary of the then Equitable PCIB Bank, Inc. 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.

Alvin C. Go,
Assistant Corporate Secretary
Filipino, 54 years old

Alvin C. Go is a Senior Vice President for the Legal Services Group of BDO Unibank, Inc. He was also appointed as Assistant Corporate Secretary and Alternate Corporate Information Officer on October 1, 2015. Prior to joining BDO, he was the Chief Legal Counsel of Philippine National Bank from 2003 to 2012. He was an Associate Attorney of 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.

The independent directors of the Bank are **Jose F. Buenaventura, Jones M. Castro, Jr., Dioscoro I. Ramos, 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	58	President, Chief Executive Officer and Director
Antonio N. Cotoco	66	Senior Executive Vice President; Director -- BDO Leasing & Finance, Inc.
Walter C. Wassmer	59	Senior Executive Vice President, Head – Institutional Banking Group; Chairman of BDO Elite Savings Bank, Inc.; Director – BDO Leasing and Finance, Inc.
Jaime C. Yu	58	Senior Executive Vice President, Head – Branch Banking Group
Ador A. Abrogena	63	Executive Vice President, Head – Trust and Investments Group
Stella L. Cabalatungan *	52	Executive Vice President, Head - BDO Private Bank, Inc.- Relationship Management
Anthony Q. Chua	65	Executive Vice President, Head – Global Operations
Julie Y. Chua	65	Executive Vice President, Head – Institutional Banking Group - Commercial Banking (Metro Manila and Luzon)
Gerard Lee B. Co	57	Executive Vice President, Head - Institutional Banking Group - Commercial Banking (Visayas and Mindanao)
Lucy Co Dy	61	Executive Vice President, Comptroller and Head – Comptrollership Group
Pedro M. Florescio III	62	Executive Vice President, Treasurer and Head – Treasury Group
Eduardo V. Francisco**	55	Executive Vice President, President/Director – BDO Capital & Investment Corporation

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jeanette S. Javellana	57	Executive Vice President, Deputy Head – Institutional Banking Group - Commercial Banking (Metro Manila)
Guia C. Lim	66	Executive Vice President – Executive Committee/Management Credit Committee
Ricardo V. Martin	59	Executive Vice President, Head – Information Technology Group
Edwin Romualdo G. Reyes	57	Executive Vice President, Head - Transaction Banking Group
Edmundo S. Soriano	60	Executive Vice President, Head – Institutional Banking Group - Corporate Banking
Cecilia L. Tan	55	Executive Vice President, Deputy Head – Institutional Banking Group - Corporate Banking
Rolando C. Tanchanco	53	Executive Vice President, Head – Consumer Lending Group
Dennis B. Velasquez	63	Executive Vice President, Head – Central Operations Group
Evelyn L. Villanueva	58	Executive Vice President, Chief Risk Officer and Head – Risk Management Group
Albert S. Yeo	56	Executive Vice President
Ma. Ophelia LI. Camiña ***	63	Senior Vice President, Treasurer/Support Services Head and Director – BDO Nomura
Ismael G. Estela, Jr.	59	Senior Vice President, Corporate Governance Officer – Corporate Compliance, Legal Services and Internal Audit Group
Ramon T. Militar****	58	Senior Vice President, Officer-in-Charge of One Network Bank, Inc. (a Rural Bank)
Estrellita V. Ong	61	Senior Vice President, Chief Internal Auditor and Head –Corporate Compliance, Legal Services and Internal Audit Group - Internal Audit
Luis S. Reyes, Jr.	59	Senior Vice President, Head – Investor Relations and Corporate Planning; Director & Treasurer- BDO Leasing & Finance; Inc.
Evelyn C. Salagubang	53	Senior Vice President, Head – Human Resources Group
Maria Theresa L. Tan *****	47	Senior Vice President, General Manager – BDO Insurance Brokers, Inc.
Rebecca S. Torres	63	Senior Vice President, Chief Compliance Officer and Head- Corporate Compliance, Legal Services and Internal Audit Group – Anti-Money Laundering/Compliance Unit
Myla R. Untalan	46	Senior Vice President, Digital Infrastructure Services Group

<u>Name</u>	<u>Age</u>	<u>Position</u>
Renato A. Vergel de Dios*****	63	President, CEO & Director of BDO Life Assurance Company, Inc.
Edmundo L. Tan	71	Corporate Secretary
Sabino E. Acut, Jr.	66	Assistant Corporate Secretary
Alvin C. Go	54	Senior Vice President, Assistant Corporate Secretary, Alternate Chief Information Officer

* - Seconded to BDO Private Bank, Inc.

** - Seconded to BDO Capital & Investment Corporation

*** - Seconded to BDO Nomura

**** - Seconded to One Network Bank, Inc. (a Rural Bank)

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

***** - Seconded to BDO Life Assurance Company, Inc.

Antonio N. Cotoco, 66, Filipino, 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, 59, Filipino, 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. and MDB Land, Inc.

Jaime C. Yu, 58, Filipino, 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, 63, Filipino, 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, 52, Filipino, 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, 65, 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 thirty-two (32) 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, 65, Filipino, is Executive Vice President since 2008. 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, 57, Filipino, 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 Division.

Lucy Co Dy, 61, is Executive Vice President and Comptroller. She is also a Director of BDO Remit Limited, Express Padala Hong Kong Limited, BDO Remit (Italia), S.p.A., BDO Life Assurance Holdings Corporation, and BDO Life Assurance Company, Inc.; Director and Treasurer of BDO Strategic Holdings, Inc.; Trustee and Treasurer of BDO Foundation, Inc.; and Chairperson and President of The Executive Banclounge, Inc. She was formerly a Director of PCIB Securities, Inc., BDO Elite Savings Bank, Inc. (formerly GE Money

Bank, Inc.), Banco de Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.) and Express Padala Frankfurt GmbH. She holds a Bachelor's degree in Accounting from the University of Santo Tomas.

Pedro M. Florescio III, 62, Filipino, is Executive Vice President and Treasurer (2004). He is also a Director of BDO Elite Savings Bank (formerly GE Money Bank, Inc.) (2009) and One Network Bank, Inc. (A Rural Bank) (2015). 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 PCI Bank. He was the past President of MART (The Money Market Association of the Philippines, year 2005) and ACI Philippines (The Financial Markets Association, year 1997, 1998, and 2007).

Eduardo V. Francisco, 55, Filipino, is Executive Vice President. He is President/Director of BDO Capital & Investment Corporation, the investment banking arm of BDO Unibank, Inc. He is also Vice Chairman for International Association of Financial Executives Institutes (IAFEI), Chairman/Director/Trading Nominee of BDO Nomura Securities, Inc., and Chairman of Averon Holdings Corp. He also sits on the boards of Management Association of the Philippines (MAP), UP-Development Center for Finance (UPDCF), CIBI Foundation, Shareholders Association of the Philippines (SharePhil), AFC Merchant Bank, Institute of Corporate Directors (ICD), International School of Manila (ISM), Makati Sports Club, Inc. (MSCI), Valle Verde Country Club, Inc. (VVCCI) and UP College of Business Alumni Association (UPCBAA). He is also a member of Makati Business Club (MBC), and a member of the POLO Triathlon Team. He was formerly the President of the MAP, Co-Chairman of the Capital Market Development Council (CMDC) of the Philippines, 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 Foundation for Filipino Entrepreneurs (FFE), LGU Guarantee Corp., Investment Houses Association of the Philippines (IHAP) and BDO Strategic Corporation. 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.

Jeanette S. Javellana, 57, is Executive Vice President and Deputy Head for Commercial Banking Metro Manila. She joined the Bank in October 2001.

Guia C. Lim, 66, Filipino, 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, 59, Filipino, is Executive Vice President and Head of the Information Technology Group, and a member of the IT Steering Committee. 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 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.

Edwin Romualdo G. Reyes, 57, Filipino, is Executive Vice President of BDO Unibank, Inc. and Group Head for the Transaction Banking Group. Mr. Reyes has more than twenty-five (25) years of experience in the banking industry. He was previously Managing Director and Global Head of Depositary Receipts at Deutsche Bank Trust Company Americas, New York, USA (Deutsche Bank) from 2006 to 2014. Mr. Reyes also served Deutsche Bank as Director and Global Head of DR Strategies Initiatives and Channel partners from 2001 to 2006 and Director & Global Head of Intermediaries, Corporate Trust & Agency Services from 1999 to 2001. Prior to that, he was Vice President, Capital Markets Trust Services at IBJ Whitehall Financial Services, New York, USA from 1998 to 1999. Mr. Reyes also serves on the board of the University of the Philippines Industrial Engineering Alumni Association (UPIEAA). He holds a Master's Degree in Business Administration, major in Finance/Money and Financial Markets from Columbia University, Graduate School of Business in New York, USA. Mr. Reyes graduated *Cum Laude* from the University of the Philippines, with a degree of Bachelor of Science in Industrial Engineering and Operations Research.

Edmundo S. Soriano, 60, Filipino, 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, 55, 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 thirty (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 Advanced Management Program in Harvard Business School.

Rolando C. Tanchanco, 53, Filipino, 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. He was also appointed as Director of One Network Bank, Inc. last August 2015 and MMPC Auto Financial Services Corporation last February 5, 2016.

Dennis B. Velasquez, 63, Filipino, 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 Degree in Bachelor of Science in Industrial Engineering from the University of the Philippines and pursued MBA studies at the Ateneo Graduate School of Business.

Evelyn L. Villanueva, 58, Filipino, is Executive Vice President of BDO's Risk Management Group, and is BDO's Chief Risk Officer. 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.

Albert S. Yeo, 56, Filipino, is an Executive Vice President at BDO Unibank, Inc., since January 3, 2017. Mr. Yeo, prior to joining the Bank had been with Merrill Lynch & Co. for 17 years, last as a Senior Financial Advisor at their Manhattan Beach Office in Los Angeles, California. He was also connected with UBS Securities and Prudential Securities

Inc. (now Wells Fargo Advisors) in various capacities in the financial services industry. Prior to that, he was connected with IBJ Schroder Bank and Trust (now Mizuho Bank) in their Capital Markets Group in New York City for 5 years. Before his MBA, he spent 2 years at Rizal Commercial Banking Corporation as a Corporate Banking officer at their Binondo area headquarter. Mr. Yeo earned his MBA in Finance from the Wharton School at the University of Pennsylvania. He finished his undergraduate degree at the Ateneo de Manila University, BS Management Engineering with *Magna Cum Laude* distinction and was the Departmental awardee of his class.

Ma. Ophelia LI. Camiña, 63, is Senior Vice President, Treasurer/Support Services Head and Director of BDO Nomura (PCIB Securities). She was previously Credit Cards Business Head of Consumer Lending Group 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 Service Inc. She holds a Bachelor's degree in Commerce from the University of San Carlos and MBA from De La Salle University.

Ismael G. Estela, Jr., 59, Filipino, is Senior Vice President since October 1, 2001 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., 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.

Ramon T. Militar, 58, 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 seconded (effective August 27, 2016) as Officer-in-Charge of One Network Bank, Inc. (a Rural Bank).

Estrellita V. Ong, 61, Filipino, 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 (CIA). She was formerly connected with Security Bank Corporation retiring as its CIA. Prior to being a 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 Bachelor of Science degree in Business Administration.

Luis S. Reyes, Jr., 59, Filipino, is Senior Vice President for Investor Relations and Corporate Planning. He is concurrently a Director of BDO Strategic Holdings, Inc. and BDO Nomura Securities, Inc., and Chairman of Nashville 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.

Evelyn C. Salagubang, 53, Filipino, is Senior Vice President. She assumed the position of Group Head for Human Resources (HR) 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 joining BDO, 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.

Maria Theresa L. Tan, 47, Filipino, is Senior Vice President. She is General Manager of BDO Insurance Brokers, Inc. (BDOI). 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.

Rebecca S. Torres, 63, Filipino, is Senior Vice President and Chief Compliance Officer of BDO Unibank, Inc. effective May 1, 2013 covering Regulatory, Anti-Money Laundering (AML) and Trust Compliance. Previous positions held were Assistant Corporate Secretary of BDO and concurrent Senior AML Officer and Head of the AML Unit since January 1, 2011 up to April 30, 2013. She was also previously the Assistant Corporate Secretary of various BDO 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 is a Certified Public Accountant 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 Asian Institute of Management.

Myla R. Untalan, 46, Filipino, is a Senior Vice President of BDO Unibank, Inc. and is leading the Digital Infrastructure Services Group since February 1, 2013. Ms. Untalan had a 25-year career in banking/financial institutions. She had a combined 5-year stint as an internal auditor in Bank of Commerce and Solidbank Corporation from 1992 to 1997. She also held various posts in the operational areas of the credit card business for a combined 14-years stint in Solidcard Corporation, AIG Credit Card Company Phils., Inc. and BDO

Unibank, Inc. from 1997 to 2012. Ms. Untalan also held the post of Chief Operating Officer (COO) and Chief Information Officer (CIO) with the rank of Executive Vice President in Bankard, Inc. from September 2012 to January 2013 prior to rejoining BDO Unibank, Inc. in February 2013. She holds a Bachelor's degree in Commerce major in Accounting from University of Santo Tomas.

Renato A. Vergel de Dios, 63, is the President & CEO of BDO Life Assurance Company, Inc. (BDO Life) and a Director of BDO Life Board since October 2009. He also serves as a member of the Board of Directors of the Philippine Life Insurance Association (PLIA) and of the Board of Trustees of the Insurance Institute for Asia and the Pacific. Mr. Vergel de Dios has been in life insurance business for over forty (40) years. Prior to joining BDO Life, he served as CEO for Manulife Philippines Inc. and Executive Vice President, Sales and Operations, for the Philippine American Life Insurance Company Inc. He holds a Bachelor's Degree in Mathematics from Ateneo de Manila University and an MS Management (Sloan) degree from Stanford Graduate School of Business.

NOTE: *BDO 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 BDO 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	2017 (estimate)	122.89	61.47	n.a
	2016	118.16	59.11	n.a.
	2015	113.99	56.76	n.a.

Year	Name	Position/Title
2016	Nestor V. Tan	President
	Walter C. Wassmer	SEVP
	Jaime C. Yu	SEVP
	Rolando C. Tanchanco	EVP
	Lucy C. Dy	EVP
2015	Nestor V. Tan	President
	Walter C. Wassmer	SEVP
	Jaime C. Yu	SEVP
	Rolando C. Tanchanco	EVP
	Lucy C. Dy	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	2017 (estimate)	685.20	339.68	n.a.
	2016	658.85	326.62	n.a.
	2015	630.70	320.83	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 receives 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 above table contains the details of the compensation of directors and officers of BDO. In view of possible security risks, BDO 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 March 8, 2017, 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	1,750,930,649 *	40.09%
Common	PCD Nominee Corp. (Non-Filipino) 37th Floor Enterprise Center, Ayala Avenue, Makati City	various shareholders	Foreign	1,349,576,209	30.90%
Common	PCD Nominee Corp. (Filipino) 37th Floor Enterprise Center, Ayala Avenue, Makati City	various shareholders	Filipino	523,080,428	11.98%
Common	Multi-Reality Development Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City	record owner	Filipino	291,513,036 *	6.68%
Common	Sybase Equity Investments Corporation	record owner	Filipino	241,059,512 *	5.52%

	10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City				
TOTAL (COMMON)				4,156,159,834	95.17%
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%

* Inclusive of PCD-lodged shares

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

As of March 8, 2017, the following are known to BDO as the PCD participants holding 5% or more of BDO's voting securities:

Member	Name and Address	No. of Shares	Percent of Shareholdings
27900000000	BDO Securities Corporation – 20 th Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City	633,071,890	12.97%
HSBC1000000	The Hong Kong and Shanghai Banking Corp. Ltd – HSBC Securities Services 12 th Floor, The Enterprise Center, Tower I, 6766 Ayala Avenue corner Paseo de Roxas, Makati City	525,725,754	10.77%
DEUB1000000	Deutsche Bank Manila-Clients A – 26 th Floor, Ayala Tower 1, Ayala Triangle, Makati City	366,145,953	7.50%
	TOTAL	1,524,943,597	31.24%

- The PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares.

(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 March 8, 2017, the total number of shares owned by the directors and management of the registrant as a group is 22,869,396 common shares, which is equivalent to 0.5237% 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 (as of March 8, 2017)	Percent of Class (Shares as of March 8, 2017)
Common	Teresita T. Sy	Chairperson	Filipino	394,947	0.0090%
Common	Jesus A. Jacinto, Jr.	Vice Chairman	Filipino	327,711	0.0075%
Common	Christopher A. Bell-Knight	Director	Canadian	123	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	Antonio C. Pacis	Director	Filipino	4,230	0.0001%
Common	Dioscoro I. Ramos	Director	Filipino	179,440	0.0041%
Common	Josefina N. Tan	Director	Filipino	496,458	0.0114%
Common	Nestor V. Tan	President, CEO & Director	Filipino	12,108,570	0.2773%
Common	Jimmy T. Tang	Independent Director	Filipino	17,605	0.0004%
Common	Gilberto C. Teodoro, Jr.	Independent Director	Filipino	1	0.0000%
Common	Antonio N. Cotoco	SEVP	Filipino	160,280	0.0037%
Common	Walter C. Wassmer	SEVP	Filipino	244,189	0.0056%
Common	Jaime C. Yu	SEVP	Filipino	260,134	0.0060%
Common	Ador A. Abrogena	EVP and Trust Officer	Filipino	80,465	0.0018%
Common	Stella L. Cabalatungan	EVP	Filipino	220,800	0.0051%
Common	Anthony Q. Chua	EVP	Filipino	0	0.0000%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (as of March 8, 2017)	Percent of Class (Shares as of March 8, 2017)
Common	Julie Y. Chua	EVP	Filipino	422,811	0.0097%
Common	Gerard Lee B. Co	EVP	Filipino	244,682	0.0056%
Common	Lucy C. Dy	EVP & Comptroller	Filipino	340,284	0.0078%
Common	Pedro M. Florescio III	EVP & Treasurer	Filipino	172,410	0.0049%
Common	Eduardo V. Francisco	EVP	Filipino	554,629	0.0127%
Common	Jeanette S. Javellana	EVP	Filipino	171,856	0.0039%
Common	Guia C. Lim	EVP	Filipino	47,895	0.0011%
Common	Ricardo V. Martin	EVP	Filipino	244,189	0.0056%
Common	Edwin Romualdo G. Reyes	EVP	Filipino	0	0.0000%
Common	Edmundo S. Soriano	EVP	Filipino	311,328	0.0071%
Common	Cecilia L. Tan	EVP	Filipino	0	0.0000%
Common	Rolando C. Tanchanco	EVP	Filipino	468,653	0.0107%
Common	Dennis B. Velasquez	EVP	Filipino	180,188	0.0041%
Common	Evelyn L. Villanueva	EVP & Chief Risk Officer	Filipino	475,527	0.0109%
Common	Albert S. Yeo	EVP	Filipino	0	0.0000%
Common	Noel L. Andrada	SVP	Filipino	4,905	0.0001%
Common	Maria Carina S. Antonio	SVP	Filipino	38,098	0.0009%
Common	Rafael G. Ayuste, Jr.	SVP	Filipino	0	0.0000%
Common	Melanie S. Belen	SVP	Filipino	101,274	0.0023%
Common	Gamalielh Ariel O. Benavides	SVP	Filipino	20,902	0.0005%
Common	Ma. Ophelia LI. Camiña	SVP	Filipino	159,906	0.0037%
Common	Arthur Vincent D. Chung	SVP	Filipino	0	0.0000%
Common	Romeo Ramon M. Co, Jr.	SVP	Filipino	4,785	0.0001%
Common	Jonathan T. Cua	SVP	Filipino	0.0000%	0
Common	Ramon S. David	SVP	Filipino	0.0023%	101,816
Common	Ma. Lourdes T. de Vera	SVP	Filipino	0.0075%	329,647
Common	Montiel H. Delos Santos	SVP	Filipino	0.0027%	120,000

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (as of March 8, 2017)	Percent of Class (Shares as of March 8, 2017)
Common	Geronimo D. Diaz	SVP	Filipino	0.0007%	31,574
Common	Noel D. Dizon	SVP	Filipino	0.0017%	72,592
Common	Gwyneth M. Entao	SVP	Filipino	0.0002%	7,211
Common	Ismael G. Estela, Jr.	SVP	Filipino	0.0002%	9,664
Common	Belinda C. Fernandez	SVP	Filipino	8,787	0.0002%
Common	Geneva T. Gloria	SVP	Filipino	0	0.0000%
Common	Alvin C. Go	SVP & Assistant Corporate Secretary	Filipino	0	0.0000%
Common	Jonathan C.B. Go	SVP	Filipino	185,045	0.0042%
Common	Marilyn K. Go	SVP & Assistant Treasurer	Filipino	108,827	0.0025%
Common	Sonia Maribel D. Go	SVP	Filipino	63,387	0.0015%
Common	Richard Emil R. Grau	SVP	Filipino	0	0.0000%
Common	L. Jerome C. Guevarra	SVP	Filipino	33,131	0.0008%
Common	Enrico R. Hernandez	SVP	Filipino	114,448	0.0026%
Common	Eleanor M. Hilado	SVP	Filipino	143,147	0.0033%
Common	Antonio N. Jacinto	SVP	Filipino	0	0.0000%
Common	Gabriel U. Lim	SVP	Filipino	171,289	0.0039%
Common	Victor Q. Lim, Jr.	SVP	Filipino	0	0.0000%
Common	Donald Benjamin G. Limcaco	SVP	Filipino	0	0.0000%
Common	Manuel Z. Locsin, Jr.	SVP	Filipino	32,563	0.0007%
Common	Roy Allan V. Magturo	SVP	Filipino	88,272	0.0020%
Common	Manuel Patricio C. Malabanan	SVP	Filipino	0	0.0000%
Common	Ma. Corazon A. Mallillin	SVP	Filipino	104,432	0.0024%
Common	Angelita C. Manulat	SVP	Filipino	94,111	0.0022%
Common	Dalmacio D. Martin	SVP	Filipino	12,295	0.0003%
Common	Jose Noel M. Mendoza	SVP	Filipino	234,590	0.0054%
Common	Tomas Victor A. Mendoza	SVP	Filipino	0	0.0000%
Common	Ramon T. Militar	SVP	Filipino	91,350	0.0021%
Common	Aurea Imelda S.	SVP	Filipino	171,889	0.0039%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (as of March 8, 2017)	Percent of Class (Shares as of March 8, 2017)
	Montejo				
Common	Jaime M. Nasol	SVP	Filipino	48,666	0.0011%
Common	Annie H. Ngo	SVP	Filipino	127,384	0.0029%
Common	Cristina G. Ngo	SVP	Filipino	109,896	0.0025%
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	2,127	0.0000%
Common	Jose Alfredo G. Pascual	SVP	Filipino	121,055	0.0028%
Common	Antonio O. Peña	SVP	Filipino	178,733	0.0041%
Common	Rogel A. Raya	SVP	Filipino	39,289	0.0009%
Common	Maria Nanette R. Regala	SVP	Filipino	200,227	0.0046%
Common	Luis S. Reyes, Jr.	SVP	Filipino	508,090	0.0116%
Common	Susan Audrey P. Rivera	SVP	Filipino	48,355	0.0011%
Common	Evelyn C. Salagubang	SVP	Filipino	0	0.0000%
Common	Shirley M. Sangalang	SVP	Filipino	67,966	0.0016%
Common	Gregorio C. Severino	SVP	Filipino	30,315	0.0007%
Common	Ma. Theresa S. Simbul	SVP	Filipino	29,239	0.0007%
Common	Howard Lincoln D. Son	SVP	Filipino	0	0.0000%
Common	Noel B. Sugay	SVP	Filipino	48,128	0.0011%
Common	Robert W. Sy	SVP	Filipino	941	0.0000%
Common	Edwin R. Tajanlangit	SVP	Filipino	9	0.0000%
Common	Arthur L. Tan	SVP	Filipino	274,071	0.0063%
Common	Lorna A. Tan	SVP	Filipino	27,295	0.0006%
Common	Maria Theresa L. Tan	SVP	Filipino	0	0.0000%
Common	Federico P. Tancongo	SVP	Filipino	25,007	0.0006%
Common	Reynaldo A. Tanjangco, Jr.	SVP	Filipino	0	0.0000%
Common	Joseph Gerard D.	SVP	Filipino	0	0.0000%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (as of March 8, 2017)	Percent of Class (Shares as of March 8, 2017)
	Tiamson				
Common	Dante R. Tinga, Jr.	SVP	Filipino	69,436	0.0016%
Common	Ma. Mercedes P. Tioseco	SVP	Filipino	113,853	0.0026%
Common	Rebecca S. Torres	SVP & Chief Compliance Officer	Filipino	300	0.0000%
Common	Myla R. Untalan	SVP	Filipino	54,445	0.0012%
Common	Rosola A. Vivas	SVP	Filipino	48,128	0.0011%
Common	Edward G. Wenceslao	SVP	Filipino	18,913	0.0004%
Common	Edmundo L. Tan	Corporate Secretary	Filipino	1,312	0.0000%
Common	Sabino E. Acut, Jr.	Asst. Corporate Secretary	Filipino	0	0.0000%
	Total			22,869,396	0.5237%

Directors and officers are required to report to BDO any acquisition or disposition of BDO's shares within three (3) business days from the date of the transaction. As prescribed under Philippine Stock Exchange (PSE) Disclosure Rules, BDO shall disclose to the PSE any acquisition or disposition of BDO's shares by its directors and officers within five (5) trading days from the transaction. Moreover, beneficial ownership of BDO shares by the directors and officers is also required to be reported within ten (10) calendar days from the date of acquisition or within ten (10) calendar days after the close of each calendar month, if there has been any change in such ownership during the month, to the Securities and Exchange Commission and to the PSE.

(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 25 of the Notes to Financial Statements attached to this Annual Report.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The practice of corporate governance in BDO emanates from the need to improve market confidence and instill business integrity that is essential for the long-term sustainability of the Bank. As a publicly-listed company and a financial institution, we believe in the governance principles of fairness, integrity, transparency, accountability and performance consistently applied throughout the institution.

Our corporate governance standards comprise elements of local regulations, international best practice, and voluntary commitments that evolved over time. We are guided by requirements of the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC) and the ASEAN Corporate Governance Scorecard. The results we have achieved continue to be widely appreciated by investors, stakeholders and the general public.

We have taken further steps in 2016 to align our corporate governance system with the best international practice taking into account the continuous developments in national regulations. This report summarizes the key focus of the Bank that affirms our deep commitment to a high standard of corporate governance:

1. Composition of the Board - The 5th independent director was elected to the Board on April 2016. The BDO Board is now composed of 45% independent directors. Non-Executive directors and independent directors would account for 64% of the Board.
2. Role of the Board - as the decision-making body for significant matters that are reserved for the Board owing to their strategic, financial and reputational implications, the Board approved BDO's strategy, interim and full year financial statements, major acquisitions, joint ventures, capital expenditures, budgets, Tier 1 and Tier 2 capital raising through rights offering and unsecured subordinated debts, and recovery plan required by BSP for Domestic Systematically Important Banks, among others;
3. Related Party Transactions Policy – revised further the scope, material thresholds, vetting, review and approval of related party transactions to align with BSP Circular 895. The terms of reference of the Related Party Transactions Committee were also revised to comply with the directives of the BSP. The policy was also cascaded to all business and support units of the Bank including subsidiaries.
4. Executive Sessions of Independent/Non-Executive Directors - held 3 separate sessions chaired by the Lead Director to meet with the Internal/External Auditors, Chief Risk Officer and Chief Compliance Officer without the presence of senior management to discuss matters and issues outside of the regular meetings of the

Audit and Risk Management Committees. The results of these meetings were discussed with the Chairperson, President and other Executive Directors.

5. Revision of Corporate Governance Manual - to change the term limit of independent directors to 9 years in accordance with the international best practice;
6. Active engagement with regulators by giving comments on the impact of proposed changes in corporate governance rules pushed by these authorities.
7. Audited financial statements were released to the public within 60 days from year end for two consecutive years already,
8. Conducted the annual self-assessment of the Board, committees, directors, advisers and senior Management. Key findings showed that the Board continues to function very well, committees operate effectively, senior management has the competence and ability to manage the Bank while the relationship between directors and advisers in the diverse BDO Board remains strong.
9. Proposed the revisions of the Board Evaluation Survey questionnaires to update the criteria for the self-evaluation of the Board and director performance.

This report sets out the main corporate governance practices of the Bank in relation to the following OECD guiding principles:

Rights and 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 right to buy, sell or transfer securities held, the right to received 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 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 behalves if shareholders could not attend the stockholders' meeting.

As a matter of policy, all stockholders (**retail and institutional**) 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.

The Annual Stockholders' Meeting was held on April 22, 2016 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 opinion and make suggestions on various issues. Please see the minutes of the 2016 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 www.bdo.com.ph/company/disclosures/ownership.

Declaration of cash/stock dividends is approved by the Board of Directors and is immediately disclosed to 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.

The Bank recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By Laws of the Bank provides that all shares in each class should carry the same rights and any changes in the voting rights to be approved by them. The Bank accepts the votes cast by nominees and custodians in behalf of the beneficial owners as valid. Shareholders could exercise their right of appraisal in case of amendment to the Articles of Incorporation that has the effect of changing or restricting their rights.

Policies and procedures have been put in place to management potential conflicts of interests arising from related party transactions such as credit accommodations, products or services extended by the Bank to directors or officers in their personal capacity, immediate members of their family up to the second degree of consanguinity or affinity or to their company. In compliance with BSP Circular 895, the Bank implemented the Revised Related Party Transactions Policy (RPT) effective August 1, 2016 to ensure that every related party transaction is conducted in a manner that will protect the Bank from improper conflict of interest which may arise between the Bank and its Related Parties and to ensure proper review, ratification, approval and reporting of transactions as required in compliance with legal and regulatory requirements. It also revised the Terms of Reference of the Related Party Transactions Committee to review all significant related party transactions to ensure that these are conducted at arm's length, in the normal course of business wherein the terms and conditions are no less favorable than those given to unrelated parties with comparable risks and that the transaction is in the best interest of the Bank. Included in the RPT policy is the rule that prohibits directors from participating in any discussion, deliberation, and decision-making concerning any issue or transaction where they may be conflicted. These transactions are then elevated to the Board for final approval. The details of the deliberations are included in the minutes of the Board meeting. Approved related party transactions are properly tagged for monitoring and reporting of exposures.

The Bank also instituted the Personal Trading Policy that prohibits insider trading. The policy also covers all trades done thru BDO Nomura Securities, Inc., the newly formed subsidiary which is the online securities trading platform of the Bank. All directors and officers are covered by this policy

that prohibits the trading of any security while in possession of, or with direct or indirect access to, material information that is not generally available to the public and requires disclosure and reporting of trades in shares within 3 days from date of transactions. The Bank imposes a holding period of 6 months for buy transactions and 90-day repurchase period for sale transactions. A 7-day trading blackout period to take effect before and after the disclosure of net income figures is also strictly imposed.

Investors

BDO adopts a pro-active relationship with its stockholders by directly addressing their concerns and queries. In 2016, the IR Program of the Bank consists of the following:

1. 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.
2. Expanding presence in the global fund management community by increasing its participation in global/local non-deal roadshow, and conferences. Simultaneously, IR has actively coordinated with top brokers to organize small investor forums and one-on-one meeting in the Bank's premises to discuss relevant developments. The Bank has also participated in virtual investor conferences catering to American Depository Receipts (ADR) investors.
3. Providing continuing feedback from investors to key members of senior management and the Board, for better appreciation of investor sentiment towards the company.
4. Enhancing its current web page to further improve information accessibility and better suit the needs of the Bank's shareholders, and prospective investors.

The Bank directly liaises with its stock transfer agent on matters relating to stockholders' claim 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 2016 Annual Stockholders' Meeting is available in our corporate website at www.bdo.com.ph/companydisclosures/ownership.

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. Investors Relations (IR) is responsible for providing and disseminating information and activities of the Bank for the benefit of investors, stock analyst, fund managers (both local and foreign) as well as government agencies. In 2016, Investor Relations held four (4) analyst/media briefings in February, April and August which BDO senior management presented and answered queries on the Bank's annual and quarterly results, operations and recent developments. It participated in 31 conferences/road shows locally and abroad. It also, participated in the quarterly analyst and media briefings of parent firm SM Investments Corporation. Investor Relations also handled press release for significant bank events for the information of all concerned. 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 analyst and media. The details of these events are published in our corporate website at [www.bdo.com.ph/Investor Relations/IR Calendar](http://www.bdo.com.ph/Investor-Relations/IR-Calendar).

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.

In compliance with BSP Circular 857 which is the Regulations on Financial Consumer Protection in the Philippines effective November 2015, the Bank has implemented the consumer protection framework as part of the oversight function of the Board and Senior Management. It has also established a Consumer Protection Risk Management System to identify, measure, monitor, and control consumer protection risks inherent in its operations. It will also implement the "cooling off" period of at least 2 banking days required in BSP Circular 898 that will permit the customer to cancel the agreement or contract without penalty to the customer if he/she wants to do so during the cooling off period.

Equipped with the “We Find Ways” attitude BDO is committed to meet 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 with multi-lingual capability (Chinese, Korean and Japanese) that manages and resolves customer complaints.

It has put in place specific activities for the welfare of the customer i.e. the launch of social media facility such Facebook and International Desk 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 offerings to the Overseas Filipino Workers and Korean nationals who are living permanently or staying temporarily for business or pleasure.

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 2016 the Bank was active in the capital and debt market with the issuance of up to Php30 Billion Long-Term Negotiable Certificates of Deposit over a period of 2 years and Unsecured Subordinated Debt, qualifying as Tier 2 Capital. The Bank has likewise built a strong following among both equity and fixed income investors, as evidenced by the oversubscription for the Bank's recent bond issue which had the lowest coupon ever for a Philippine issuer.

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 client, 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 directs, 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. It covers the Bank's commitment to a gender friendly workplace, concern for occupational health, safety and environment, transparency, integrity and accountability, compliance with laws and regulations, standards of behavior and personal conduct and ethics of doing business.

b. Training and Development

The Bank provides various in-house programs such as orientation program for new hires, regular training, job specific training courses, management and leadership training programs to enhance the knowledge, working skills and managerial ability of its employees. The Bank allocates every year a training budget for these developmental programs. New E-learning courses introduced this year for regulatory training include AML-CFT BDO Remit Dubai, Macau, HK and USA; AMLA 104; and Regulatory Compliance eCourse for BRUSA (BDO Remit USA). In 2016, average training hours for internal and external training of staff, managerial and senior officers were 46.02, 171.17 and 13.40, respectively. In terms of actual number of employees trained, staff was at 22,282, managers at 12,488 and senior officers at 1,564. As compared to 2015, these figures were up by 7.27%, 1.17% and 1.13%, respectively. The Bank spends more on continuing education of officers and staff to ensure that they are well-equipped and effective in their functions. Culture and values as well as leadership development were the focus in 2016.

For Directors and key officers (SVP up), the Bank provided an in-house Corporate Governance Seminar on Cybersecurity conducted by SGV/Ernst & Young as part of its continuing education program. This was attended by members of the Board of Directors and Senior Management of the Bank and its subsidiaries.

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. The Bank established the Policy on Disclosure of Sensitive/Confidential Matters to Management to give employees the opportunity to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices in the workplace.

In terms of compensation, the staff loan fringe benefits program for the Bank and subsidiaries was approved under the Collective Bargaining Agreement.

d. 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.

The continuing activities to promote 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 earthquakes;
5. Installation of access ramps for persons with disability in our buildings and branches to make our offices safe and accessible to PWDs;
6. Regular safety inspections in corporate offices and branches nationwide to rectify immediately all noted unsafe conditions; and
7. Emergency Response Teams to ensure availability of emergency response personnel in time of disaster.

In 2016, 27 additional safety-related activities were undertaken to enhance the safety of the Bank employees and customers in the Bank premises:

1. Conducted Safety training of SID Security Operations personnel on the DOLE prescribed 40-hour Basic Occupational Safety and Health (BOSH) to broaden their knowledge and skills specifically in doing safety inspections in corporate offices and branches nationwide to immediately rectify unsafe conditions discovered.
2. Hired of a DOLE-accredited Safety Consultant to assist and guide in formulating and developing of new and additional safety programs in

compliance with the DOLE's prescribed Occupational Safety and Health Standards (OSHS).

3. Participated in the MMDA's Metro-wide Earthquake Drill on June 22, 2016 to enhance employees' awareness on how to conduct themselves during strong earthquakes.
4. Conducted 20 emergency preparedness (fire and earthquake) trainings to the Bank's Emergency Response Teams and 6 emergency drills, particularly in the multi-storey corporate offices in coordination with the Bureau of Fire Protection.

The following programs/activities were implemented by the Bank in 2016 to promote the health and wellness of BDO employees:

1. Maintained 6 medical clinics in BDO Corporate Center and other Head Office Units located in Makati, Ortigas, Greenhills, Binondo and Davao. These clinics are manned by Occupational Health Practitioners and/or Nurses. For employees outside of Metro Manila, they could go to any of the medical clinics that are accredited by Maxicare Health Corporation and Intellicare, the Bank's HMO providers;
2. BDO Fitness Center for both Makati and Ortigas Corporate Centers with gym facilities open to employees of the Bank offering regular group classes such as zumba, hiphop, and special activities like cardio pump workout, bootcamp, circuit/rope training. Total enrollees for the year were 2,461 or an increase of 75% from last year's count of 1,406 employees. The new Ortigas Fitness Center was officially opened on April 2016. Employees have access to Gold's Gym facilities with preferential quarterly enrollment rates/fees;
3. Pre-employment medical exam with drug testing for 4,028 prospective new hires;
4. Mandatory annual medical check up for 11,165 officers and 6,618 staff;
5. Random drug testing for 2,610 employees (1,593 officers and 1,017 staff) during the mandatory annual medical checkup;
6. Sponsored blood-letting activities participated by 223 employees for the benefit of the Philippine Red Cross, Philippine General Hospital and Philippine Children's Medical Center;
7. Conducted 14 Corporate Wellness Lectures on various medical topics aligned with DOH and DOLE-OSHA Programs;

8. Conducted first aid and basic life support trainings participated by 203 employees;
9. Conducted preventive medical programs such as vaccination for flu, pneumonia and other vaccine preventable diseases participated by 2,492 employees and their dependents; partnered with Watson's Personal Care Stores (Phils.) Inc. to provide discounted vaccines to employees and their dependents; and,
10. Released 22 medical advisories/bulletins on relevant medical topics through Health Watch program.

Society, Community and the Environment

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 as a way of giving back particularly to the communities in which we operate and to the society in general through the active involvement and participation of its employees. In 2016, the corporate responsibility program of the Bank was focused on the following:

1. Disaster Response Advocacy

a. Relief, Rehabilitation and Reconstruction in Disaster hit areas

- Construction of houses in resettlement areas, multi-purpose halls and school buildings
- Livelihood projects for families with disabled member (PWDs)
- Relief operations mounted by BDO volunteers
- Rehabilitation and reconstruction of rural health centers
- Distribution of teaching aids and instruction materials

Please refer to the Corporate Social Responsibility Section of the Annual Report for more details on the Bank's socio-civic programs and initiatives published in our corporate website at (www.bdo.com.ph).

2. Environmental Initiatives

Among its environmental initiatives, 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. The ESG considerations in lending are as follows:

1. Imposes limits and monitors exposure to certain industries e.g. Gaming, Tobacco and Alcohol
2. Restricts lending to other sectors under the Exclusion List (those deemed to have adverse or harmful effects on the community and the environment).
3. Conducts environmental and social impact assessment studies for big projects prior to financing.

The Bank also introduced the “**Go Green Program**” to raise awareness on environmental issues promote good Environmental practices in the workplace, mobilize volunteers for conservation programs. Its Green initiatives focuses on energy conservation using LED lights, water management using waterless urinals, air quality by tree planting is support of “Grow a Million Trees” campaign, waste disposal and other clean up projects.

It has also launched its **Green Energy Investments** wherein IFC is a partner in Sustainable Energy Finance (SEF) program as follows:

1. Supports green energy investments in Energy Efficiency (EE) and Renewable Energy (RE) projects. It generated a total energy of 243, 550 MWH/year through renewable energy projects financed and 162,000 tons of reduced greenhouse gas emissions from financed projects in total; equivalent to removing 30,900 cars off the road and 9,355 MWH/year of energy savings through financed energy efficiency projects.
2. Includes training of bank staff, delivering technical assistance assessments to BDO clients and running market awareness initiatives.

In doing this program, the Bank has been recognized as one of the six (6) Momentum of Change Lighthouse Activities for inspiring climate action in the financing for climate-friendly investments.

3. **Sustainability, climate change and wildlife protection**

Equally important to the Bank is our commitment to enhance the sustainability of the environment thru information, education and advocacies. It has supported the World Wide Fund for Nature (WWF) Philippines for the following:

- ✦ Joint fund-raising campaign using BDO's ATM network as key channel to donate to WWF and support its various programs:
 - > Donsol Whale Shark Program
 - > Bancas for the Philippines
 - > Environmental Education for
 - > Sustainable Handline Tuna

Climate Change	Fishing
> Agro-Forestry	> Mt. Iglit - Bacu Nature Park
> Food Security	> Earth Hour
> Tubbataha Reefs Conservation Program	> Biodiversity Protection & Ecotourism
> Saving the Manta Rays and Whale Sharks	> Double Wild Tamaraws by 2020

In 2016, BDO was chosen as the WWF Corporate Partner of the Year in Support of WWF's projects in ocean conservation, climate solutions, sustainable food and water production and species protection.

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.

In 2016, the Bank was a participant of the credit information system under the Credit Information Corporation which the government agency created under Republic Act 9510 otherwise known as the Credit Information System Act (CISA) to provide independent, reliable and accurate credit information in the Philippines. Being the leading lender, the Bank will be a major source of these data that could be accessed by our competitors and practitioners in the financial services industry.

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. In 2016, the Bank continued to be active in giving comments on the proposed changes in corporate governance rules pushed by regulatory authorities, particularly the Revised Guidelines on Related Party Transactions, Proposed Revisions on the Annual Report of the Banks and the SEC Code of Corporate Governance.

Transparency and Disclosures

BDO is fully committed to provide its investors and other stakeholders full transparency and timely information disclosure through filing 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

In particular, BDO released the 2015 audited financial statements on February 26, 2016 or just 57 days after close of the financial year to promote transparency and full disclosure of the results of the operations of the Bank. In 2016, the Bank did 74 timely disclosures on items that were relevant and important for the public to know.

Other key information disclosed by the Bank included the composition of the Board, role and activities 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 as a collective body, directors, committees and senior management, Code of Conduct and Business Ethics, Corporate Governance Manual, SEC Annual Corporate Governance Report, BDO organizational structure, conglomerate map an important corporate governance policies such whistle blowing, term limit of independent directors, personal trading, conflict of interest, dividend, 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.

Evaluation System

The Bank has required in its Corporate Governance Manual (the "Manual") that all Board level committees shall report regularly to the Board of Directors in compliance with the Manual's policies and procedures. 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 independent checks and balances, the Board has appointed the Chief Internal Auditor, Chief Risk Officer and Chief Compliance Officer to assist the Board in its oversight functions.

As part of its continuing focus on good corporate governance, the Board Audit Committee is mandated to assist the Board in performing its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal control systems to provide the

Board assurance on the existence of effective control environment that ensures efficiency of operations. The main areas of oversight of the Committee include the following:

Financial Reporting

- ⤴ Reviewing the Bank's financial reporting process and ensuring the integrity of its financial statements and compliance with regulations and financial reporting standards.
- ⤴ Reviewing with management the financial statements before submission to the Board focusing on clarity of disclosures and material areas with significant changes.

Internal Audit and Controls

- ⤴ Reviewing and evaluating the effectiveness of internal controls, risk management systems, regulatory compliance and governance processes of the Bank, approving the scope of the internal audit work, analysis of the main areas of risk and adequacy of resources and efficiency of the internal audit function.
- ⤴ Reviewing and approving the management's response on matters related to the report of examination by regulatory bodies and reports on actions taken or status of follow-up items.

External Audit Engagement and Reports

- ⤴ Recommending the appointment, reappointment and removal of external auditors, remuneration, approval of terms of audit engagement and payment of fees for any other services rendered by the auditors.
- ⤴ Approving the annual audit plan and reviewing their reports of examination including that of wholly-owned subsidiaries focusing on significant findings with financial impact and their resolutions.
- ⤴ Reviewing management's response to the audit findings and actions taken.
- ⤴ Assessing the performance of the External Auditor.

Others

- ⤴ Reviewing operational cases and compliance with ethical rules.
- ⤴ Investigating any matter or activity within its Terms of Reference.

In accordance with its Terms of Reference and aided by a highly focused meeting agenda, the Board Audit Committee carried out its responsibilities by conducting 12 regular meetings in 2016 with all members in attendance.

In fulfillment of its duties, the Board Audit Committee:

1. Reviewed and recommended to the Board for approval the quarterly unaudited and annual audited financial statements, approved the yearly Internal Audit plan after a thorough review to ensure adequate scope, coverage and resource requirements to carry out its functions, reviewed the effectiveness of the internal control issues of bank wide significance. It reviewed the enterprise risk management systems of the Bank, discussed the high and moderate risk issues and reviewed the management actions to control or mitigate these risks. It reviewed and approved the annual plans of Internal Audit, Compliance Office and Anti-Money Laundering Unit. It kept track of updates on Information Technology's action plans in further strengthening IT risk management.
2. On external audit, it reviewed and approved the external auditor's engagement letter and audit plan and scope for 2016, reviewed the results of the audit and reports submitted by the external auditor which summarized their findings together with management's responses and/or action plans. It also assessed the performance of the Internal Audit Group, Chief Internal Auditor and its key officers. Likewise, it evaluated the external auditor's independence and performance and recommended to the Board for approval and re-appointment of Punongbayan & Araullo as the Bank's external auditor for 2016. It approved and endorsed for approval to the Board the appointment of Isla Lipana & co., a Philippine member firm of the Pricewaterhouse Coopers (PwC) global network, to conduct the External Quality Assurance Review (EQAR) of the Bank Internal Audit functions.
3. On its regulatory compliance oversight, it reviewed the yearly plans, enhanced manuals and independent compliance review roadmap of Compliance Office, Trust Compliance and Anti-Money Laundering Unit, reviewed the results of the independent compliance and AML testing of the Bank including its subsidiaries, monitored the timely submission of regulatory compliance and prudential reports, reviewed new regulatory issuances and action plans to identified gaps, and reviewed management's reply to the report of examination findings and recommendations ensuring that committed actions are implemented.
4. At the meeting held on February 24, 2016 the Audit Committee reviewed and recommended to the Board approval of the audited financial statements for the year ended December 31, 2015 together with the related Notes to the Financial Statements. This was approved by the Board and disclosed to the public together with the annual results for the year 2015 on February 26, 2016. It believes that the financial statements are fairly presented in conformity with the relevant financial reporting standards in all material aspects.
5. It reported that it has evaluated the effectiveness of the internal controls, risk management systems and governance process of the Bank, Trust and its subsidiaries based on information obtained from the External Auditor, the assurance provided by the Internal Auditor, and additional reports and information requested from Senior Management. The Bank and subsidiaries' systems are also assessed as generally adequate and its operational risk is deemed moderate.

As part of its continuing education program, the members of the Board Audit Committee attended the in-house corporate governance seminar on Cybersecurity conducted by Ernst & Young/SGV on September 14, 2016. The members were also regularly apprised with new regulations related to financial reporting, accounting standards as well as updates on US Foreign Tax Compliance Act or FATCA.

In compliance with SEC requirement, the Board Audit Committee conducted its yearly self-assessment. The BAC also evaluated the performance of the Internal Audit, the Compliance and Anti-Money Laundering Units and External Audit, results of which were submitted to the Securities and Exchange Commission and disclosed to the Philippine Stock Exchange.

Through its tracking mechanism, the Committee constantly reviewed and monitored Management's corrective action on internal control weakness, compliance issues and major risk areas by BSP, Internal Audit, External Compliance and AML units and other regulatory bodies.

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.

The Board Audit Committee is chaired by Jose F. Buenaventura (Independent Director). Its other members are Jones M. Castro, Jr. (Independent and Lead Director) and Jimmy T. Tang (Independent Director).

The Corporate Governance Committee assists the Board in fulfilling its responsibilities for corporate governance across the BDO Group. Its role includes reviewing the existing corporate governance policies and practices recommending any changes to promote an environment wherein effective governance is part of the culture of the Bank; reviewing and reporting to the Board on corporate governance regulatory or compliance issues; monitoring corporate governance new regulations and recommending appropriate changes; reviewing and recommending to the Board on best practices to be adopted as applicable particularly those enunciated in the ASEAN Corporate Governance Scorecard; reviewing periodically the succession plan and disclosure of corporate governance policies and information in the Bank's website.

The Independent Directors and Non-Executive Directors, chaired by Lead Director Jones M. Castro, Jr., conducted three (3) executive sessions with the External Auditor, Internal Auditor, Chief Risk Officer and Chief Compliance Officer without the presence of senior management to discuss various matters/issues outside of the regular meetings of the Audit and Risk Management Committees. The results of these sessions were discussed with the Bank's Chairperson, President and CEO and Executive Directors.

It conducted the corporate governance seminar for the continuing education of directors, annual performance evaluation of the Board, committees, directors and executive management, and

monitored the submission of regulatory corporate governance reports, publication and updating of corporate governance policies and continuous disclosures in the Bank's website to promote transparency and effective communication to shareholders, investors, media, analysts, industry participants, regulators and the general public. It was active in giving comments on the proposed changes in corporate governance rules pushed by regulatory authorities. It recommended changes in the corporate governance policies and practices of One Network Bank, a newly acquired rural bank subsidiary to ensure alignment with the parent bank.

The Committee met 6 times in 2016 with all the members in attendance.

Measures on leading practices of good-corporate governance

The Bank is constantly examining leading practices on good corporate governance. The Board approved revisions of the Corporate Governance Manual on June 27, 2015 to incorporate best practices enunciated in the ASEAN Corporate Governance Scorecard.

Any Deviation from the Manual

None.

Improvement of Corporate Governance

The Bank has adopted the policy of reviewing its Manual on an annual basis at the Board level with the aim of constantly improving its corporate governance practice. Stepping up to the next level on corporate governance entails the adoption and implementation of best practices to ensure high standards of governance in every aspect of our business and at all levels of the organization.

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 2016 and the first quarter of 2017 are set forth below:

Date of Disclosure	Subject
March 17, 2016	Preliminary Information Statement for the Annual Stockholders' Meeting to be held on April 22, 2016 at Rizal Ballroom A and B, Makati Shangri-La Hotel, Ayala Avenue, Makati City at 2:00 PM
April 1, 2016	Definitive Information Statement for the Annual Stockholders' Meeting to be held on April 22, 2016 at Rizal Ballroom A and B, Makati Shangri-La Hotel, Ayala Avenue, Makati City at 2:00 PM
April 1, 2016	Amended General Information Sheet for the year 2015
April 4, 2016	Clarification on the news article titled "BPI Interested in RCBC?" posted in The Philippine Star (Internet Edition) on April 4, 2016
April 5, 2016	Statement to the Press regarding BDO's funding of Interflour's expansion in PH
April 8, 2016	List of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending March 31, 2016
April 14, 2016	Consolidated changes to BDO Unibank, Inc.'s (the "Bank") Annual Corporate Governance Report for the year 2015
April 14, 2016	Annual Report of BDO Unibank, Inc. for the fiscal year ended December 31, 2015
April 18, 2016	Public Ownership Report as of March 31, 2016
April 22, 2016	Results of the regular meeting of the Board of Directors held on April 22, 2016: Approval of the Financial Statements for the 1 st Quarter of 2016
April 22, 2016	Statement to the Press regarding BDO Unibank Inc.'s record-high Net Income in 2015 and posted Net Earnings for the 1 st Quarter of 2016
April 22, 2016	Results of the 2016 Annual Stockholders' Meeting and Organizational Board Meeting held on April 22, 2016 at Rizal Ballroom A and B, Makati Shangri-La Hotel, Ayala Avenue, Makati City
April 26, 2016	SEC Form 17-Q Quarterly Report for the quarter ended March 31, 2016
May 3, 2016	Publication of Bank's Statement of Condition as of March 31, 2016
May 3, 2016	Amendment of the corporate name of PCIB Securities, Inc., a subsidiary of BDO Unibank, Inc., to BDO Nomura Securities, Inc.
May 23, 2016	General Information Sheet of BDO Unibank, Inc. for the year 2016
May 23, 2016	Certification of Qualification of Independent Directors of BDO Unibank, Inc. in compliance with the requirements of Section 38 of the Securities and Regulation Code
May 23, 2016	Statement to the Press regarding BDO's inking of a memorandum of

Date of Disclosure	Subject
	understanding with Aozora Bank, Ltd.
May 30, 2016	Results of the regular meeting of the Board of Directors held on May 28, 2016: 1. Declaration of cash dividends on common shares in the amount of Php 0.30 per common share or approximately Php 1.094 Billion to be paid to all stockholders of record as of June 15, 2016 and payable on June 27, 2016 2. Appointment of Mr. Dante R. Tinga, Jr. as Senior Vice President of the Bank, effective June 1, 2016 and his secondment to BDO Securities Corp., upon approval of the Bangko Sentral ng Pilipinas.
May 30, 2016	Statement to the Press regarding BDO's awards from Asian Banker
May 31, 2016	Summary of the 2015 Self-Assessment of the Board Audit Committee of BDO Unibank, Inc.
June 1, 2016	Disclosure on the approval of SEC of the incorporation and registration of MMPC Auto Financial Services Corporation as financing company
June 2, 2016	Amended General Information Sheet of BDO Unibank, Inc. for the year 2016
June 3, 2016	Statement to the Press regarding BDO Remit's expansion in Japan via opening of remittance office
June 3, 2016	Bangko Sentral ng Pilipinas' approval of the revocation of authority of Banco De Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.), a subsidiary of BDO Unibank, Inc. (BDO), to operate as a thrift bank and to conduct trust and fiduciary business effective on May 16, 2016
June 8, 2016	Amended General Information Sheet of BDO Unibank, Inc. for the year 2016 to reflect the updated list of Subsidiaries and Affiliates
June 10, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 1,193,255 common shares
June 13, 2016	Statement to the Press regarding BDO's acceptance of the offer of SB Cards Corporation to sell the latter's rights as exclusive issuer and acquirer of Diner's Club International credit cards in the Philippines
June 16, 2016	Amended General Information Sheet of BDO Unibank, Inc. for the year 2016 to reflect the updated section of the Bank's capital structure and stockholders' information
June 20, 2016	Statement to the press regarding TPG Growth's acquisition of 40% stake in One Network Bank
June 20, 2016	Statement to the press regarding BDO being the most awarded Philippine bank by the Alpha Southeast Asia
June 24, 2016	Results of the regular meeting of the Board of Directors held on June 24, 2016: 1. Promotion of senior officers, subject to confirmation of the BSP 2. Secondment of senior officers to various Bank subsidiaries, subject to confirmation of the BSP 3. Revised Corporate Governance Manual of the Bank, incorporating the amendments on the term limits of Independent Directors and composition of the Board Audit Committee
June 28, 2016	Statement to the press regarding BDO's and its key officers' recognition in the 6th

Date of Disclosure	Subject
	Asian Excellence Award 2016 by Corporate Governance Asia
June 30, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 654,565 common shares.
June 30, 2016	Statement to the press regarding BDO's acquisition of full control over Generali Pilipinas
July 1, 2016	Statement to the Press regarding SEC's approval of the following: 1. Change of name of insurance holdings company, Generali Pilipinas Holding Company, Inc. to BDO Life Assurance Holdings Corp. and its wholly-owned life insurance company, Generali Pilipinas Life Assurance Company, Inc. to BDO Life Assurance Company 2. Change in principal office of both companies
July 4, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated sections of the Bank's capital structure and stockholders' information, and the list of the Bank's Senior Officers
July 8, 2016	List of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending June 30, 2016
July 11, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated Annex A containing the Bank's list of the subsidiaries
July 12, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 263,165 common shares
July 12, 2016	Securities and Exchange Commission's approval of the merger of BDO Unibank, Inc. subsidiaries, BDO Capital and Investment Corporation ("BDO Capital"), BDO Elite Savings Bank, Inc. and Banco De Oro Savings Bank, Inc., with BDO Capital as the surviving corporation
July 13, 2016	Statement to the press regarding BDO's partnership with Shizuoka Bank, Ltd., Japan's 10 th largest bank
July 14, 2016	Public Ownership Report as of June 30, 2016
July 14, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders and additional shares issued
July 18, 2016	Notice of Analysts Briefing - August 1, 2016
July 19, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated list of the Bank's subsidiaries
July 24, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 232,780 common shares
July 26, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated capital structure, list of Top 20 stockholders and additional shares issued by the Bank
August 1, 2016	Results of the regular meeting of the Board of Directors held on July 30, 2016 – Approval of the Financial Statements for the 2 nd Quarter of 2016
August 1, 2016	Statement to the Press regarding BDO Unibank Inc.'s Php13 billion earning in the first half of 2016, up 13%

Date of Disclosure	Subject
August 3, 2016	Statement to the Press re: JBIC sets up US\$50M Green Facility with BDO for environment-related projects
August 4, 2016	SEC Form 17-Q Quarterly Report for the period ended June 30, 2016
August 5, 2016	Publication of Bank's Statement of Condition as of June 30, 2016
August 9, 2016	Statement to the Press regarding the receipt of BDO Capital & Investment Corp. (BDO Capital), BDO's investment banking arm, of "Triple A" Awards for BDO Capital's major role in power infrastructure projects
August 10, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 49,440 common shares
August 16, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated capital structure, list of officers, list of Top 20 stockholders, additional issued shares and list of subsidiaries of the Bank
August 17, 2016	Statement to the Press regarding BDO's rank advancement in the list of world's top banks
August 25, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s (BDO or the "Bank") employee stock option/grant program, totaling 271,405 common shares
August 30, 2016	Results of the regular meeting of the Board of Directors held on August 27, 2016: <ol style="list-style-type: none"> 1. Declaration of cash dividends on common shares in the amount of Php0.30 per share or approximately Php1.1 Billion payable on September 26, 2016 to all stockholders of record as of September 15, 2016. 2. Appointment of Mr. Joseph Gerard Dizon Tiamson as Senior Vice President for the Office of the President, effective on September 16, 2016, subject to the confirmation by the Bangko Sentral ng Pilipinas
August 30, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated capital structure, list of Top 20 stockholders, and additional issued shares of the Bank
September 7, 2016	Statement to the Press regarding BDO and its subsidiary, BDO Private Bank, Inc., being named by FinanceAsia as the Best Bank and Best Private Bank in the Philippines, respectively
September 7, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the updated list of senior officers of the Bank
September 8, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 107,120 common shares
September 14, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of senior officers, list of Top 20 stockholders, additional issued shares and list of subsidiaries
September 22, 2016	Statement to the Press regarding BDO becoming the first accredited Personal Equity and Retirement Account (PERA) Administrator in the country
September 26, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 340,930 common shares
September 26,	Results of regular meeting of the Board of Directors held on September 24, 2016:

Date of Disclosure	Subject
2016	1. Acceptance of the retirement of Ms. Ma. Teresita Susana Lim Yap, Senior Vice President and Head of Institutional Banking Group – Commercial Banking/Luzon/MM South, effective October 1, 2016 2. Approval of the Bank's capital raising through Rights Offer
September 28, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders, and additional issued shares
September 30, 2016	Statement to the Press regarding BDO Insurance Brokers, a subsidiary of BDO, emerging as the top broker in the latest Insurance Commission rankings
October 4, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated list of officers
October 11, 2016	List of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending September 30, 2016
October 12, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 157,590 common shares
October 12, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders, and additional issued shares of the Bank
October 14, 2016	Public Ownership Report as of September 30, 2016
October 14, 2016	Statement to the Press re: Institutional investors cite BDO for good corporate governance
October 17, 2016	Statement to the Press regarding BDO's issuance of U.S. dollar denominated fixed rate senior notes under its Medium Term Note Programme
October 18, 2016	Statement to the Press regarding BDO's issuance of USD 300 million in Fixed Rate Senior Notes under its Medium Term Note Program
October 24, 2016	Statement to the Press regarding the launch of the online trading platform of BDO Nomura Securities, Inc., the joint venture between BDO and Nomura Holdings, Inc.
October 25, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 371,830 common shares
October 26, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders, and additional issued shares of the Bank
October 27, 2016	Statement to the Press regarding being awarded the Best Bank in the Philippines in the Global Finance World Best Bank Awards 2016
November 2, 2016	Statement to the Press regarding BDO posting a Php19.3 billion, 10% year-on-year increase in net income in the first nine months of the year
November 2, 2016	Resignation of Mr. Alex V. Buenaventura as President of One Network Bank, Inc.
November 3, 2016	SEC Form 17-Q Quarterly Report for the quarterly period ended on September 30, 2016
November 4, 2016	Publication of BDO's Statement of Condition as of September 30, 2016
November 7, 2016	Statement to the Press regarding BDO winning the Best Social Media Initiative Award in the Asian Banker Country Awards for its "Project Kiss" campaign

Date of Disclosure	Subject
November 14, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 150,895 common shares
November 18, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, address of a senior officer, list of Top 20 stockholders, and additional issued shares of the Bank
November 24, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 283,845 common shares
December 1, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders, and additional issued shares of the Bank
December 5, 2016	Results of the regular meeting of the Board of Directors held on December 3, 2016: <ol style="list-style-type: none"> 1. Declaration of regular cash dividend on common shares in the amount of Php 0.30 per share or approximately Php 1.1 Billion payable on December 29, 2016 to all stockholders of record as of December 19, 2016 2. Recall from BDO Securities Corporation of Mr. Dante R. Tinga, Jr., SVP, and his secondment to BDO Nomura Securities, Inc. 3. Appointment of Mr. Albert S. Yeo as Executive Vice President, effective on January 2, 2017, subject to the confirmation by the Bangko Sentral ng Pilipinas
December 6, 2016	Resignation of Senior Officer – Mr. Jonathan C. Diokno, SVP
December 6, 2016	Clarification on the news article entitled "BDO readies Php60-b stock rights offering" posted in Manila Standard (Internet Edition) on December 6, 2016
December 16, 2016	Statement to the Press regarding the Philippine Stock Exchange's approval of BDO's Php60 Billion stock rights offer
December 16, 2016	Approval of the Board of Directors of the Philippine Stock Exchange of the Bank's program to raise up to PHP 60 billion (approximately USD1.2 billion) in additional core capital through a stock rights offer ("the Offer")
December 16, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 339,480 common shares
December 21, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders, and additional issued shares of the Bank
December 27, 2016	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 176,130 common shares
December 29, 2016	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of Top 20 stockholders, and additional issued shares of the Bank
January 3, 2017	Statement to the Press regarding BDO's Php60 billion stock rights offer
January 4, 2017	Amended Disclosure regarding approval of the Board of Directors of the Philippine Stock Exchange ("PSE") of the Bank's program to raise up to PHP 60 billion (approximately USD1.2 billion) in additional core capital through a stock rights offer ("the Offer")

Date of Disclosure	Subject
January 6, 2017	Letter Advise on Board of Directors' Attendance for Meetings Held in 2016
January 6, 2017	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 105,060 common shares
January 9, 2017	Results of the regular meeting of the Board of Directors held on January 7, 2017: 1.Approval of the conversion of One Billion (1,000,000,000) unissued preferred shares of the Bank, consisting of Five Hundred Million (500,000,000) unissued Series A Preferred Shares and Five Hundred Million (500,000,000) unissued ordinary Preferred Shares, each with a par value of Ten Pesos (Php 10.00) per share, into One Billion (1,000,000,000) common shares with a par value of Ten Pesos (Php10.00) per share, and the corresponding amendment of the Seventh Article of its Articles of Incorporation to reflect said conversion 2.Approval of the setting of the Annual Stockholders' Meeting of the Bank on April 20, 2017 and March 8, 2017 as the record date for stockholders entitled to vote and participate at such meeting 3.Acceptance of the resignation of Mr. Diokno, effective January 1, 2017
January 9, 2017	List of the top 100 stockholders for BDO Unibank, Inc. with PCD Participants for the period ending December 31, 2016
January 10, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the Year 2016, to reflect the updated capital structure, list of senior officers, list of Top 20 stockholders, additional issued shares and list of subsidiaries of the Bank and the Tax Identification No. (TIN) of the senior officers of the Bank
January 17, 2017	Public Ownership Report as of December 31, 2016
January 20, 2017	Amended Public Ownership Report as of December 31, 2016
January 20, 2017	Statement of Changes in Beneficial Ownership of Securities of SM Investments Corporation, a principal shareholder of BDO Unibank, Inc.
January 26, 2017	Statement to the Press regarding the successful conclusion of BDO's Php60 Billion stock rights offer
January 26, 2017	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 47,380 common shares
January 26, 2017	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s stock rights offer (SRO), totaling 716,402,886 common shares
January 27, 2017	Results of regular meeting of the Board of Directors held on January 27, 2017: 1.Appointment of Mr. Howard Lincoln D. Son as Senior Vice President for Hong Kong Branch, effective February 16, 2017, subject to regulatory approvals 2.Declaration of cash dividends on Preferred Shares Series "A" at the rate of 6.5% per annum of the par value for a total dividend amount of Php340,329,166.67
January 30, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, stockholders' information, additional issued shares of the Bank and the Tax Identification No. of the senior officers of the Bank
January 31, 2017	Statement to the Press regarding the successful conclusion of BDO's US\$1b common stock rights offering

Date of Disclosure	Subject
January 31, 2017	Amended Statement to the Press regarding the successful conclusion of BDO's Php60 Bn common stock rights offering
February 2, 2017	Public Ownership Report as of January 31, 2017
February 3, 2017	Publication of BDO's Statement of Condition as of December 31, 2016
February 3, 2017	Statement to the Press regarding BDO reaching the PhP 1 trillion milestone for its consolidated trust assets under management
February 3, 2017	Amended Public Ownership Report as of January 31, 2017
February 3, 2017	Availment of Shares by BDO Officers Under the Stock Rights Offer
February 7, 2017	Clarification on the news article entitled "BDO complying with Cebu City requirements" posted in philstar.com on February 7, 2017
February 8, 2017	Notice of Analysts Briefing – February 27, 2017
February 13, 2017	Amended Availment of Shares By BDO Officers Under the Stock Rights Offer
February 13, 2017	Amended Public Ownership Report as of January 31, 2017
February 13, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, stockholders' information, additional issued shares of the Bank and additional issued shares of the Bank
February 16, 2017	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 172,010 common shares.
February 20, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, list of officers, stockholders' information, and additional issued shares of the Bank
February 21, 2017	Notice and Agenda of Annual Stockholders' Meeting of the Bank to be held on April 20, 2017
February 24, 2017	Results of regular meeting of the Board of Directors held on February 24, 2017: <ol style="list-style-type: none"> 1. Declaration of regular cash dividends on common shares in the amount of Php0.30 per share for the 1st Quarter of 2017 payable on March 31, 2017 to all stockholders of record as of March 14, 2017 2. Appointment of Mr. Victor Q. Lim Jr. as Senior Vice President for Global Operations, effective on March 1, 2017, subject to confirmation by the BSP
February 24, 2017	Statement to the Press regarding BDO posting a record Php26.1 billion income in 2016
February 24, 2017	Audited Financial Statements of DO Unibank, Inc. and its subsidiaries as of December 31, 2016 and the corresponding Notes to Financials
February 24, 2017	Amendment on the disclosure on the Bank's declaration of regular cash dividends on common shares for the 1 st quarter of 2017
February 24, 2017	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 194,540 common shares
March 1, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, stockholders' information, and additional issued shares of the Bank
March 6, 2017	Resignation of Senior Officer – Ms. Lorna A. Tan, SVP
March 8, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated list of officers of the Bank

Date of Disclosure	Subject
March 8, 2017	Change in Issued and Outstanding Shares pursuant to BDO Unibank, Inc.'s employee stock option/grant program, totaling 134,930 common shares
March 13, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated capital structure, stockholders' information, and additional issued shares of the Bank
March 16, 2017	Notice and Agenda (with Details and Rationale) of 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 20, 2017
March 20, 2017	Preliminary Information Statement for the Annual Stockholders' Meeting to be held on April 20, 2017 at the Rizal Ballroom A & B, Second Floor, Makati Shangri-La Hotel, Ayala Avenue, Makati City at 2:00 PM
March 22, 2017	Statement to the press regarding BDO reaching 1,000 branches nationwide
March 22, 2017	Amended General Information Sheet of BDO Unibank, Inc. (the "Bank") for the year 2016 to reflect the Bank's updated list of officers relative to the resignation of Ms. Lorna A. Tan, Senior Vice President, effective March 16, 2017
	Related Party Transactions (Please refer to Notes 2.19 and 25 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 PASIG CITY, Philippines on APR 12 2017.

BDO UNIBANK, INC.
Issuer


By:



Nestor V. Tan
President and CEO



Marilyn K. Go
Senior Vice President and Assistant Treasurer



Rosano B. Marpuri, First Vice President

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

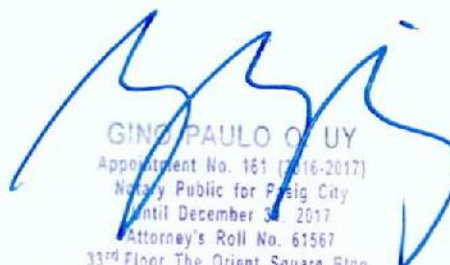


Edmundo L. Tan
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 12 2017, affiants exhibiting to me their evidence of identity as follows:

Name	Tax Identification No.
Nestor V. Tan	TIN 903-578-380
Marilyn K. Go	TIN 109-730-603
Lucy Co Dy	TIN 109-729-870
Edmundo L. Tan	TIN 132-173-235
Rosano B. Marpuri	TIN 107-063-622

Doc. No.: 107
Page No.: 503
Book No.: IV
Series of 2017.



GINO PAULO O. UY
Appointment No. 161 (2016-2017)
Notary Public for Pasig City
Until December 31, 2017
Attorney's Roll No. 61567
33rd Floor The Orient Square Bldg.
F. Ortigas Jr. Road Ortigas Center Pasig City
OTA No. 2614627-01-04-17 Pasig City
IBP No. 1057592; 01.05.17; RSM
MCLE Compliance No. 0014106 Valid Until 04.14.2017

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

SECRETARY'S CERTIFICATE

I, **ALVIN C. GO**, being the Assistant Corporate Secretary of **BDO UNIBANK, INC. (BDO Unibank)**, a universal bank organized and existing under and in accordance with the laws of the Republic of the Philippines, with offices at BDO Corporate Center, 7899 Makati Avenue, Makati City 0726, do hereby certify that –

1. In my capacity as Assistant Corporate Secretary of BDO Unibank, I have custody of the minutes book of BDO Unibank which contains the minutes of the meetings of the Board of Directors;

2. At the regular meeting of the Board of Directors of BDO Unibank held on March 25, 2017, at which meeting a quorum was present and acted throughout, the following resolution was unanimously adopted and approved:

Resolution No. 095-2017

“RESOLVED, That the Board of Directors of BDO Unibank, Inc. (the “Bank”) authorize, as it is hereby authorizes, the Senior Officers of the Bank named below, to sign for and on behalf and in the absence of the Senior Officer whose name appears alongside theirs, the Bank’s Annual Report (SEC Form 17-A) to be submitted to the Securities and Exchange Commission and the Bank’s Quarterly Progress Report to be submitted to the Philippine Stock Exchange:

Name of Signatory
ROSANO B. MARPURI
First Vice President

On Behalf of
LUCY C. DY
Comptroller

MARILYN K. GO
Assistant Treasurer

PEDRO M. FLORESCIO III
Treasurer

RESOLVED, FURTHER, That the Board approve and confirm, as it hereby approves and confirms, all that the above-named representatives may lawfully do or cause to be done by virtue of the authority herein granted.

RESOLVED, FINALLY, That a copy of this Resolution be attached to the aforesaid regulatory reports.”

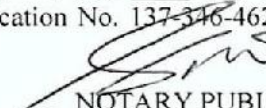
3. The above-quoted resolution has not been revoked or rescinded and continues to be in full force and effect.

4. I am executing this certificate for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of April, 2017 at Makati City, Philippines.


ALVIN C. GO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this ____ day of April, 2017, at Makati City, Philippines, affiant exhibited to me his Tax Identification No. 137-346-462 and Social Security System No. 03-8552742-8.


NOTARY PUBLIC

Doc. No. 245
Page No. 50
Book No. 11
Series of 2017.

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

Atty. EARL CHARLES N. VILLARIN
Notary Public for Makati City, Philippines
Until 31 December 2017
Appointment No. M-253
14/F North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
IBP Lifetime Member No. 07478, PPLM
PTR No. 5908985, 01/03/2017, Makati City
MCLE Compliance No. V-0013006, 12/8/17



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

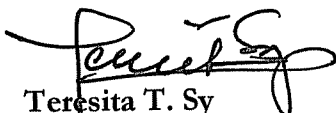
The management of **BDO Unibank, Inc. (the Bank)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016, 2015 and 2014, in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

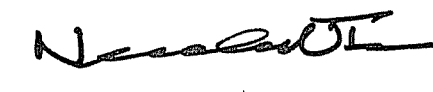
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Teresita T. Sy
Chairman of the Board



Nestor V. Tan
President



Pedro M. Florescio III
Treasurer

Signed this 24th day of February 2017

Banco de Oro
BDO Corporate Center
7899 Makati Avenue
Makati City 0726, Philippines
Swift Code : BNORPHMM
Tel +63(2) 840 7000


FEB 24 2017

SUBSCRIBED and SWORN to me before this ____ day of _____, 2017 affiants exhibiting to me their Competent Evidence of Identity (CEI), as follows:

Name	CEI Number	Date & Place Issued
1. Teresita T. Sy	Passport No. – EB9786664 CTC No. – 10458237	12.10.2013/Manila 03.09.2016/Manila
2. Nestor V. Tan	Passport No. – EB7352142 CTC No. – 25029903	02.11.2013/Manila 01.17.2017/Makati
3. Pedro M. Florescio III	Passport No. – EC3295228 CTC No. – 25027091	01.28.2015/NCR South 01.17.2017/Makati

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

Doc. No. 261
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Book No. II
Series of 2017


Atty. MILLICENT DOREL M. MARCELO
Appointment No. M-330
Notary Public until 31 December 2017
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 47289
IBP No. 1013284, 01/07/10, Quezon City
PTR No. 5329223, 01/06/2016, Makati City
MCLE Compliance No. V - 0018521, 04/18/2016

**CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE
FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for (BDO Unibank, Inc.) for the period ending December 31, 2016.

In discharging this responsibility, I hereby declare that (check one (1));

 X I, am the (Head of the Financial Review & Control Department) of (BDO Unibank, Inc.).

 I, am the (position) of (name of organization/person) and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of (Punongbayan & Araullo) who/which is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

SIGNATURE OVER PRINTED NAME: ROSANO B. MARPURI

PROFESSIONAL IDENTIFICATION CARD NO.: 0083131

VALID UNTIL: April 10, 2019

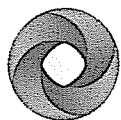
ACCREDITATION NUMBER: BOA # 1257

VALID UNTIL: November 10, 2019

Doc No. 26;
Page No. 54;
Book No. II;
Series of 2017

NOTARY PUBLIC


Atty. MILLICENT DOREL M. MARCELO
Appointment No. M-339
Notary Public until 31 December 2017
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
IBP No. 47263
IBP No. 1010284, 01/07/16, Quezon City
PTR No. 5329223, 01/06/2016, Makati City
MCLE Compliance No. V - 0018521, 04/18/2016



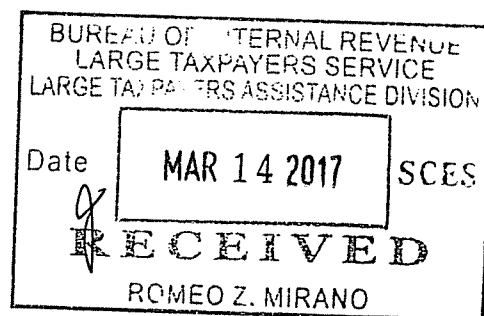
P&A
Grant Thornton

An instinct for growth™

**Financial Statements and
Independent Auditors' Report**

BDO Unibank, Inc. and Subsidiaries

December 31, 2016, 2015 and 2014
(With Corresponding Figures as of January 1, 2015)





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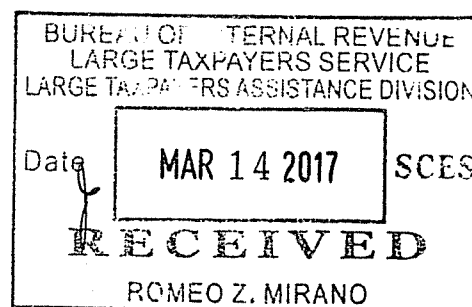
An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
grantthornton.com.ph

Report of Independent Auditors

The Board of Directors and Stockholders
BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue, Makati City



Report on the Audit of the Financial Statements

Opinion

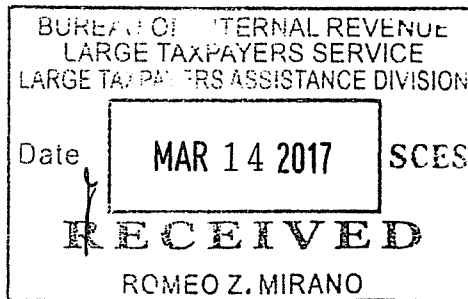
We have audited the financial statements of BDO Unibank, Inc. and subsidiaries (together hereinafter referred to as the BDO Unibank Group) and BDO Unibank, Inc. (the Parent Bank), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of income, statements 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, 2016, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2016 and 2015, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4



Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the BDO Unibank Group and of the Parent Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

I. Key Audit Matters Applicable to BDO Unibank Group and the Parent Bank Financial Statements

(a) Proper Valuation of Loans and Other Receivables

Description of the Matter

Under Philippine Accounting Standards (PAS) 39, *Financial Instrument: Recognition and Measurement*, an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If there is an objective evidence that an impairment loss 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. An entity 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 an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The allowance for impairment of loans and other receivables is considered to be a matter of significance as it requires the application of critical management judgment. BDO Unibank Group and the Parent Bank recognized both general and specific allowance on loans and other receivables in accordance with the provisions set out under PAS 39.

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As of December 31, 2016, BDO Unibank Group and the Parent Bank had loans and other receivables amounting to P1,573,924 million and P1,511,981 million, respectively, which account for 68% and 69% of BDO Unibank Group's and the Parent Bank's total resources, respectively.

BDO Unibank Group's and the Parent Bank's gross loan portfolio is composed of different loan products that required different approach in the assessment of allowance by management. Loan accounts such as corporate and commercial loans are individually assessed for impairment. For those individually assessed loans where objective evidence of impairment exists, an impairment loss is recognized for the amount of difference between the carrying amount of the loan and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate. Meanwhile, for those individually assessed loans where objective evidence of impairment does not exist, BDO Unibank Group and Parent Bank include them for collective assessment of impairment.

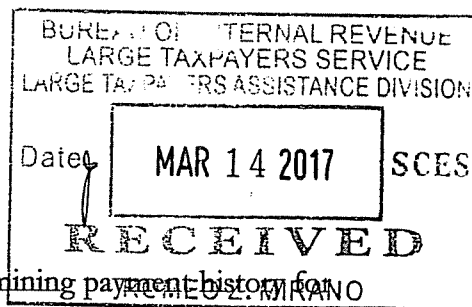
On the other hand, loan portfolio comprising of loans with smaller loan values and spread to great number of customers, such as small business loans and consumer loans, were not monitored individually but were grouped by product and are collectively evaluated for impairment. Impairment loss is recognized for the amount computed using the loan impairment factor (LIF) model. Under LIF model, for each loan product, loans are grouped based on their delinquency bucket (based on aging) and an equivalent LIF for each bucket is applied to compute for the amount of impairment loss. LIF pertains to the historical loss experience of each delinquency bucket for each loan product, adjusted on the basis of the current observable data. LIF and delinquency bucket are different for each loan product. On the other hand, if there are specific loans which are collectively assessed for impairment that are identified to require higher allowance for credit losses due to individual credit judgment, then the higher assessment will be booked for those accounts.

The disclosures of the BDO Unibank Group and the Parent Bank on the allowance for impairment of loans and the related credit risk are included in Notes 4 and 10 to the financial statements, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the adequacy of allowance for impairment of loans and other receivables, which were considered to be a significant risk, included:

- testing of controls, as assisted by our own IT specialists, over the approval, recording and monitoring of loans and other receivables, loan classification based on credit ratings, and the recording and calculating of the allowance for impairment;
- obtaining an understanding of BDO Unibank Group's and the Parent Bank's credit policy and loan impairment process;
- checking and evaluating the methodologies, inputs and assumptions used by BDO Unibank Group and the Parent Bank in performing both individual and collective impairment assessment in accordance with PAS 39;



- assessing the borrowers' repayment abilities by examining payment history for selected loan accounts;
- on selected loan accounts, evaluating the management's forecast of recoverable cash flows, valuation of collaterals, estimates of recovery from other sources of collection on selected non-performing loans;
- for loan accounts assessed individually, recomputing the recoverable amount determined by BDO Unibank Group and the Parent Bank and comparing it against the carrying value as of December 31, 2016;
- evaluating the suitability of delinquency bucket used by BDO Unibank Group and the Parent Bank by comparing the actual payment history and agreed payment schedule for selected loan accounts; and,
- assessing the reasonableness of each loan impairment factor through recomputation using the historical and current data of BDO Unibank Group and the Parent Bank.

(b) Valuation of Financial Instruments

Description of the Matter

The fair valuation of financial instruments of BDO Unibank Group and Parent Bank was a key area of focus in our audit due to the use of inputs from external sources in computing the market value of these financial instruments. For some financial instruments such as derivatives, the determination of fair value includes the use of estimates by the management. The fair value of derivative financial instruments was determined using the net present value computation. To the extent practicable, models used observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations required management to make estimates.

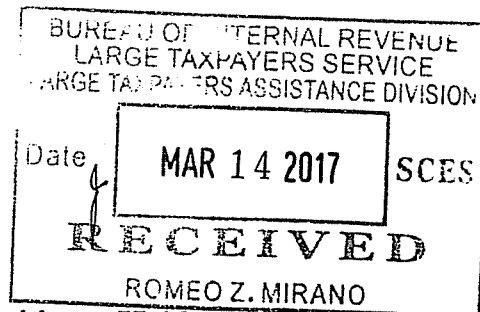
As of December 31, 2016, the financial assets and financial liabilities of BDO Unibank Group that were carried at fair value amounted to P121,913 million and P5,475 million, respectively, while that of the Parent Bank amounted to P66,744 million and P1,818 million, respectively.

The disclosures of the BDO Unibank Group and the Parent Bank on exposure to financial instruments valuation risk are included in Note 4 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- evaluating whether fair value prices used were appropriate;
- recomputing the fair values based on the inputs and compared with the market values used by BDO Unibank Group and the Parent Bank;
- testing of controls over the valuation process of BDO Unibank Group and the Parent Bank on financial instruments, particularly the measurement of derivative valuation adjustments;
- checking the formulas used in fair market valuation; and,
- testing the inputs against reliable market sources, such as Bloomberg.



(c) Reclassification of Available-for-sale (AFS) Securities to Held-to-Maturity (HTM) Investments

Description of the Matter

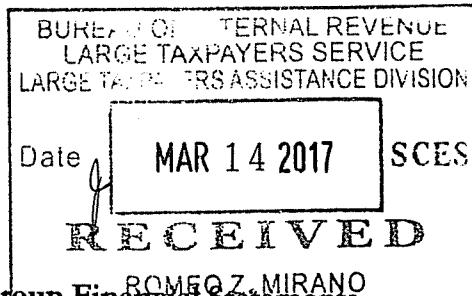
After the end of the two-year tainting period, BDO Unibank Group and the Parent Bank reclassified AFS securities with a carrying value of P107,362 million and P103,014 million, respectively, to HTM investments. Under PAS 39, HTM investments pertain to non-derivative financial assets which have fixed or determinable payments and fixed maturity. The management of BDO Unibank Group and the Parent Bank exercise critical judgments in evaluating their intention and ability to hold such reclassified investments up to maturity.

The disclosures of the BDO Unibank Group and the Parent Bank on HTM investments are included in Note 9 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- testing of controls over measurement and recording of investments;
- checking the characteristics of AFS securities reclassified to HTM investments and the measurement of HTM investments at amortized cost using effective interest method;
- analyzing the monthly movements of HTM investments to validate that there were no disposals prior to their maturity dates;
- obtaining the liquidity gap analysis of BDO Unibank Group and the Parent Bank to evaluate the ability to hold such reclassified investments up to maturity; and,
- recomputing the amount of unrealized fair value gain related to the reclassified AFS initially recorded in the other comprehensive income that should be amortized to profit or loss as well as the should be remaining balance of the unamortized unrealized fair value gain.



II. Key Audit Matters Applicable to BDO Unibank Group Financial Statements

(a) Goodwill

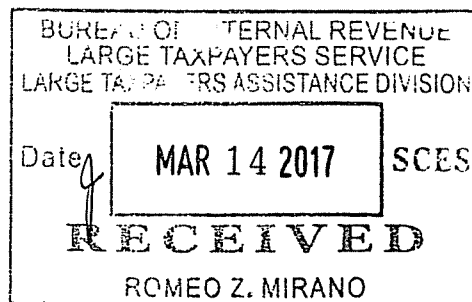
Description of the Matter

Under PFRS, BDO Unibank Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance of P3,046 million as of December 31, 2016 is material to BDO Unibank Group's financial statements and the management's process in assessing recoverability of goodwill, which is based on market participant approach, is considered complex and involves critical management judgment. In using the market participant approach, BDO Unibank Group determined the fair market value of the reporting unit where the goodwill was allocated, such as One Network Bank (ONB), a subsidiary, by deriving market multiples for the reporting unit based on assumptions that potential market participants would use in establishing a bid price for the reporting unit. This approach therefore assumed that strategic initiatives will result in improvements in operational performance in the event of purchase.

The BDO Unibank Group's disclosures about goodwill are included in Note 13.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, the evaluation of the assumptions and methodologies used by BDO Unibank Group, particularly those relating to the fair market valuation of ONB. We checked the estimate of the fair value of ONB using the best information available, which was based on the executed purchase price per share of ONB as agreed by TPG Growth III SF Pte. Ltd., purchaser of certain percentage of ownership in ONB, and the Parent Bank, seller. The share purchase agreement was approved by the BSP on December 23, 2016, subject to the closing conditions in the agreement. We also compared the excess of the fair value of ONB over the carrying value of its net assets as of December 31, 2016 against the carrying amount of goodwill.



(b) Accounting for Business Combination

Description of the Matter

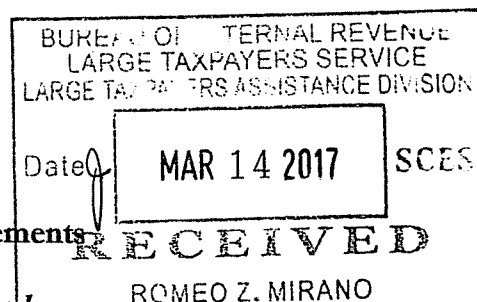
In 2015, BDO Unibank Group has an outstanding 40% equity investment in BDO Life Assurance Holdings Corp. (BDO Life). On June 22, 2016, the Group acquired the remaining 60% of the issued and outstanding capital stock of BDO Life for cash consideration and other charges amounting to P2,236 million, making the latter a wholly-owned subsidiary of the former. BDO Unibank Group applied the acquisition method to account for this business combination achieved in stages. In accordance with PFRS 3, *Business Combination*, BDO Unibank Group recognized the negative goodwill or gain on acquisition amounting to P1,586 million from the excess of the acquisition-date fair value of the identifiable resources acquired and the liabilities assumed from BDO Life over the aggregate of the acquisition-date fair values of consideration transferred and the previously-held equity interest. Such amount is considered material to BDO Unibank Group's financial statements. Moreover, the transaction involved remeasurement of BDO Unibank Group's previously held equity interest in BDO Life and the valuation of its net assets at their acquisition-date fair values where significant estimates were applied. The remeasurement of the previously-held interest in BDO Life at its acquisition-date fair value resulted in the recognition of fair value gain amounting to P628 million. We, therefore, identified accounting for this business combination as a significant matter to our audit.

The BDO Unibank Group's disclosures of the business combination are included in Note 28 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- reading the relevant minutes of meeting and executed share purchase agreement;
- testing the reasonableness of the fair value of the identifiable assets and liabilities of BDO Life and the previously held equity interest at acquisition date;
- examining the cash consideration transferred by BDO Unibank Group to the former stockholders of BDO Life; and,
- recomputing the resulting fair value gain on the remeasurement of the previously-held interest in BDO Life and the gain on acquisition or negative goodwill by comparing the aggregate of the cash consideration transferred and acquisition-date fair value of the previously-held interest against the acquisition-date fair value of the net assets of BDO Life.



III. Key Audit Matter on the Parent Bank Financial Statements

(a) Effects of Amendments to an Accounting Standard

Description of the Matter

Effective January 1, 2016, PAS 27 (Amendments), *Separate Financial Statements - Equity Method in Separate Financial Statements*, provides a third option which permits an entity to account for its investment in subsidiaries, associates and joint ventures under equity method in its separate financial statements in addition to the current option of accounting those investments at cost or at fair value in accordance with PAS 39. Accordingly, the Parent Bank changed its accounting policy in accounting for its investments in subsidiaries and associates from cost method to equity method in its separate financial statements in accordance with PAS 27. This is also in compliance with the mandatory requirement of BSP, through its Circular No. 915, *Guidelines on Sound Credit Risk Management Practices; Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions*, for banks and non-bank financial institutions to measure its equity investments using equity method in its separate financial statements.

The change in its accounting policy required the Parent Bank to restate its comparative financial statements for December 31, 2015 and the corresponding figures as of January 1, 2015 to reflect the retrospective effects of the use of equity method in measuring its investments in subsidiaries and associates. The adjustments made were significant to the Parent Bank's financial statements; therefore, we identified the effects of the amendments to PAS 27 and compliance with BSP Circular No. 915, as a significant matter to our audit.

The disclosures of the Parent Bank on the retrospective effects of the use of equity method in measuring its investments in subsidiaries and associates, and the carrying amounts of the investments in subsidiaries and associates are included in Notes 2 and 13 to the financial statements, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement arising from the change in the Parent Bank's policy in accounting for its investments in subsidiaries and associates included, among others, the following:

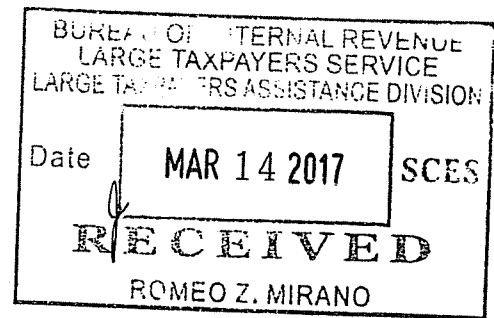
- checking the financial information of subsidiaries and associates that were used by the Parent Bank in measuring its investments using equity method of accounting; and,
- determining the appropriateness of retrospective adjustments made by the Parent Bank.



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Other Information

Management is responsible for the other information. The other information comprises the information included in the BDO Unibank Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A, both of which, do not include the financial statements and our auditors' report thereon and Annual Report for the year ended December 31, 2016. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

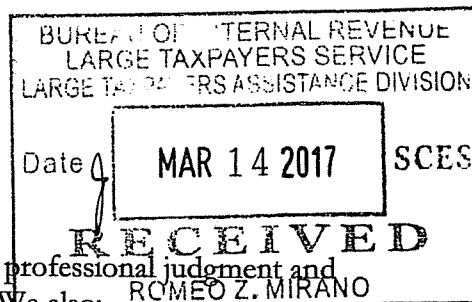
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BDO Unibank Group's and the Parent Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BDO Unibank Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BDO Unibank Group's and the Parent Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 BDO Unibank Group's and the Parent Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BDO Unibank Group's and the Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the BDO Unibank Group and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the BDO Unibank Group and the Parent Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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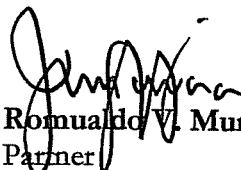
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 29 to the financial statements, the Parent Bank presented the supplementary information required by the Bureau of Internal Revenue for the year ended December 31, 2016 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 PFRS. 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.

The engagement partner on the audits resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO

By: 
Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626

TIN 906-174-059

PTR No. 5908631, January 3, 2017, Makati City

SEC Group A Accreditation

Partner - No. 0628-AR-3 (until Nov. 29, 2019)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-22-2016 (until Oct. 3, 2019)

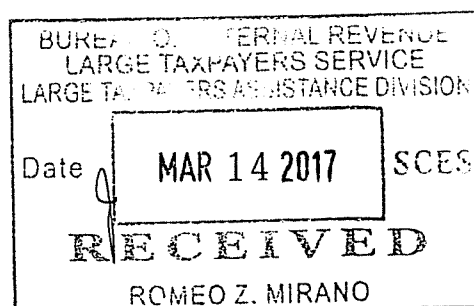
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

February 24, 2017

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015
(With Corresponding Figures as of January 1, 2015)
(Amounts in Millions of Philippine Pesos)

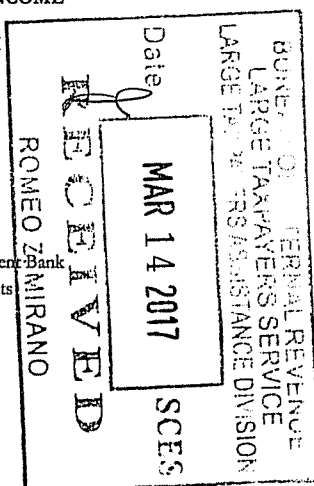
		BDO Unibank Group			Parent Bank		
			December 31,	December 31	December 31,	December 31	January 1,
	Notes		2016	2015	2016	(As Restated - see Note 2)	(As Restated - see Note 2)
RESOURCES							
CASH AND OTHER CASH ITEMS	7	P	40,909	P 42,729	P 39,813	P 41,767	P 41,237
DUE FROM BANGKO SENTRAL NG PILIPINAS	7		318,002	271,808	304,285	260,841	258,416
DUE FROM OTHER BANKS	8		41,794	24,837	33,463	20,944	43,165
TRADING AND INVESTMENT SECURITIES	9		269,042	225,759	207,886	196,500	195,449
LOANS AND OTHER RECEIVABLES - Net	10		1,573,924	1,382,752	1,511,981	1,323,311	1,182,184
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11		26,912	24,995	22,430	21,152	18,917
INVESTMENT PROPERTIES - Net	12		15,188	14,633	11,784	11,403	10,858
OTHER RESOURCES - Net	13		39,187	43,741	57,449	62,660	53,360
TOTAL RESOURCES		P	2,324,958	P 2,031,254	P 2,189,091	P 1,938,578	P 1,803,586
LIABILITIES AND EQUITY							
DEPOSIT LIABILITIES	15	P	1,905,204	P 1,663,853	P 1,833,013	P 1,603,047	P 1,464,089
BILLS PAYABLE	16		100,556	97,543	75,800	76,867	85,069
SUBORDINATED NOTES PAYABLE	17		10,030	10,030	10,030	10,030	10,030
INSURANCE CONTRACT LIABILITIES	18		20,548	-	-	-	-
OTHER LIABILITIES	19		71,085	60,215	55,320	49,371	65,358
Total Liabilities			2,107,423	1,831,641	1,974,163	1,739,315	1,624,546
EQUITY	20						
Attributable to:							
Shareholders of the Parent Bank			216,792	198,990	214,928	199,263	179,040
Non-controlling Interests			743	623	-	-	-
			217,535	199,613	214,928	199,263	179,040
TOTAL LIABILITIES AND EQUITY		P	2,324,958	P 2,031,254	P 2,189,091	P 1,938,578	P 1,803,586

See Notes to Financial Statements.



BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Millions of Philippine Pesos Except Per Share Data)

	Notes	BDO Unibank Group			Parent Bank		
		2016	2015	2014	2016	2015 (As Restated - see Note 2)	2014 (As Restated - see Note 2)
INTEREST INCOME	21	P 82,037	P 72,127	P 63,583	P 76,647	P 68,519	P 60,871
INTEREST EXPENSE	22	16,413	15,166	12,358	14,989	14,238	11,728
NET INTEREST INCOME		65,624	56,961	51,225	61,658	54,281	49,143
IMPAIRMENT LOSSES - Net	9, 13, 14	3,815	3,000	5,114	3,003	2,709	5,014
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		61,809	53,961	46,111	58,655	51,572	44,129
OTHER OPERATING INCOME	23	41,620	31,939	29,487	27,353	28,645	27,033
OTHER OPERATING EXPENSES	23	70,139	55,144	48,530	56,379	50,394	44,836
PROFIT BEFORE PRE-ACQUISITION INCOME		33,290	30,756	27,068	29,629	29,823	26,326
PRE-ACQUISITION INCOME	28	(391)	-	-	-	-	-
PROFIT BEFORE TAX		32,899	30,756	27,068	29,629	29,823	26,326
TAX EXPENSE	29	6,797	5,701	4,240	5,713	4,829	3,522
NET PROFIT		P 26,102	P 25,055	P 22,828	P 23,916	P 24,994	P 22,804
Attributable to:							
Shareholders of the Parent Bank		P 26,090	P 25,016	P 22,805			
Non-controlling Interests		12	39	23			
		P 26,102	P 25,055	P 22,828			
Earnings Per Share:							
Basic		P 7.06	P 6.84	P 6.27	P 6.47	P 6.83	P 6.27
Diluted		P 7.06	P 6.84	P 6.27	P 6.47	P 6.83	P 6.27

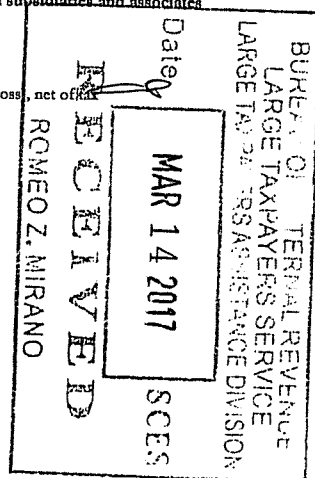


See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group			Parent Bank		
		2016	2015	2014	2016	2015 (As Restated - see Note 2)	2014 (As Restated - see Note 2)
NET PROFIT		<u>P 26,102</u>	<u>P 25,055</u>	<u>P 22,828</u>	<u>P 23,916</u>	<u>P 24,994</u>	<u>P 22,804</u>
OTHER COMPREHENSIVE INCOME							
Items that are or will be reclassified subsequently to profit or loss:							
Unrealized losses on available-for-sale (AFS) securities, net of tax	9	(943)	(2,457)	(2,440)	899	(1,498)	(2,846)
Transfer of realized losses (gains) on disposed AFS securities to statements of income, net of tax		(2,959)	(2,711)	2,545	(2,355)	(3,278)	2,796
Transfer of realized losses on impaired AFS securities to statements of income, net of tax		346	1,841	-	-	1,841	-
Transfer of amortized unrealized fair value losses on reclassified AFS securities to HTM investments to statements of income		275	-	-	292	-	-
Net gains (losses) on AFS securities, net of tax		(3,281)	(3,327)	105	(1,164)	(2,935)	(50)
Translation adjustment related to foreign operations		78	19	76	2	8	(6)
		<u>(3,203)</u>	<u>(3,308)</u>	<u>181</u>	<u>(1,162)</u>	<u>(2,927)</u>	<u>(56)</u>
Items that will not be reclassified to profit or loss:							
Actuarial loss on remeasurement of retirement benefit asset, net of tax	24	(645)	(147)	(60)	(516)	(186)	(63)
Reversal of revaluation increment		-	19	-	-	19	-
		<u>(645)</u>	<u>(166)</u>	<u>(60)</u>	<u>(516)</u>	<u>(205)</u>	<u>(63)</u>
Share in other comprehensive income (loss) of subsidiaries and associates accounted for under equity method		1	356	269	2,095	414	497
Total Other Comprehensive Income (Loss), net of tax		<u>(3,847)</u>	<u>(3,830)</u>	<u>390</u>	<u>(3,773)</u>	<u>(3,546)</u>	<u>378</u>
TOTAL COMPREHENSIVE INCOME		<u>P 22,255</u>	<u>P 21,225</u>	<u>P 23,218</u>	<u>P 20,143</u>	<u>P 21,448</u>	<u>P 23,182</u>
Attributable to:							
Shareholders of the Parent Bank		P 22,196	P 21,179	P 23,184			
Non-controlling Interests		59	46	34			
		<u>P 22,255</u>	<u>P 21,225</u>	<u>P 23,218</u>			

See Notes to Financial Statements.



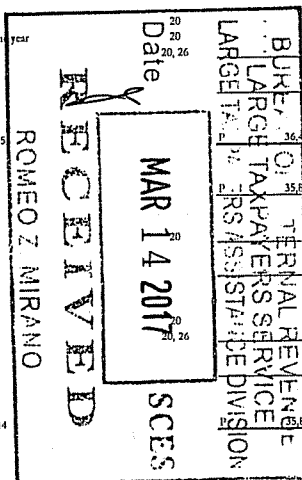
BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Millions of Philippine Pesos)

BDO Unibank Group															
	Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on Available-for-sale Securities	Accumulated Actuarial Losses	Revaluation Increment	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income (Loss) of Associates	Total Attributable to Shareholders of the Parent Bank	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016		P 36,453	P 5,150	P 69,936	P 2,696	P 12	P 88,118	(P 622) (P 3,614)	P 1,008	(P 60) (P 87)	P 198,990	P 623	P 199,613		
Transactions with owners	20	47	-	191	-	-	-	-	-	-	-	-	238	-	238
Issuance of shares during the year		-	-	-	-	-	(4,716)	-	-	-	-	-	(4,716)	(50)	(4,766)
Cash dividends		47	-	191	-	-	(4,716)	-	-	-	-	-	(4,478)	(50)	(4,528)
Total comprehensive income (loss)		-	-	-	-	-	26,090	(3,297) (645)	-	47	1	22,196	59	22,255	
Transfer from Surplus Free		-	-	-	36	-	(36)	-	-	-	-	-	-	-	-
Appropriations during the year	20	-	-	-	240	-	(240)	-	-	-	-	-	-	-	-
Trust reserve	20, 26	-	-	-	276	-	(276)	-	-	-	-	-	-	-	-
Other adjustments	20, 28	-	-	-	-	-	-	-	-	-	-	-	111	-	111
Change in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	84	84	-	84
Consolidation of a new subsidiary		-	-	-	-	-	-	-	-	-	-	84	84	111	195
BALANCE AT DECEMBER 31, 2016		P 36,500	P 5,150	P 70,127	P 2,972	P 12	P 109,216	(P 3,919) (P 4,259)	P 1,008	(P 13) (P 2)	P 216,792	P 743	P 217,535		
BALANCE AT JANUARY 1, 2015		P 35,808	P 5,150	P 63,908	P 3,454	P 12	P 70,242	P 2,709 (P 3,467)	P 1,027	(P 76) P 269	P 179,036	P 633	P 179,669		
Transactions with owners	20, 28	645	-	6,028	-	-	-	-	-	-	-	-	6,673	14	6,687
Issuance of shares during the year		-	-	-	-	-	-	-	-	-	-	-	(27)	(27)	(27)
Redemption of preferred stocks		-	-	-	-	-	(7,898)	-	-	-	-	-	(7,898)	(43)	(7,941)
Cash dividends		645	-	6,028	-	-	(7,898)	-	-	-	-	-	(1,225)	(56)	(1,281)
Total comprehensive income (loss)		-	-	-	-	-	25,016	(3,331) (147)	(19)	16	(356)	21,179	46	21,225	
Transfer from Surplus Free		-	-	-	27	-	(27)	-	-	-	-	-	-	-	-
Appropriations during the year		-	-	-	(1,000)	-	1,000	-	-	-	-	-	-	-	-
Reversal of appropriation during the year		-	-	-	215	-	(215)	-	-	-	-	-	-	-	-
Trust reserve		-	-	-	(758)	-	758	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2015		P 36,453	P 5,150	P 69,936	P 2,696	P 12	P 88,118	(P 622) (P 3,614)	P 1,008	(P 60) (P 87)	P 198,990	P 623	P 199,613		
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 -	P 163,711	P 643	P 164,354		
Transaction with owners		-	-	-	-	-	(7,859)	-	-	-	-	-	(7,859)	(44)	(7,903)
Cash dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)		-	-	-	-	-	22,805	100 (60)	-	70	269	23,184	34	23,218	
Transfer from Surplus Free		-	-	-	268	-	(268)	-	-	-	-	-	-	-	-
Appropriations during the year		-	-	-	192	-	(192)	-	-	-	-	-	-	-	-
Trust reserve		-	-	-	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 2,709 (P 3,467)	P 1,027	(P 76) P 269	P 179,036	P 633	P 179,669		

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See Notes to Financial Statements.



BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Millions of Philippine Pesos)

Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Surplus Free	Parent Bank		Accumulated Actuarial Losses	Revaluation Increment	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income (Loss) of Subsidiaries and Associates	Total Equity
						Net Unrealized Fair Value Gains (Losses) on Available-for-sale Securities						
BALANCE AT JANUARY 1, 2016												
As previously stated	2	P 36,453	P 5,150	P 69,917	P 2,028	P 80,141	(P 524)	(P 3,491)	P 1,005	P 10	P -	P 190,689
Effect of using equity method		-	-	-	-	8,663	-	-	-	-	(89)	8,574
As restated		36,453	5,150	69,917	2,028	88,804	(524)	(3,491)	1,005	10	(89)	199,263
Transactions with owners	20											
Issuance of shares during the year		47	-	191	-	-	-	-	-	-	-	238
Cash dividends		-	-	-	(4,716)	-	-	-	-	-	-	(4,716)
		47	-	191	(4,716)	-	-	-	-	-	-	(4,478)
Total comprehensive income (loss)		-	-	-	-	23,916	(1,164)	(516)	-	2	(2,095)	20,143
Transfer from Surplus Free												
Appropriation during the year	20	-	-	-	28 (28)	-	-	-	-	-	-	-
Trust reserve	20, 26	-	-	-	182 (182)	-	-	-	-	-	-	-
		-	-	-	210 (210)	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2016		P 36,500	P 5,150	P 70,108	P 2,238	P 107,794	(P 1,688)	(P 4,007)	P 1,005	P 12	(P 2,184)	P 214,928
BALANCE AT JANUARY 1, 2015												
As previously stated	2	P 35,808	P 5,150	P 63,889	P 1,832	P 61,716	P 2,411	(P 3,305)	P 1,024	P 2	P -	P 168,527
Effect of using equity method		-	-	-	-	10,188	-	-	-	-	325	10,513
As restated		35,808	5,150	63,889	1,832	71,904	2,411	(3,305)	1,024	2	325	179,040
Transactions with owners	20, 26											
Issuance of shares during the year		645	-	6,028	-	-	-	-	-	-	-	6,673
Cash dividends		-	-	-	(7,898)	-	-	-	-	-	-	(7,898)
		645	-	6,028	(7,898)	-	-	-	-	-	-	(1,225)
Total comprehensive income (loss)		-	-	-	-	24,994	(2,935)	(186)	(12)	8	(414)	21,446
Transfer from Surplus Free												
Appropriation during the year	20	-	-	-	25 (25)	-	-	-	-	-	-	-
Trust reserve	20, 26	-	-	-	171 (171)	-	-	-	-	-	-	-
		-	-	-	196 (196)	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2015		P 36,453	P 5,150	P 69,917	P 2,028	P 88,804	(P 524)	(P 3,491)	P 1,005	P 10	(P 89)	P 199,263
BALANCE AT JANUARY 1, 2014												
As previously stated	2	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 -	P 153,708
Effect of using equity method		-	-	-	-	10,181	-	-	-	-	(172)	10,009
As restated		35,808	5,150	63,889	1,575	57,216	2,461	(3,242)	1,024	8	(172)	163,717
Transactions with owners	20											
Cash dividends		-	-	-	(7,859)	-	-	-	-	-	-	(7,859)
Total comprehensive income (loss)		-	-	-	-	22,804	(50)	(63)	-	(6)	497	23,182
Transfer from Surplus Free												
Appropriation during the year	20	-	-	-	101 (101)	-	-	-	-	-	-	-
Trust reserve	20, 26	-	-	-	156 (156)	-	-	-	-	-	-	-
		-	-	-	257 (257)	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2014		P 35,808	P 5,150	P 63,889	P 1,832	P 71,904	P 2,411	(P 3,305)	P 1,024	P 2	P 325	P 179,040

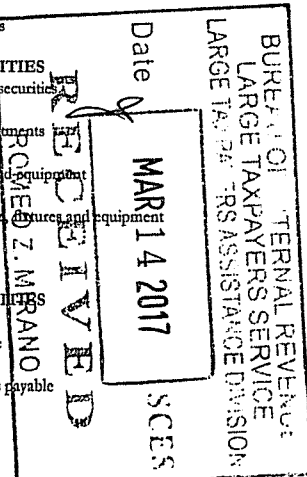
See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Millions of Philippine Pesos)

		BDO Unibank Group			Parent Bank		
	Notes	2016	2015	2014	2016	2015 (As Restated - see Note 2)	2014 (As Restated - see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		P 32,899	P 30,756	P 27,068	P 29,629	P 29,823	P 26,326
Adjustments for:							
Interest income	21	(82,037)	(72,127)	(63,583)	(76,647)	(68,519)	(60,871)
Interest received		80,887	71,124	62,529	75,720	67,778	60,122
Interest expense	22	16,413	15,166	12,358	14,989	14,238	11,728
Interest paid		(16,344)	(15,188)	(12,496)	(14,969)	(14,344)	(11,855)
Depreciation and amortization	11, 12, 13	4,782	3,961	3,262	3,668	3,085	2,640
Impairment losses	9, 13, 14	3,815	3,000	5,114	3,003	2,709	5,014
Income from acquisition of a subsidiary	28	(2,214)	-	(18)	-	-	-
Share in net profit of subsidiaries and associates	13	(481)	(837)	(652)	(3,516)	(2,276)	(2,368)
Fair value loss (gain)	9	(96)	(121)	(37)	45	(167)	(65)
Operating profit before changes in operating resources and liabilities		37,624	35,734	33,545	31,922	32,327	30,671
Decrease (increase) in financial assets at fair value through profit or loss		1,988	(4,714)	1,076	1,076	66	(1,327)
Increase in loans and other receivables		(248,384)	(188,091)	(216,173)	(241,321)	(231,297)	(200,655)
Decrease (increase) in investment properties		(794)	(1,072)	(1,377)	(624)	(981)	(1,389)
Decrease (increase) in other resources		(3,612)	(9,496)	(11,000)	(2,722)	(5,447)	(5,553)
Increase in deposit liabilities		241,312	171,671	147,105	229,972	139,112	147,110
Increase in insurance contract liabilities		2,638	-	-	-	-	-
Increase (decrease) in other liabilities		13,005	(18,308)	18,543	10,423	(13,863)	9,907
Cash generated from (used in) operations		43,777	(12,132)	(28,281)	34,170	(80,083)	(21,236)
Cash paid for income tax		(6,528)	(4,090)	(4,160)	(5,342)	(3,211)	(3,589)
Net Cash From (Used in) Operating Activities		37,249	(16,222)	(32,441)	28,828	(83,294)	(24,825)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from disposals of available-for-sale securities		92,532	449,636	383,247	63,539	493,842	373,079
Acquisitions of available-for-sale securities	9	(77,520)	(453,010)	(377,961)	(40,953)	(437,205)	(360,013)
Acquisitions of held-to-maturity (HTM) investments	9	(49,939)	-	-	(48,139)	-	-
Maturities of HTM investments		12,300	-	-	11,938	-	-
Acquisitions of premises, furniture, fixtures and equipment	11	(5,537)	(6,963)	(5,970)	(3,811)	(4,439)	(4,712)
Acquisition of a subsidiary	28	(2,298)	-	-	(2,298)	-	-
Proceeds from disposals of premises, furniture, fixtures and equipment		144	126	194	30	73	87
Net Cash From (Used in) Investing Activities		(30,318)	(10,211)	(490)	(19,694)	52,271	8,441
CASH FLOWS FROM FINANCING ACTIVITIES							
Dividends paid	19	(4,766)	(7,941)	(7,903)	(4,716)	(7,898)	(7,859)
Net proceeds from (payments of) bills payable		2,983	(2,896)	6,100	(1,093)	(8,250)	2,216
Proceeds from issuance of common stock		238	-	-	238	-	-
Proceeds from issuance of subordinated notes payable	17	-	-	7,023	-	-	7,023
Net Cash From (Used in) Financing Activities		(1,545)	(10,837)	5,220	(5,571)	(16,148)	1,380
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Carried Forward)							
		P 5,386	(P 37,270)	(P 27,711)	P 3,563	(P 47,171)	(P 15,004)

RECEIVED
BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYER ASSISTANCE DIVISION
MAR 14 2017
SCES
ROMEZ, MARIANO

Date



	Notes	BDO Unibank Group			Parent Bank		
		2016	2015	2014	2016	2015	2014
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Brought Forward)		P 5,386	(P 37,270)	(P 27,711)	P 3,563	(P 47,171)	(P 15,004)
CASH AND CASH EQUIVALENTS ACQUIRED FROM NEW SUBSIDIARY	28	851	3,294	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	7	42,729	41,342	27,824	41,767	41,237	27,736
Due from Bangko Sentral ng Pilipinas	7	271,808	269,542	408,383	260,841	258,416	384,361
Due from other banks	8	24,837	45,621	26,939	20,944	43,165	24,655
Securities purchased under reverse repurchase agreement	10	69,490	86,173	8,407	58,431	86,173	8,407
Foreign currency notes and coins	13	3,244	3,406	2,242	3,243	3,406	2,242
		412,108	446,084	473,795	385,226	432,397	447,401
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	7	40,909	42,729	41,342	39,813	41,767	41,237
Due from Bangko Sentral ng Pilipinas	7	318,002	271,808	269,542	304,285	260,841	258,416
Due from other banks	8	41,794	24,837	45,621	33,463	20,944	43,165
Securities purchased under reverse repurchase agreement	10	14,302	69,490	86,173	7,891	58,431	86,173
Foreign currency notes and coins	13	3,338	3,244	3,406	3,337	3,243	3,406
		P 418,345	P 412,108	P 446,084	P 388,789	P 385,226	P 432,397

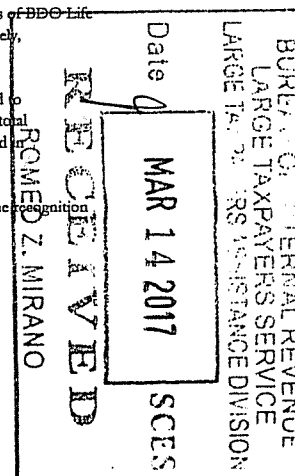
Supplemental Information on Noncash Financing and Investing Activities

The following are the significant noncash transactions:

- In 2016, after the end of the two-year tainting period, BDO Unibank Group and the Parent Bank reclassified AFS securities with a carrying value at the reclassification date of P107,362 and P103,014, respectively, and unrealized fair value losses of P2,181 and P2,269, respectively, to HTM investments. Of the reclassified unrealized fair value losses, a total of P275 and P292 were amortized by BDO Unibank Group and the Parent Bank, respectively, in 2016 resulting in unamortized fair value losses of P1,906 and P1,977, respectively, as of December 31, 2016 (see Note 9).
- On June 30, 2016, BDO Unibank Group acquired the remaining 60% of the issued and outstanding capital stock of BDO Life Assurance Holdings Corp. (BDO Life) (formerly Generali Pilipinas Holding Company, Inc.) from the Generali Group for a cash consideration and other charges amounting to P2,236, making the latter a wholly-owned subsidiary of the former. As of the date of acquisition, the fair value of previously-held interest of the Parent Bank, total resources and total liabilities of BDO Life amounted to P2,549, P27,454 and P21,083, respectively. The transaction resulted in the recognition of a gain on fair valuation of previously-held interest and gain on bargain purchase or negative goodwill amounting to P628 and P1,586, respectively, or a total gain on acquisition of subsidiary amounting to P2,214 (see Note 28).
- On July 20, 2015, the Parent Bank acquired 99.59% of the total issued and outstanding capital stock of One Network Bank, Inc. (ONB) in exchange for 64,499,890 common shares of the Parent Bank equivalent to P6,685. The acquisition resulted to recognition of additional paid-in capital amounting to P6,028. Goodwill amounted to P2,903 and non-controlling share in equity totalled P14 at the date the Parent Bank's control was established. As of the date of acquisition, total resources and total liabilities of ONB amounted to P28,196 and P24,398, respectively. In 2016, the Parent Bank acquired additional 324,012 ONB common shares from its total issued and outstanding capital stock for cash of P9. Total additional goodwill recognized in 2016 amounted to P4 (see Note 28).
- 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 28).
- BDO Unibank Group and the Parent Bank foreclosed real and other properties totalling to P10,342 and P10,074, respectively, in 2016, P10,135 and P9,840, respectively, in 2015, and P11,790 and P11,451, respectively, in 2014, in settlement of certain loan accounts (see Note 12).

Other Information

Securities purchased under reverse repurchase agreement and foreign currency notes and coins are included as part of cash and cash equivalents for cash flow purposes but are presented as part of Loans and Other Receivables and Other Resources, respectively, in the statements of financial position (see Note 2.5).



BDO UNIBANK, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Millions of Philippine Pesos, Except Per Share Data or As Indicated)

1. CORPORATE MATTERS

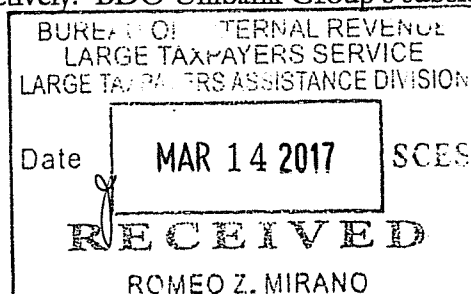
1.1 Incorporation and Operations

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 Securities and Exchange Commission granted the Parent Bank extension of its corporate term for another 50 years from December 20, 2017 or until December 20, 2067. The Parent Bank and its subsidiaries (collectively referred to as BDO Unibank Group or the Group) offer a wide range of commercial, investment, private, insurance 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, life insurance and insurance brokerage, credit card services, stock brokerage, 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 or Republic Act No. 8791.

The Parent Bank's common shares are listed in the Philippine Stock Exchange (PSE). As of December 31, 2016, BDO Unibank Group had 1,104 branches (including one foreign branch), 1,955 on-site and 1,700 off-site automated teller machines (ATMs) and 328 cash accept machines (CAMs). As of December 31, 2016, the Parent Bank had 982 branches (including one foreign branch), 1,791 on-site and 1,644 off-site ATMs and 328 CAMs. 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, a real estate and holding company in Europe, and various remittance subsidiaries operating in Asia, Europe, Canada and the United States. These foreign operations accounted for 1.1%, 1.1% and 1.3% of BDO Unibank Group's total revenues in 2016, 2015 and 2014, respectively, and 1.2% of BDO Unibank Group's total resources both as of December 31, 2016 and 2015, 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, 2016 (including the comparative financial statements as of December 31, 2015 and for the years ended December 31, 2015 and 2014, and the corresponding figures for the Parent Bank's financial statements as of January 1, 2015) were authorized for issue by the Parent Bank's Board of Directors (BOD) on February 24, 2017.

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

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.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resources, 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.

The Parent Bank made adjustments to its separate financial statements as of December 31, 2015 and for the years ended December 31, 2015 and 2014, and the corresponding figures as of January 1, 2015 as a result of the change in accounting for its investment in subsidiaries from cost method to equity method. This is in line with the adoption of PAS 27 (Amendments), *Separate Financial Statements – Equity Method in Separate Financial Statements*, effective January 1, 2016, wherein it provides a third option permitting an entity to account for its investment in subsidiaries, associates and joint ventures under equity method in its separate financial statements in addition to the current option of accounting those investments at cost or at fair value in accordance with PAS 39, *Financial Instruments – Recognition and Measurement*.

While the amendment indicates that it is an option, the BSP, through its Circular No. 915, made it a mandatory requirement for banks and non-bank financial institutions to measure such investments using equity method in the Parent Bank's financial statements. As a result, the 2015 comparative financial statements and the January 1, 2015 corresponding figures contained in the Parent Bank's financial statements differ from those previously presented in the Parent Bank's financial statements for the years ended December 31, 2015 and 2014 as shown in the reconciliations that follow:

		As Previously Reported	Effects of Using Equity Method	As Restated
December 31, 2015				
<i>Changes in statement of financial position</i>				
Resources –				
Other resources –				
Equity investments - gross	P	23,718	<u>P 8,574</u>	P 32,292
Equity:				
Surplus free		80,141	8,663	88,804
Accumulated share in other comprehensive loss of subsidiaries and associates	-	(	<u>89</u>)	(89)
			<u>P 8,574</u>	
<i>Changes in statement of profit or loss and other comprehensive income</i>				
Other operating income:				
Share in net income of subsidiaries and associates	P	-	P 2,276	P 2,276
Dividend		4,012	(3,801)	211
Share in other comprehensive loss of subsidiaries and associates	-	(	<u>414</u>)	(414)
			<u>(P 1,939)</u>	
Earnings per share (EPS)				
Basic	P	7.25	<u>(P 0.42)</u>	P 6.83
Diluted		7.25	<u>(0.42)</u>	6.83
January 1, 2015				
<i>Changes in statement of financial position</i>				
Resources –				
Other resources –				
Equity investments - gross	P	17,027	<u>P 10,513</u>	P 27,540
Equity:				
Surplus free		61,716	10,188	71,904
Accumulated share in other comprehensive income of subsidiaries and associates	-		<u>325</u>	325
			<u>P 10,513</u>	

	As Previously Reported	Effects of Using Equity Method	As Restated
December 31, 2014			
<i>Changes in statement of profit or loss and other comprehensive income</i>			
Other operating income:			
Share in net income of subsidiaries and associates	P -	P 2,368	P 2,368
Dividend income	2,613	(2,361)	252
Share in other comprehensive income of subsidiaries and associates	-	497	497
		<u>P 504</u>	
Earnings per share (EPS)			
Basic	P 6.27	<u>P -</u>	P 6.27
Diluted	6.27	<u>-</u>	6.27

There were no significant changes in the Parent Bank's statements of cash flows for the years ended December 31, 2015 and 2014 as a result of the restatement.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, BDO Unibank Group's functional and presentation currency, and all values are presented in millions, except for per share data or when otherwise indicated (see also Note 2.24).

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 2016 that are Relevant to BDO Unibank Group*

In 2016, BDO Unibank Group adopted for the first time the following amendments and annual improvements to PFRS which are mandatorily effective for annual periods on or after January 1, 2016 for the Group's annual reporting period beginning January 1, 2016:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements

PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

Discussed below and in the succeeding page are the relevant information about these amended standards and improvements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify 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 amendments clarify that an entity's share in 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. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify 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, amendments to PAS 38 introduce 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. The amendments also provide guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iii) PAS 27 (Amendments), *Separate Financial Statements – Equity Method in Separate Financial Statements*. These amendments introduce 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 at fair value in accordance with PAS 39 or PFRS 9, *Financial Instruments*. The effect of the adoption of these amendments is presented in Note 2.1(b).

- (iv) PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception*. These amendments address the concerns that have arisen in the context of applying the consolidation exception for investment entities. They clarify which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. These amendments also permit 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.
- (v) PFRS 11 (Amendments), *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*. These amendments require the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in PFRS 3, *Business Combinations*, 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.
- (vi) Annual Improvements to PFRS (2010-2014 Cycle) and PFRS (2012-2014 Cycle) made minor amendments to a number of PFRS. Among the improvements, the following amendments are relevant to BDO Unibank Group but had no material impact on the BDO Unibank Group's financial statements as these amendments merely clarify the existing requirements:
- PAS 19 (Amendments), *Employee Benefits – Discount Rate: Regional Market Issue*. The amendments clarify 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.
 - PFRS 5 (Amendments), *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*. The amendments clarify 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. They also state 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.
 - PFRS 7 (Amendments), *Financial Instruments: Disclosures – Servicing Contracts*. The amendments provide 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.

(b) *Effective in 2016 that are not Relevant to BDO Unibank Group*

The following new PFRS and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the BDO Unibank Group's financial statements:

PFRS 14	:	Regulatory Deferral Accounts
Annual Improvements to PFRS (2012-2014 Cycle)		
PFRS 7 (Amendments)	:	Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements
PAS 34 (Amendments)	:	Interim Financial Reporting – Disclosure of Information “Elsewhere in the Interim Financial Report”

(c) *Effective Subsequent to 2016 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2016 which are adopted by the FRSC. 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 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.
- (ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.

- (iii) PFRS 2 (Amendments), *Share-based Payment – Classification and Measurement of Share-based Payment Transactions* (effective from January 1, 2018). The amendments contain three changes covering the following matters:
- (a) the accounting for the effects of vesting conditions on the measurement of a cash-settled share-based payment;
 - (b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and,
 - (c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- (iv) PFRS 4 (Amendments), *Insurance Contracts – Applying PFRS 9, Financial Instruments, with PFRS 4, Insurance Contracts* (effective from January 1, 2018). The amendments address the temporary accounting consequences of the different effective dates of PFRS 9 and the anticipated new insurance contracts standard by introducing the following options: (a) overlay approach, which is an option for all entities that issue insurance contracts to adjust profit or loss for eligible financial assets by removing any additional accounting volatility that may arise as a result of PFRS 9; or, (b) an optional temporary exemption from applying PFRS 9 for entities whose activities are predominantly connected with insurance. These entities will be permitted to continue to apply the existing financial instrument requirements of PAS 39.
- (v) 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 fair value through profit or loss (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 (2014) on the financial statements of BDO Unibank Group to determine whether the effect of PFRS 9 (2014) is significant or not to the financial statements and it is conducting a comprehensive study of the potential impact of this standard to the financial statements and operations of the BDO Unibank Group prior to its mandatory adoption date.

(vi) PFRS 15, *Revenue from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers and Standing Interpretations Committee 31, Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management is currently assessing the impact of this standard on BDO Unibank Group's financial statements.

(vii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets.

If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

BDO Unibank Group is currently assessing the impact of this new standard in the financial statements.

- (viii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require 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 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 that sale or contribution of assets that do not constitute a business. Corresponding amendments have 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.

2.3 Basis of Consolidation

The BDO Unibank Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 13.1, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the BDO Unibank Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated 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 interests as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Parent Bank 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.

The acquisition method is applied to account for acquired subsidiaries (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 to the former owners of the acquiree 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.

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 initially recognized at cost and subsequently accounted for using the equity method in the Parent Bank's financial statements (see Note 2.11).

(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		
	2016	2015	2014
Thrift Bank			
BDO Elite Savings Bank, Inc. (BDO Elite)	-	98.82%	98.82%
Banco De Oro Savings Bank, Inc. (BDO Savings formerly Citibank Savings, Inc., or CSI)	-	99.99%	99.99%
Rural Bank			
One Network Bank, Inc. (A Rural Bank) (ONB)	99.76%	99.63%	-
Investment House			
BDO Capital & Investment Corporation (BDO Capital)	99.88%	100%	100%
Private Banking			
BDO Private Bank, Inc. (BDO Private)	100%	100%	100%
Leasing and Finance			
BDO Leasing and Finance, Inc. (BDO Leasing)	88.54%	88.54%	88.54%
Averon Holdings Corporation (Averon)	99.88%	100%	100%
BDO Rental, Inc. (BDO Rental)	88.54%	88.54%	88.54%
Securities Companies			
BDO Securities Corporation (BDO Securities)	99.88%	100%	100%
BDO Nomura Securities, Inc. (BDO Nomura) [previously PCIB Securities, Inc. (PCIB Securities)]	51.00%	100%	100%
Armstrong Securities, Inc. (ASI)	80.00%	80.00%	80.00%

Subsidiaries	Percentage of Ownership		
	2016	2015	2014
Real Estate Companies			
BDO Strategic Holdings, Inc. (BDOSHI)	100%	100%	100%
BDORO Europe Ltd. (BDORO)	100%	100%	100%
Equimark-NFC Development Corporation (Equimark)	60.00%	60.00%	60.00%
Insurance Companies			
BDO Life Assurance Holdings Corp. (BDO Life) [previously Generali Pilipinas Holdings Company, Inc. (GPHCI)]	100%	40.00%	40.00%
BDO Life Assurance Company, Inc. [previously Generali Pilipinas Life Assurance Company, Inc. (GPLAC)]	100%	40.00%	40.00%
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%
Express Padala Frankfurt GmbH (EPFG)	-	100%	100%
BDO Remit (Italia) S.p.A	100%	100%	100%
BDO Remit (Japan) Ltd.	100%	100%	100%
BDO Remit (Canada) Ltd.	100%	100%	100%
BDO Remit Limited	100%	100%	100%
BDO Remit (Macau) Ltd.	100%	100%	100%
BDO Remit International Holdings B.V. [previously CBN Grupo International Holdings B.V. (CBN Grupo)]	96.32%	60.00%	60.00%
PCIB Europe S.p.A.	100%	100%	100%
Others			
PCI Realty Corporation	100%	100%	100%

Non-controlling interests in 2016 represent the interests not held by BDO Unibank Group in ONB, BDO Capital, BDO Securities, Averon, BDO Leasing, BDO Rental, BDO Nomura, ASI, Equimark and CBN Grupo. Non-controlling interests in 2015 represent the interests not held by BDO Unibank Group in ONB, BDO Savings, BDO Leasing, BDO Rental, ASI, Equimark, CBN Grupo and BDO Elite.

On March 21, 2016, EPFG has been dissolved from the Commercial Register in Frankfurt, Germany after the liquidation proceedings were completed (see Note 13.1).

In July 2016, BDO Capital, BDO Elite and BDO Savings consummated a three-way merger transaction with BDO Capital as the surviving entity (see Note 28.3).

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 significant changes from prior periods in the measurement methods used to determine reported segment profit or loss (see Note 5).

2.5 Financial Assets

Financial assets, which are recognized when BDO Unibank Group becomes a party to contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments – Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

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 presented in the succeeding page.

(i) *Financial Assets at FVTPL*

This category includes derivative financial instruments and financial assets that are either classified as held for trading (HFT) or that 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 HFT 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.

(ii) *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.

BDO Unibank Group's financial assets categorized as loans and receivables are presented as Cash and cash equivalents, Loans and Other Receivables and certain accounts under Other Resources in the statement of financial position. Cash and cash equivalents consist of cash and other cash items, due from BSP and amounts due from other banks. Loans and other receivables also include receivables from customers and other receivables. Loans and other receivables also includes the aggregate rental on finance lease transactions. Unearned income on finance lease transactions is shown as a deduction from loans and receivables.

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, foreign currency notes and coins (FCNC) 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.

(iii) 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 periods 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.

(iv) 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.

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, that is when there is a significant or prolonged decline in the fair value of the security below its cost, 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 even though the financial asset has not been derecognized.

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.

If, as a result of a change in intention or ability or in the rare circumstance that a reliable measure of fair value is no longer available or because the two preceding financial years' of tainting have passed, it becomes appropriate to carry a financial asset at cost or amortized cost rather than at fair value, the fair value carrying amount of the financial asset or the financial liability on that date becomes its new cost or amortized cost, as applicable. Any previous gain or loss on that asset that has been recognized in other comprehensive income shall be accounted for as follows:

- (i) In the case of a financial asset with a fixed maturity, the gain or loss shall be amortized to profit or loss over the remaining life of the HTM investment using the effective interest method. Any difference between the new amortized cost and maturity amount shall also be amortized over the remaining life of the financial asset using the effective interest method, similar to the amortization of a premium and a discount. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.
- (ii) In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

(b) *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. BDO Unibank Group recognizes impairment loss based on the category of financial assets as shown in the succeeding pages.

(i) *Carried at Amortized Cost – Loans and Receivables and HTM Investments*

BDO Unibank Group first assesses whether objective evidence of impairment exists individually for financial assets either individually or collectively. If BDO Unibank Group determines that no objective evidence of impairment exists for an individually assessed financial asset, 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 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.

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 under Other Operating Income account 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 reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. 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 account.

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:

- clean loans and advances past due for a period of more than six months;
- 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;
- past due loans secured by real estate mortgage the title to which is subject to an adverse claim rendering settlement through foreclosure doubtful;
- when the borrower, and his co-maker or guarantor, is insolvent or where their whereabouts is unknown, or their earning power is permanently impaired;
- accrued interest receivable that remains uncollected after six months from the maturity date of the loan to which it accrues; and,
- 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.

Meanwhile, BDO Unibank Group also consider the requirements of BSP Circular No. 855, *Guidelines on Sound Credit Risk Management Practices; Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions*, wherein for those loans where objective evidence of impairment does not exist, whether individually or collectively assessed for impairment, an impairment loss is recognized equivalent to the amount of expected loss computed using the loan loss methodology of BDO Unibank.

(ii) *Carried at Cost – AFS Financial Assets*

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.

(iii) *Carried at Fair Value – AFS Financial Assets*

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. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(c) *Items of Income and Expense Related to Financial Assets*

Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are reported as part of Trading gains 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.

(d) *Derecognition of Financial Assets*

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, BDO Unibank Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If BDO Unibank Group retains substantially all the risks and rewards of ownership of a transferred financial asset, 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. 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

Land is stated at cost less impairment losses, if any. As no finite useful life for land can be determined, related carrying amounts are not depreciated. All other premises, furniture, fixtures and equipment are carried at cost less accumulated depreciation, 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 of the statement of financial position, 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.

Fully depreciated assets are retained in accounts until they are no longer in use and no further change for depreciation is made in respect of those assets. 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 2.23).

The residual values, estimated useful lives and method of depreciation and amortization 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 to 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 Notes 2.7 and 2.23).

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 account in the year of retirement or disposal (see Note 23).

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 are determined through specific identification, include acquisition costs and costs incurred for development, improvement and construction of subdivision land.

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 and is presented as part of Income from assets sold or exchanged under Other Operating Income account in the year of retirement or disposal (see Note 23).

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.

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 the statement of income (see Note 23).

2.11 Equity Investments

In BDO Unibank Group's financial statements, investments in subsidiaries and 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 2.23). 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 subsidiaries and 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 net profit of Associates account presented as part of Miscellaneous under Other Operating Income (Expenses) 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 2.23).

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 initially carried at cost and adjusted thereafter for the post-acquisition change in the Parent Bank's share of net assets of the investee, which includes the share of the profit or loss and other comprehensive income reduced by any distribution received from the investment (see Notes 2.1, 2.3 and 2.23). However, when the Parent Bank's share of losses in a subsidiary or associate equals or exceeds its interest in the subsidiary or associate, including any other unsecured receivables, the Parent Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary or associate. If the subsidiary or 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.

2.12 Business Combination

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 2.23). 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 of investment 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, *Provisions, Contingent Liabilities and Contingent Assets*, 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-interest 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. 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 2.23).

2.14 Intangible Assets

Intangible assets include goodwill, trading rights, branch licenses, customer lists, trademark 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 2.23). 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.

BDO Unibank Group has no intention to sell its trading right in the future as it intends to continue to operate its stock brokerage business. The trading right is tested annually for any impairment in realizable value (see Note 2.23).

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 and is tested annually for any impairment (see Note 2.23).

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, *Impairment of Assets*, 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 2.23).

Branch licenses and customer lists are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate cash inflows for BDO Unibank Group.

Trademark pertains to the license granted to the Parent Bank for the exclusive right to use the trademark, service mark, name or logo of Diners Card International, Ltd (DCI) in connection with the Parent Bank's operation of Diners Club card business in the Philippines. The trademark is covered by a trademark license agreement with a term of 5 years, renewable every 5 years, subject to certain conditions set by trademark owner. This intangible asset is recognized at an amount equal to the excess of purchase price for the acquisition of Diners credit card portfolio over the acquisition-date fair value of the net assets acquired. It is amortized on a straight line basis over a finite useful life of five years based on the term of the trademark license agreement, which is deemed to have a finite useful life since renewal is not guaranteed.

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, insurance contract liabilities 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 subject to the requirements of BSP Circular 888.

- *Insurance contract liabilities* arose from the following types of insurance contract:

- *Life insurance contract*

Liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to the provisions of the Insurance Code (the Code) and guidelines set by the Insurance Commission (IC). The movement in legal policy reserves at each reporting period is recognized in profit or loss.

- *Insurance contracts with fixed and guaranteed terms*

Liabilities are determined as the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used. The liability is based on mortality, morbidity and investment income assumptions that are established at the time the contract is issued.

BDO Unibank Group has different assumptions for different products. However, the reserves are computed to comply with the statutory requirements, which require annual discount rates to be not more than 6% and mortality rates based on a standard table of mortality approved by the IC. Reserves are computed per thousand of sum insured and depend on the plan, issue age and policy duration.

- *Variable unit-linked insurance contracts.*

BDO Unibank Group, through BDO Life, issues unit-linked insurance contracts. In addition to providing insurance coverage, a unit-linked contract links payments to units of an internal investment fund set up by BDO Unibank Group with the consideration received from the policyholders. Premiums received from the issuance of unit-linked insurance contracts are recognized as premiums revenue. As allowed by PFRS 4, BDO Unibank Group chose not to unbundle the investment portion of its unit-linked products.

The reserve for unit-linked liability is increased by additional deposits and changes in unit prices and is decreased by policy administration fees, mortality and surrender charges and any withdrawals. At each reporting date, this reserve is computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying investment funds. The assets and liabilities underlying the internal investment funds have been consolidated with the general accounts of BDO Unibank Group.

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

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 issuance fund and additional working capital for underwriting and equity trading securities and reserve fund requirement for subsidiaries engaged in the security brokerage business (see Note 20.5).

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 fair value losses on 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 foreign exchange differences arising on translation of the resources and liabilities of foreign subsidiaries that are taken up in other comprehensive income (see Note 2.24).

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 statement of financial position and changes in equity.

Other reserves pertain to amount recognized from increase in percentage of ownership to any of the subsidiaries of BDO Unibank Group (see Note 20.6).

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 (see Note 24).

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 account.

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 under Other Operating Income account (see Note 2.22).
- (h) *Insurance premiums* – Premiums from life insurance contracts are recognized as revenue when payable by the policyholders. For single premium contracts, revenue is recognized upon the effective date of the policy. For regular premium contracts, revenues are recorded at the date when payments are due.
- (i) *Insurance benefits and claims* – Life insurance benefits and claims include the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities are recorded when due. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

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 Non-financial Assets

BDO Unibank Group's equity investments, goodwill, branch licenses, trading rights, trademark and 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.

2.24 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 foreign branch and subsidiaries which are maintained in U.S. dollars, Canadian Dollar (CAD), European Union Euro (Euro), Great Britain Pound (GBP), Japanese Yen (JPY) or Hong Kong Dollars (HKD).

The operating results and financial position of foreign branch and subsidiaries which are measured using the U.S. dollars, CAD, Euro, GBP, JPY or HKD, 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 is 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 HKD amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.25 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 (see Note 24):

(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 & Exchange Corp. (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 account 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) *Employee Stock Option Plan (ESOP)*

BDO Unibank Group has a stock option plan for 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 options allocated to the qualified officers is based on the performance of the individual officers as determined by management and it requires vesting period of five years. These are adjusted accordingly for any resignation or disqualification. The vested options may be exercised within three years from vesting date. The cost of ESOP is amortized over five years (vesting period) starting from the approval of the BOD. The annual amortization of stock options is included in Compensation and benefits 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.

2.26 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 (see Note 29).

2.27 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 from the unissued authorized capital stock 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.

2.28 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.

2.29 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) Classification of 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 2016, after the end of the two-year tainting period, BDO Unibank Group and the Parent Bank reclassified AFS securities with a carrying value of P107,362 and P103,014, respectively, to HTM investments (see Note 9.3).

(b) 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 significant or prolonged decline in the fair value of an investment below 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 2016 and 2015 as disclosed in Note 9.2. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(c) *Distinction Between 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) *Distinction Between 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, chattels as Non-current assets held for sale (presented under Other Resources account) if expected to be recovered through sale rather than use, 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 (presented under Other Resources account) 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.

(f) *Assessment of Significant Influence on Entities in which BDO Unibank Group Holds Less than 20% Ownership*

The management considers that BDO Unibank Group and the Parent Bank has significant influence on Manila North Tollways Corporation (MNTC) even though it holds less than 20% of the ordinary shares in the latter. In making this judgment, management considered the BDO Unibank Group's and the Parent Bank's voting rights which is based from its acquired right to nominate for a director in MNTC as granted in the Amended and Restated Shareholders' Agreement (ARSA).

ARSA provides that investors shall be entitled to nominate one director for as long as it owns at least 10% of the equity of MNTC, or shall be entitled to nominate two directors for as long as it owns at least 16.5% of the equity of MNTC. Failure to make the right judgment will result in either overstatement or understatement of resources, liabilities, income and expenses.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.21 and relevant disclosures are presented in Note 33.

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) Estimation of Impairment of Financial Assets (AFS Securities, HTM Investments and Loans and Other Receivables)

BDO Unibank Group reviews its AFS securities [see also Note 3.1 (b)], 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.

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) *Determination of 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) *Estimation of Useful Lives of Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources*

BDO Unibank Group estimates the useful lives of premises, furniture, fixtures and equipment, investment properties and other properties, including trademark, 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, including trademark, 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 resources, including trademark, are analyzed in Notes 12 and 13, respectively. Based on management's assessment as of December 31, 2016 and 2015, there is no change in estimated useful lives of premises, furniture, fixtures and equipment, investment properties and other resources, including trademark, during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Determination of 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 (see 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) *Determination of 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, 2016 and 2015 is disclosed in Note 29.1.

(g) *Impairment of Non-financial Assets*

Except for certain 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 2.23. 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 24 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 24.

(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 19.

(j) *Valuation of Legal Policy Reserves*

Legal policy reserves represent estimates of present value of benefits in excess of present value of premium. These estimates are based on interest rates, mortality/morbidity tables, and valuation method as contained in the product submissions approved by the IC.

The liability for life insurance contracts are based on assumptions established at the inception of the contract. At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability. The main assumptions used relate to mortality, morbidity, investment return, and discount rate.

For life insurance contracts, estimates are made as to the expected number of deaths for each of the years in which BDO Unibank Group is exposed to risk. BDO Unibank Group uses the standard mortality tables as accepted by the IC as the basis of these estimates. The estimated number of deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums.

In accordance with the provisions of the Code, the annual interest rate used to discount future liabilities should not exceed 6% as required by the Code. Likewise, no lapse, surrender and expense assumptions are factored in the computation of the liability in accordance with the Code.

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 liquidity, market (foreign exchange, interest rate, price risks), credit 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.

Risk management at the Bank begins at the highest level of the organization. At the helm of the risk management infrastructure is the Board of Directors (BOD) who is responsible for establishing and maintaining a sound risk management system. The Board of Directors has constituted the Risk Management Committee (RMC) as the Board-Level Committee responsible for the development and oversight of the risk management program of the Bank. Considering the importance of appropriately addressing credit risk, the Board of Directors has also constituted the Credit Committee. The Credit Committee is responsible for approving credit-specific transactions, while the RMC is responsible for approving credit portfolio risk-related policies and limits, as well as, market, liquidity, and operational risk policies and limits. 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 functionally reports to the Risk Management Committee.

RMG has responsibility for recommending to the appropriate body, 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.
- 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, 2016 and 2015 in accordance with account classification of the BSP, is presented in the succeeding pages. 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

		2016				
		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	40,909	P -	P -	P -	P 40,909
Due from BSP and other banks		359,777	12	3	4	359,796
Loans and other receivables - net		449,361	166,898	207,283	750,382	1,573,924
Trading and investment securities		49,247	11,451	71,814	136,530	269,042
Other resources*		-	-	-	81,287	81,287
Total Resources		<u>899,294</u>	<u>178,361</u>	<u>279,100</u>	<u>968,203</u>	<u>2,324,958</u>
Liabilities and Equity:						
Deposit liabilities		316,442	4,949	18,924	1,564,889	1,905,204
Bills and subordinated notes payable		43,573	8,429	33,641	24,943	110,586
Insurance contract liabilities	(	218)**	(1,292)**	(1,130)**	23,188	20,548
Other liabilities		<u>20,569</u>	<u>3,944</u>	<u>3,965</u>	<u>42,607</u>	<u>71,085</u>
Total Liabilities		<u>380,366</u>	<u>16,030</u>	<u>55,400</u>	<u>1,655,627</u>	<u>2,107,423</u>
Equity		-	-	-	217,535	217,535
Total Liabilities and Equity		<u>380,366</u>	<u>16,030</u>	<u>55,400</u>	<u>1,873,162</u>	<u>2,324,958</u>
On-book gap		<u>518,928</u>	<u>162,331</u>	<u>223,700</u>	(904,959)	-
Cumulative on-book gap		<u>518,928</u>	<u>681,259</u>	<u>904,959</u>	-	-
Contingent assets		109,497	44,011	21,765	15,064	190,337
Contingent liabilities		<u>149,235</u>	<u>46,744</u>	<u>21,322</u>	<u>14,807</u>	<u>232,108</u>
Off-book gap	(	<u>39,738</u>)	(<u>2,733</u>)	<u>443</u>	<u>257</u>	(<u>41,771</u>)
Net Periodic Gap		<u>479,190</u>	<u>159,598</u>	<u>224,143</u>	(904,702)	41,771
Cumulative Total Gap	P	<u>479,190</u>	P <u>638,788</u>	P <u>862,931</u>	(P <u>41,771</u>)	P -

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

** Insurance Contract Liabilities with maturity of one month to three years have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.

BDO Unibank Group

		2015				
		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	42,729	P -	P -	P -	P 42,729
Due from BSP and other banks		296,458	185	2	-	296,645
Loans and other receivables - net		416,421	118,609	222,848	624,874	1,382,752
Trading and investment securities		9,672	22,205	41,375	152,507	225,759
Other resources*		<u>3,245</u>	<u>-</u>	<u>-</u>	<u>80,124</u>	<u>83,369</u>
Total Resources		<u>768,525</u>	<u>140,999</u>	<u>264,225</u>	<u>857,505</u>	<u>2,031,254</u>
Liabilities and Equity:						
Deposit liabilities		331,638	4,139	11,247	1,316,829	1,663,853
Bills and subordinated notes payable		39,319	16,077	40,974	11,203	107,573
Other liabilities		<u>16,287</u>	<u>1,204</u>	<u>2,528</u>	<u>40,196</u>	<u>60,215</u>
Total Liabilities		387,244	21,420	54,749	1,368,228	1,831,641
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>199,613</u>	<u>199,613</u>
Total Liabilities and Equity		<u>387,244</u>	<u>21,420</u>	<u>54,749</u>	<u>1,567,841</u>	<u>2,031,254</u>
On-book gap		<u>381,281</u>	<u>119,579</u>	<u>209,476</u>	<u>(710,336)</u>	<u>-</u>
Cumulative on-book gap		<u>381,281</u>	<u>500,860</u>	<u>710,336</u>	<u>-</u>	<u>-</u>
Contingent asset		119,599	21,603	33,051	29,202	203,455
Contingent liabilities		<u>179,137</u>	<u>26,887</u>	<u>38,036</u>	<u>27,256</u>	<u>271,316</u>
Off-book gap	(	<u>59,538)</u>	(<u>5,284)</u>	(<u>4,985)</u>	<u>1,946</u>	(<u>67,861)</u>
Net Periodic Gap		<u>321,743</u>	<u>114,295</u>	<u>204,491</u>	<u>(708,390)</u>	<u>67,861</u>
Cumulative Total Gap	P	<u>321,743</u>	P <u>436,038</u>	P <u>640,529</u>	(P <u>67,861)</u>	P <u>-</u>

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

Parent Bank

		2016				
		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	P	39,813	P -	P -	P -	P 39,813
cash items						
Due from BSP and		337,744	-	-	4	337,748
other banks						
Loans and other		406,639	149,649	182,503	773,190	1,511,981
receivables - net						
Trading and investment		40,886	9,141	66,022	91,837	207,886
securities						
Other resources*		-	-	-	91,663	91,663
Total Resources		<u>825,082</u>	<u>158,790</u>	<u>248,525</u>	<u>956,694</u>	<u>2,189,091</u>
Liabilities and Equity:						
Deposit liabilities		301,516	4,137	17,447	1,509,913	1,833,013
Bills and subordinated		28,301	6,827	25,760	24,942	85,830
notes payable		<u>19,325</u>	<u>1,491</u>	<u>-</u>	<u>34,504</u>	<u>55,320</u>
Other liabilities		349,142	12,455	43,207	1,569,359	1,974,163
Total Liabilities		-	-	-	214,928	214,928
Equity		<u>349,142</u>	<u>12,455</u>	<u>43,207</u>	<u>1,784,287</u>	<u>2,189,091</u>
Total Liabilities and Equity						
On-book gap		<u>475,940</u>	<u>146,335</u>	<u>205,318</u>	<u>(827,593)</u>	<u>-</u>
Cumulative on-book gap		<u>475,940</u>	<u>622,275</u>	<u>827,593</u>	<u>-</u>	<u>-</u>
Contingent assets		102,251	20,914	4,781	2,140	130,086
Contingent liabilities		<u>141,816</u>	<u>23,905</u>	<u>4,690</u>	<u>2,120</u>	<u>172,531</u>
Off-book gap	(	<u>39,565)</u>	(<u>2,991)</u>	<u>91</u>	<u>20</u>	(<u>42,445)</u>
Net Periodic Gap		<u>436,375</u>	<u>143,344</u>	<u>205,409</u>	<u>(827,573)</u>	<u>42,445</u>
Cumulative Total Gap	P	<u>436,375</u>	P <u>579,719</u>	P <u>785,128</u>	(P <u>42,445)</u>	P <u>-</u>

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

Parent Bank

		2015 (As Restated)				
		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	41,767	P -	P -	P -	P 41,767
Due from BSP and other banks		281,785	-	-	-	281,785
Loans and other receivables - net		393,815	103,772	199,021	626,703	1,323,311
Trading and investment securities		4,483	20,745	36,935	134,337	196,500
Other resources*		<u>3,244</u>	<u>-</u>	<u>-</u>	<u>91,971</u>	<u>95,215</u>
Total Resources		<u>725,094</u>	<u>124,517</u>	<u>235,956</u>	<u>853,011</u>	<u>1,938,578</u>
Liabilities and Equity:						
Deposit liabilities		313,766	3,483	10,103	1,275,695	1,603,047
Bills and subordinated notes payable		23,650	15,674	36,371	11,202	86,897
Other liabilities		<u>15,386</u>	<u>-</u>	<u>-</u>	<u>33,985</u>	<u>49,371</u>
Total Liabilities		352,802	19,157	46,474	1,320,882	1,739,315
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>199,263</u>	<u>199,263</u>
Total Liabilities and Equity		<u>352,802</u>	<u>19,157</u>	<u>46,474</u>	<u>1,520,145</u>	<u>1,938,578</u>
On-book gap		<u>372,292</u>	<u>105,360</u>	<u>189,482</u>	(<u>667,134</u>)	<u>-</u>
Cumulative on-book gap		<u>372,292</u>	<u>477,652</u>	<u>667,134</u>	<u>-</u>	<u>-</u>
Contingent assets		110,458	17,240	11,412	7,739	146,849
Contingent liabilities		<u>169,875</u>	<u>22,659</u>	<u>16,696</u>	<u>6,001</u>	<u>215,231</u>
Off-book gap	(<u>59,417</u>)	(<u>5,419</u>)	(<u>5,284</u>)	<u>1,738</u>	(<u>68,382</u>)	
Net Periodic Gap		<u>312,875</u>	<u>99,941</u>	<u>184,198</u>	(<u>665,396</u>)	<u>68,382</u>
Cumulative Total Gap	P	<u>312,875</u>	P <u>412,816</u>	P <u>597,014</u>	(P <u>68,382</u>)	P <u>-</u>

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

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 resources less foreign currency liabilities. BSP regulations impose a cap of 20% of unimpaired capital or US\$50, 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 financial liabilities as to foreign and peso-denominated balances as of December 31, 2016 and 2015 follows:

BDO Unibank Group

	2016			2015		
	Foreign Currencies	Philippine Pesos	Total	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items						
and due from BSP	P 183	P 358,728	P 358,911	P 64	P 314,473	P 314,537
Due from other banks	38,360	3,434	41,794	24,453	384	24,837
Trading and investment securities:						
At FVTPL	4,091	9,933	14,024	3,513	10,054	13,567
AFS securities	70,746	37,386	108,132	151,029	61,163	212,192
HTM securities	103,493	43,393	146,886	-	-	-
Loans and other receivables	257,580	1,316,344	1,573,924	240,412	1,142,340	1,382,752
Other resources	5,562	770	6,332	5,020	5,367	10,387
	<u>P 480,015</u>	<u>P 1,769,988</u>	<u>P 2,250,003</u>	<u>P 424,491</u>	<u>P 1,533,781</u>	<u>P 1,958,272</u>
Liabilities:						
Deposit liabilities	P 384,021	P 1,521,183	P 1,905,204	P 316,526	P 1,347,327	P 1,663,853
Bills payable	76,177	24,379	100,556	76,865	20,678	97,543
Subordinated notes payable	-	10,030	10,030	-	10,030	10,030
Insurance contract liabilities	6,498	14,050	20,548	-	-	-
Other liabilities	5,794	60,068	65,862	1,372	54,741	56,113
	<u>P 472,490</u>	<u>P 1,629,710</u>	<u>P 2,102,200</u>	<u>P 394,763</u>	<u>P 1,432,776</u>	<u>P 1,827,539</u>

Parent Bank

	2016			2015		
	Foreign Currencies	Philippine Pesos	Total	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items						
and due from BSP	P 35	P 344,063	P 344,098	P -	P 302,608	P 302,608
Due from other banks	33,424	39	33,463	20,875	69	20,944
Trading and investment securities:						
At FVTPL	2,917	1,381	4,298	2,237	3,179	5,416
AFS securities	53,862	8,775	62,637	144,109	46,975	191,084
HTM securities	102,895	38,056	140,951	-	-	-
Loans and other receivables	258,902	1,253,079	1,511,981	241,803	1,081,508	1,323,311
Other resources	3,468	672	4,140	3,249	7,707	10,956
	<u>P 455,503</u>	<u>P 1,646,065</u>	<u>P 2,101,568</u>	<u>P 412,273</u>	<u>P 1,442,046</u>	<u>P 1,854,319</u>
Liabilities:						
Deposit liabilities	P 368,656	P 1,464,357	P 1,833,013	P 306,278	P 1,296,769	P 1,603,047
Bills payable	75,796	4	75,800	76,843	24	76,867
Subordinated notes payable	-	10,030	10,030	-	10,030	10,030
Other liabilities	4,644	46,472	51,116	1,073	44,662	45,735
	<u>P 449,096</u>	<u>P 1,520,863</u>	<u>P 1,969,959</u>	<u>P 384,194</u>	<u>P 1,351,485</u>	<u>P 1,735,679</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 resources 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, 2016 and 2015 based on the expected interest realization or recognition are shown in the succeeding pages.

BDO Unibank Group

		2016										
		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	40,909	P	40,909		
Due from BSP and other banks		26,578		6		5		-		333,207	359,796	
Loans and other receivables		852,349		115,508		379,742		226,325		-	1,573,924	
Trading and investment securities		43,297		11,451		130,840		69,430		14,024	269,042	
Other resources*		-		-		-		-		81,287	81,287	
Total Resources		922,224		126,965		510,587		295,755		469,427	2,324,958	
Liabilities and Equity:												
Deposit liabilities		398,410		58,857		92,720		17,402		1,337,815	1,905,204	
Bills and subordinated notes payable		49,903		8,429		41,337		10,030		887	110,586	
Insurance contract liabilities										20,548	20,548	
Other liabilities		925		2,652		4,086		64		63,358	71,085	
Total Liabilities		449,238		69,938		138,143		27,496		1,422,608	2,107,423	
Equity		-		-		-		-		217,535	217,535	
Total Liabilities and Equity		449,238		69,938		138,143		27,496		1,640,143	2,324,958	
On-book gap		472,986		57,027		372,444		268,259	(	1,170,716)	-
Cumulative on-book gap		472,986		530,013		902,457		1,170,716		-	-	
Contingent assets		15,388		1,727		-		-		-	17,115	
Contingent liabilities		15,530		1,740		-		-		-	17,270	
Off-book gap	(	142)	(	13)		-		-		-	155)
Net Periodic Gap		472,844		57,014		372,444		268,259	(	1,170,716)	155
Cumulative Total Gap	P	472,844	P	529,858	P	902,302	P	1,170,561	(P	155)	P	-

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

BDO Unibank Group

		2015										
		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	42,729	P	42,729		
Due from BSP and other banks		10,682		120		2		-		285,841		296,645
Loans and other receivables		790,258		106,943		308,596		173,859		3,096		1,382,752
Trading and investment securities		3,919		22,206		110,183		75,885		13,566		225,759
Other resources*		-		-		-		-		83,369		83,369
Total Resources		804,859		129,269		418,781		249,744		428,601		2,031,254
Liabilities and Equity:												
Deposit liabilities		415,735		36,683		100,035		16,471		1,094,929		1,663,853
Bills and subordinated notes payable		42,600		16,148		38,466		10,008		351		107,573
Other liabilities		4,677		2,063		6,346		71		47,058		60,215
Total Liabilities		463,012		54,894		144,847		26,550		1,142,338		1,831,641
Equity		-		-		-		-		199,613		199,613
Total Liabilities and Equity		463,012		54,894		144,847		26,550		1,341,951		2,031,254
On-book gap		341,847		74,375		273,934		223,194	(	913,350)		-
Cumulative on-book gap		341,847		416,222		690,156		913,350		-		-
Contingent assets		17,412		-		-		-		-		17,412
Contingent liabilities		17,318		-		-		-		-		17,318
Off-book gap		94		-		-		-		-		94
Net Periodic Gap		341,941		74,375		273,934		223,194	(	913,350)	(	94)
Cumulative Total Gap	P	341,941	P	416,316	P	690,250	P	913,444	P	94	P	-

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

Parent Bank

		2016					
		<u>One to three months</u>	<u>More than three months to one year</u>	<u>More than one year to five years</u>	<u>More than five years</u>	<u>Non-rate sensitive</u>	<u>Total</u>
Resources:							
Cash and other cash items	P	-	P	-	P	-	P 39,813
Due from BSP and other banks		16,550	-	-	-	321,198	337,748
Loans and other receivables		852,895	93,332	354,502	211,252	-	1,511,981
Trading and investment securities		38,922	9,141	114,999	40,526	4,298	207,886
Other resources*		-	-	-	-	91,663	91,663
Total Resources		<u>908,367</u>	<u>102,473</u>	<u>469,501</u>	<u>251,778</u>	<u>456,972</u>	<u>2,189,091</u>
Liabilities and Equity:							
Deposit liabilities		358,995	55,880	87,386	17,402	1,313,350	1,833,013
Bills and subordinated notes payable		28,138	6,827	40,835	10,030	-	85,830
Other liabilities		-	1,491	-	-	53,829	55,320
Total Liabilities		<u>387,133</u>	<u>64,198</u>	<u>128,221</u>	<u>27,432</u>	<u>1,367,719</u>	<u>1,974,163</u>
Equity		-	-	-	-	214,928	214,928
Total Liabilities and Equity		<u>387,133</u>	<u>64,198</u>	<u>128,221</u>	<u>27,432</u>	<u>1,582,107</u>	<u>2,189,091</u>
On-book gap		<u>521,234</u>	<u>38,275</u>	<u>341,280</u>	<u>224,346</u>	(<u>1,125,135</u>)	-
Cumulative on-book gap		<u>521,234</u>	<u>559,509</u>	<u>900,789</u>	<u>1,125,135</u>	-	-
Contingent assets		9,867	-	-	-	-	9,867
Contingent liabilities		<u>9,961</u>	-	-	-	-	<u>9,961</u>
Off-book gap	(	<u>94</u>)	-	-	-	-	(<u>94</u>)
Net Periodic Gap		<u>521,140</u>	<u>38,275</u>	<u>341,280</u>	<u>224,346</u>	(<u>1,125,135</u>)	<u>94</u>
Cumulative Total Gap	P	<u>521,140</u>	P	<u>559,415</u>	P	<u>900,695</u>	P
					P	<u>1,125,041</u>	(P
						<u>94</u>	P -

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

Parent Bank

		2015 (As Restated)										
		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	41,767	P	41,767		
Due from BSP and other banks		6,233	-	-	-	275,552		281,785				
Loans and other receivables		776,947	89,137	283,603	173,624	-		1,323,311				
Trading and investment securities		778	20,745	101,063	68,498	5,416		196,500				
Other resources*		-	-	-	-	95,215		95,215				
Total Resources		783,958	109,882	384,666	242,122	417,950		1,938,578				
Liabilities and Equity:												
Deposit liabilities		381,562	34,617	95,699	16,471	1,074,698		1,603,047				
Bills and subordinated notes payable		23,650	15,674	37,565	10,008	-		86,897				
Other liabilities		-	-	-	-	49,371		49,371				
Total Liabilities		405,212	50,291	133,264	26,479	1,124,069		1,739,315				
Equity		-	-	-	-	199,263		199,263				
Total Liabilities and Equity		405,212	50,291	133,264	26,479	1,323,332		1,938,578				
On-book gap		378,746	59,591	251,402	215,643	(905,382)		-				
Cumulative on-book gap		378,746	438,337	689,739	905,382	-		-				
Contingent assets		12,687	-	-	-	-		12,687				
Contingent liabilities		12,612	-	-	-	-		12,612				
Off-book gap		75	-	-	-	-		75				
Net Periodic Gap		378,821	59,591	251,402	215,643	(905,382)		(75)				
Cumulative Total Gap	P	378,821	P	438,412	P	689,814	P	905,457	P	75	P	-

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.

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 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>2016</u>		<u>2015</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
Foreign currency risk	(P 16)	(P 252)	(P 10)	(P 165)
Interest rate risk – Peso	(104)	(1,104)	(86)	(733)
Interest rate risk – USD	(23)	(339)	(9)	(182)
	<u>(P 143)</u>	<u>(P 1,695)</u>	<u>(P 105)</u>	<u>(P 1,080)</u>

Parent Bank

	<u>2016</u>		<u>2015</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
Foreign currency risk	(P 15)	(P 248)	(P 10)	(P 162)
Interest rate risk – Peso	(51)	(345)	(66)	(587)
Interest rate risk – USD	(17)	(203)	(8)	(170)
	<u>(P 83)</u>	<u>(P 796)</u>	<u>(P 84)</u>	<u>(P 919)</u>

The earnings-at-risk before tax in a rising and declining interest rate scenario for financial assets and liabilities repriced during 2016 and 2015 is shown below.

BDO Unibank Group

	2016			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 4,675)	P 4,675	(P 2,337)	P 2,337
As a percentage of the BDO Unibank Group's net interest income for 2016	(7.1%)	7.1%	(3.5%)	3.5%
Earnings-at-risk	P 11,180			

	2015			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 3,335)	P 3,335	(P 1,668)	P 1,668
As a percentage of the BDO Unibank Group's net interest income for 2015	(5.9%)	5.9%	(2.9%)	2.9%
Earnings-at-risk	P 8,254			

Parent Bank

	2016			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 4,796)	P 4,796	(P 2,398)	P 2,398
As a percentage of the Parent Bank's net interest income for 2016	(7.8%)	7.8%	(3.9%)	3.9%
Earnings-at-risk	P 11,776			

	2015			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 3,656)	P 3,656	(P 1,828)	P 1,828
As a percentage of the Parent Bank's net interest income for 2015	(6.7%)	6.7%	(3.4%)	3.4%
Earnings-at-risk	P 8,929			

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 securities, 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 2.88% in 2016 and 2015 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)	
	2016	2015	2016	2015
HFT securities and Financial assets at FVTPL	P 75	P 8	P -	P -
AFS financial assets	-	-	414	211
	<u>P 75</u>	<u>P 8</u>	<u>P 414</u>	<u>P 211</u>

Parent Bank

	Impact on net profit after tax increase (decrease)		Impact on other comprehensive income increase (decrease)	
	2016	2015	2016	2015
AFS financial assets	P -	P -	P 93	P 145

4.3 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.

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 regular basis and subject to an annual or more frequent review. Approval for these limits are secured from the Credit Committee.

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.

4.3.1 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.

(a) 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.

(b) 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:

(c) Adversely Classified

i. Loans Especially Mentioned (LEM)

It is an adverse classification of loans/accounts that have potential weaknesses and deserves management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus increase credit risk to BDO Unibank Group.

ii. Substandard

Accounts classified as "Substandard" are individual credits or portions thereof, that have well-defined weakness/(es) that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.

iii. Doubtful

Accounts classified as "Doubtful" are individual credits or portions thereof which exhibit more severe weaknesses than those classified as "Substandard" whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable, however, the exact amount remains undeterminable as yet. Classification as "Loss" is deferred because of specific pending factors, which may strengthen the assets.

iv. 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.

This shall be viewed as a transitional category for loans and other credit accommodations, which have been identified as requiring write-off during the current reporting period 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, 2016 and 2015 for each internal risk grade and the related allowance for impairment:

BDO Unibank Group

	2016		
	<u>Loans and Other Receivables</u>	<u>Due from Other Banks</u>	<u>Trading and Investment Securities*</u>
Carrying Amount	<u>P 1,573,924</u>	<u>P 41,794</u>	<u>P 252,198</u>
Individually Impaired			
Unclassified	P 2,713	P -	P -
Grade B: Watchlisted	345	-	-
Grade C: LEM	5,590	-	-
Grade D: Substandard	5,255	-	-
Grade E: Doubtful	3,548	-	1,121
Grade F: Loss	<u>4,917</u>	<u>-</u>	<u>264</u>
Gross amount	22,368	-	1,385
Allowance for impairment	<u>(7,813)</u>	<u>-</u>	<u>(1,385)</u>
Carrying amount	<u>14,555</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Unclassified	1,436	-	-
Grade C: LEM	3,031	-	-
Grade D: Substandard	6,137	-	-
Grade E: Doubtful	2,128	-	-
Grade F: Loss	<u>5,195</u>	<u>-</u>	<u>-</u>
Gross amount	17,927	-	-
Allowance for impairment	<u>(6,920)</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>11,007</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Unclassified	<u>999</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>1,547,363</u>	<u>41,794</u>	<u>252,198</u>
Total Carrying Amount	<u>P 1,573,924</u>	<u>P 41,794</u>	<u>P 252,198</u>

**Trading and Investment Securities do not include equity securities.*

BDO Unibank Group

	2015		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities*
Carrying Amount	P 1,382,752	P 24,837	P 217,541
Individually Impaired			
Grade B: Watchlisted	P 5,024	P -	P -
Grade C: LEM	12,895	-	-
Grade D: Substandard	2,165	-	-
Grade E: Doubtful	1,421	-	1,061
Grade F: Loss	4,302	-	263
Gross amount	25,807	-	1,324
Allowance for impairment	(7,842)	-	(1,324)
Carrying amount	17,965	-	-
Collectively Impaired			
Unclassified	1,030	-	-
Grade C: LEM	7,997	-	-
Grade D: Substandard	3,456	-	-
Grade E: Doubtful	851	-	-
Grade F: Loss	3,273	-	-
Gross amount	16,607	-	-
Allowance for impairment	(5,488)	-	-
Carrying amount	11,119	-	-
Past Due But Not Impaired			
Unclassified	1,635	-	-
Neither Past Due Nor Impaired			
Unclassified	1,352,033	24,837	217,541
Total Carrying Amount	P 1,382,752	P 24,837	P 217,541

*Trading and Investment Securities do not include equity securities.

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	
	2016	2015
Up to 30 days	P 453	P 1,015
31 to 60 days	169	516
61 to 90 days	32	31
91 to 180 days	76	73
More than 180 days	269	-
	P 999	P 1,635

An aging of neither past due nor impaired accounts of BDO Unibank Group reckoned from the last unpaid due date follows:

	Loans and Other Receivables	
	2016	2015
Up to 30 days	P 1,517,841	P 1,330,278
31 to 60 days	2,519	3,561
61 to 90 days	27,003	18,194
	<u>P 1,547,363</u>	<u>P 1,352,033</u>

Parent Bank

	2016		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities*
Carrying Amount	<u>P 1,511,981</u>	<u>P 33,463</u>	<u>P 203,808</u>
Individually Impaired			
Grade C: LEM	P 5,096	P -	P -
Grade D: Substandard	4,910	-	-
Grade E: Doubtful	3,250	-	1,121
Grade F: Loss	<u>3,899</u>	<u>-</u>	<u>264</u>
Gross amount	17,155	-	1,385
Allowance for impairment	<u>(6,523)</u>	<u>-</u>	<u>(1,385)</u>
Carrying amount	<u>10,632</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Grade C: LEM	3,031	-	-
Grade D: Substandard	6,137	-	-
Grade E: Doubtful	2,128	-	-
Grade F: Loss	<u>5,195</u>	<u>-</u>	<u>-</u>
Gross amount	16,491	-	-
Allowance for impairment	<u>(6,437)</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>10,054</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Unclassified	<u>565</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>1,490,730</u>	<u>33,463</u>	<u>203,808</u>
Total Carrying Amount	<u>P 1,511,981</u>	<u>P 33,463</u>	<u>P 203,808</u>

*Trading and Investment Securities do not include equity securities.

Parent Bank

	2015		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities*
Carrying Amount	<u>P 1,323,311</u>	<u>P 20,944</u>	<u>P 192,006</u>
Individually Impaired			
Grade B: Watchlisted	P 3,580	P -	P -
Grade C: LEM	12,025	-	-
Grade D: Substandard	1,960	-	-
Grade E: Doubtful	1,211	-	1,061
Grade F: Loss	<u>4,157</u>	<u>-</u>	<u>263</u>
Gross amount	22,933	-	1,324
Allowance for impairment	<u>(6,565)</u>	<u>-</u>	<u>(1,324)</u>
Carrying amount	<u>16,368</u>	<u>-</u>	<u>-</u>
Collectively Impaired			
Grade C: LEM	7,997	-	-
Grade D: Substandard	3,456	-	-
Grade E: Doubtful	851	-	-
Grade F: Loss	<u>3,273</u>	<u>-</u>	<u>-</u>
Gross amount	15,577	-	-
Allowance for impairment	<u>(5,301)</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>10,276</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Unclassified	<u>1,546</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Unclassified	<u>1,295,121</u>	<u>20,944</u>	<u>192,006</u>
Total Carrying Amount	<u>P 1,323,311</u>	<u>P 20,944</u>	<u>P 192,006</u>

**Trading and Investment Securities do not include equity securities.*

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	
	2016	2015
Up to 30 days	P 266	P 1,010
31 to 60 days	156	515
61 to 90 days	26	19
91 to 180 days	53	2
More than 180 days	64	-
	<u>P 565</u>	<u>P 1,546</u>

An aging of neither past due nor impaired accounts of Parent Bank reckoned from the last unpaid due date as follows:

	Loans and Other Receivables	
	2016	2015
Up to 30 days	P 1,488,557	P 1,291,980
31 to 60 days	2,132	2,951
61 to 90 days	41	190
	<u>P 1,490,730</u>	<u>P 1,295,121</u>

Exposure to credit risk also includes unused commercial letters of credits and committed credit lines amounting to P48,108 and P221,579, respectively, for 2016 and P41,888 and P132,385, respectively, for 2015 in BDO Unibank Group's financial statements and P48,092 and P221,399, respectively, for 2016 and P41,876 and P132,192, respectively, for 2015 in the Parent Bank's financial statements (see Note 33.3).

4.3.2 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:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Individually impaired				
Property	P 12,536	P 9,708	P 7,380	P 8,852
Equity security	-	2,571	-	2,571
Hold-out deposits	1	29	1	29
Debt security	1	1	1	1
Others	<u>1,671</u>	<u>1,289</u>	<u>1,671</u>	<u>1,289</u>
	<u>14,209</u>	<u>13,598</u>	<u>9,053</u>	<u>12,742</u>
Collectively impaired				
Property	11,027	7,146	11,027	7,146
Equity	2	-	2	-
Hold-out deposits	194	-	194	-
Others	<u>6,041</u>	<u>6,417</u>	<u>6,041</u>	<u>6,417</u>
	<u>17,264</u>	<u>13,563</u>	<u>17,264</u>	<u>13,563</u>
Past due but not impaired				
Property	2,046	1,692	2,038	1,674
Hold-out deposits	2	13	2	13
Others	<u>643</u>	<u>1,491</u>	<u>643</u>	<u>1,491</u>
	<u>2,691</u>	<u>3,196</u>	<u>2,683</u>	<u>3,178</u>
Neither past due nor impaired				
Property	531,536	457,885	476,470	412,119
Equity security	150,469	127,999	149,238	127,036
Hold-out deposits	122,117	78,696	122,009	78,696
Debt security	3,723	1,762	3,296	1,466
Others	<u>343,960</u>	<u>334,996</u>	<u>343,459</u>	<u>334,655</u>
	<u>1,151,805</u>	<u>1,001,338</u>	<u>1,094,472</u>	<u>953,972</u>
	<u>P 1,185,969</u>	<u>P 1,031,695</u>	<u>P 1,123,472</u>	<u>P 983,455</u>

As of December 31, 2016 and 2015, 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.

4.3.3 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

	2016			2015		
	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 418,345	P 150,735	P 175,522	P 412,108	P 169,064	P 132,092
Wholesale and retail trade	-	206,205	581	-	186,344	553
Real estate activities	-	205,376	16,236	-	184,770	19,874
Manufacturing	-	191,720	9,458	-	149,197	20,197
Electricity, gas, steam and air-conditioning supply	-	137,381	-	-	126,441	-
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	-	127,236	-	-	112,751	-
Transportation and storage	-	99,871	1,842	-	55,067	1,991
Arts, entertainment and recreation	-	54,401	-	-	18,308	-
Accommodation and food service activities	-	43,837	-	-	38,478	-
Construction	-	29,856	-	-	25,942	-
Information and communication	-	27,334	-	-	22,930	-
Human health and social work activities	-	16,282	-	-	11,497	-
Agriculture, forestry and fishing	-	14,054	-	-	14,702	-
Water supply, sewerage waste management and remediation activities	-	12,278	-	-	13,450	-
Professional, scientific and technical services	-	11,042	-	-	17,409	-
Education	-	10,840	-	-	9,773	-
Mining and quarrying	-	9,632	-	-	11,149	-
Administrative and support services	-	8,662	-	-	6,794	-
Public administrative and defense; compulsory social security	-	535	-	-	257	-
Activities of extraterritorial and organizations and bodies	-	66	-	-	28	-
Other service activities	-	124,661	49,944	-	105,001	44,158
	<u>P 418,345</u>	<u>P 1,482,004</u>	<u>P 253,583</u>	<u>P 412,108</u>	<u>P 1,279,352</u>	<u>P 218,865</u>
Concentration by location:						
Philippines	P 380,473	P 1,384,532	P 204,611	P 388,137	P 1,200,852	P 180,232
Others	<u>37,872</u>	<u>97,472</u>	<u>48,972</u>	<u>23,971</u>	<u>78,500</u>	<u>38,633</u>
	<u>P 418,345</u>	<u>P 1,482,004</u>	<u>P 253,583</u>	<u>P 412,108</u>	<u>P 1,279,352</u>	<u>P 218,865</u>

* Cash and cash equivalents include SPURRA and FCNC.

**Receivables from customers are reported net of unearned interests or discounts.

Parent Bank

	2016			2015		
	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 388,789	P 147,427	P 132,385	P 385,226	P 166,885	P 111,475
Wholesale and retail traded	-	201,026	528	-	180,861	503
Real estate activities	-	198,216	14,358	-	178,859	18,285
Manufacturing	-	186,870	6,825	-	145,096	17,880
Electricity, gas, steam and air-conditioning supply	-	136,018	-	-	125,008	-
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	-	122,716	-	-	110,557	-
Transportation and storage	-	93,783	1,723	-	51,290	1,876
Arts, entertainment and recreation	-	51,771	-	-	15,636	-
Accommodation and food service activities	-	43,570	-	-	38,375	-
Information and communication	-	26,691	-	-	22,278	-
Construction	-	25,319	-	-	21,718	-
Human health and social work activities	-	15,506	-	-	10,651	-
Water supply, sewerage waste management and remediation activities	-	11,683	-	-	12,876	-
Agriculture, forestry and fishing	-	11,434	-	-	11,318	-
Professional, scientific and technical services	-	10,850	-	-	17,191	-
Mining and quarrying	-	8,573	-	-	9,438	-
Administrative and support services	-	7,578	-	-	6,028	-
Education	-	3,259	-	-	2,376	-
Public administrative and defense; compulsory social security	-	431	-	-	116	-
Activities of extraterritorial and organizations bodies	-	66	-	-	28	-
Other service activities	-	123,662	49,374	-	104,241	43,311
	P 388,789	P 1,426,449	P 205,193	P 385,226	P 1,230,826	P 193,330
Concentration by location:						
Philippines	P 355,870	P 1,332,300	P 160,169	P 364,859	P 1,150,764	P 157,355
Others	32,919	94,149	45,024	20,367	80,062	35,975
	P 388,789	P 1,426,449	P 205,193	P 385,226	P 1,230,826	P 193,330

* Cash and cash equivalents include SPURRA and FCNC.

**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.

4.4 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 Solution (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 five 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;
- (d) **Leasing and financing** – provides direct leases, sale and leaseback arrangements and real estate leases;
- (e) **Insurance** – engages in insurance brokerage and life insurance business by providing protection, education, savings, retirement and estate planning solutions to individual and corporate clients through life insurance products and services; and,
- (f) **Others** – includes asset management, securities 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.

In the 2015 and 2014 segment reporting, the assets, liabilities, income and expenses of insurance brokerage entities are transferred to the insurance segment from others to conform to the 2016 grouping and classification.

Segment information (by service lines) as of and for the years ended December 31, 2016, 2015 and 2014 follows:

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Eliminations	Group
December 31, 2016								
Statement of Income								
Total interest income								
External	P 78,062	P 88	P 1,434	P 1,751	P 691	P 11	P -	P 82,037
Intersegment	<u>127</u>	<u>3</u>	<u>-</u>	<u>1</u>	<u>8</u>	<u>1</u>	<u>(140)</u>	<u>-</u>
	<u>78,189</u>	<u>91</u>	<u>1,434</u>	<u>1,752</u>	<u>699</u>	<u>12</u>	<u>(140)</u>	<u>82,037</u>
Total interest expense								
External	15,278	1	436	627	71	-	-	16,413
Intersegment	<u>14</u>	<u>51</u>	<u>-</u>	<u>38</u>	<u>-</u>	<u>38</u>	<u>(141)</u>	<u>-</u>
	<u>15,292</u>	<u>52</u>	<u>436</u>	<u>665</u>	<u>71</u>	<u>38</u>	<u>(141)</u>	<u>16,413</u>
Net interest income	<u>62,897</u>	<u>39</u>	<u>998</u>	<u>1,087</u>	<u>628</u>	<u>(26)</u>	<u>1</u>	<u>65,624</u>
Other operating income								
Investment banking fees	-	1,215	-	-	-	-	-	1,215
Others	<u>28,502</u>	<u>297</u>	<u>1,181</u>	<u>1,100</u>	<u>10,145</u>	<u>585</u>	<u>(1,405)</u>	<u>40,405</u>
	<u>28,502</u>	<u>1,512</u>	<u>1,181</u>	<u>1,100</u>	<u>10,145</u>	<u>585</u>	<u>(1,405)</u>	<u>41,620</u>
Other operating expenses								
Depreciation and amortization	3,880	56	24	738	65	19	-	4,782
Impairment losses	3,367	158	-	50	240	-	-	3,815
Others	<u>54,409</u>	<u>817</u>	<u>1,254</u>	<u>647</u>	<u>8,420</u>	<u>287</u>	<u>(477)</u>	<u>65,357</u>
	<u>61,656</u>	<u>1,031</u>	<u>1,278</u>	<u>1,435</u>	<u>8,725</u>	<u>306</u>	<u>(477)</u>	<u>73,954</u>
Profit before pre-acquisition	29,743	520	901	752	2,048	253	(927)	33,290
Pre-acquisition income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(391)</u>	<u>(391)</u>
Profit before tax	29,743	520	901	752	2,048	253	(1,318)	32,899
Tax expense	<u>5,759</u>	<u>201</u>	<u>219</u>	<u>181</u>	<u>429</u>	<u>8</u>	<u>-</u>	<u>6,797</u>
Net profit	<u>P 23,984</u>	<u>P 319</u>	<u>P 682</u>	<u>P 571</u>	<u>P 1,619</u>	<u>P 245</u>	<u>(P 1,318)</u>	<u>P 26,102</u>
Statement of Financial Position								
Total resources								
Segment assets	P 2,204,555	P 5,794	P 62,258	P 38,802	P 30,047	P 5,306	(P 36,508)	P 2,310,254
Intangible assets	5,212	135	26	43	46	1	2,907	8,370
Deferred tax assets (liability) - net	<u>6,455</u>	<u>(184)</u>	<u>37</u>	<u>41</u>	<u>11</u>	<u>(26)</u>	<u>-</u>	<u>6,334</u>
	<u>P 2,216,222</u>	<u>P 5,745</u>	<u>P 62,321</u>	<u>P 38,886</u>	<u>P 30,104</u>	<u>P 5,281</u>	<u>(P 33,601)</u>	<u>P 2,324,958</u>
Total liabilities	<u>P 1,997,541</u>	<u>P 2,378</u>	<u>P 57,064</u>	<u>P 33,536</u>	<u>P 24,730</u>	<u>P 1,968</u>	<u>(P 9,794)</u>	<u>P 2,107,423</u>
Other segment information								
Capital expenditures	<u>P 5,808</u>	<u>P 22</u>	<u>P 24</u>	<u>P 941</u>	<u>P 95</u>	<u>P 264</u>	<u>P -</u>	<u>P 7,154</u>
Investment in associates under equity method	<u>P 4,169</u>	<u>P -</u>	<u>P -</u>	<u>P 280</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 4,449</u>
Share in the profit of associates	<u>P 501</u>	<u>P -</u>	<u>P -</u>	<u>(P 20)</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 481</u>

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Eliminations	Group
December 31, 2015								
Statement of Income								
Total interest income	P 69,204	P 83	P 1,215	P 1,566	P -	P 59	P -	P 72,127
External Intersegment	207	2	-	1	8	- 1	(219)	-
	69,411	85	1,215	1,567	8	60	(219)	72,127
Total interest expense	14,410	1	289	466	-	-	-	15,166
External Intersegment	17	70	-	99	-	35	(221)	-
	14,427	71	289	565	-	35	(221)	15,166
Net interest income	54,984	14	926	1,002	8	25	2	56,961
Other operating income								
Investment banking fees	-	1,110	-	-	-	-	-	1,110
Others	29,275	368	1,096	1,039	1,249	441	(2,639)	30,829
	29,275	1,478	1,096	1,039	1,249	441	(2,639)	31,939
Other operating expenses								
Depreciation and amortization	3,161	54	48	670	14	14	-	3,961
Impairment losses	2,887	2	25	83	2	1	-	3,000
Others	48,109	640	1,060	564	635	316	(141)	51,183
	54,157	696	1,133	1,317	651	331	(141)	58,144
Profit before tax	30,102	796	889	724	606	135	(2,496)	30,756
Tax expense	4,875	234	221	167	179	25	-	5,701
Net profit	P 25,227	P 562	P 668	P 557	P 427	P 110	(P 2,496)	P 25,055
Statement of Financial Position								
Total resources								
Segment assets	P 1,953,458	P 6,851	P 51,527	P 34,510	P 957	P 6,644	(P 36,386)	P 2,017,561
Intangible assets	4,517	102	13	51	26	2	2,903	7,614
Deferred tax assets (liabilities) - net	6,271	(216)	58	(14)	10	(30)	-	6,079
	P 1,964,246	P 6,737	P 51,598	P 34,547	P 993	P 6,616	(P 33,483)	P 2,031,254
Total liabilities	P 1,761,203	P 5,082	P 46,024	P 29,331	P 777	P 1,641	(P 12,417)	P 1,831,641
Other segment information								
Capital expenditures	P 8,919	P 20	P 17	P 1,150	P 4	P 141	P -	P 10,251
Investment in associates under equity method	P 5,656	P 85	P -	P -	P -	P -	P -	P 5,741
Share in the profit of associates	P 817	P 20	P -	P -	P -	P -	P -	P 837

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	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 -	P 94	P -	P 63,583
Intersegment	198	4	4	-	7	1	(214)	-
	<u>60,871</u>	<u>77</u>	<u>1,302</u>	<u>1,445</u>	<u>7</u>	<u>95</u>	<u>(214)</u>	<u>63,583</u>
Total interest expense								
External	11,715	3	242	366	-	32	-	12,358
Intersegment	12	73	-	93	-	34	(212)	-
	<u>11,727</u>	<u>76</u>	<u>242</u>	<u>459</u>	<u>-</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>7</u>	<u>29</u>	<u>(2)</u>	<u>51,225</u>
Other operating income								
Investment banking fees	-	1,144	-	-	-	-	-	1,144
Others	27,032	269	627	827	1,022	416	(1,850)	28,343
	<u>27,032</u>	<u>1,413</u>	<u>627</u>	<u>827</u>	<u>1,022</u>	<u>416</u>	<u>(1,850)</u>	<u>29,487</u>
Other operating expenses								
Depreciation and amortization	2,640	48	46	498	11	19	-	3,262
Impairment losses	5,014	(1)	1	100	-	-	-	5,114
Others	42,197	689	1,031	507	571	408	(135)	45,268
	<u>49,851</u>	<u>736</u>	<u>1,078</u>	<u>1,105</u>	<u>582</u>	<u>427</u>	<u>(135)</u>	<u>53,644</u>
Profit before tax	26,325	678	609	708	447	18	(1,717)	27,068
Tax expense	3,522	198	168	206	133	13	-	4,240
Net profit	<u>P 22,803</u>	<u>P 480</u>	<u>P 441</u>	<u>P 502</u>	<u>P 314</u>	<u>P 5</u>	<u>(P 1,717)</u>	<u>P 22,828</u>
Statement of Financial Position								
Total resources								
Segment assets	P 1,793,126	P 13,949	P 38,779	P 29,220	P 1,101	P 6,436	(P 29,435)	P 1,853,176
Intangible assets	4,247	102	18	60	12	1	-	4,440
Deferred tax assets								
(liabilities) - net	6,213	(193)	73	(41)	11	(30)	-	6,033
	<u>P 1,803,586</u>	<u>P 13,858</u>	<u>P 38,870</u>	<u>P 29,239</u>	<u>P 1,124</u>	<u>P 6,407</u>	<u>(P 29,435)</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 751</u>	<u>P 1,492</u>	<u>(P 10,782)</u>	<u>P 1,683,980</u>
Other segment information								
Capital expenditures	<u>P 7,255</u>	<u>P 16</u>	<u>P 41</u>	<u>P 1,183</u>	<u>P -</u>	<u>P 23</u>	<u>P -</u>	<u>P 8,518</u>
Investment in associates under equity method	<u>P 5,840</u>	<u>P 51</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 5,891</u>
Share in the profit of associates	<u>P 637</u>	<u>P 15</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 652</u>

Currently, BDO Unibank Group operates mainly within the Philippines with a banking branch in Hong Kong, a real estate and holding Company in Europe and various remittance subsidiaries operating in Asia, Europe, Canada and United States. Geographical segment information is not presented as these foreign operations accounted for only 1.1%, 1.1% and 1.3% of BDO Unibank Group's total revenues in 2016, 2015 and 2014, respectively, and 1.2% of BDO Unibank Group's total resources both as of December 31, 2016 and 2015, respectively (see Note 1.1).

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

		2016			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial assets					
Loans and receivables:					
Cash and other cash items	P	40,909	P -	P 40,909	P 40,909
Due from BSP		318,002	-	318,002	318,008
Due from other banks		41,794	-	41,794	41,794
Loans and other receivables		1,573,924	-	1,573,924	1,582,378
Other resources		5,932	-	5,932	6,332
Financial assets at FVTPL		-	14,024	14,024	14,024
AFS securities*		-	107,889	107,889	107,889
HTM investments		146,886	-	146,886	146,853
		<u>P 2,127,447</u>	<u>P 121,913</u>	<u>P 2,249,360</u>	<u>P 2,258,187</u>
Financial liabilities					
At amortized cost:					
Deposit liabilities	P	1,905,204	P -	P 1,905,204	P 1,908,327
Bills payable		100,556	-	100,556	100,296
Subordinated notes payable		10,030	-	10,030	10,088
Insurance contract liabilities		20,548	-	20,548	20,548
Other liabilities		60,387	-	60,387	60,387
At fair value –					
Other liabilities		-	5,475	5,475	5,475
		<u>P 2,096,725</u>	<u>P 5,475</u>	<u>P 2,102,200</u>	<u>P 2,105,121</u>
		2015			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial assets					
Loans and receivables:					
Cash and other cash items	P	42,729	P -	P 42,729	P 42,729
Due from BSP		271,808	-	271,808	271,808
Due from other banks		24,837	-	24,837	24,837
Loans and other receivables		1,382,752	-	1,382,752	1,397,542
Other resources		9,987	-	9,987	10,387
Financial assets at FVTPL		-	13,567	13,567	13,567
AFS securities*		-	211,943	211,943	211,943
		<u>P 1,732,113</u>	<u>P 225,510</u>	<u>P 1,957,623</u>	<u>P 1,972,813</u>

BDO Unibank Group

2015				
Classes				
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial liabilities				
At amortized cost:				
Deposit liabilities	P 1,663,853	P -	P 1,663,853	P 1,667,276
Bills payable	97,543	-	97,543	98,181
Subordinated notes payable	10,030	-	10,030	9,990
Other liabilities	51,946	-	51,946	51,946
At fair value –				
Other liabilities	-	4,167	4,167	4,167
	<u>P 1,823,372</u>	<u>P 4,167</u>	<u>P 1,827,539</u>	<u>P 1,831,560</u>

Parent Bank

2016				
Classes				
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables:				
Cash and other cash items	P 39,813	P -	P 39,813	P 39,813
Due from BSP	304,285	-	304,285	304,291
Due from other banks	33,463	-	33,463	33,463
Loans and other receivables	1,511,981	-	1,511,981	1,525,420
Other resources	3,740	-	3,740	4,140
Financial assets at FVTPL	-	4,298	4,298	4,298
AFS securities*	-	62,446	62,446	62,446
HTM investments	<u>140,951</u>	<u>-</u>	<u>140,951</u>	<u>140,990</u>
	<u>P 2,034,233</u>	<u>P 66,744</u>	<u>P 2,100,977</u>	<u>P 2,114,861</u>
Financial liabilities				
At amortized cost:				
Deposit liabilities	P 1,833,013	P -	P 1,833,013	P 1,832,464
Bills payable	75,800	-	75,800	75,556
Subordinated notes payable	10,030	-	10,030	10,088
Other liabilities	49,298	-	49,298	49,298
At fair value –				
Other liabilities	-	1,818	1,818	1,818
	<u>P 1,968,141</u>	<u>P 1,818</u>	<u>P 1,969,959</u>	<u>P 1,969,224</u>

Parent Bank

		2015			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial assets					
Loans and receivables:					
Cash and other cash items	P	41,767	P -	P 41,767	P 41,767
Due from BSP		260,841	-	260,841	260,841
Due from other banks		20,944	-	20,944	20,944
Loans and other receivables		1,323,311	-	1,323,311	1,338,100
Other resources		10,556	-	10,556	10,956
Financial assets at FVTPL		-	5,416	5,416	5,416
AFS securities*		<u>-</u>	<u>190,891</u>	<u>190,891</u>	<u>190,891</u>
		<u>P 1,657,419</u>	<u>P 196,307</u>	<u>P 1,853,726</u>	<u>P 1,868,915</u>
Financial liabilities					
At amortized cost:					
Deposit liabilities	P	1,603,047	P -	P 1,603,047	P 1,603,440
Bills payable		76,867	-	76,867	77,504
Subordinated notes payable		10,030	-	10,030	9,990
Other liabilities		44,542	-	44,542	44,542
At fair value:					
Other liabilities		<u>-</u>	<u>1,193</u>	<u>1,193</u>	<u>1,193</u>
		<u>P 1,734,486</u>	<u>P 1,193</u>	<u>P 1,735,679</u>	<u>P 1,736,669</u>

* Unquoted AFS securities (amounting to P243 and P249 for BDO Unibank Group in 2016 and 2015, respectively, and P191 and P193 for the Parent Bank in 2016 and 2015, 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, *Fair Value Measurement*, the fair value of financial assets and financial 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, 2016 and 2015 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 P243 and P249 in 2016 and 2015, respectively, in BDO Unibank Group financial statements and P191 and P193 in 2016 and 2015, respectively, in the Parent Bank's 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, 2016</u>					
Resources:					
Financial assets at FVTPL:	9.1				
Derivative financial assets		P -	P 6,845	P -	P 6,845
Government bonds		3,001	-	-	3,001
Other debt securities		1,841	-	-	1,841
Equity securities – quoted		<u>2,337</u>	<u>-</u>	<u>-</u>	<u>2,337</u>
		<u>7,179</u>	<u>6,845</u>	<u>-</u>	<u>14,024</u>
AFS securities – net:	9.2				
Government debt securities		49,457	-	-	49,457
Other debt securities		44,169	-	-	44,169
Equity securities – quoted		<u>14,124</u>	<u>139</u>	<u>-</u>	<u>14,263</u>
		<u>107,750</u>	<u>139</u>	<u>-</u>	<u>107,889</u>
		<u>P 114,929</u>	<u>P 6,984</u>	<u>P -</u>	<u>P 121,913</u>
Liabilities –					
Derivatives with negative fair values	19	<u>P 65</u>	<u>P 5,410</u>	<u>P -</u>	<u>P 5,475</u>

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	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2015</u>					
Resources:					
Financial assets at FVTPL:	9.1				
Derivative financial assets	P	-	P 5,461	P -	P 5,461
Government bonds		4,855	-	-	4,855
Other debt securities		3,054	-	-	3,054
Equity securities – quoted		<u>197</u>	<u>-</u>	<u>-</u>	<u>197</u>
		<u>8,106</u>	<u>5,461</u>	<u>-</u>	<u>13,567</u>
AFS securities – net:	9.2				
Government debt securities		137,161	-	-	137,161
Other debt securities		67,011	-	-	67,011
Equity securities – quoted		<u>7,585</u>	<u>186</u>	<u>-</u>	<u>7,771</u>
		<u>211,757</u>	<u>186</u>	<u>-</u>	<u>211,943</u>
		<u>P 219,863</u>	<u>P 5,647</u>	<u>P -</u>	<u>P 225,510</u>
Liabilities –					
Derivatives with negative fair values	19	<u>P 36</u>	<u>P 4,131</u>	<u>P -</u>	<u>P 4,167</u>

Parent Bank

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2016</u>					
Resources:					
Financial assets at FVTPL:	9.1				
Derivative financial assets	P	-	P 2,260	P -	P 2,260
Government bonds		2,031	-	-	2,031
Other debt securities		<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
		<u>2,038</u>	<u>2,260</u>	<u>-</u>	<u>4,298</u>
AFS securities – net:	9.2				
Government debt securities		26,395	-	-	26,395
Other debt securities		32,165	-	-	32,165
Equity securities – quoted		<u>3,747</u>	<u>139</u>	<u>-</u>	<u>3,886</u>
		<u>62,307</u>	<u>139</u>	<u>-</u>	<u>62,446</u>
		<u>P 64,345</u>	<u>P 2,399</u>	<u>P -</u>	<u>P 66,744</u>
Liabilities:					
Derivatives with negative fair values	19	<u>P 65</u>	<u>P 1,753</u>	<u>P -</u>	<u>P 1,818</u>

Parent Bank

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2015</u>					
Resources:					
Financial assets at FVTPL:	9.1				
Derivative financial assets	P	-	P 1,687	P -	P 1,687
Government bonds		3,679	-	-	3,679
Other debt securities		<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
		<u>3,729</u>	<u>1,687</u>	<u>-</u>	<u>5,416</u>
AFS securities – net:	9.2				
Government debt securities		127,324	-	-	127,324
Other debt securities		59,266	-	-	59,266
Equity securities – quoted		<u>4,116</u>	<u>185</u>	<u>-</u>	<u>4,301</u>
		<u>190,706</u>	<u>185</u>	<u>-</u>	<u>190,891</u>
		<u>P 194,435</u>	<u>P 1,872</u>	<u>P -</u>	<u>P 196,307</u>
Liabilities –					
Derivatives with negative fair values	19	<u>P 36</u>	<u>P 1,157</u>	<u>P -</u>	<u>P 1,193</u>

There have been no significant transfers among Levels 1 and 2 in the reporting periods.

Discussed below and in the succeeding page 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, 2016 and 2015, 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 values of ROP warrants which are categorized within Level 1, is determined to be the current mid-price based on the last trading transaction as defined by third-party market makers. The fair value of other 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

The table below summarizes the fair value hierarchy of BDO Unibank Group and Parent Bank's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but 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, 2016</u>				
Resources:				
Cash and other cash items	P 40,909	P -	P -	P 40,909
Due from BSP	318,008	-	-	318,008
Due from other banks	41,794	-	-	41,794
Loans and other receivable	-	-	1,582,378	1,582,378
HTM investments	146,853	-	-	146,853
Other resources	<u>5,563</u>	<u>-</u>	<u>769</u>	<u>6,332</u>
	<u>P 553,127</u>	<u>P -</u>	<u>P 1,583,147</u>	<u>P 2,136,274</u>
Liabilities:				
Deposit liabilities	P 1,800,148	P 108,179	P -	P 1,908,327
Bills payable	29,460	70,836	-	100,296
Insurance contract liabilities	-	-	20,548	20,548
Subordinated notes payable	-	10,088	-	10,088
Other liabilities	<u>-</u>	<u>-</u>	<u>60,387</u>	<u>60,387</u>
	<u>P 1,829,608</u>	<u>P 189,103</u>	<u>P 80,935</u>	<u>P 2,099,646</u>
<u>December 31, 2015</u>				
Resources:				
Cash and other cash items	P 42,729	P -	P -	P 42,729
Due from BSP	271,808	-	-	271,808
Due from other banks	24,837	-	-	24,837
Loans and other receivable	-	-	1,397,542	1,397,542
Other resources	<u>5,021</u>	<u>-</u>	<u>5,366</u>	<u>10,387</u>
	<u>P 344,395</u>	<u>P -</u>	<u>P 1,402,908</u>	<u>P 1,747,303</u>
Liabilities:				
Deposit liabilities	P 1,551,284	P 115,992	P -	P 1,667,276
Bills payable	49,988	48,193	-	98,181
Subordinated notes payable	-	9,990	-	9,990
Other liabilities	<u>-</u>	<u>-</u>	<u>51,946</u>	<u>51,946</u>
	<u>P 1,601,272</u>	<u>P 174,175</u>	<u>P 51,946</u>	<u>P 1,827,393</u>

Parent Bank

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2016</u>				
Resources:				
Cash and other cash items	P 39,813	P -	P -	P 39,813
Due from BSP	304,291	-	-	304,291
Due from other banks	33,463	-	-	33,463
HTM investments	140,990	-	-	140,990
Loans and other receivables	-	-	1,525,420	1,525,420
Other resources	<u>3,468</u>	<u>-</u>	<u>672</u>	<u>4,140</u>
	<u>P 522,025</u>	<u>P -</u>	<u>P 1,526,092</u>	<u>P 2,048,117</u>
Liabilities:				
Deposit liabilities	P 1,729,673	P 102,791	P -	P 1,832,464
Bills payable	29,460	46,096	-	75,556
Subordinated notes payable	-	10,088	-	10,088
Other liabilities	<u>-</u>	<u>-</u>	<u>49,298</u>	<u>49,298</u>
	<u>P 1,759,133</u>	<u>P 158,975</u>	<u>P 49,298</u>	<u>P 1,967,406</u>
<u>December 31, 2015</u>				
Resources:				
Cash and other cash items	P 41,767	P -	P -	P 41,767
Due from BSP	260,841	-	-	260,841
Due from other banks	20,944	-	-	20,944
Loans and other receivables	-	-	1,338,100	1,338,100
Other resources	<u>3,249</u>	<u>-</u>	<u>7,707</u>	<u>10,956</u>
	<u>P 326,801</u>	<u>P -</u>	<u>P 1,345,807</u>	<u>P 1,672,608</u>
Liabilities:				
Deposit liabilities	P 1,491,855	P 111,585	P -	P 1,603,440
Bills payable	37,871	39,633	-	77,504
Subordinated notes payable	-	9,990	-	9,990
Other liabilities	<u>-</u>	<u>-</u>	<u>44,542</u>	<u>44,542</u>
	<u>P 1,529,726</u>	<u>P 161,208</u>	<u>P 44,542</u>	<u>P 1,735,476</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:

(a) 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.

(b) *AFS Securities and HTM Investments*

The fair value of AFS securities and HTM investments are determined by direct reference to published price quoted in an active market for traded debt and equity 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.

(c) *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.

(d) *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 account in the statements of financial position is computed based on the average of ask and bid prices as appearing on Bloomberg.

(e) *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, 2016 and 2015 are shown below.

BDO Unibank Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2016</u>				
Investment properties				
Land	P -	P -	P 15,184	P 15,184
Building and improvements	-	-	11,095	11,095
Non-current assets held for sale	-	-	661	661
	<u>P -</u>	<u>P -</u>	<u>P 26,940</u>	<u>P 26,940</u>

BDO Unibank Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2015</u>				
Investment properties				
Land	P -	P -	P 14,398	P 14,398
Building and improvements	-	-	10,075	10,075
Non-current assets held for sale	-	-	521	521
	<u>P -</u>	<u>P -</u>	<u>P 24,994</u>	<u>P 24,994</u>

Parent Bank

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2016</u>				
Investment properties				
Land	P -	P -	P 13,845	P 13,845
Building and improvements	-	-	8,900	8,900
Non-current assets held for sale	-	-	660	660
	<u>P -</u>	<u>P -</u>	<u>P 23,405</u>	<u>P 23,405</u>

December 31, 2015

Investment properties				
Land	P -	P -	P 13,041	P 13,041
Building and improvements	-	-	8,201	8,201
Non-current assets held for sale	-	-	517	517
	<u>P -</u>	<u>P -</u>	<u>P 21,759</u>	<u>P 21,759</u>

The fair value of the investment properties of BDO Unibank Group and Parent Bank as of December 31, 2016 and 2015 (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 were used by BDO Unibank Group and Parent Bank in determining the fair value of discounted cash flows of the Investment Properties.

The fair value of these investment properties and assets held for sale were determined based on the following approaches:

(a) 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.

(b) *Fair Value Measurement for Buildings and Improvements*

The Level 3 fair value of the buildings and improvements 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.

(c) *Fair Value Measurement for Assets held for sale*

The fair value of assets held for sale are determined based on the recent experience in the valuation of similar properties. The fair value, determined under Level 3 measurement, was derived using the market data approach that reflects that recent transaction prices for similar properties, adjusted for differences in property age and condition.

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 2016 and 2015.

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, 2016 and 2015 are subject to offsetting, enforceable master netting arrangements and similar agreements:

BDO Unibank Group

	<u>Financial assets</u>	<u>Financial liabilities available for set-off</u>	<u>Collateral received</u>	<u>Net amount</u>
<u>December 31, 2016</u>				
AFS securities	P 1,970	P 309	P -	P 1,661
HTM securities	780	602	-	178
Financial assets at FVTPL:				
Currency swaps	2,846	710	-	2,136
Interest rate swaps	57	57	-	-
Loans and receivables –				
Receivables from customers	44,494	889	42,647	958
Other resources –				
Margin deposits	<u>2,087</u>	<u>2,087</u>	<u>-</u>	<u>-</u>
	<u>P 52,234</u>	<u>P 4,654</u>	<u>P 42,647</u>	<u>P 4,933</u>

	Financial assets	Financial liabilities available for set-off	Collateral received	Net amount
<u>December 31, 2015</u>				
AFS securities	P 4,745	P 569	P -	P 4,176
Financial assets at FVTPL:				
Currency swaps	2,526	717	-	1,809
Interest rate swaps	55	55	-	-
Loans and receivables –				
Receivables from customers	35,783	1,113	33,806	864
Other resources –				
Margin deposits	<u>1,771</u>	<u>1,771</u>	<u>-</u>	<u>-</u>
	<u>P 44,880</u>	<u>P 4,225</u>	<u>P 33,806</u>	<u>P 6,849</u>

Parent Bank

	Financial assets	Financial liabilities available for set-off	Collateral received	Net amount
<u>December 31, 2016</u>				
HTM securities	P 780	P 602	P -	P 178
Financial assets at FVTPL:				
Currency swaps	11	11	-	-
Interest rate swaps	30	30	-	-
Loans and receivables –				
Receivables from customers	<u>42,243</u>	<u>-</u>	<u>42,243</u>	<u>-</u>
	<u>P 43,064</u>	<u>P 643</u>	<u>P 42,243</u>	<u>P 178</u>

	Financial assets	Financial liabilities available for set-off	Collateral received	Net amount
<u>December 31, 2015</u>				
AFS securities	P 2,898	P 570	P -	P 2,328
Financial assets at FVTPL:				
Currency swaps	5	5	-	-
Interest rate swaps	39	39	-	-
Loans and receivables –				
Receivables from customers	<u>33,671</u>	<u>7</u>	<u>33,664</u>	<u>-</u>
	<u>P 36,613</u>	<u>P 621</u>	<u>P 33,664</u>	<u>P 2,328</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:

BDO Unibank Group

	<u>Financial liabilities</u>	<u>Financial assets available for set-off</u>	<u>Collateral given</u>	<u>Net amount</u>
<u>December 31, 2016</u>				
Deposit liabilities	P 99,443	P 42,647	P -	P 56,796
Bills payable	1,800	-	1,800	-
Derivatives with negative fair values:				
Currency forwards	2,087	-	2,087	-
Currency swaps	710	710	-	-
Interest rate swaps	<u>71</u>	<u>57</u>	<u>-</u>	<u>14</u>
Total	<u>P 104,111</u>	<u>P 43,414</u>	<u>P 3,887</u>	<u>P 56,810</u>

BDO Unibank Group

	<u>Financial liabilities</u>	<u>Financial assets available for set-off</u>	<u>Collateral given</u>	<u>Net amount</u>
<u>December 31, 2015</u>				
Deposit liabilities	P 47,269	P 33,806	P -	P 13,463
Bills payable	1,682	-	1,682	-
Derivatives with negative fair values:				
Currency forwards	1,771	-	1,771	-
Currency swaps	717	717	-	-
Interest rate swaps	<u>72</u>	<u>55</u>	<u>-</u>	<u>17</u>
Total	<u>P 51,511</u>	<u>P 34,578</u>	<u>P 3,453</u>	<u>P 13,480</u>

Parent Bank

	<u>Financial liabilities</u>	<u>Financial assets available for set-off</u>	<u>Collateral given</u>	<u>Net amount</u>
<u>December 31, 2016</u>				
Deposit liabilities	P 99,111	P 42,243	P -	P 56,868
Bills payable	602	-	602	-
Derivatives with negative fair values:				
Currency swaps	19	11	-	8
Interest rate swaps	<u>37</u>	<u>30</u>	<u>-</u>	<u>7</u>
Total	<u>P 99,769</u>	<u>P 42,284</u>	<u>P 602</u>	<u>P 56,883</u>
<u>December 31, 2015</u>				
Deposit liabilities	P 47,106	P 33,664	P -	P 13,442
Bills payable	577	-	577	-
Derivatives with negative fair values:				
Currency swaps	20	5	-	15
Interest rate swaps	<u>47</u>	<u>39</u>	<u>-</u>	<u>8</u>
Total	<u>P 47,750</u>	<u>P 33,708</u>	<u>P 577</u>	<u>P 13,465</u>

For the financial assets and financial 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 financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash and other cash items	P 40,909	P 42,729	P 39,813	P 41,767
Due from BSP:				
Mandatory reserves	292,720	259,028	284,685	251,933
Other than mandatory reserves	25,282	12,780	19,600	8,908
	318,002	271,808	304,285	260,841
	P 358,911	P 314,537	P 344,098	P 302,608

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 2.5% both in 2016 and 2015, and range from 2.0% to 2.5% in 2014. Total interest income earned amounted to P564, P738 and P2,026 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P474, P592 and P1,787 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements (see Note 21).

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Foreign banks	P 37,357	P 23,789	P 32,881	P 20,338
Local banks	4,437	1,048	582	606
	P 41,794	P 24,837	P 33,463	P 20,944

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
U.S. dollars	P 28,587	P 17,492	P 24,873	P 14,871
Other foreign currencies	9,773	6,961	8,551	6,004
Philippine pesos	3,434	384	39	69
	P 41,794	P 24,837	P 33,463	P 20,944

Annual interest rates on these deposits range from 0.01% to 2.38% in 2016, 0.01% to 1.50% in 2015 and 0.01% to 3.30% in 2014 in BDO Unibank Group's financial statements and 0.01% to 1.05% in 2016, 0.01% to 0.80% in 2015 and 0.01% to 0.70% in 2014 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 P132, P57 and P39 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P91, P43 and P35 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements (see Note 21).

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Financial assets at FVTPL	P 14,024	P 13,567	P 4,298	P 5,416
AFS securities – net	108,132	212,192	62,637	191,084
HTM investments	146,886	-	140,951	-
	<u>P 269,042</u>	<u>P 225,759</u>	<u>P 207,886</u>	<u>P 196,500</u>

9.1 Financial Assets at FVTPL

This account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Derivative financial assets	P 6,845	P 5,461	P 2,260	P 1,687
Government bonds	3,001	4,855	2,031	3,679
Other debt securities	1,841	3,054	7	50
	11,687	13,370	4,298	5,416
Equity securities – quoted	2,337	197	-	-
	<u>P 14,024</u>	<u>P 13,567</u>	<u>P 4,298</u>	<u>P 5,416</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 P96, P121 and P37 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and (P45), P167 and P65 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements. These are included as part of Trading gains under Other Operating Income account in the statements of income (see Note 23).

Foreign currency-denominated securities amounted to P4,091 and P3,513 as of December 31, 2016 and 2015, respectively, in BDO Unibank Group's financial statements and P2,917 and P2,237 as of December 31, 2016 and 2015, 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 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

	2016			2015		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 111,834	P 853	P 799	P 141,033	P 705	P 310
Cross currency swaps	57,612	5,806	4,533	60,060	4,678	3,689
Interest rate swaps	39,399	186	105	33,594	78	132
Republic of the Philippines (ROP) warrants	15,021	-	38	15,021	-	36
Others	192	-	-	200	-	-
	<u>P 224,058</u>	<u>P 6,845</u>	<u>P 5,475</u>	<u>P 249,908</u>	<u>P 5,461</u>	<u>P 4,167</u>

Parent Bank

	2016			2015		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 104,920	P 843	P 715	P 136,280	P 683	P 303
Interest rate swaps	19,581	76	43	19,142	73	83
Cross currency swaps	17,993	1,341	1,022	18,641	931	771
ROP warrants	15,021	-	38	15,021	-	36
	<u>P 157,515</u>	<u>P 2,260</u>	<u>P 1,818</u>	<u>P 189,084</u>	<u>P 1,687</u>	<u>P 1,193</u>

9.2 AFS Securities

AFS securities consist of the following:

Note	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Government debt securities	P 49,478	P 137,181	P 26,416	P 127,344
Other debt securities:				
Quoted	45,289	68,071	33,285	60,327
Not quoted	243	243	243	243
Equity securities:				
Quoted	16,711	9,894	5,918	6,395
Not quoted	729	739	563	567
	<u>112,450</u>	<u>216,128</u>	<u>66,425</u>	<u>194,876</u>
Allowance for impairment	14 (4,318)	(3,936)	(3,788)	(3,792)
	<u>P 108,132</u>	<u>P 212,192</u>	<u>P 62,637</u>	<u>P 191,084</u>

As to currency, this account is composed of the following:

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Foreign currencies	P 70,746	P 151,029	P 53,862	P 144,109
Philippine peso	37,386	61,163	8,775	46,975
	<u>P 108,132</u>	<u>P 212,192</u>	<u>P 62,637</u>	<u>P 191,084</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 2.0% to 12.1% in 2016 and 0.0% to 11.6% both in 2015 and 2014 for BDO Unibank Group's financial statements while 2.0% to 10.6% in 2016, 1.6% to 11.6% in 2015 and 0.0% to 11.6% in 2014 in the Parent Bank's financial statements.

As of December 31, 2016 and 2015, other debt securities also include investments in foreign financial institutions under bankruptcy amounting to P1,107 and P1,048, respectively, in the Parent Bank's financial statements. These investments are fully provided with allowance for impairment as of December 31, 2016 and 2015.

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 less impairment, if any.

The reconciliation of the carrying amounts of AFS securities are as follows:

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Balance at beginning of year	P 212,192	P 212,742	P 191,084	P 190,136
Reclassification from AFS securities to HTM investments (see Note 9.4)	(107,362)	-	(103,014)	-
Additions	77,520	453,010	40,953	437,205
Disposals	(99,975)	(459,817)	(70,543)	(440,956)
Addition due to acquisition of new subsidiaries	23,443	2,064	-	-
Foreign currency revaluation	3,639	8,411	3,255	8,074
Unrealized fair value gains (losses)	(943)	(2,457)	899	(1,498)
Impairment loss – net	(382)	(1,761)	3	(1,877)
Balance at end of year	<u>P 108,132</u>	<u>P 212,192</u>	<u>P 62,637</u>	<u>P 191,084</u>

Government securities of BDO Unibank Group and the Parent Bank with an aggregate principal amount of P2,750 and P780, respectively, as of December 31, 2016 and P4,745 and P2,899, respectively as of December 31, 2015, were pledged as collaterals for bills payable under repurchase agreements (see Notes 16 and 31). These government securities are part of AFS securities except that of the Parent Bank amounting to P780 which were included in the reclassification from AFS securities to HTM investments in 2016 (see Note 9.3).

In 2016, BDO Unibank Group has determined that there is an objective evidence that certain equity securities have shown significant or prolonged decline. Accordingly, BDO Unibank Group and Parent Bank recognized impairment loss amounting to P346 and nil, respectively, in 2016, and P1,841 and P1,841, respectively, in 2015. This is presented as part of Impairment Loss in the statements of income and under items that are reclassified subsequently to profit or loss in the statements of comprehensive income (see Note 14). In 2013, 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. As of December 31, 2016 and 2015, the market value of the remaining reclassified investments amounted to P1,939 and P9,335, respectively, for both the BDO Unibank Group and Parent Bank's financial statements.

As mentioned in Note 26, certain government debt securities are deposited with the BSP.

9.3 HTM Investments

As of December 31, 2016, this account consists of:

	BDO Unibank Group		Parent Bank	
Government debt securities	P	119,182	P	113,247
Other debt securities:				
Quoted		26,742		26,742
Unquoted		<u>962</u>		<u>962</u>
	P	<u>146,886</u>	P	<u>140,951</u>

As to currency, this account is composed of the following:

	BDO Unibank Group		Parent Bank	
Foreign currencies	P	103,493	P	102,895
Philippine peso		<u>43,393</u>		<u>38,056</u>
	P	<u>146,886</u>	P	<u>140,951</u>

The reconciliation of the carrying amounts of HTM investments are as follows:

	BDO Unibank Group		Parent Bank	
Reclassification from AFS securities to HTM investments (see Note 9.4)	P	107,362	P	103,014
Additions		49,939		48,139
Maturities	(	15,733)	(	15,413)
Foreign currency gains – net		5,235		5,211
Addition due to acquisition of new subsidiary		83		-
	P	146,886	P	140,951

Annual coupon interest rates on government and other debt securities range from 1.15% to 10.63% in 2016.

9.4 Reclassification of Investment Securities

In 2016, after the end of the two-year tainting period, BDO Unibank Group and the Parent Bank reclassified AFS securities with a carrying value as of reclassification date of P107,362 and P103,014, respectively, and unrealized fair value losses of P2,181 and P2,269, respectively, to HTM investments. Of the reclassified unrealized fair value losses, a total of P275 and P292 were amortized by BDO Unibank Group and the Parent Bank in 2016 resulting in unamortized fair value losses of P1,906 and P1,977, respectively, as of December 31, 2016. As of December 31, 2016, the outstanding balance of the reclassified securities of BDO Unibank Group and the Parent Bank amounted to P96,504 and P92,234, respectively.

10. LOANS AND OTHER RECEIVABLES

This account consists of the following:

	Notes	BDO Unibank Group		Parent Bank	
		2016	2015	2016	2015
Receivables from customers:					
Loans and discounts	25, 28.8	P 1,376,870	P 1,185,249	P 1,320,102	P 1,135,543
Customers' liabilities under letters of credit and trust receipts		49,148	46,861	49,148	46,861
Bills purchased		10,527	8,693	10,527	8,652
Credit card receivables		46,761	39,921	46,761	39,921
		<u>1,483,306</u>	<u>1,280,724</u>	<u>1,426,538</u>	<u>1,230,977</u>
Unearned interests or discounts		(1,302)	(1,372)	(89)	(151)
Allowance for impairment	14	(26,161)	(26,226)	(24,602)	(24,835)
		<u>(27,463)</u>	<u>(27,598)</u>	<u>(24,691)</u>	<u>(24,986)</u>
		<u>1,455,842</u>	<u>1,253,126</u>	<u>1,401,847</u>	<u>1,205,991</u>
Other receivables:					
Interbank loans receivables		73,440	51,979	73,440	51,979
Unquoted debt securities classified as loans (UDSCL)		22,546	982	22,546	982
SPURRA		14,302	69,490	7,891	58,431
Accounts receivable	25, 33.1.1	7,681	6,446	6,408	5,349
Sales contract receivables		1,678	2,091	1,561	1,938
Others		360	71	-	-
		<u>120,007</u>	<u>131,059</u>	<u>111,846</u>	<u>118,679</u>
Allowance for impairment	14	(1,925)	(1,433)	(1,712)	(1,359)
		<u>118,082</u>	<u>129,626</u>	<u>110,134</u>	<u>117,320</u>
		P 1,573,924	P 1,382,752	P 1,511,981	P 1,323,311

Non-performing loans included in the total loan portfolio of BDO Unibank Group and the Parent Bank as of December 31, 2016 and 2015 are presented below as net of specific allowance for impairment in compliance with BSP Circular 772, which amends regulations governing non-performing loans.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
NPL	P 17,943	P 14,983	P 15,855	P 13,696
Allowance for impairment	(<u>12,037</u>)	(<u>11,596</u>)	(<u>11,169</u>)	(<u>10,974</u>)
	<u>P 5,906</u>	<u>P 3,387</u>	<u>P 4,686</u>	<u>P 2,722</u>

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	
	2016	2015	2016	2015
Wholesale and retail trade	P 206,205	P 186,344	P 201,026	P 180,861
Real estate activities	205,376	184,770	198,216	178,859
Manufacturing	191,720	149,197	186,870	145,096
Financial and insurance activities	150,735	169,064	147,427	166,885
Electricity, gas, steam and air-conditioning supply	137,381	126,441	136,018	125,008
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	127,236	112,751	122,716	110,557
Transportation and storage	99,871	55,067	93,783	51,290
Arts, entertainment and recreation	54,401	18,308	51,771	15,636
Accommodation and food service activities	43,837	38,478	43,570	38,375
Construction	29,856	25,942	25,319	21,718
Information and communication	27,334	22,930	26,691	22,278
Human health and social work activities	16,282	11,497	15,506	10,651
Agriculture, forestry and fishing	14,054	14,702	11,434	11,318
Water supply, sewerage, waste management and remediation activities	12,278	13,450	11,683	12,876
Professional, scientific and technical services	11,042	17,409	10,850	17,191
Education	10,840	9,773	3,259	2,376
Mining and quarrying	9,632	11,149	8,573	9,438
Administrative and support services	8,662	6,794	7,578	6,028
Public administrative and defense; compulsory social security	535	257	431	116
Activities of extraterritorial organizations and bodies	66	28	66	28
Other service activities	124,661	105,001	123,662	104,241
	P 1,482,004	P 1,279,352	P 1,426,449	P 1,230,826

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	
	2016	2015	2016	2015
Secured:				
Real estate mortgage	P 196,963	P 152,253	P 192,537	P 147,194
Chattel mortgage	98,619	78,359	78,960	60,498
Other securities	116,737	103,387	114,631	101,992
	412,319	333,999	386,128	309,684
Unsecured	1,069,685	945,353	1,040,321	921,142
	P 1,482,004	P 1,279,352	P 1,426,449	P 1,230,826

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	
	2016	2015	2016	2015
Variable interest rates	P 1,083,616	P 948,711	P 1,058,182	P 927,309
Fixed interest rates	<u>398,388</u>	<u>330,641</u>	<u>368,267</u>	<u>303,517</u>
	<u>P 1,482,004</u>	<u>P 1,279,352</u>	<u>P 1,426,449</u>	<u>P 1,230,826</u>

Loans and receivables bear annual interest rates of 0.0% (e.g. non-performing loans and zero percent credit card installment program) to 4.0%, 4.0% and 4.1% per month in 2016, 2015 and 2014, respectively.

BDO Unibank Group's and the Parent Bank's receivables from customers amounting to P1,847 and nil, respectively, as of December 31, 2016 and P1,977 and P7, respectively, as of December 31, 2015 are pledged as collaterals to secure borrowings under rediscounting privileges (see Notes 16 and 33).

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 2016 and 2015 are shown below.

BDO Unibank Group

	<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2016						
Cost	P 6,118	P 21,051	P 15,739	P 5,512	P 289	P 48,709
Accumulated depreciation and amortization	-	(12,947)	(4,749)	(3,589)	-	(21,285)
Allowance for impairment	(<u>137</u>)	<u>-</u>	(<u>375</u>)	<u>-</u>	<u>-</u>	(<u>512</u>)
Net carrying amount	<u>P 5,981</u>	<u>P 8,104</u>	<u>P 10,615</u>	<u>P 1,923</u>	<u>P 289</u>	<u>P 26,912</u>

BDO Unibank Group

		<u>Land</u>		<u>Furniture, Fixtures and Equipment</u>		<u>Buildings</u>		<u>Leasehold Rights and Improvements</u>		<u>Construction in Progress</u>		<u>Total</u>
December 31, 2015												
Cost	P	6,027	P	18,778	P	14,678	P	4,621	P	251	P	44,355
Accumulated depreciation and amortization		-	(	11,625)	(	4,230)	(	2,993)	-	(	18,848)	
Allowance for impairment	(	137)	-	(	375)	-	-	-	-	(	512)	
Net carrying amount	<u>P</u>	<u>5,890</u>	<u>P</u>	<u>7,153</u>	<u>P</u>	<u>10,073</u>	<u>P</u>	<u>1,628</u>	<u>P</u>	<u>251</u>	<u>P</u>	<u>24,995</u>
January 1, 2015												
Cost	P	5,211	P	15,415	P	8,390	P	3,996	P	4,244	P	37,256
Accumulated depreciation and amortization		-	(	9,450)	(	3,610)	(	2,671)	-	(	15,731)	
Allowance for impairment	(	32)	-	(	400)	-	-	-	-	(	432)	
Net carrying amount	<u>P</u>	<u>5,179</u>	<u>P</u>	<u>5,965</u>	<u>P</u>	<u>4,380</u>	<u>P</u>	<u>1,325</u>	<u>P</u>	<u>4,244</u>	<u>P</u>	<u>21,093</u>

Parent Bank

December 31, 2016												
Cost	P	5,378	P	15,448	P	14,752	P	5,037	P	265	P	40,880
Accumulated depreciation and amortization		-	(	10,158)	(	4,494)	(	3,304)	-	(	17,956)	
Allowance for impairment	(	123)	-	(	371)	-	-	-	-	(	494)	
Net carrying amount	<u>P</u>	<u>5,255</u>	<u>P</u>	<u>5,290</u>	<u>P</u>	<u>9,887</u>	<u>P</u>	<u>1,733</u>	<u>P</u>	<u>265</u>	<u>P</u>	<u>22,430</u>
December 31, 2015												
Cost	P	5,287	P	14,132	P	13,849	P	4,360	P	248	P	37,876
Accumulated depreciation and amortization		-	(	9,447)	(	3,967)	(	2,816)	-	(	16,230)	
Allowance for impairment	(	123)	-	(	371)	-	-	-	-	(	494)	
Net carrying amount	<u>P</u>	<u>5,164</u>	<u>P</u>	<u>4,685</u>	<u>P</u>	<u>9,511</u>	<u>P</u>	<u>1,544</u>	<u>P</u>	<u>248</u>	<u>P</u>	<u>21,152</u>
January 1, 2015												
Cost	P	5,211	P	12,188	P	8,332	P	3,789	P	4,244	P	33,764
Accumulated depreciation and amortization		-	(	8,324)	(	3,563)	(	2,528)	-	(	14,415)	
Allowance for impairment	(	32)	-	(	400)	-	-	-	-	(	432)	
Net carrying amount	<u>P</u>	<u>5,179</u>	<u>P</u>	<u>3,864</u>	<u>P</u>	<u>4,369</u>	<u>P</u>	<u>1,261</u>	<u>P</u>	<u>4,244</u>	<u>P</u>	<u>18,917</u>

A reconciliation of the carrying amounts, at the beginning and end of 2016 and 2015, of premises, furniture, fixtures and equipment is shown below.

BDO Unibank Group

	<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2016, net of accumulated depreciation, amortization and impairment	P 5,890	P 7,153	P 10,073	P 1,628	P 251	P 24,995
Additions	89	3,685	960	603	200	5,537
Disposals	-	(77)	(5)	(8)	-	(90)
Reclassifications	2	(5)	159	297	(162)	291
Depreciation and amortization charges for the year	-	(2,652)	(572)	(597)	-	(3,821)
Balance at December 31, 2016, net of accumulated depreciation, amortization and impairment	<u>P 5,981</u>	<u>P 8,104</u>	<u>P 10,615</u>	<u>P 1,923</u>	<u>P 289</u>	<u>P 26,912</u>
Balance at January 1, 2015, net of accumulated depreciation, amortization and impairment	P 5,179	P 5,965	P 4,380	P 1,325	P 4,244	P 21,093
Additions	798	3,465	1,962	480	258	6,963
Disposals	-	(63)	(60)	(13)	-	(136)
Reclassifications	(78)	43	4,255	318	(4,251)	287
Depreciation and amortization charges for the year	-	(2,257)	(464)	(482)	-	(3,203)
Reversal of appraisal increment	(9)	-	-	-	-	(9)
Balance at December 31, 2015, net of accumulated depreciation, amortization and impairment	<u>P 5,890</u>	<u>P 7,153</u>	<u>P 10,073</u>	<u>P 1,628</u>	<u>P 251</u>	<u>P 24,995</u>

Parent Bank

	<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2016, net of accumulated depreciation, amortization and impairment	P 5,164	P 4,685	P 9,511	P 1,544	P 248	P 21,152
Additions	89	2,363	742	438	179	3,811
Disposals	-	(23)	-	(7)	-	(30)
Reclassifications	2	9	159	300	(162)	308
Depreciation and amortization charges for the year	-	(1,744)	(525)	(542)	-	(2,811)
Balance at December 31, 2016, net of accumulated depreciation, amortization and impairment	<u>P 5,255</u>	<u>P 5,290</u>	<u>P 9,887</u>	<u>P 1,733</u>	<u>P 265</u>	<u>P 22,430</u>
Balance at January 1, 2015, net of accumulated depreciation, amortization and impairment	P 5,179	P 3,864	P 4,369	P 1,261	P 4,244	P 18,917
Additions	72	2,299	1,384	426	258	4,439
Disposals	-	(10)	(60)	(13)	-	(83)
Reclassifications	(78)	47	4,258	318	(4,254)	291
Depreciation and amortization charges for the year	-	(1,515)	(440)	(448)	-	(2,403)
Reversal of appraisal increment	(9)	-	-	-	-	(9)
Balance at December 31, 2015, net of accumulated depreciation, amortization and impairment	<u>P 5,164</u>	<u>P 4,685</u>	<u>P 9,511</u>	<u>P 1,544</u>	<u>P 248</u>	<u>P 21,152</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, 2016 and 2015, BDO Unibank Group has complied with this requirement.

In 2015, reversal of appraisal increment and impairment losses amounting to P9 was recognized by BDO Unibank Group and the Parent Bank to write-down to recoverable amount certain parcels of land (nil in 2016). The recoverable amount of land and building as of December 31, 2016 and 2015, respectively, was based on the appraised values of such asset.

Certain fully depreciated premises, furniture, fixtures and equipment as of December 31, 2016 and 2015 are still being used in operations with acquisition costs amounting to P6,794 and P6,517, respectively, for BDO Unibank Group's financial statements and P5,967 and P5,906, respectively, for Parent Bank's financial statements.

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 P247 and P70 in 2016, P217 and P72 in 2015, P228 and P76 in 2014 and are presented as part of Income from assets sold or exchanged under Other Operating Income account in BDO Unibank Group and Parent Bank's financial statements, respectively (see Note 23). Direct expenses incurred from these properties such as taxes and licenses amounted to P55 and P2 in 2016, P2 and P2 in 2015 and P3 and P3 in 2014 in BDO Unibank Group's and Parent Bank's financial statements, respectively, and are presented as part of Taxes and licenses under Other Operating Expenses account in the Unibank Group and Parent Bank's financial statements, respectively (see Note 23).

The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2016 and 2015 are shown below.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
December 31, 2016			
Cost	P 9,923	P 10,227	P 20,150
Accumulated depreciation	-	(2,893)	(2,893)
Allowance for impairment (see Note 14)	(1,962)	(107)	(2,069)
Net carrying amount	<u>P 7,961</u>	<u>P 7,227</u>	<u>P 15,188</u>
December 31, 2015			
Cost	P 10,008	P 9,494	P 19,502
Accumulated depreciation	-	(2,564)	(2,564)
Allowance for impairment (see Note 14)	(2,205)	(100)	(2,305)
Net carrying amount	<u>P 7,803</u>	<u>P 6,830</u>	<u>P 14,633</u>

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2015			
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>

Parent Bank

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
December 31, 2016			
Cost	P 8,533	P 7,855	P 16,388
Accumulated depreciation	-	(2,630)	(2,630)
Allowance for impairment (see Note 14)	(<u>1,911</u>)	(<u>63</u>)	(<u>1,974</u>)
Net carrying amount	<u>P 6,622</u>	<u>P 5,162</u>	<u>P 11,784</u>
December 31, 2015			
Cost	P 8,602	P 7,340	P 15,942
Accumulated depreciation	-	(2,328)	(2,328)
Allowance for impairment (see Note 14)	(<u>2,155</u>)	(<u>56</u>)	(<u>2,211</u>)
Net carrying amount	<u>P 6,447</u>	<u>P 4,956</u>	<u>P 11,403</u>
January 1, 2015			
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>

A reconciliation of the carrying amounts, at the beginning and end of 2016 and 2015, of investment properties is shown below.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2016, net of accumulated depreciation and impairment	P 7,803	P 6,830	P 14,633
Additions	484	1,133	1,617
Disposals	(557)	(222)	(779)
Reclassifications	231	(7)	224
Depreciation for the year	<u>-</u>	<u>(507)</u>	<u>(507)</u>
Balance at December 31, 2016, net of accumulated depreciation and impairment	<u>P 7,961</u>	<u>P 7,227</u>	<u>P 15,188</u>
Balance at January 1, 2015, net of accumulated depreciation and impairment	P 8,193	P 5,668	P 13,861
Additions	1,392	1,896	3,288
Disposals	(1,853)	(196)	(2,049)
Reclassifications	71	(108)	(37)
Depreciation for the year	<u>-</u>	<u>(430)</u>	<u>(430)</u>
Balance at December 31, 2015, net of accumulated depreciation and impairment	<u>P 7,803</u>	<u>P 6,830</u>	<u>P 14,633</u>

Parent Bank

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2016, net of accumulated depreciation and impairment	P 6,447	P 4,956	P 11,403
Additions	480	901	1,381
Disposals	(538)	(219)	(757)
Reclassifications	233	(8)	225
Depreciation for the year	<u>-</u>	<u>(468)</u>	<u>(468)</u>
Balance at December 31, 2016, net of accumulated depreciation and impairment	<u>P 6,622</u>	<u>P 5,162</u>	<u>P 11,784</u>

Parent Bank

		<u>Land</u>		<u>Buildings</u>		<u>Total</u>
Balance at January 1, 2015, net of accumulated depreciation and impairment	P	6,987	P	3,871	P	10,858
Additions		1,137		1,779		2,916
Disposals	(	1,739)	(	196)	(	1,935)
Reclassifications		62	(	108)	(	46)
Depreciation for the year		<u>-</u>	(	<u>390</u>)	(	<u>390</u>)
Balance at December 31, 2015, net of accumulated depreciation and impairment	P	<u>6,447</u>	P	<u>4,956</u>	P	<u>11,403</u>

The fair value of investment properties as of December 31, 2016 and 2015, determined based on the present value of the estimated future cash flows discounted at the current market rate, amounted to P26,279 and P24,473, respectively, for BDO Unibank Group's financial statements and P22,745 and P21,242, respectively, for the Parent Bank's financial statements. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 6.5.

The recoverable amount of impaired investment properties as of December 31, 2016 and 2015 was based on value in use computed through discounted cash flows method at an effective rate of 1.26% and 1.45% in 2016 and 2015, 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, 2016 and 2015, ROPA, gross of allowance, comprise of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Investment properties	P 8,817	P 8,711	P 8,550	P 8,425
AFS securities	813	857	813	857
Non-current assets held for sale	<u>712</u>	<u>567</u>	<u>711</u>	<u>558</u>
	<u>P 10,342</u>	<u>P 10,135</u>	<u>P 10,074</u>	<u>P 9,840</u>

13. OTHER RESOURCES

The components of this account are shown below.

	Notes	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		2016	2015	2016	2015 (As restated - see Note 2.1)
Deferred tax assets – net	29.1	P 6,334	P 6,079	P 6,097	P 6,068
Deferred charges		4,842	3,896	4,840	3,892
Equity investments	13.1	4,449	5,741	33,444	32,292
Goodwill	13.3, 28.1				
	28.7	4,435	4,399	1,391	1,391
Foreign currency notes and coins on hand		3,338	3,244	3,337	3,243
Credit card acquiring		3,113	4,203	3,113	4,203
Branch licenses	13.4, 28.8	3,020	3,020	3,020	3,020
Margin deposits		2,223	1,776	131	5
Real properties for development and sale		1,671	1,760	-	-
Computer software – net		1,649	1,067	1,494	934
Non-current assets held for sale	13.6	712	567	711	558
Retirement benefit asset	24.2	709	1,355	796	1,237
Deposits under escrow	13.2	672	5,226	672	5,226
Customer lists – net	28.9	487	502	487	502
Prepaid documentary stamps		467	482	421	454
Trademark – net	13.7, 28.2	157	-	157	-
Returned checks and other cash items		100	112	100	111
Dividend receivable		71	118	-	2,481
Interoffice float items – net			123	-	121
Others	13.5, 13.8	3,304	2,624	2,083	1,746
		41,753	46,294	62,294	67,484
Allowance for impairment	14	(2,566)	(2,553)	(4,845)	(4,824)
		P 39,187	P 43,741	P 57,449	P 62,660

13.1 Equity Investments

Equity investments consist of the following:

	% Interest Held	BDO Unibank Group		Parent Bank	
		2016	2015	2016	2015 (As restated - see Note 2.1)
Acquisition costs:					
Philippine subsidiaries					
ONB	99.76%	P -	P -	P 6,696	P 6,687
BDOSHI	100%	-	-	5,684	5,684
BDO Life**	100%	-	-	3,403	-
BDO Private	100%	-	-	2,579	2,579
BDO Leasing	87.43%	-	-	1,878	1,878
BDO Capital	99.88%	-	-	1,878	300
BDO Nomura	51%	-	-	39	39
PCI Realty Corporation	100%	-	-	34	34
BDOI	100%	-	-	11	11
PCI Insurance	100%	-	-	8	8
Equimark	60%	-	-	4	4
BDO Savings	***	-	-	-	878
BDO Elite	***	-	-	-	700
		-	-	22,214	18,802
Foreign subsidiaries					
BDORO	100%	-	-	169	169
BDO Remit (Japan) Ltd.	100%	-	-	92	30
Express Padala (Hongkong), Ltd.	100%	-	-	28	28
BDO Remit (USA), Inc.	100%	-	-	26	26
BDO Remit (Canada) Ltd.	100%	-	-	18	18
PCIB Europe S.p.A.	100%	-	-	1	1
Express Padala Frankfurt GmbH	100%	-	-	-	1
		-	-	334	273
Associates and Joint Venture					
SM Keppel Land, Inc. (SM Keppel)	50.00%	1,658	1,658	1,658	1,658
MNTC	12.40%	1,405	1,405	1,405	1,405
MMPC Auto-Financial Services Corporation (MAFSC)	34.97%	300	-	-	-
Northpine Land Incorporated	20.00%	232	232	232	232
Taal Land, Inc.	33.33%	170	170	170	170
BDO Life**	40.00%	-	1,235	-	1,168
Others	*	10	10	10	10
		3,775	4,710	3,475	4,643
Accumulated equity in total comprehensive income:					
Balance at beginning of year		1,031	1,181	8,574	10,513
Equity in net profit		481	837	3,516	2,276
Equity in other comprehensive income (loss)		1	(356)	(2,095)	(414)
BDO Life step acquisition**		(334)	-	-	-
Reclassification		-	(501)	-	-
Dividends		(505)	(130)	(2,574)	(3,801)
Balance at end of year		674	1,031	7,421	8,574
Net investments in associates/subsidiaries		4,449	5,741	33,444	32,292
Allowance for impairment		(39)	(39)	(2,850)	(2,850)
		P 4,410	P 5,702	P 30,594	P 29,442

* This consists of various insignificant investments in associates; thus, percentage held is no longer disclosed.

** BDO Life is an associate of BDO Unibank Group and the Parent Bank in 2015. It became a subsidiary when the Parent Bank acquired full ownership in 2016 (see Note 28.4).

*** BDO Savings and BDO Elite were merged with BDO Capital in 2016 (see Note 28.3).

BDO Unibank Group's percentage of interest held in each subsidiary and associate is the same as that of the Parent Bank in both 2016 and 2015, except for BDO Life which is at 40% in BDO Unibank Group and 38.05% in the Parent Bank in 2015 and for BDO Leasing which is at 88.54% in BDO Unibank Group and 87.43% in the Parent Bank in both years. In 2016, the Parent Bank has acquired full ownership interest in BDO Life (see Note 28.4).

The fair value of BDO Leasing amounts to P7,257 and P4,691 in 2016 and 2015, respectively, which had 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 as of December 31, 2016 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
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

**EPFG has been dissolved from the Commercial Register in Frankfurt, Germany after the liquidation proceedings were completed in 2016 (see Note 2.3).*

On May 30, 2012, 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 UK and Europe, and subject to certain conditions, was approved by the BSP on October 13, 2011. In 2012, BDORO applied for a banking license in the UK, but the approval is still pending as of December 31, 2016. 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. Starting in 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. In October 2016, BDO Capital acquired additional shares in CBN Grupo which increased its ownership interest to 96.32%. Additional goodwill acquired amounted to P32 (see Note 28.1)

On August 30, 2013, BDO Capital acquired 100% of the total issued and outstanding capital stock of Averon, a company engaged primarily in the leasing business. Gain from acquisition amounted to P43 and is presented as part of Miscellaneous under Other Operating Income account in the 2014 statement of income of BDO Unibank Group (see Note 23).

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 13.4). In 2016, BDO Savings was merged with BDO Capital together with BDO Elite with BDO capital as surviving entity (see Note 28.3).

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, to 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. In April 2016, BDO Remit (Japan) Ltd. started its operations. The Parent Bank paid P62 and P30 as capital contribution in 2016 and 2015, respectively.

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. In 2015, the Parent Bank paid CND500,000 for the subscribed shares.

BDO Unibank Group includes one subsidiary, BDO Leasing, with significant NCI:

Name	Proportion of ownership interest and voting rights held by NCI		Profit allocated to NCI		Accumulated NCI	
	2016	2015	2016	2015	2016	2015
BDO Leasing	11.46%	11.46 %	P 65	P 64	P 613	P 598

Dividends amounting to P50 and P43 were paid to the NCI in 2016 and 2015, respectively.

Summarized consolidated financial information of BDO Leasing, before intragroup eliminations, follows:

	2016	2015
<i>Statements of financial position:</i>		
Total resources	P 38,886	P 34,547
Total liabilities	33,537	29,331
Equity attributable to owners of the parent	4,736	4,618
Non-controlling interest	613	598
<i>Statements of comprehensive income:</i>		
Total interest income	1,751	1,567
Total other operating income	1,100	1,039
Profit attributable to owners of the parent	505	493
Profit attributable to NCI	65	64
Profit	570	557
Total comprehensive income attributable to owners of the parent	501	539
Total comprehensive income attributable to NCI	65	70
Total comprehensive income	P 566	P 609
<i>Statements of cash flows:</i>		
Net cash used in operating activities	(P 2,065)	(P 1,847)
Net cash used in investing activities	(838)	(2,059)
Net cash from financing activities	2,941	3,824
Net cash inflow (outflow)	P 38	(P 82)

The following table presents the summarized financial information of BDO Unibank Group's associates as of and for the years ended December 31, 2016, 2015 and 2014:

		<u>MNTC</u>		<u>BDO Life</u>		<u>SM Keppel</u>		<u>Others</u>		<u>Total</u>
<u>December 31, 2016</u>										
<u>(Unaudited)</u>										
Assets	P	35,279	P	-	P	5,295	P	2,968	P	43,542
Liabilities		25,670		-		3,000		1,152		29,822
Equity		9,609		-		2,295		1,816		13,720
Revenues		10,772		-		175		957		11,904
Net profit		4,085		-		21		95		4,201
<u>December 31, 2015</u>										
<u>(Audited)</u>										
Assets	P	30,885	P	22,971	P	2,673	P	2,334	P	58,863
Liabilities		22,751		19,006		398		575		42,730
Equity		8,134		3,965		2,275		1,759		16,133
Revenues		8,690		7,230		177		695		16,792
Net profit		2,993		1,102		22		109		4,226
<u>December 31, 2014</u>										
<u>(Audited)</u>										
Assets	P	28,715	P	19,220	P	2,493	P	2,051	P	52,479
Liabilities		21,087		15,487		241		367		37,182
Equity		7,628		3,733		2,252		1,684		15,297
Revenues		10,129		5,985		187		677		16,978
Net profit		2,565		851		16		100		3,532

13.2 Deposits Under Escrow

Deposits under escrow pertain to the portion of the cash received by the Parent Bank 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 the Parent Bank with certain terms and conditions, particularly the transfer of titles, as stipulated in the Memorandum of Agreement. On August 26, 2016, the Parent Bank received an amount of P4,650 for the partial termination of escrow. Deposits under escrow earned a return on investment of 3.3% and 1.4% in 2016 and 2015, respectively. In 2016 and 2015, BDO Unibank Group and Parent Bank recognized income amounting to P95 and P1,269, respectively, which is presented as part of Miscellaneous under Other Operating Income account in the statements of income (see Note 23). As of December 31, 2016 and 2015, BDO Unibank Group and Parent Bank provided an allowance for impairment both amounting to P400.

13.3 Goodwill

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 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., Rural Bank of San Enrique, Inc., CBN Grupo International Holdings B.V., BDO Savings and ONB, which were acquired in 2005, 2006, 2007, 2009, 2012, 2013, 2014, 2015 and 2016, respectively (see Note 28).

The Parent Bank recognized impairment loss of P4, P4 and P62 in 2016, 2015 and 2014, respectively, to write-down the value of the goodwill to their recoverable amount (see Note 14). The Parent Bank provided impairment losses on some of 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 BDO Unibank Group's financial statements, except those related to the Parent Bank.

13.4 Branch Licenses

Branch licenses represent the rights granted by the BSP to the Parent Bank to establish certain number of branches as an incentive in acquiring The Real Bank (A Thrift Bank), Inc. [TRB] and BDO Savings in addition to the current branches of the acquired banks (see Notes 13.1 and 28.8). There is no impairment loss recognized on the branch licenses at the BDO Unibank Group's financial statements since the impairment will be upon the expiry on 2017 of the term given by the BSP to the Parent Bank in establishing certain number of branches.

13.5 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.

In 2015, the Parent Bank wrote-off receivable from SPVs amounting to P2,815 since the management has evaluated that those receivables are no longer recoverable (see Note 14).

13.6 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. No impairment loss was recognized in 2014 to 2016 in both BDO Unibank Group and Parent Bank's financial statements.

13.7 Trademark

Amortization expense on trademark arising from acquisition of Diners Club International credit card portfolio amounted to P8. This is recorded under Miscellaneous expenses under Other Operating Expenses account in the 2016 statement of income (see Note 23).

13.8 Others

Amortization expense on computer software licenses amounted to P444, P285 and P206 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P380, P249 and P196 in 2016, 2015 and 2014, 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 23).

Depreciation expense on certain assets amounting to P10, P43 and P7 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P9, P43 and P6 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements are presented as part of Occupancy under Other Operating Expenses account in the statements of income (see Note 23).

In 2016 and 2015, the Parent Bank recognized impairment loss amounting to P15 and P26, respectively, to write-down the value of customer list to its recoverable amount (see Note 14). The impairment provision was recognized through direct write-off of the cost of the asset. The customer list was recognized as a result of the Parent Bank's acquisition of a trust business in 2014 (see Note 28.9).

14. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized below.

	Notes	BDO Unibank Group		Parent Bank	
		2016	2015	2016	2015
Balance at beginning of year:					
AFS securities	9.2	P 3,936	P 2,175	P 3,792	P 1,915
Loans and other receivables	10	27,659	28,172	26,194	27,614
Bank premises	11	512	432	494	432
Investment properties	12	2,305	2,423	2,211	2,318
Other resources	13	2,553	5,921	4,824	8,520
		36,965	39,123	37,515	40,799
Impairment losses - net		3,749	2,974	2,988	2,683
Business combination		189	752	-	-
Adjustments		(142)	(592)	5	(965)
Write-offs		(3,330)	(5,456)	(3,328)	(5,188)
Reversals		(117)	(25)	-	-
Foreign currency revaluation		237	189	235	186
		<u>P 37,551</u>	<u>P 36,965</u>	<u>P 37,415</u>	<u>P 37,515</u>

	Notes	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance at end of year:					
AFS securities	9.2	P 4,318	P 3,936	P 3,788	P 3,792
Loans and other receivables	10	28,086	27,659	26,314	26,194
Bank premises	11	512	512	494	494
Investment properties	12	2,069	2,305	1,974	2,211
Other resources	13	<u>2,566</u>	<u>2,553</u>	<u>4,845</u>	<u>4,824</u>
		<u>P 37,551</u>	<u>P 36,965</u>	<u>P 37,415</u>	<u>P 37,515</u>

Total impairment losses on financial assets amounted to P3,789, P2,970 and P5,052 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P3,029, P2,679 and P4,952 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements.

Total impairment losses (recoveries) on non-financial assets amounted to (P40), P4 and P62 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and (P41), P4 and P62 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements.

Total allowance for impairment transferred upon consolidation of BDO Life in 2016 and ONB in 2015 amounted to P189 and P752, respectively (see Notes 28.4 and 28.7).

15. DEPOSIT LIABILITIES

The breakdown of this account follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Demand	P 114,284	P 104,066	P 72,579	P 67,808
Savings	1,267,983	1,033,652	1,257,571	1,025,873
Time	<u>522,937</u>	<u>526,135</u>	<u>502,863</u>	<u>509,366</u>
	<u>P 1,905,204</u>	<u>P 1,663,853</u>	<u>P 1,833,013</u>	<u>P 1,603,047</u>

This account is composed of the following (by counterparties):

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Due to other banks:				
Demand	P 1,718	P 1,575	P 1,718	P 1,567
Savings	2,991	4,441	2,988	4,438
Time	<u>1,358</u>	<u>984</u>	<u>1,058</u>	<u>984</u>
<i>Balance brought forward</i>	<u>P 6,067</u>	<u>P 7,000</u>	<u>P 5,764</u>	<u>P 6,989</u>

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<i>Balance carried forward</i>	P 6,067	P 7,000	P 5,764	P 6,989
Due to customers:				
Demand	112,566	102,491	70,861	66,241
Savings	1,264,992	1,029,211	1,254,583	1,021,435
Time	521,579	525,151	501,805	508,382
	1,899,137	1,656,853	1,827,249	1,596,058
	P 1,905,204	P 1,663,853	P 1,833,013	P 1,603,047

The breakdown of deposit liabilities as to currency is as follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Philippine pesos	P 1,521,183	P 1,347,327	P 1,464,357	P 1,296,769
Foreign currencies	384,021	316,526	368,656	306,278
	P 1,905,204	P 1,663,853	P 1,833,013	P 1,603,047

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Less than one year	P 1,759,153	P 1,534,073	P 1,692,447	P 1,478,876
One to five years	62,299	55,013	56,814	49,884
Beyond five years	83,752	74,767	83,752	74,287
	P 1,905,204	P 1,663,853	P 1,833,013	P 1,603,047

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 2016, 2015 and 2014. Demand and savings deposits usually have both fixed and variable interest rates while time deposits have fixed interest rates (see Note 22).

BDO Unibank Group's time deposit liabilities include the Parent Bank's Long-term Negotiable Certificate of Deposits (LTNCD) as of December 31, 2016 and 2015 as follows:

<u>BSP Approval</u>	<u>Effective Rate</u>	<u>Outstanding Balance</u>		<u>Issue Date</u>	<u>Maturity Date</u>
		<u>2016</u>	<u>2015</u>		
July 10, 2014	3.75%	P 7,500	P 7,500	April 6, 2015	October 6, 2020
October 25, 2013	3.125%	5,000	5,000	December 11, 2013	June 11, 2019
July 4, 2013	3.50%	5,000	5,000	September 12, 2013	September 12, 2020
January 31, 2013	3.80%	5,000	5,000	March 25, 2013	September 25, 2018
May 3, 2012	5.25%	5,000	5,000	October 15, 2012	October 15, 2019
		P 27,500	P 27,500		

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, LTNCD under Circular No. 824 and LTNCD under Circular No. 304 of BDO Unibank Group are subject to a reserve requirement of 20%, 7% and 4%, respectively, in compliance with the BSP Circular No. 832 issued on May 27, 2014 (see Note 7).

16. BILLS PAYABLE

This account is composed of the following borrowings from:

	Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Foreign banks	16.1	P 36,545	P 38,844	P 36,522	P 38,844
Senior notes	16.2	30,150	28,555	30,150	28,555
Local banks		10,334	8,153	-	-
Deposit substitutes		602	570	602	570
Others		22,925	21,421	8,526	8,898
		<u>P 100,556</u>	<u>P 97,543</u>	<u>P 75,800</u>	<u>P 76,867</u>

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Foreign currencies	P 76,177	P 76,865	P 75,796	P 76,843
Philippine pesos	24,379	20,678	4	24
	<u>P 100,556</u>	<u>P 97,543</u>	<u>P 75,800</u>	<u>P 76,867</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
One to three months	P 51,456	P 35,927	P 28,825	P 16,664
More than three months to one year	8,544	16,285	6,425	15,780
More than one to three years	25,643	44,123	25,637	43,215
More than three years	14,913	1,208	14,913	1,208
	<u>P 100,556</u>	<u>P 97,543</u>	<u>P 75,800</u>	<u>P 76,867</u>

Bills payable bear annual interest rates of 1.0% to 6.3% in 2016, 0.1% to 12.0% in 2015 and 0.2% to 12.0% in 2014. Certain bills payable to local banks and the BSP are collateralized by certain receivables from customers and investment securities (see Notes 9.2, 10 and 31).

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 22):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>BDO Unibank Group</u>			
Senior notes	P 902	P 1,166	P 1,139
Foreign banks	533	335	250
Local banks	223	165	97
Deposit substitutes	11	27	29
BSP	-	-	1
Others	605	490	402
	<u>P 2,274</u>	<u>P 2,183</u>	<u>P 1,918</u>
<u>Parent Bank</u>			
Senior notes	P 902	P 1,166	P 1,139
Foreign banks	533	335	250
Deposit substitutes	11	27	29
Local banks	-	-	8
BSP	-	-	1
Others	196	178	117
	<u>P 1,642</u>	<u>P 1,706</u>	<u>P 1,544</u>

16.1 Foreign Banks

In 2015, the Bank borrowed \$500 through a term loan facility from a syndicate of foreign banks. This transaction was a combination of a re-financing of an existing loan of \$350 and an increase in the transaction amount to \$500 for general financing purposes. The loan facility has a three-year tenor with a floating interest rate payable quarterly. As of December 31, 2016 and 2015, the related syndicated term loan have outstanding balance of P24,770 and P23,335, respectively, net of related debt transaction costs.

16.2 Senior Notes

The Parent Bank issued senior notes as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Coupon Interest</u>	<u>Principal Amount</u>	<u>Outstanding Balance</u>	
				<u>2016</u>	<u>2015</u>
October 24, 2016	October 24, 2021	2.63%	US\$ 300	P 14,986	P -
February 16, 2012	February 16, 2017	4.50%	300	15,164	14,337
October 22, 2010	April 22, 2016	3.88%	300	-	14,218
				<u>P 30,150</u>	<u>P 28,555</u>

The issuance of senior notes in 2016 is part of the Parent Bank's liability management initiatives to tap longer-term funding sources to support its dollar-denominated projects and effectively refinance outstanding bonds.

The net proceeds from the issuance of senior notes in 2012 and 2010 were intended for general funding and relending purposes.

17. SUBORDINATED NOTES PAYABLE

The Subordinated Notes (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 issuance of Series 2014-1 Notes was approved by the BOD on March 29, 2014 and was issued on December 10, 2014. The Notes has a principal amount of P10,000 and will mature on March 10, 2025. As of December 31, 2016 and 2015, the outstanding balance of the Notes including accrued interest amounted to P10,030.

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 P519, P519 and P80 in 2016, 2015 and 2014, respectively, both in BDO Unibank Group and Parent Bank statements of income (see Note 22).

18. INSURANCE CONTRACT LIABILITIES

As of December 31, 2016, this account consists of:

Legal policy reserves	P	19,425
Policy and contract claims payable		788
Policyholders' dividends		246
Reserves for policyholders' dividends		<u>89</u>
	P	<u>20,548</u>

Insurance contract liabilities may be analyzed as follows:

	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Aggregate reserves for:			
Ordinary life policies	P 16,364	P -	P 16,364
VUL contracts	2,931	-	2,931
Group life insurance policies	130	12	118
Policy and contract claims	788	5	783
Policyholders' dividends	246	-	246
Reserves for policyholders' dividends	<u>89</u>	<u>-</u>	<u>89</u>
	<u>P 20,548</u>	<u>P 17</u>	<u>P 20,531</u>

The movements in legal policy reserves are as follows:

	Legal Policy Reserves	Reinsurers' Share of Liabilities	Net
Balance at the beginning of year	P 14,801	P 95	P 14,706
Premiums received	5,997	12	5,985
Liability released for payments of death, maturity and surrender benefits and claims	(2,428)	(95)	(2,333)
Accretion of investment income or change in unit prices	735	-	735
Foreign exchange adjustments	320	-	320
Balance at end of year	P 19,425	P 12	P 19,413

Reinsurers' share of liabilities is recorded as part of Others under Other Resources in the 2016 BDO Unibank Group's statement of financial position (see Note 13).

The movement in Legal policy reserves for the period ended December 31, 2016 is recognized as part of Insurance benefits and claims under Other Operating Expenses in the BDO Unibank Group's statement of income (see Note 23).

19. OTHER LIABILITIES

Other liabilities consist of the following:

	Notes	BDO Unibank Group		Parent Bank	
		2016	2015	2016	2015
Accounts payable	P	14,446	P 13,208	P 12,585	P 11,776
Manager's checks		12,086	11,809	11,938	11,703
Bills purchased – contra		10,486	8,592	10,486	8,592
Accrued expenses		8,234	8,441	7,555	7,917
Lease deposits		5,693	5,087	104	98
Derivatives with negative fair values	9.1, 25(d)	5,475	4,167	1,818	1,193
Outstanding acceptances payable		3,194	1,762	3,194	1,762
Premium on deposit fund		2,533	-	-	-
Withholding taxes payable		1,568	1,386	1,451	1,293
Capitalized interest and other charges		393	385	349	344
Due to principal		385	375	-	-
Due to BSP and Treasurer of the Philippines		81	81	78	78
Unearned income		3	2	-	-
Others		6,508	4,920	5,762	4,615
		P 71,085	P 60,215	P 55,320	P 49,371

The liability for unredeemed reward points amounting to P2,355 and P2,488 as of December 31, 2016 and 2015, 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).

Accounts payable includes the amount pertaining to BDO Unibank Group's ESOP which is equivalent to the cumulative amount of amortized awarded share options and the amounts paid by the eligible senior officers who exercised their options (see Notes 24.3 and 20.7).

Others include margin deposits, life insurance deposits, cash letters of credit and other miscellaneous liabilities.

Interest expense on certain liabilities amounting to P80, P7 and P8 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P6, P7, and P8 in 2016, 2015 and 2014, respectively, in 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 22).

20. EQUITY

20.1 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 (CET 1) 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 CET 1 Capital.

The regulatory capital is analyzed as CET 1 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 with more than 100 branches are required to comply with the minimum capital requirement of P20,000. As of December 31, 2016 and 2015, the Parent Bank has complied with the above capitalization requirement.

On October 29, 2014, the BSP issued the guidelines on the framework for dealing with domestic systemically important banks (DSIB) that is consistent with the Basel principles. Banks which are identified as DSIB shall be required to have a higher loss absorbency (HLA). The HLA requirement is aimed at ensuring that DSIBs have a higher share of their statements of financial position funded by instruments which increase their resilience as a going concern. The HLA requirement is to be met with CET 1 capital.

Banks identified by the BSP as DSIB will be asked to put up additional CET 1 capital ranging from 1.50% to 3.50%, to be implemented on a staggered basis from January 1, 2017 until January 1, 2019.

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 of December 31, 2016 and 2015 follows:

	BDO			
	<u>Unibank Group</u>		<u>Parent Bank</u>	
<u>December 31, 2016</u>				
Tier 1 Capital				
CET 1	P	210,641	P	208,770
Additional Tier 1		<u>5,150</u>		<u>5,150</u>
		215,791		213,920
Tier 2 Capital		<u>24,762</u>		<u>24,088</u>
Total Regulatory Capital		240,553		238,008
Deductions	(	<u>21,937</u>)	(	<u>49,633</u>)
Total Qualifying Capital	P	<u>218,616</u>	P	<u>188,375</u>

	BDO	
	Unibank Group	Parent Bank
Total Risk-Weighted Assets	P 1,769,590	P 1,649,361
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	12.4%	11.4%
Tier 1 Capital Ratio	11.0%	10.0%
Total CET 1 Ratio	10.7%	9.6%

December 31, 2015

Tier 1 Capital		
CET 1	P 192,838	P 193,105
Additional Tier 1	<u>5,150</u>	<u>5,150</u>
	197,988	198,255
Tier 2 Capital	<u>24,612</u>	<u>23,815</u>
Total Regulatory Capital	222,600	222,070
Deductions	(<u>22,125</u>)	(<u>49,341</u>)
Total Qualifying Capital	P 200,475	P 172,729
Total Risk-Weighted Assets	P 1,503,291	P 1,414,579
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	13.3%	12.2%
Tier 1 Capital Ratio	11.7%	10.5%
Total CET 1 Ratio	11.4%	10.2%

20.2 Capital Stock

Capital stock consists of the following:

	Number of Shares		Amount	
	2016	2015	2016	2015
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>	P 5,150	P 5,150
Common shares – P10 par value				
Authorized – 4,500,000,000 shares				
Issued, fully paid and outstanding:				
Balance at beginning of year	3,645,375,218	3,580,875,328	P 36,453	P 35,808
Issued during the year	<u>4,592,430</u>	<u>64,499,890</u>	<u>47</u>	<u>645</u>
Balance at end of year	<u>3,649,967,648</u>	<u>3,645,375,218</u>	P 36,500	P 36,453

20.2.1 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.

20.2.2 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:

Transaction	Subscriber	Issue Date	Number of Shares Issued
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	895,218,832
Private placement	Sybase Equity Investments Corp.	July 20, 2015	64,499,890
Stock options	Various employee	June 6, 2016 to December 31, 2016	4,592,430
			<u>3,649,967,648</u>

As of December 31, 2016 and 2015, there are 12,761 and 12,835, respectively, holders of the listed shares equivalent to 100% of the Parent Bank's total outstanding shares. Such listed shares closed at P112.1 and P105 per share as of December 29, 2016 and 2015, respectively (the last trading day in 2016 and 2015).

20.3 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 depository of ADRs for a period of five years. As depository 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.

As of December 31, 2016 and 2015, 288 and 200 ADRs valued at US\$6,333 and US\$4,346 (absolute amount), respectively, remained outstanding (computed using ADR closing price of US\$21.99/share and US\$21.73/share respectively).

20.4 Surplus Free

On December 3, 2016, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P0.30 per share or a total of P1,095. The dividends were declared to stockholders of record as of December 19, 2016 and paid on December 29, 2016.

On August 27, 2016, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P0.30 per share or a total of P1,094. The dividends were declared to stockholders of record as of September 15, 2016 and paid on September 26, 2016.

On February 27, 2016, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P0.30 per share in respect of the 2015 earnings. On May 28, 2016, the Parent Bank's BOD declared another cash dividend of P0.30 per share. Total dividends is P0.60 per share or P2,188. The dividends were paid on March 28, 2016 and June 27, 2016, respectively.

On February 24, 2016, the BOD of BDO Leasing, a subsidiary of the Parent Bank approved the declaration of cash dividends at P0.20 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P432. The dividends were declared to stockholders of record as of March 11, 2016 and paid on March 30, 2016, of which, total dividends paid to non-controlling interest amounted to P50.

On January 30, 2016, the Parent Bank's BOD approved the declaration of annual dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339. The dividends were paid on February 16, 2016.

On February 25, 2015, the BOD of BDO Leasing approved the declaration of cash dividends at P0.175 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P378. The dividends were declared to stockholders of record as of March 11, 2015 and payable on March 24, 2015, of which, total dividends paid to non-controlling interest amounted to P43.

On January 31, 2015, the Parent Bank's BOD approved the declaration of annual dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339. BSP approval was obtained on March 5, 2015 and the dividends were paid on April 15, 2015.

On January 10, 2015, 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 2014 earnings. On April 24, 2015, the Parent Bank's BOD also declared special cash dividend of P0.90 per share. Total dividends is P2.10 per share or P7,559. The dividends for the 2014 earnings and the special cash dividends were approved by the BSP on March 5, 2015 and June 10, 2015, respectively. All related dividends declared were paid in 2015.

On June 11, 2014, 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, 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 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.

20.5 Surplus Reserves

The Parent Bank appropriated its Surplus Free amounting to P28 and P25 in 2016 and 2015, respectively, representing insurance fund on losses due to fire and robbery. This was approved by the Parent Bank's President.

On March 28, 2015, the BOD of BDO Capital approved the appropriation of its surplus free amounting to P1,000 as additional working capital for its underwriting activities and investments. Subsequently, on May 30, 2015, the BOD of BDO Capital approved the reversal thereof amounting to P100. Also, on June 27, 2015, the BOD of BDO Capital approved the reversal of the remaining appropriated retained earnings amounting to P1,900 in connection with the merger with BDO Elite and BDO Savings (see Note 28.3).

On March 29, 2014, the BOD of BDO Securities approved the appropriation of their surplus free amounting to P150 as additional funds for proprietary equity trading of BDO Securities.

Also, included in the 2016, 2015 and 2014 surplus reserve are the appropriations made by BDO Securities, BDO Nomura (formerly PCIB Securities, Inc.) and Armstrong Securities, Inc. totaling P8, P14 and P17, 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 amounting to P240 and P215 in 2016 and 2015, respectively, and P182 and P171 in 2016 and 2015, respectively, is appropriated to surplus reserves (see Note 26).

20.6 Other Reserves

On February 16, 2015, the BOD of Equimark approved the decrease of its authorized capital stock amounting to P67.5 divided into 675,000 common shares with P100 par value per share, of which P27 is to be paid to non-controlling interest. Such redemption of capital stock was approved by the SEC on May 18, 2015.

20.7 ESOP

For options that were vested in 2016, BDO Unibank Group issued new common shares of 4,592,430 from its authorized capital stock. Prior to 2016, shares for vested options were sourced from the secondary market (see Notes 19 and 24.3).

Set out below are summaries of number of options vested under the plan:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance at beginning of year	833,276	159,924	666,574	121,766
Vested during the year	10,788,464	9,066,034	9,876,464	8,300,594
Exercised during the year	(8,064,629)	(8,392,682)	(7,561,539)	(7,755,786)
Balance at end of year	<u>3,557,111</u>	<u>833,276</u>	<u>2,981,499</u>	<u>666,574</u>

21. INTEREST INCOME

Interest income consists of the following:

	Notes	BDO Unibank Group		
		2016	2015	2014
Loans and other receivables	10, 25	P 73,171	P 63,836	P 53,907
Trading and investment securities	9	8,142	7,477	7,333
Due from BSP and other banks	7, 8	696	795	2,065
Others		28	19	278
		<u>P 82,037</u>	<u>P 72,127</u>	<u>P 63,583</u>

	Notes	Parent Bank		
		2016	2015	2014
Loans and other receivables	10, 25	P 69,570	P 61,128	P 52,172
Trading and investment securities	9	6,494	6,743	6,813
Due from BSP and other banks	7, 8	565	635	1,822
Others		18	13	64
		<u>P 76,647</u>	<u>P 68,519</u>	<u>P 60,871</u>

22. INTEREST EXPENSE

Interest expense is composed of the following:

	Notes	BDO Unibank Group		
		2016	2015	2014
Deposit liabilities	15	P 13,623	P 12,526	P 10,441
Bills payable and other liabilities	16, 17, 18 19, 24.2	2,790	2,640	1,917
		<u>P 16,413</u>	<u>P 15,166</u>	<u>P 12,358</u>

	Notes	Parent Bank		
		2016	2015	2014
Deposit liabilities	15	P 12,898	P 12,075	P 10,181
Bills payable and other liabilities	16, 17, 19, 24.2	2,091	2,163	1,547
		<u>P 14,989</u>	<u>P 14,238</u>	<u>P 11,728</u>

23. OTHER OPERATING INCOME AND EXPENSES

Other operating income is composed of the following:

	Notes	BDO Unibank Group		
		2016	2015	2014
Service charges, fees and commissions	25	P 19,056	P 16,453	P 15,386
Insurance premiums		8,051	-	-
Trust fees	26	3,123	2,909	2,624
Foreign exchange gains		2,985	2,433	1,244
Trading gains – net	9.1, 9.2	1,860	4,740	5,868
Rental	12	1,475	1,262	992
Income from assets sold or exchanged	12	809	774	1,067
Dividend		440	459	490
Miscellaneous – net	13, 28	3,821	2,909	1,816
		P 41,620	P 31,939	P 29,487
	Notes	Parent Bank		
		2016	2015 (As Restated - see Note 2.1)	2014 (As Restated - see Note 2.1)
Service charges, fees and commissions	25	P 15,491	P 13,660	P 13,151
Share in net income of subsidiaries and associates	13.1	3,516	2,276	2,368
Foreign exchange gains		2,703	2,120	1,043
Trust fees	26	2,491	2,322	2,180
Trading gains – net	9.1, 9.2	1,061	4,167	5,694
Income from assets sold or exchanged	12	767	686	1,022
Rental	12	494	356	271
Dividend		132	211	252
Miscellaneous – net	13, 28	698	2,847	1,052
		P 27,353	P 28,645	P 27,033

Other operating expenses consist of the following:

	Notes	BDO Unibank Group		
		2016	2015	2014
Compensation and benefits	24.1	P 24,698	P 21,120	P 18,081
Occupancy	13.8, 25, 33.2	7,661	6,675	5,704
Taxes and licenses	18	7,224	6,683	5,780
Policy reserves, insurance benefits and claims		5,901	-	-
Fees and commissions		5,348	3,712	3,147
Insurance		3,802	3,300	2,856
Security, clerical, messengerial and janitorial		2,914	2,628	2,526
Advertising		2,711	2,155	2,427
Representation and entertainment		1,594	1,442	1,146
Travelling		1,204	1,059	871
Repairs and maintenance		1,123	1,036	959
Power, light and water		959	903	920
Supplies		691	522	515
Telecommunication		488	420	432
Amortization of computer software	13.8	444	285	206
Information technology		443	427	383
Litigation on assets acquired		408	152	461
Freight		302	259	241
Miscellaneous		2,224	2,366	1,875
		P 70,139	P 55,144	P 48,530
	Notes	Parent Bank		
		2016	2015	2014
Compensation and benefits	24.1	P 21,508	P 19,593	P 16,905
Occupancy	13.8, 25, 33.2	6,459	5,723	4,988
Taxes and licenses	12	6,227	5,904	5,280
Fees and commissions		4,464	3,408	2,788
Insurance		3,593	3,181	2,771
Security, clerical, messengerial and janitorial		2,728	2,521	2,467
Advertising		2,600	2,026	2,323
Representation and entertainment		1,401	1,270	999
Repairs and maintenance		1,052	994	933
Travelling		1,003	909	790
Power, light and water		862	839	861
Supplies		567	465	480
Information technology		408	400	369
Telecommunication		384	358	381
Amortization of computer software	13.8	380	249	196
Litigation on assets acquired		378	121	435
Freight		282	253	238
Miscellaneous		2,083	2,180	1,632
		P 56,379	P 50,394	P 44,836

24. COMPENSATION AND BENEFITS

24.1 Compensation and Benefits Expense

Expenses recognized for compensation and benefits are presented below.

BDO Unibank Group					
	2016		2015		2014
Salaries and wages	P 15,009	P	12,320	P	10,896
Bonuses	4,608		4,091		3,502
Retirement – defined benefit plan	1,301		1,211		1,096
Employee stock option plan	836		860		232
Social security costs	583		503		468
Other benefits	2,361		2,135		1,887
	P 24,698	P	21,120	P	18,081
Parent Bank					
	2016		2015		2014
Salaries and wages	P 12,811	P	11,330	P	10,153
Bonuses	4,193		3,799		3,297
Retirement – defined benefit plan	1,134		1,105		991
Employee stock option plan	739		860		232
Social security costs	500		460		429
Other benefits	2,131		2,039		1,803
	P 21,508	P	19,593	P	16,905

24.2 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 five years of credited service. The plan also provided for an early retirement at age of 50 with a minimum of ten 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 2016 and 2015.

The amounts of Retirement benefit asset recognized under Other Resources account in the statements of financial position (see Note 13) are determined as follows:

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Fair value of plan assets	P 21,850	P 20,146	P 20,093	P 18,626
Present value of the DBO	(21,086)	(18,709)	(19,253)	(17,321)
Excess of plan assets	764	1,437	840	1,305
Effect of asset ceiling	(55)	(82)	(44)	(68)
	P 709	P 1,355	P 796	P 1,237

The movements in the fair value of plan assets are presented below.

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Balance at beginning of year	P 20,146	P 18,602	P 18,626	P 17,691
Contributions paid into the plan	1,471	1,550	1,355	1,355
Interest income	1,009	885	926	818
Benefits paid by the plan	(814)	(726)	(739)	(693)
Addition due to acquisition of a new subsidiary*	107	435	-	-
Remeasurement loss - return on plan assets (excluding amounts included in net interest)	(69)	(600)	(75)	(545)
Balance at end of year	P 21,850	P 20,146	P 20,093	P 18,626

The movements in the present value of the DBO are as follows:

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Balance at beginning of year	P 18,709	P 17,325	P 17,321	P 16,447
Current service cost	1,296	1,211	1,134	1,105
Interest expense	922	809	847	747
Benefits paid by the plan	(814)	(726)	(739)	(693)
Addition due to acquisition of a new subsidiary*	85	492	-	-
Remeasurements:				
Actuarial (gains) losses arising from changes in:				
- financial assumption	191	(130)	152	(82)
- demographic assumptions	23	(416)	-	(392)
- experience adjustments	674	144	538	189
Balance at end of year	P 21,086	P 18,709	P 19,253	P 17,321

* Addition due to acquisition of a new subsidiary pertains to the retirement plan of BDO Life and ONB which was acquired in 2016 and 2015, respectively (see Notes 28.4 and 28.7).

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	
	2016	2015	2016	2015
Placements in debt instruments:				
Government bonds	P 8,884	P 8,071	P 8,190	P 7,475
Corporate bonds	3,957	3,783	3,669	3,543
Unit investment trust funds (UITFs)	4,015	2,163	3,771	1,971
Cash and cash equivalents	2,495	4,008	2,343	3,794
Equity instruments	735	539	464	346
Loans and other receivables	180	247	167	235
Other properties	1,584	1,335	1,489	1,262
	P 21,850	P 20,146	P 20,093	P 18,626

Actual returns on plan assets were P940 and P851 in 2016 and P285 and P273 in 2015 in BDO Unibank Group and the Parent Bank's financial statements, respectively.

Certain plan assets include BDO Unibank Group's own financial instruments [see Note 25(c)].

The fair value of the plan assets is at Level 1 in the fair value hierarchy except for loans and other receivables and other properties which are at Level 3.

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		
	2016	2015	2014
<i>Recognized in profit or loss:</i>			
Current service costs	P 1,296	P 1,211	P 1,096
Interest income	(83)	(72)	(88)
	P 1,213	P 1,139	P 1,008
<i>Recognized in other comprehensive income, net of tax (see Note 29.1):</i>			
Actuarial gains (losses) arising from:			
- changes in financial assumptions	(P 134)	P 91	(P 48)
- changes in demographic assumptions	(16)	292	360
- experience adjustments	(472)	(101)	(327)
Remeasurement losses arising from:			
- return on plan assets (excluding amounts included in net interest expense)	(48)	(420)	(25)
- changes in the effect of the asset ceiling	22	(24)	(19)
Share in actuarial gains of associates	3	8	12
	(P 645)	(P 154)	(P 47)

	Parent Bank		
	2016	2015 (as restated - see Note 2.1)	2014 (as restated - see Note 2.1)
<i>Recognized in profit or loss:</i>			
Current service costs	P 1,134	P 1,105	P 991
Interest income	(76)	(69)	(86)
	<u>P 1,058</u>	<u>P 1,036</u>	<u>P 905</u>
<i>Recognized in other comprehensive income, net of tax (see Note 27):</i>			
Actuarial gains (losses) arising from change in:			
- financial assumptions	(P 106)	P 57	(P 55)
- demographic assumptions	-	275	336
- experience adjustments	(377)	(133)	(302)
Remeasurement gain (loss) arising from:			
- return on plan assets (excluding amounts included in net interest expense)	(53)	(381)	(28)
- changes in the effect of the asset ceiling	20	(4)	(14)
Share in actuarial gains (losses) of subsidiaries and associates	(129)	3	15
	<u>(P 645)</u>	<u>(P 183)</u>	<u>(P 48)</u>

Current service costs are presented as part of Compensation and benefits under Other Operating Expenses account (see Note 23) while interest income are netted against Interest Expense account (see Note 22) 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 the statements of comprehensive income.

In determining the amounts of post-employment benefit obligation, the following significant actuarial assumptions were used:

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Discount rates	5.50%	4.89% - 5.50%	5.50%	4.89%
Expected rate of salary increases	9.00%	8.00%	9.00%	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 27 years. 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 asset as of December 31, 2016 and 2015:

	<u>Impact on retirement benefit asset</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
<u>BDO Unibank Group</u>			
<u>December 31, 2016</u>			
Discount rate	1%	P	703 (P 791)
Salary increase rate	1%	(	680) 621
<u>December 31, 2015</u>			
Discount rate	1%	P	619 (P 696)
Salary increase rate	1%	(	595) 543

<u>Impact on retirement benefit asset</u>				
	<u>Change in</u>		<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption</u>		<u>assumption</u>	<u>assumption</u>

Parent Bank

December 31, 2016

Discount rate	1%	P	565 (P	630)
Salary increase rate	1%	(	538)	496

December 31, 2015

Discount rate	1%	P	515 (P	575)
Salary increase rate	1%	(	488)	449

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 Compensation 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, 2016 and 2015 consists of debt instruments and UITFs, although the BDO Unibank Group and Parent Bank also invest in cash and cash equivalents and properties. The debt instruments include government bonds and corporate bonds.

There has been no change in the Bank's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

As of December 31, 2016, the plan of BDO Unibank Group and the Parent Bank is currently fully funded based on the latest actuarial valuation report.

BDO Unibank Group expects to pay P176 as contributions to retirement benefit plans in 2017 (nil for the Parent Bank).

The expected maturity of undiscounted expected benefits payments of BDO Unibank Group and the Parent Bank from the plan for the next ten years is presented as follows:

	BDO Unibank Group		Parent Bank	
Between one to five years	P	8,679	P	8,127
Between six to ten years		<u>16,669</u>		<u>15,585</u>
	P	<u>25,348</u>	P	<u>23,712</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.9 to 17.2 years for the BDO Unibank Group and 7.2 years for the Parent Bank.

24.3 ESOP

BDO Unibank Group's ESOP expense includes the amounts recognized by the Parent Bank and its subsidiaries over the vesting period. In 2016 and 2015, vested shares totaled 10,788,464 and 9,066,034, respectively for BDO Unibank Group, 9,876,464 and 8,300,594 shares, respectively for Parent Bank.

The ESOP expense, included as part of Salaries and employee benefits under Operating Expenses in the BDO Unibank Group's statements of income, amounted to P836, P860 and P232 in 2016, 2015 and 2014, respectively, and in the Parent Bank's statements of income, amounted to P739, P860 and P232, respectively (see Note 24.1).

25. 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, 2016 and 2015 are as follows:

Related Party Category	Note	2016		2015	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
DOSRI Loans	25(a)				
Stockholders		P 16,529	P 11,309	P 12,588	P 12,012
Related Parties Under Common Ownership		42,812	10,333	26,745	16,217
Officers and Employees		1,296	1,598	1,112	1,455

Related Party Category	Note	2016		2015	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Deposit Liabilities	25(b)				
Stockholders		386,266	68,009	339,476	61,034
Related Parties Under Common Ownership		403,677	6,745	498,553	15,513
Officers and Employees		36	7	3	3
Other Transactions with Associates	25(d)				
Loans and Advances		-	730	5	1,225
Interest Income		58	2	17	59
Service Fees		-	-	51	14
Related Parties Under Common Ownership					
Rent Expense	25(d)	915	103	760	78
Key Management Personnel Compensation	25(d)	1,473	-	1,529	-
Retirement Plan	25(c)	109	3,731	224	3,081

The summary of the Parent Bank's significant transactions with its related parties as of and for the years ended December 31, 2016 and 2015 are as follows:

Related Party Category	Note	2016		2015	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
DOSRI Loans	25(a)				
Stockholders		P 16,529	P 11,309	P 12,586	P 12,012
Related Parties Under Common Ownership		42,812	10,330	26,702	16,104
Officers and Employees		1,289	1,587	1,094	1,442
Deposit Liabilities	25(b)				
Stockholders		386,266	68,009	339,476	61,034
Related Parties Under Common Ownership		403,677	6,745	498,553	15,513
Officers and Employees		36	7	3	3
Other Transactions with Subsidiaries	25(d)				
Loans and Advances		42,035	5,959	45,119	6,980
Derivative Assets		742	22	99	10
Derivative Liabilities		600	4	574	6
Deposit Liabilities		699	3,701	198	3,002
Interest Income		128	6	207	102
Rent Income		96	-	58	-
Service Fees		222	-	65	-
Interest Expense		13	-	11	-
Rent Expense		9	-	9	-
Other Transactions with Associates	25 (d)				
Service Fees		-	-	51	14

Related Party Category	Note	2016		2015	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Related Parties Under Common Ownership					
Rent Expense	25(d)	P 820	P 103	P 699	P 78
Key Management Personnel	25(d)				
Compensation		1,045	-	1,079	-
Retirement Plan	25(c)	109	3,728	224	3,079

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 in 2016, 2015 and 2014 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, 2016 and 2015, 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	
	2016	2015	2016	2015
Total DOSRI loans	P 23,240	P 29,684	P 23,226	P 29,558
Unsecured DOSRI loans	1,297	1,148	1,295	1,145
Past due DOSRI loans	-	-	-	-
Non-performing DOSRI loans	-	-	-	-
% of DOSRI loans to total loan portfolio	1.57%	2.3%	1.63%	2.4%
% of unsecured DOSRI loans to total DOSRI loans	5.58%	3.9%	5.58%	3.9%
% 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 0.0% to 12.0% both in 2016 and 2015, and 2.2% to 12.0% in 2014 (except for credit card receivables which bear a monthly interest rate of 0.0% to 3.6%).

Total DOSRI loans 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 20 years.

Total loan releases and collections in 2016 amounted to P60,637 and P67,087 for BDO Unibank Group and P60,629 and P66,961 for the Parent Bank, respectively. Total loan releases and collections in 2015, on the other hand, amounted to P40,445 and P58,613 for BDO Unibank Group and P40,382 and P58,593 for the Parent Bank, respectively.

BDO Unibank Group and the Parent Bank assessed that these loans are not impaired in 2016 and 2015.

(b) Deposits from Related Parties

Total deposits made by the related parties to BDO Unibank Group and the Parent Bank both amounted to P789,979 and P838,032 in 2016 and 2015, respectively, and bearing interest rates range of 0.0% to 5.3% both in 2016 and in 2015. The related interest expense from deposits amounted to P2,391 and P1,672 and P906 in 2016, 2015 and 2014, respectively (see Note 22).

(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, 2016 and 2015 as follows:

<u>Transactions</u>	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>Amount of Transaction</u>	<u>Outstanding Balance</u>	<u>Amount of Transaction</u>	<u>Outstanding Balance</u>
<u>December 31, 2016</u>				
Loans to employees				
BDO Unibank, Inc.	P -	P 40	P -	P 40
BDO Leasing	-	1	-	-
Investment in shares of -				
BDO Unibank, Inc.	-	15	-	15
BDO Leasing	-	2	-	-
Deposit liabilities (including LTNCDs)				
BDO Unibank, Inc.	-	3,673	-	3,673
Trading gain				
BDO Unibank, Inc.	105	-	105	-
Interest expense				
BDO Unibank, Inc.	4	-	4	-

Transactions	BDO Unibank Group		Parent Bank	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
<u>December 31, 2015</u>				
Loans to employees				
BDO Unibank, Inc.	P -	P 54	P -	P 54
BDO Leasing	-	1	-	-
Investment in shares of -				
BDO Unibank, Inc.	-	14	-	14
BDO Leasing	-	1	-	-
Deposit liabilities (including LTNCDs)				
BDO Unibank, Inc.	-	3,011	-	3,011
Trading gain				
BDO Unibank, Inc.	219	-	219	-
Interest expense				
BDO Unibank, Inc.	5	-	5	-

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 24.

(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 in the section that follow. These transactions are generally unsecured and payable in cash, unless otherwise stated.

- (i) Transactions with and between subsidiaries have been eliminated in the BDO Unibank Group's 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, payable in cash and without fixed repayment terms. Total advances granted and collected amounted to P344 and P478, respectively, in 2016 and P417 and P346, respectively, in 2015. Outstanding advances to subsidiaries recognized as part of Accounts receivable under Loans and Other Receivables amounted to P29 and P163 as of December 31, 2016 and 2015, respectively (see Note 10).

The Parent Bank also grants unsecured and interest-bearing loans to subsidiaries with outstanding balance of P5,931 and P6,715 as of December 31, 2016 and 2015, 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 (see Note 10). Total loans granted amounted to P41,691 and P44,702 while total loans collected amounted to P42,578 and P45,751, for 2016 and 2015, respectively. These loans are payable in cash with a term between one month to two years. Interest income recognized on these is presented as part of Interest Income in the Parent Bank's statements of income (see Note 25). Interest rate on these loans ranges from 2.0% to 3.5% per annum in 2016, 2015 and 2014.

(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 services fees are payable in cash at the beginning of each month and 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.

Total service fees are presented as part of Service charges, fees and commissions under Other Operating Income account in the Parent Bank's statements of income (see Note 23). There are no outstanding balance arising from these transactions as of December 31, 2016 and 2015.

BDO Life, a former associate of BDO Unibank Group, has an existing Investment Management Agreement with the Parent Bank. For services rendered, BDO Life pays the Parent Bank management fees in cash 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. Total service fees is presented as part of Service charges, fees and commissions under Other Operating Income account in the Parent Bank's statements of income (see Note 23). Outstanding balances arising from this as of December 31, 2016 and 2015 is included as part of Accounts receivable under Loans and Other Receivables (see Note 10).

Certain subsidiaries lease office space from the Parent Bank. Total rent collected from the subsidiaries is included as part of Miscellaneous under Other Operating Income income in the Parent Bank's statements of income (see Note 23). The term of the lease is five years and is payable in cash. There are no outstanding receivable from subsidiaries as of December 31, 2016 and 2015.

BDO Capital, BDO Securities and BDOI, have reimbursed the Parent Bank in cash on the actual costs and expenditures in relation to its services amounting to P90, P82 and P119 in 2016, 2015 and 2014, respectively. There are no outstanding receivable from subsidiaries as of December 31, 2016 and 2015.

(3) Expenses of the Parent Bank

The Parent Bank leases space from BDOSHI for its branch operations. Total rent paid is included as part of Occupancy account under Other Operating Expenses account in the Parent Bank statements of income (see Note 23). The lease term is between 10 to 20 years and is payable in cash. There are no outstanding payable to the subsidiary as of December 31, 2016 and 2015.

(4) Derivatives

In 2016 and 2015, 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, 2016 and 2015, the outstanding balance of derivatives assets and liabilities are presented as part of Financial assets at FVTPL under Trading and Investment Securities account (see Note 9.1) and Derivative with negative fair values under Other Liabilities account in the statements of financial position (see Note 19).

(5) Deposit Liabilities

Total deposits made by the subsidiaries to the Parent Bank bear an interest rates of 0.0% to 2.6% in 2016 and 0.0% to 1.5% in 2015. These related interest expense from these deposits are included as part of Interest Expense account on deposit liabilities in the statements of financial position (see Note 22).

(ii) Other transactions with associates are shown below.

Loans and Advances to Associates

As of December 31, 2016 and 2015, BDO Unibank Group has outstanding unsecured and interest-bearing loans and advances to associates (nil for the Parent Bank) 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 in cash between five to seven years. Total collections on loans and advances amounted to P487 and P13 in 2016 and 2015, respectively.

Annual interest rate on these loans ranges from 6.6% to 7.7% for the years 2016, 2015 and 2014. The related interest income is presented as part of Interest Income on loans and other receivables in the Parent Bank's statements of income (see Note 21). As of December 31, 2016 and 2015, there were no impairment losses recognized on these loans and advances.

(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, 2016, 2015 and 2014, total rent paid to related parties amounted to P820, P699 and P608, respectively, and is included as part of Occupancy account under Other Operating Expenses (see Note 23). The terms of the lease are from two to five years and is payable in cash. Outstanding balances arising from this transaction amounted to P103 and P78 as of December 31, 2016 and 2015, respectively and is included as part of Accounts payable under Other Liabilities (see Note 19).

(iv) Key Management Personnel Compensation

The salaries and other compensation given to BDO Unibank Group and Parent Bank's key management are as follows (see Note 24.1):

	BDO Unibank Group		
	2016	2015	2014
Salaries and wages	P 804	P 863	P 786
Bonuses	344	406	377
Social security costs and other benefits	54	83	39
Post-employment benefits	271	177	140
	<u>P 1,473</u>	<u>P 1,529</u>	<u>P 1,342</u>
	Parent Bank		
	2016	2015	2014
Salaries and wages	P 583	P 605	P 562
Bonuses	260	287	271
Social security costs and other benefits	35	58	28
Post-employment benefits	167	129	97
	<u>P 1,045</u>	<u>P 1,079</u>	<u>P 958</u>

26. 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 33.3).

	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Investments	P 1,021,927	P 910,720	P 749,768	P 663,127
Others	7,186	6,627	6,095	5,428
	<u>P 1,029,113</u>	<u>P 917,347</u>	<u>P 755,863</u>	<u>P 668,555</u>

In compliance with the requirements of the General Banking Act relative to the BDO Unibank Group's trust functions:

- (a) Investment in government securities which are shown as part of AFS securities (see Note 9) with a total face value of P11,249 and P9,667 as of December 31, 2016 and 2015, respectively, in BDO Unibank Group and P7,650 and P6,865 as of December 31, 2016 and 2015, 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, 2016 and 2015, the additional reserve for trust functions amounted to P240 and P215, respectively, for BDO Unibank Group and P182 and P171 respectively, for the Parent Bank, and is included as part of Surplus Reserves account in statements of changes in equity (see Note 20.5).

Income from trust operations, shown as Trust fees under Other Operating Income account, amounted to P3,123, P2,909 and P2,624 for the years ended December 31, 2016, 2015 and 2014, respectively, in BDO Unibank Group statements of income and P2,491, P2,322, and P2,180 for the years ended December 31, 2016, 2015 and 2014, respectively, in the Parent Bank statements of income (see Note 23).

27. UNIT-LINKED FUNDS

Variable unit-linked (VUL) life insurance contracts of BDO Life are life insurance policies wherein a portion of the premiums received are invested in VUL funds which are composed mainly of investments in equity and debt securities. The withdrawal or surrender amount of a VUL policy can be computed by multiplying the total units held by the policyholder by the fund's Net Asset Value (NAV) per unit, which changes daily depending on the fund's performance.

In 2013, BDO Life obtained the approval from Insurance Commission to issue VUL products, where payments to policyholders are linked to internal investment funds set up by BDO Life. The VUL funds are managed by the Trust and Investment Group of the Parent Bank.

As of December 31, 2016, BDO Life has 10 VUL funds. The details of the investment funds, which comprise the assets backing the unit-linked liabilities are presented in the table below. The assets and liabilities of these investment funds have been consolidated to the appropriate accounts in the BDO Unibank Group's financial statements.

Assets:

Cash and cash equivalents	P	78
Financial assets at FVTPL		2,916
Other receivables		<u>6</u>
	P	<u>3,000</u>

Liabilities and Equity:

Other liabilities	P	27
Net assets attributable to unitholders		<u>2,973</u>
	P	<u>3,000</u>

28. MERGERS AND ACQUISITIONS

28.1 Subscription of Additional Shares in CBN Grupo

On June 27, 2015, the Parent Bank's BOD authorized the investment by BDO Capital of 3,273,000 shares in CBN Grupo for €3. The BSP approved the investment in March 2016. On October 21, 2016, CBN Grupo issued the shares to BDO Capital, making BDO Capital the owner of approximately 96% of the outstanding capital stock of CBN Grupo. CBN Grupo was renamed BDO Remit International Holdings B.V. and was registered, thereafter, with The Netherlands Chamber of Commerce on October 24, 2016. The total goodwill recognized in 2016 amounted to P32 and is presented as part of Goodwill under Other Resources on BDO Unibank Group's statements of financial position (see Note 13.3).

28.2 Acquisition of Credit Card Portfolio

On June 14, 2016, the Parent Bank signed an agreement with SB Cards to be the exclusive issuer and acquirer of Diners Club credit cards in the Philippines. The acquisition includes SB Cards' existing Diners Club portfolio and its cardholder base. The agreement took effect on September 30, 2016.

The Parent Bank recognized the acquisition-date fair value of the existing credit card receivables and liabilities assumed and compared the net assets acquired with the cash consideration given up resulting in the recognition of Trademark for the excess relating to the use of Diners Club tradename by the Parent Bank for a period of five years. Presented below is the analysis of the transaction.

Credit card receivables	P	586
Liabilities	(	18)
Net asset acquired		568
Cash consideration	(	733)
Trademark (see Note 13.7)	P	<u>165</u>

28.3 Three Way Merger among BDO Capital, BDO Savings and BDO Elite

On July 22, 2015, the shareholders of BDO Capital, BDO Savings and BDO Elite approved the merger among the three companies with BDO Capital as the surviving entity. BDO Unibank Group owns 98.82% of BDO Elite, 99.99% of BDO Savings and 100% of BDO Capital.

The merger was approved by the SEC on June 30, 2016. Approval documents were received only on July 21, 2016; thus, the consolidation took effect on July 31, 2016. In the implementation of the merger, all the shares of the capital stock of BDO Elite and BDO Savings issued and outstanding on the effective date of the merger were cancelled. A total of 7,000,399 new shares of stock of BDO Capital were then issued in exchange for the cancelled BDO Elite and BDO Savings shares of stock, as follows:

- (a) 1,000,000 shares out of the unissued authorized capital stock; and,
- (b) 6,000,399 shares out of the increase in authorized capital stock.

The BDO Elite and BDO Savings shareholders were issued a total of 3,391,113 and 3,609,286 BDO Capital shares, respectively.

28.4 Acquisition of BDO Life

In their respective meetings held on April 24, 2015 and on May 30, 2015, the Parent Bank's BOD and BDO Capital's BOD authorized the termination of the insurance joint venture and bancassurance partnership with the Generali Group.

Pursuant thereto, on June 8, 2015, BDO Unibank Group concluded a Share Purchase Agreement (SPA) with the Generali Group. The SPA provides that upon closing of the transaction, BDO Unibank Group will take full control of BDO Life, a life insurance company, and the Generali Group will take full control of Generali Pilipinas Insurance Company (GPIC), a non-life insurance company that is also owned by GPHCI. As of December 31, 2015, BDO Unibank Group owns 40%, and the Generali Group owns 60%, of the issued and outstanding capital stock of BDO Life.

On June 30, 2016, BDO Unibank Group acquired the remaining 60% of the issued and outstanding capital stock of BDO Life from the Generali Group for a cash consideration and other charges amounting to P2,236, making the latter a wholly-owned subsidiary of the former. The transaction resulted in the recognition of a gain on fair valuation of previously-held interest and gain on bargain purchase (negative goodwill) amounting to P628 and P1,586, respectively, or a total gain on acquisition of subsidiary amounting to P2,214. This is recorded as part of Miscellaneous under Other Operating Income account in the 2016 BDO Unibank Group's financial statements (see Note 23).

BDO Unibank Group is re-focusing its insurance strategy to align with its thrust to solidify its presence in the broad-based middle income market. By assuming full control of BDO Life Assurance's operations, BDO Unibank Group will be able to adapt more readily to the demands of its target markets.

On the date of acquisition, the equity share in BDO Life was re-measured at fair value, as follows:

Fair value	P	2,549
Book value	(	<u>1,921</u>)
Gain on fair valuation of previously-held interest	P	<u>628</u>

The breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investments follows:

Cash and cash equivalents	P	851
Trading and investment securities		25,882
Loans and other receivables		563
Bank premises, furniture, fixtures and equipment		54
Other resources		<u>104</u>
Total resources		<u>27,454</u>
Insurance contract liabilities		17,910
Other liabilities		<u>3,173</u>
Total liabilities		<u>21,083</u>
Net assets acquired (brought forward)	P	<u>6,371</u>

<i>Net assets acquired (carried forward)</i>	P	6,371
Fair value of the investment for the previously held interest in BDO Life	(	2,549)
Consideration transferred (for the 60% ownership interest)	(	<u>2,236</u>)
Gain on bargain purchase	P	<u>1,586</u>

Pre-acquisition income arising from the step-up acquisition amounted to P391. Subsequently, GPHCI was renamed to BDO Life (see Notes 2.3 and 13.1).

28.5 Investment Agreement with Nomura

On June 24, 2015, the BOD of PCIB Securities authorized PCIB Securities to enter in an Investment Agreement (the Agreement) with the Parent Bank and Nomura Holdings, Inc. (Nomura). Pursuant to the Agreement, PCIB Securities shall execute a subscription agreement with Nomura whereby PCIB Securities shall issue 336,274 common shares at a subscription price of P370.34 per share. Such that Nomura shall own 49.0% of the total issued and outstanding capital stock of PCIB Securities. Relative to the Agreement, PCIB Securities shall carry out retail online securities trading, institutional and retail cross-border trading and other securities business.

On January 27, 2016, PCIB Securities executed the subscription agreement with Nomura Asia Investment (Singapore) Pte. Ltd. (a wholly owned subsidiary of Nomura), thereby issuing 336,274 new common shares of PCIB Securities at P370.34 per share, resulting to new percentage of ownership of the Parent Bank to 51.0% and Nomura having 49.0% over PCIB Securities. Subsequently, PCIB Securities was renamed as BDO Nomura.

28.6 Joint Venture Investment Agreement with Mitsubishi Motors Philippines Corp. (MMPC), Sojitz Corporation (SJC) and JACCS Co. Ltd. (JACCS)

On January 28, 2016, BDO Leasing entered into a joint venture investment agreement with MMPC, SJC and JACCS to provide financing services to individual and corporate buyers of Mitsubishi Motors vehicles in the Philippines. The joint venture, to be named MAFSC, is seen harnessing the complementary strengths of the partners of the joint venture to take advantage of the sustained growth in vehicle sales on the back of increasing consumer affluence and a growing population. Upon the incorporation of MAFSC on May 31, 2016, BDO Leasing contributed P300 for 3,000,000 common shares, thereby owning 40% of the company while MMPC, SJC and JACCS jointly hold the remaining 60% stake (see Note 13.1).

28.7 Acquisition of One Network Bank, Inc. (A Rural Bank)

On October 25, 2014, the Parent Bank's BOD authorized the purchase of all of the outstanding capital stock of ONB subject to the necessary regulatory approval. The BSP accordingly approved the transfer of up to 100% of the outstanding common stock of ONB to the Parent Bank on March 16, 2015.

Thereafter, on July 20, 2015, the Parent Bank acquired 99.59% of the total issued and outstanding capital stock of ONB in exchange for 64,499,890 common shares of the Parent Bank through a share swap transaction (i.e., BDO crossed in favor of the selling shareholders of ONB and issued an equal number of new shares from its unissued capital stock with a substantial BDO shareholder). Equity investment amounted to P6,685, inclusive of the payment of documentary stamp tax amounting to P9 for the transfer of ONB shares. The acquisition resulted in recognition of Additional Paid-in Capital amounting to P6,028, net of related transaction costs amounting to P3. Subsequently, on November 23, 2015, the Parent Bank acquired an additional 81,134 ONB shares, for cash of P2, thereby increasing its shareholdings in ONB to 99.63%. The total goodwill recognized in 2015 amounting to P2,903 is presented as part of Goodwill under Other Resources on BDO Unibank Group's statements of financial position (see Note 13.3).

As of December 31, 2016, the Parent Bank acquired additional 324,012 ONB common shares from its total issued and outstanding capital stock for cash of P9. These additional purchases of ONB common shares by the Parent Bank increased its total shareholdings in ONB to 99.76%. Total additional goodwill recognized in 2016 amounted to P4.

The acquisition of ONB expands the regional presence of BDO Unibank Group in the countryside, particularly in the Southern Philippines. This also opens up new business opportunities for the BDO Unibank Group in terms of tapping underserved market segments.

The breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investments follows:

Cash and cash equivalents	P	3,294
Trading and investment securities		2,457
Loans and other receivables		20,532
Bank premises, furniture, fixtures and equipment		1,510
Other resources		<u>403</u>
Total resources		<u>28,196</u>
Deposit liabilities		20,920
Other liabilities		<u>3,478</u>
Total liabilities		<u>24,398</u>
Net asset position		3,798
Non-controlling share in equity	(	14)
Cost of investment	(	<u>6,687</u>)
Goodwill (see Note 13.3)	P	<u>2,903</u>

On June 17, 2016, the Parent Bank entered into a Sale and Purchase Agreement with TPG Growth III SF PTE. Ltd (TPG) whereby the latter shall purchase 98,949,533 common shares of ONB (constituting 40%) held by the Parent Bank. The transaction has been approved by the BSP on December 8, 2016 and is still subject to the completion of certain closing conditions.

28.8 Purchase of Assets and Assumption of Liabilities of The Real Bank (A Thrift Bank), Inc.

On August 8, 2014, the Parent Bank and 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 Parent 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		<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 13.4). In 2015, the P2,000 deficiency was settled through issuance of term loan under contract-to-sell financing. As of December 31, 2016 and 2015, the outstanding balance amounted to P1,916 and P2,000 respectively, and is presented as part of Loans and discounts under Loans and Other Receivables account in the statements of financial position (see Note 10).

28.9 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 P35,751 and presented as part of contingent accounts under Trust department accounts (see Note 33.3). The transaction resulted in the recognition of an intangible asset with indefinite useful life and is presented as Customer lists under Other Resources account in the statements of financial position (see Note 13.8).

29. TAXES

29.1 Current and Deferred Taxes

The components of tax expense for the years ended December 31 follow:

	BDO Unibank Group		
	2016	2015	2014
<i>Reported in profit or loss</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	P 5,528	P 3,510	P 3,401
Minimum corporate income tax (MCIT) at 2%	16	665	369
Final taxes at 20%, 15%, 10% and 7.5%	<u>1,220</u>	<u>1,305</u>	<u>1,084</u>
	6,764	5,480	4,854
Deferred tax expense relating to origination and reversal of temporary differences	<u>33</u>	<u>221</u>	<u>(74)</u>
	6,797	5,701	4,780
Application of previously unrecognized MCIT	<u>-</u>	<u>-</u>	<u>(540)</u>
	<u>P 6,797</u>	<u>P 5,701</u>	<u>P 4,240</u>
<i>Reported in other comprehensive income</i>			
Actuarial losses	(P 267)	(P 100)	(P 22)
Fair value of AFS securities	(21)	(67)	4
Reversal of revaluation increment	<u>-</u>	<u>(8)</u>	<u>-</u>
	<u>(P 288)</u>	<u>(P 175)</u>	<u>(P 18)</u>
Parent Bank			
	2016	2015	2014
<i>Reported in profit or loss</i>			
Current tax expense:			
RCIT at 30%	P 4,651	P 3,510	P 3,202
Final taxes at 20%, 15%, 10% and 7.5%	<u>870</u>	<u>1,086</u>	<u>9</u>
	5,521	4,596	4,135
Deferred tax expense (income) relating to origination and reversal of temporary differences	<u>192</u>	<u>233</u>	<u>(73)</u>
	5,713	4,829	4,062
Application of previously unrecognized MCIT	<u>-</u>	<u>-</u>	<u>(540)</u>
Tax expense reported in the statements of income	<u>P 5,713</u>	<u>P 4,829</u>	<u>P 3,522</u>
<i>Reported in other comprehensive income</i>			
Actuarial losses	(P 221)	(P 80)	(P 26)
Reversal of revaluation increment	<u>-</u>	<u>(8)</u>	<u>-</u>
	<u>(P 221)</u>	<u>(P 88)</u>	<u>(P 26)</u>

The reconciliation of the tax on pretax profit computed at the statutory tax rates to tax expense is shown below.

BDO Unibank Group					
	2016		2015		2014
Tax on pretax profit at 30%	P 9,870	P	9,227	P	8,120
Adjustment for income subjected to lower income tax rates	(349)	(	657)	(	430)
Tax effects of:					
Income exempt from tax	(2,868)	(	3,076)	(	3,446)
Non-deductible expenses	1,734		891		791
Deductible temporary differences not recognized	(1,022)	(	713)	(	266)
NOLCO not recognized	20	(	9)		6
Utilization of previously unrecognized net operating loss carryover (NOLCO)	(30)	-		(	501)
Application of previously unrecognized MCIT	-	-		(	540)
Others	(558)		38		506
Tax expense reported in profit or loss	P 6,797	P	5,701	P	4,240
Parent Bank					
	2016		2015 (As Restated - see Note 2.1)		2014 (As Restated - see Note 2.1)
Tax on pretax profit at 30%	P 8,889	P	8,946	P	7,898
Adjustment for income subjected to lower income tax rates	(399)	(	431)	(	359)
Tax effects of:					
Income exempt from tax	(3,216)	(	3,653)	(	3,342)
Deductible temporary differences not recognized	(1,021)	(	773)	(	283)
Non-deductible expenses	1,460		740		630
Application of previously unrecognized MCIT	-	-		(	540)
Utilization of previously unrecognized NOLCO	-	-		(	482)
Tax expense reported in profit or loss	P 5,713	P	4,829	P	3,522

Components of the net deferred tax assets (see Note 13) as of December 31 follow:

Statements of Financial Position					
	BDO Unibank Group		Parent Bank		
	2016	2015	2016	2015	
Deferred tax assets:					
Allowance for impairment	P 6,271	P 6,117	P 5,858	P 5,823	
Unamortized past service costs	1,338	1,445	1,253	1,409	
Lease income differential	121	106	121	106	
NOLCO	1	17	-	-	
Others	34	44	-	-	
	7,765	7,729	7,232	7,338	
Deferred tax liabilities:					
Retirement asset	607	776	651	784	
Revaluation increment	432	432	431	431	
Changes in fair values of AFS securities	60	74	-	-	
Lease income differential	54	85	-	-	
Capitalized interest	53	56	53	55	
Others	225	227	-	-	
	1,431	1,650	1,135	1,270	
Net deferred tax assets	P 6,334	P 6,079	P 6,097	P 6,068	

Movements in net deferred tax assets for the year ended December 31 follow:

BDO Unibank Group

	Statements of Income		
	2016	2015	2014
Unamortized past service costs	P 154	P 163	(P 310)
Allowance for impairment	(117)	-	(300)
Retirement asset	87	116	500
Lease income differential	(46)	42	38
NOLCO	17	14	4
Capitalized interest	(3)	(2)	(3)
Others	(59)	(28)	73
Deferred tax expense (income)	P 33	P 221	(P 74)

Parent Bank

	Statements of Income		
	2016	2015	2014
Unamortized past service costs	p 155	P 147	(P 307)
Retirement asset	89	96	556
Allowance for impairment	(35)	-	(310)
Lease income differential	(14)	(7)	(9)
Capitalized interest	(3)	(3)	3
Deferred tax expense (income)	P 192	P 233	(P 73)

	Statements of Comprehensive Income			
	BDO Unibank Group		Parent Bank	
	2016	2015	2016	2015
Movements in actuarial losses	(P 267)	(P 100)	(P 221)	(P 80)
Movements in fair value of AFS securities	(21)	(67)	-	-
Movements in revaluation increment	-	(8)	-	(8)
Deferred tax income	(P 288)	(P 175)	(P 221)	(P 88)

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):

Year	NOLCO	MCIT	Valid Until
2016	P 20	P 11	2019
2015	8	12	2018
2014	<u>689</u>	<u>8</u>	2017
	<u>P 717</u>	<u>P 31</u>	

In 2016, NOLCO and MCIT amounting to P161 and P20, respectively, expired for BDO Unibank Group (nil for the Parent Bank). The remaining NOLCO and MCIT of BDO Savings amounting to P348 and P4, respectively, were not allowed to be carried over to BDO Capital, the surviving entity, as a result of the merger (see Note 28.3).

The amounts of unrecognized deferred tax assets arising from NOLCO and other temporary differences as of December 31, 2016 and 2015 are as follows:

		BDO Unibank Group			
		2016		2015	
		<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>
Allowance for impairment	P	20,579	P 6,174	P 16,089	P 4,827
NOLCO		717	215	1,249	375
MCIT		31	31	44	44
Others		<u>1,885</u>	<u>565</u>	<u>1,947</u>	<u>584</u>
	P	<u>23,212</u>	<u>P 6,985</u>	<u>P 19,329</u>	<u>P 5,830</u>
		Parent Bank			
		2016		2015	
		<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>
Allowance for impairment	P	19,899	P 5,970	P 18,140	P 5,442
Others		<u>1,948</u>	<u>584</u>	<u>1,947</u>	<u>584</u>
	P	<u>21,847</u>	<u>P 6,554</u>	<u>P 20,087</u>	<u>P 6,026</u>

BDO Unibank Group continues claiming itemized deduction for income tax purposes.

29.2 Gross Receipts Tax

On January 29, 2004, Republic Act (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.

29.3 Documentary Stamp Tax

Documentary Stamp Tax (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 as follows:

- (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 affectivity 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.

29.4 Supplementary Information Required by the Bureau of Internal Revenue (BIR)

The BIR issued Revenue Regulations (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 SEC 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.

30. EARNINGS PER SHARE

Basic earnings per share attributable to equity holders of the BDO Unibank Group were computed as follows:

	BDO Unibank Group		
	2016	2015	2014
Net profit attributable to shareholders of the Parent Bank	P 26,090	P 25,016	P 22,805
Dividends on preferred shares	(339)	(339)	(339)
Net profit available to common shares	25,751	24,677	22,466
Divided by the weighted average number of outstanding common shares (in millions)	3,646	3,610	3,581
Basic earnings per share	P 7.06	P 6.84	P 6.27

Diluted earnings per share attributable to equity holders of the BDO Unibank Group were computed as follows:

	BDO Unibank Group		
	2016	2015	2014
Net profit attributable to shareholders of the Parent Bank	P 25,751*	P 24,677*	P 22,466*
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	3,646	3,610	3,581
Potential common shares from assumed conversion of preferred shares	*	*	*
Potential common shares from assumed conversion of stock option plan	**	**	**
Total weighted average number of common shares after assumed conversion of convertible preferred shares	3,646	3,610	3,581
Diluted earnings per share	P 7.06	P 6.84	P 6.27

* 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 stock option plan are partially purchased in the secondary market and partially made through primary issuance but do not significantly affect the computation of diluted earnings per share.

Basic earnings per share in the Parent Bank's financial statements were computed as follows:

	Parent Bank		
	2016	2015	2014
Net profit	P 23,916	P 24,994	P 22,804
Dividends on preferred shares	(339)	(332)	(332)
Net profit available to common shares	23,577	24,655	22,465
Divided by the weighted average number of outstanding common shares (in millions)	3,646	3,610	3,581
Basic earnings per share	<u>P 6.47</u>	<u>P 6.83</u>	<u>P 6.27</u>

Diluted earnings per share in the Parent Bank's financial statements were computed as follows:

	Parent Bank		
	2016	2015	2014
Net profit	P 23,577*	P 24,655*	P 22,465*
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	3,646	3,610	3,581
Potential common shares from assumed conversion of convertible preferred shares	*	*	-
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>3,646</u>	<u>3,610</u>	<u>3,581</u>
Diluted earnings per share	<u>P 6.47</u>	<u>P 6.83</u>	<u>P 6.27</u>

* Net profit 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 stock option plan are partially purchased in the secondary market and partially made through primary issuance but do not significantly affect the computation of diluted earnings per share.

31. SELECTED FINANCIAL PERFORMANCE INDICATORS

(a) The following are some measures of BDO Unibank Group and Parent Bank's financial performance:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>BDO Unibank Group</u>			
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	12.5%	13.4%	13.4%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.2%	1.3%	1.3%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	3.2%	3.2%	3.2%
Return on common equity:			
$\frac{\text{Net profit}}{\text{Average common equity}}$	12.6%	13.6%	13.6%
Liquidity ratio:			
$\frac{\text{Total liquid resources}}{\text{Total resources}}$	33.5%	33.8%	38.1%
Debt to equity:			
$\frac{\text{Total liabilities}}{\text{Total equity}}$	968.8%	917.6%	937.3%
Resources to equity:			
$\frac{\text{Total resources}}{\text{Total equity}}$	1,068.8%	1,017.6%	1,037.3%
Interest rate coverage:			
$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	300.4%	302.8%	319.0%
Profit margin:			
$\frac{\text{Net profit}}{\text{Revenues}}$	21.1%	24.1%	24.5%

	2016	2015	2014
<u>BDO Unibank Group</u>			
Capital to risk resources ratio*:			
Combined credit, market and operational risk	12.4%	13.3%	14.4%
* Computed using balances prepared under PFRS			
<u>Parent Bank</u>			
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	11.8%	13.9%	13.9%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.2%	1.4%	1.4%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	3.2%	3.2%	3.2%
Return on common equity:			
$\frac{\text{Net profit}}{\text{Average common equity}}$	12.0%	14.1%	14.3%
Liquidity ratio:			
$\frac{\text{Total liquid resources}}{\text{Total resources}}$	31.5%	32.6%	37.2%
Debt to equity:			
$\frac{\text{Total liabilities}}{\text{Total equity}}$	918.5%	872.9%	907.4%
Resources to equity:			
$\frac{\text{Total resources}}{\text{Total equity}}$	1,018.5%	972.9%	1,007.4%
Interest rate coverage:			
$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	297.7%	309.5%	324.5%

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Parent Bank</u>			
Profit margin:			
<u>Net profit</u>	23.0 %	25.7%	25.9%
Revenues			
Capital to risk resources ratio*:			
Combined credit, market and operational risk	11.4%	12.2%	13.1%

* 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Aggregate amount of secured liabilities	<u>P 1,800</u>	<u>P 1,682</u>	<u>P 602</u>	<u>P 577</u>
Aggregate amount of resources pledged as security	<u>P 4,597</u>	<u>P 6,723</u>	<u>P 780</u>	<u>P 2,906</u>

32. EVENTS AFTER THE END OF THE REPORTING PERIOD

32.1 Stock Rights Offering

On September 24, 2016, the Parent Bank's BOD authorized the Parent Bank to raise P60,000 in additional core capital through a stock rights offer. The BSP and the PSE approved the transaction on November 23, 2016 and December 14, 2016, respectively.

On January 3, 2017, the Parent Bank fixed the final terms for the stock rights offer which entitled eligible shareholders to subscribe to one common share for every 5.095 common shares held as of January 5, 2017 record date at an offer price of P83.75 per Rights Share. The offer period ran from January 16, 2017 to January 24, 2017. Following the close of the offer period, the Parent Bank successfully completed its stock rights offer and 716,402,886 common shares were issued and subsequently listed on the PSE on January 31, 2017.

The fresh capital will support the Parent Bank's medium-term growth objectives amid the country's favorable macroeconomic prospects and provide a comfortable buffer over higher capital requirements with the forthcoming imposition of DSIB surcharge.

32.2 *Conversion of the Parent Bank's Preferred Shares to Common Shares*

On January 7, 2017, the Parent Bank's BOD authorized the conversion of 1,000,000,000 unissued shares of the Parent Bank, consisting of 500,000,000 unissued Series A Preferred Shares and 500,000,000 unissued ordinary preferred shares, each with a par value of P10 per share, into 1,000,000,000 common shares with par value of P10 per share. This will provide BDO with the flexibility to issue common shares should the need arise in the future. The transaction is still subject to regulatory approvals.

32.3 *Dividends*

On January 27, 2017, 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 P340. The dividends will be paid within 60 days from dividend declaration date.

33. COMMITMENTS AND CONTINGENCIES

33.1 *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, 2016, management believes that no such legal proceedings are expected to have material adverse effect on BDO Unibank Group's financial position.

33.1.1 *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 10 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. On October 16, 2011, eight banks that purchased the PEACe Bonds filed a case in the Supreme Court to enjoin the Bureau of Treasury (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 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 August 16, 2016, the Supreme Court ordered the BTr to immediately release and pay the bondholders the amount of P4,966, representing the 20% FWT on the PEACe bonds, with legal interest of 6% per annum from October 19, 2011 until full payment.

On October 19, 2016, the Respondents filed Motions where they respectfully prayed that the Honorable Court grant them leave to file the Motion for Partial Reconsideration and admit the Motion for Partial Reconsideration. The Respondents also prayed that the Resolution dated August 16, 2016 be partially reconsidered and for judgment to be rendered stating that (1) jurisdiction to hear actions assailing the validity of the exercise of quasi-legislative powers of the Commissioner of Internal Revenue pertains to the regular courts after review by the Secretary of Finance; and, (2) the 6% interest on the withheld amount of P4,966 be deleted or in the alternative, and only when respondents are held liable for interest, computation thereof shall be reckoned from the date of finality of the Decision dated January 13, 2015 at the prevailing market rate of comparable short term government debt securities at the time of payment.

On November 22, 2016, the Supreme Court denied, for lack of merit, the Respondents Motion for Leave to File Motion for Partial Reconsideration, as well as the Motion to Admit Motion for Partial Reconsideration, considering that a second motion for reconsideration is a prohibited pleading. The Supreme Court stated that no further pleadings or motions will be entertained and ordered the entry of judgment.

The Parent Bank is coordinating with its external counsel to arrange for the release and payment of the 20% final withholding tax on the PEACe bonds, plus the legal interest of 6% per annum which will accrue from October 19, 2011 until full payment is made.

The Parent Bank presents the 20% FWT amounting to P690 under Accounts receivable account under Loans and Other Receivables in the statements of financial position (see Note 10).

33.1.2 Applicability of RR 4-2011

On March 15, 2011, the BIR issued RR No. 4-2011 regarding the alleged violation relating to the proper allocation of costs and expenses amongst income earnings of banks and other financial institutions for income tax reporting purposes.

RR No. 4-2011 essentially prescribed the method of allocation of cost and expenses such that when computing the amount allowable as deduction from regular banking unit operations, all costs and expenses should first be allocated between the regular banking unit and FCDU/expanded FCDU or offshore banking unit.

On April 6, 2015, 19 banks (Petitioners) filed a Petition for Declaratory Relief with Application for Temporary Restraining Order and/or Preliminary Injunction, with the Regional Trial Court of Makati. The Parent Bank and BDO Private are among the Petitioners in Civil Case No. 15-287 assailing the validity of RR No. 4-2011. In the Petition, the Petitioners claimed that there is no provision in the National Internal Revenue Code which justifies the issuance of RR No. 4-2011 and that the scope of RR No. 4-2011 unduly expands the power of the BIR to allocate a taxpayer's costs and expenses. The Petitioners also claimed that RR No. 4-2011 limits their rights to claim ordinary and necessary expenses as deductions.

On April 8, 2015, the Regional Trial Court of Makati issued a temporary restraining order, enjoining the BIR from enforcing RR No. 4-2011. Also, on April 27, 2015, the Regional Trial Court of Makati issued a Writ of Preliminary Injunction also enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR No. 4-2011 against the Petitioners, including the issuance of Preliminary Assessment Notice or Final Assessment Notice, as the case may be, based on the revenue regulations, pending litigation, unless sooner dissolved.

The case remains pending as of December 31, 2016.

33.1.3 First e-Bank

In 2002, First e-Bank ("FeB") experienced liquidity problems prompting Philippine Deposit Insurance Corporation ("PDIC") to invite several banks to propose a solution for FeB's bailout. PDIC entered into contract with BDO Unibank, Inc. where in consideration of the assumption by BDO Unibank of FeB's liabilities in the maximum amount of P10,000, PDIC will provide BDO Unibank P10,000 of Financial Assistance and PDIC will receive FeB's assets to recover said financial assistance.

About P5,000 of the financial assistance was released to BDO Unibank and the remaining P5,000 was deposited in escrow with BDO Trust and Investments Group ("BDO-TIG") in accordance with the escrow agreement dated October 23, 2002 entered into by BDO Unibank, PDIC, and BDO-TIG.

In August 2016, PDIC authorized the release of a total amount of P4,650 from escrow inclusive of proportional interest. However, as of August 26, 2016, the amount of P1,224 remains in escrow, which includes: (i) P602, which covers assets BDO Unibank still considers capable of delivery worth P214 and the remaining assets PDIC classified as undeliverable; and (ii) all interest earnings thereon.

Unable to agree on the release of the remaining amount in escrow, on September 20, 2016, the PDIC filed a Complaint for Specific Performance and Damages against BDO, which case was raffled to RTC Makati City Branch 60.

On October 14, 2016, BDO filed its Answer to the Complaint affirming that it has assumed P10,000 in liabilities of FeB and is thus entitled to release of the remaining escrow of P1,224.

The case remains pending as of December 31, 2016.

33.1.4 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, 2016, 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.

33.2 Leases

BDO Unibank Group leases the premises of its head office and most of its branch offices for periods ranging from one to 30 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 P2,846, P2,569 and P2,199 in 2016, 2015 and 2014, respectively, in BDO Unibank Group's financial statements and P2,670, P2,415 and P2,131 in 2016, 2015 and 2014, respectively, in the Parent Bank's financial statements (see Note 23).

As of December 31, 2016 and 2015, the estimated minimum future annual rentals of BDO Unibank, Inc. and Parent Bank follow:

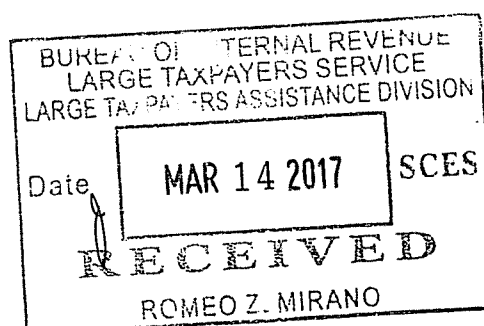
	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Within one year	P 2,528	P 2,315	P 2,370	P 2,176
More than one year but not more than five years	12,532	11,337	11,964	10,769
More than five years	<u>4,788</u>	<u>4,259</u>	<u>4,604</u>	<u>4,153</u>
	<u>P 19,848</u>	<u>P 17,911</u>	<u>P 18,938</u>	<u>P 17,098</u>

33.3 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's 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, 2016 and 2015, 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	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trust department accounts	26	P 1,029,113	P 917,347	P 755,863	P 668,555
Committed credit lines		221,579	132,385	221,399	132,192
Forward exchange sold		89,028	104,736	67,344	83,717
Forward exchange bought		80,419	94,826	55,570	70,788
Unused commercial letters of credit		48,108	41,888	48,092	41,876
Outstanding guarantees issued		33,891	18,916	33,879	18,903
Interest rate swap receivable		19,699	16,554	9,791	9,528
Interest rate swap payable		19,699	16,554	9,791	9,528
ROP warrants		15,021	15,021	15,021	15,021
Spot exchange sold		13,224	6,738	12,592	6,588
Spot exchange bought		5,182	3,000	4,550	2,849
Bills for collection		5,090	5,213	5,090	5,213
Late deposits/payments received		2,584	2,404	2,580	2,372
Export letters of credit confirmed		1,552	2,577	1,552	2,577
Other contingent accounts		2,055	2,194	2,036	2,138





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**Report of Independent Auditors
to Accompany SEC Schedules
Filed Separately from the Basic
Financial Statements**

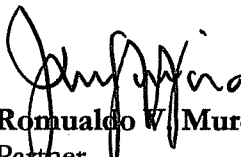
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The Board of Directors and Stockholders
BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue, Makati City

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, 2016, on which we have rendered the attached report dated February 24, 2017. 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, 2016 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 W. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 5908631, January 3, 2017, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

February 24, 2017

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

BDO Unibank, Inc. and Subsidiaries
SEC Supplementary Schedules
December 31, 2016

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BDO Unibank, Inc. and Subsidiaries
Schedule A - Financial Assets
December 31, 2016

<i>Type of securities</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	68,182,735,347	P	6,844,405,014	P	6,844,405,014	P	1,042,373,275
Government bonds	17,453,971,025		3,001,375,626		3,001,375,626		28,493,286
Other debt securities	1,006,125,391		1,841,020,185		1,841,020,185		7,306,503
Equity securities	464,370,663		2,337,118,010		2,337,118,010		220,529
<u>Available-for-sale securities</u>							
Government debt	44,397,853,710		49,456,704,333		49,456,704,333		547,599,044
Other debt securities	43,366,303,995		44,168,722,349		44,168,722,349		523,665,588
Equity securities	2,051,471,285		14,507,000,609		14,507,000,609		202,086
<u>Held-to-Maturity</u>							
Government debt securities	109,738,851,404		119,181,749,293		119,080,199,505		1,379,654,114
Other debt securities	26,823,720,516		27,704,220,999		27,772,949,820		422,111,059
		P	269,042,316,419	P	269,009,495,451	P	3,951,625,485

BDO Unibank, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2016

			Deductions		Ending Balance			
Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current*	Not-current**	Balance at end of period	
Amounts Due from Related Parties under Common Ownership:								
Allfirst Equity Holdings, Inc.	P 4,515,676,842	P 21,222,850,968	P 21,877,133,935	P -	P 3,861,393,875	P -	P 3,861,393,875	
Sanford Marketing Corporation	2,201,512,500	33,443,055	28,401,389	-	2,206,554,167	-	2,206,554,167	
Philippine Integrated Meat Corporation	1,268,386,686	62,799,961	62,679,192	-	-	1,268,507,456	1,268,507,456	
Romer Mercantile, Inc.	962,171,432	15,764,447,093	16,726,618,524	-	-	-	-	
Forever Agape & Glory, Inc.	952,031,944	12,191,667	964,223,611	-	-	-	-	
Alfamart Trading Philippines, Inc.	801,558,333	1,010,847,222	1,812,405,555	-	-	-	-	
Sysmart Corporation	738,654,500	753,367,917	873,455,917	-	618,566,500	-	618,566,500	
Super Shopping Market, Inc.	701,229,861	11,399,306	712,629,167	-	-	-	-	
Costa Del Hamilo, Inc.	666,749,089	476,218,957	711,632,386	-	431,335,660	-	431,335,660	
SM Lifestyle Entertainment, Inc.	390,192,329	19,665,616	19,665,616	-	-	390,192,329	390,192,329	
Carmen Copper Corporation	362,572,186	687,130,324	1,049,702,510	-	-	-	-	
Highlands Prime, Inc.	300,673,287	63,084,914	363,758,201	-	-	-	-	
Mindanao Shoppers Daily Destination Corp.	300,366,667	204,147,916	303,918,750	-	200,595,833	-	200,595,833	
HMS Development Corp.	250,587,431	399,903,784	359,627,257	-	290,863,958	-	290,863,958	
Sports Central (Manila), Inc.	187,315,251	117,642,750	304,958,000	-	-	-	-	
Sy, Henry Sr.	150,275,000	153,116,667	153,105,208	-	150,286,458	-	150,286,458	
International Toyworld, Inc.	150,263,541	152,443,680	302,707,222	-	-	-	-	
Intercontinental Devt Corp.	133,813,349	806,105	134,619,455	-	-	-	-	
Meridien Business Leader, Inc.	110,193,264	626,389	110,819,653	-	-	-	-	
Metro Main Star Asia Corp.	100,175,695	76,953,646	102,066,319	-	75,063,021	-	75,063,021	
Nursery Care Corporation	100,175,694	101,703,472	201,879,167	-	-	-	-	
Mercantile Stores Group, Inc.	100,122,222	404,861	100,527,083	-	-	-	-	
Russfield Holdings Corp.	100,113,055	101,931,111	101,746,250	-	100,297,917	-	100,297,917	
Metro Manila Shopping Mecca Corp.	80,097,778	51,348,264	81,404,028	-	50,042,014	-	50,042,014	
Walk EZ Retail Corp.	80,097,778	81,438,333	81,509,444	-	80,026,667	-	80,026,667	
Kultura Store, Inc.	70,085,556	973,194	71,058,750	-	-	-	-	
Supplies Station, Inc.	65,044,687	66,340,625	66,261,180	-	65,124,132	-	65,124,132	
Martinez, Vergara, Gonzales & Serrano	99,116,090	-	99,116,090	-	-	-	-	
Mandurriao Star, Inc.	50,087,848	103,125	50,190,972	-	-	-	-	
Pagasa Philippines Lending Company, Inc.	50,085,463	51,138,621	51,124,564	-	50,099,519	-	50,099,519	
Manila Southern Associates, Inc.	50,061,111	198,611	50,259,722	-	-	-	-	
Mindanao Shopping Destination Corp.	40,048,889	40,660,764	50,620,278	-	30,089,375	-	30,089,375	
Shoemart, Inc.	20,056,528	50,621,284	20,661,146	-	50,016,667	-	50,016,667	
Surplus Marketing Corporation	20,024,445	20,392,639	20,398,750	-	20,018,333	-	20,018,333	
CK_Fashion Collection Corp.	20,013,750	20,371,250	20,366,667	-	20,018,333	-	20,018,333	
Tqm Construction Corp.	8,660,865	17,277,914	17,770,670	-	8,168,109	-	8,168,109	
150 Accessories, Inc.	5,014,132	27,270,325	10,252,007	-	22,032,450	-	22,032,450	
L.V. Locsin Condominium Corp.	3,835,892	-	2,707,692	-	1,128,200	-	1,128,200	
Ultra Bowl Restaurant	2,882,900	-	2,882,900	-	-	-	-	
Westech WIPI Manufacturing Corp.	2,690,413	-	2,690,413	-	-	-	-	
Bautista, Sps. Arnold S. and Venus T./Four Sha Integ. Farm	2,276,467	-	287,034	-	1,989,433	-	1,989,433	
L.V. Locsin Condominium Corp.	1,734,000	-	1,733,833	-	167	-	167	
Manlanta, Sixto	271,170	-	271,170	-	-	-	-	
Manlanta, Epifania	164,559	-	164,559	-	-	-	-	
AYK Holdings, Inc.	-	15,008,363	254,726	-	-	14,753,637	14,753,637	
H & B, Inc.	-	258,808,042	258,808,042	-	-	-	-	
My Shoppinglane Cebu Corp.	-	350,364,583	350,364,583	-	-	-	-	
Omni Digital Media Ventures, Inc.	-	257,032,576	6,085,788	-	-	250,946,788	250,946,788	

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**	
Pasig Supermarket, Inc.	-	50,092,639	4,167	-	50,088,472	-	50,088,472
Signature Lines, Inc.	-	25,139,236	116,319	-	25,022,917	-	25,022,917
	<u>16,217,160,479</u>	<u>42,811,707,769</u>	<u>48,695,645,861</u>	<u>-</u>	<u>8,408,822,177</u>	<u>1,924,400,210</u>	<u>10,333,222,387</u>
Loans to Officers and Employees:							
Salary Loans	979,131,256	809,468,545	704,405,380	-	122,614,457	961,579,964	1,084,194,421
Home Loans	167,244,073	9,000,029	30,787,922	-	762,970	144,693,210	145,456,180
Auto Loans	145,729,410	60,971,713	77,560,265	-	7,630,293	121,510,565	129,140,858
Credit Card Loans	108,693,477	291,166,672	281,136,477	-	115,290,671	3,433,001	118,723,672
Nestor V. Tan	40,094,444	118,196,089	48,037,500	-	70,142,187	40,110,846	110,253,033
Commercial Loan	8,369,015	-	8,369,015	-	-	-	-
Direct Lease	4,970,020	7,923,580	2,894,683	-	9,998,917	-	9,998,917
Ador A. Abrogena	<u>1,001,111</u>	<u>-</u>	<u>1,001,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,455,232,806</u>	<u>1,296,726,628</u>	<u>1,154,192,353</u>	<u>-</u>	<u>326,439,495</u>	<u>1,271,327,586</u>	<u>1,597,767,081</u>
Loans to Stockholders:							
SM Investments Corporation	-	5,672,128,417	4,675,498,575	-	996,629,842	-	996,629,842
Sybase Equity Investments Corporation	<u>12,012,076,750</u>	<u>10,856,785,827</u>	<u>12,556,786,605</u>	<u>-</u>	<u>10,312,075,972</u>	<u>-</u>	<u>10,312,075,972</u>
	<u>12,012,076,750</u>	<u>16,528,914,244</u>	<u>17,232,285,180</u>	<u>-</u>	<u>11,308,705,814</u>	<u>-</u>	<u>11,308,705,814</u>
Total	<u>P 29,684,470,035</u>	<u>P 60,637,348,641</u>	<u>P 67,082,123,394</u>	<u>p -</u>	<u>P 20,043,967,486</u>	<u>P 3,195,727,796</u>	<u>P 23,239,695,282</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, 2016

				<i>Deductions</i>											
<i>Name and Designation of debtor</i>		<i>Balance at beginning of period</i>		<i>Additions</i>		<i>Amounts collected</i>		<i>Amounts written off</i>		<i>Current*</i>		<i>Non-current**</i>		<i>Balance at end of period</i>	
BDO Leasing & Finance, Inc.	P	3,250,221,854	P	12,529,413,233	P	13,203,820,307	p	-	P	2,575,814,780	p	-	P	2,575,814,780	
BDO Capital & Investment Corporation		2,292,262,706		25,027,939,612		25,867,909,805		-		1,452,292,513		-		1,452,292,513	
BDORO Europe, Ltd.		1,274,022,749		1,487,176,282		1,208,392,903		-		-		1,552,806,128		1,552,806,128	
BDO Remittance (USA), Inc.		74,211,928		212,580,173		191,915,121		-		94,876,981		-		94,876,981	
BDO Insurance Brokers, Inc.		47,556,305		28,804,722		47,556,305		-		28,804,722		-		28,804,722	
BDO Remit Limited		41,544,738		2,198,434,747		2,087,272,056		-		61,055,066		91,652,364		152,707,430	
BDO Remit (Japan) Ltd.		-		150,968,907		149,359,807		-		1,609,100		-		1,609,100	
BDO Nomura Securities		-		100,145,833		77,778		-		100,068,056		-		100,068,056	
One Network Bank		-		300,000,000		300,000,000		-		-		-		-	
	P	6,979,820,280	P	42,035,463,512	P	43,056,304,082	P	-	P	4,314,521,218	P	1,644,458,492	P	5,958,979,710	

**Due within one year*

***Due beyond one year*

BDO Unibank, Inc. and Subsidiaries
Schedule D - Intangible Assets - Other Assets
December 31, 2016

<i>Description</i>			<i>Deductions</i>			<i>Ending balance</i>
	<i>Beginning balance</i>	<i>Additions at Cost</i>	<i>Charged to cost and expenses</i>	<i>Charged to other accounts</i>	<i>Other changes additions (deductions)</i>	
Licenses	P 4,084,930,923	P 998,762,828	(P 423,299,481)	P -	P 7,720,463	P 4,668,114,733
Goodwill - net	3,014,574,067	35,434,515	(3,829,842)	-	-	3,046,178,740
Customer List - net	502,386,132	-	(15,000,000)	-	-	487,386,132
Trademark	-	165,000,000	(8,250,000)	-	-	156,750,000
Trading Rights	<u>11,923,618</u>	<u>133,929</u>	<u>(307,742)</u>	<u>-</u>	<u>-</u>	<u>11,749,805</u>
	<u>P 7,613,814,741</u>	<u>P 1,199,331,272</u>	<u>(P 450,687,065)</u>	<u>P -</u>	<u>P 7,720,463</u>	<u>P 8,370,179,410</u>

BDO Unibank, Inc. and Subsidiaries
Schedule E - Long-Term Debt
December 31, 2016

<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>
<i>Senior Notes</i>					
Senior Notes 1	P 15,163,988,221	P 15,163,988,221		4.500%	February 16, 2017
Senior Notes 2	14,985,569,746	72,870,875	14,912,698,871	2.625%	October 24, 2021
	30,149,557,967	15,236,859,096	14,912,698,871		
Unsecured Subordinated Debt - Tier 2	10,000,000,000	30,027,109	10,000,000,000	5.188%	March 10, 2025
Bills Payable (Deutsche Bank)	601,760,332	601,760,332	-	1.850%	January 18, 2017
<i>Bills Payable - Others</i>					
Standard Chartered Bank	12,300,535,924	39,309,012	12,261,226,912	1.752%	July 31, 2018
	12,300,535,924	39,309,012	12,261,226,912		
Development Bank of the Philippines	388,676,240	388,676,240	-	3.250%	July 22, 2017
Development Bank of the Philippines	502,835,918	251,527,418	251,308,500	3.200%	December 27, 2018
	891,512,158	640,203,658	251,308,500		
The Export-Import Bank of Korea	906,165,984	365,460,984	540,705,000	2.730%	April 22, 2019
<i>Hong Kong</i>					
BANK OF AMERICA, N.A., SINGAPORE BRANCH	P 372,807,259	P -	P 372,807,259	1.890%	July 31, 2018
LANDESBANK BADEN - WURTTMBERG, SINGAPORE	149,122,904	-	149,122,904	1.890%	July 31, 2018
ERSTE GROUP BANK AG, HK BRANCH	59,649,161	-	59,649,161	1.890%	July 31, 2018
HUA NAN COMMERCIAL BANK LTD	64,619,925	-	64,619,925	1.890%	July 31, 2018
THE HONGKONG & SHANGHAI BANKING CORPORATION,, HONG KONG BRANCH	273,391,990	-	273,391,990	1.890%	July 31, 2018
MIZUHO BANK LTD - SINGAPORE BRANCH	372,807,259	-	372,807,259	1.890%	July 31, 2018
STANDARD CHARTERED BANK, SINGAPORE	273,391,990	-	273,391,990	1.890%	July 31, 2018
UNITED OVERSEAS BANK LIMITED, SINGAPORE BRANCH	372,807,259	-	372,807,259	1.890%	July 31, 2018
SUMITOMO MITSUI BANKING CORPORATION, HK BRANCH	248,538,173	-	248,538,173	1.890%	July 31, 2018
SHINSEI BANK LIMITED, TOKYO BRANCH	248,538,173	-	248,538,173	1.890%	July 31, 2018
COMMERZBANK AKTIENGESELLSCHAFT FILIALE LUXEMBURG, HK BRANCH	198,830,538	-	198,830,538	1.890%	July 31, 2018
ING BANK N.V., HONGKONG BRANCH	198,830,538	-	198,830,538	1.890%	July 31, 2018
LANDESBANK BADEN - WURTTMBERG, SINGAPORE	198,830,538	-	198,830,538	1.890%	July 31, 2018
National Bank of Kuwait S.A.K. Singapore	198,830,538	-	198,830,538	1.890%	July 31, 2018
WELLS FARGO BANK, NATIONAL ASSOCIATION, LONDON BRANCH	198,830,538	-	198,830,538	1.890%	July 31, 2018

<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>
APPLE BANK FOR SAVINGS, NEW YORK BRANCH	149,122,904	-	149,122,904	1.890%	July 31, 2018
THE COMMERCIAL BANK OF QATAR (Q.S.C), DOHA BRANCH	119,298,323	-	119,298,323	1.890%	July 31, 2018
DOHA BANK Q.S.C, DOHA BRANCH	119,298,323	-	119,298,323	1.890%	July 31, 2018
HUA NAN COMMERCIAL BANK, LTD., OFFSHORE BANKING BRANCH (TAIPEI)	59,649,161	-	59,649,161	1.890%	July 31, 2018
HUA NAN COMMERCIAL BANK, LTD., SINGAPORE BRANCH	59,649,161	-	59,649,161	1.890%	July 31, 2018
KDB ASIA LIMITED	59,649,161	-	59,649,161	1.890%	July 31, 2018
KDB BANK EUROPE LIMITED	59,649,161	-	59,649,161	1.890%	July 31, 2018
STATE BANK OF INDIA, PARIS BRANCH	119,298,323	-	119,298,323	1.890%	July 31, 2018
THE GUNMA BANK LTD, TOKYO BRANCH	119,298,323	-	119,298,323	1.890%	July 31, 2018
MEGA INTERNATIONAL COMMERCIAL BANK CO.,LTD, OFFSHORE BANKING BRANCH (TAIPEI)	99,415,269	-	99,415,269	1.890%	July 31, 2018
ERSTE GROUP BANK AG, HK BRANCH	89,473,742	-	89,473,742	1.890%	July 31, 2018
IBJ LEASING CO., LTD , TOKYO BRANCH	89,473,742	-	89,473,742	1.890%	July 31, 2018
THE CHUGOKU BANK, LTD, JAPAN	74,561,452	-	74,561,452	1.890%	July 31, 2018
CTBC BANK CO., LTD. SINGAPORE	74,561,452	-	74,561,452	1.890%	July 31, 2018
THE HACHIJUNI BANK LTD, TOKYO BRANCH	74,561,452	-	74,561,452	1.890%	July 31, 2018
THE HYAKUGO BANK LTD, TOKYO BRANCH	74,561,452	-	74,561,452	1.890%	July 31, 2018
FUYO GENERAL LEASE (HK) LIMITED	49,707,635	-	49,707,635	1.890%	July 31, 2018
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD., OFFSHORE BANKING BRANCH (TAIPEI)	49,707,635	-	49,707,635	1.890%	July 31, 2018
BANK OF AMERICA, N.A., SINGAPORE BRANCH	559,210,888	-	559,210,888	1.890%	July 31, 2018
LANDESBANK BADEN - WURTTENBERG, SINGAPORE	223,684,355	-	223,684,355	1.890%	July 31, 2018
ERSTE GROUP BANK AG, HK BRANCH	89,473,742	-	89,473,742	1.890%	July 31, 2018
HUA NAN COMMERCIAL BANK LTD	96,929,887	-	96,929,887	1.890%	July 31, 2018
THE HONGKONG & SHANGHAI BANKING CORPORATION	410,087,985	-	410,087,985	1.890%	July 31, 2018
MIZUHO BANK LTD - SINGAPORE BRANCH	559,210,888	-	559,210,888	1.890%	July 31, 2018
STANDARD CHARTERED BANK, SINGAPORE	410,087,985	-	410,087,985	1.890%	July 31, 2018
UNITED OVERSEAS BANK LIMITED, SINGAPORE BRANCH	559,210,888	-	559,210,888	1.890%	July 31, 2018
SUMITOMO MITSUI BANKING CORPORATION, HK BRANCH	372,807,259	-	372,807,259	1.890%	July 31, 2018
SHINSEI BANK LIMITED, TOKYO BRANCH	372,807,259	-	372,807,259	1.890%	July 31, 2018
COMMERZBANK AKTIENGESELLSCHAFT FILIALE LUXEMBURG, HK BRANCH	298,245,807	-	298,245,807	1.890%	July 31, 2018
ING BANK N.V., HONGKONG BRANCH	298,245,807	-	298,245,807	1.890%	July 31, 2018
LANDESBANK BADEN - WURTTENBERG, SINGAPORE	298,245,807	-	298,245,807	1.890%	July 31, 2018
National Bank of Kuwait S.A.K. Singapore	298,245,807	-	298,245,807	1.890%	July 31, 2018
WELLS FARGO BANK, NATIONAL ASSOCIATION, LONDON BRANCH	298,245,807	-	298,245,807	1.890%	July 31, 2018
APPLE BANK FOR SAVINGS, NEW YORK BRANCH	223,684,355	-	223,684,355	1.890%	July 31, 2018
THE COMMERCIAL BANK OF QATAR (Q.S.C), DOHA BRANCH	178,947,484	-	178,947,484	1.890%	July 31, 2018
DOHA BANK Q.S.C, DOHA BRANCH	178,947,484	-	178,947,484	1.890%	July 31, 2018
HUA NAN COMMERCIAL BANK, LTD., OFFSHORE BANKING BRANCH (TAIPEI)	89,473,742	-	89,473,742	1.890%	July 31, 2018
HUA NAN COMMERCIAL BANK, LTD., SINGAPORE BRANCH	89,473,742	-	89,473,742	1.890%	July 31, 2018
KDB ASIA LIMITED	89,473,742	-	89,473,742	1.890%	July 31, 2018
KDB BANK EUROPE LIMITED	89,473,742	-	89,473,742	1.890%	July 31, 2018
STATE BANK OF INDIA, PARIS BRANCH	178,947,484	-	178,947,484	1.890%	July 31, 2018

<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 GUNMA BANK LTD, TOKYO BRANCH	178,947,484	-	178,947,484	1.890%	July 31, 2018
MEGA INTERNATIONAL COMMERCIAL BANK CO.,LTD, OFFSHORE BANKING BRANCH (TAIPEI)	149,122,904	-	149,122,904	1.890%	July 31, 2018
ERSTE GROUP BANK AG, HK BRANCH	134,210,613	-	134,210,613	1.890%	July 31, 2018
IBJ LEASING CO., LTD , TOKYO BRANCH	134,210,613	-	134,210,613	1.890%	July 31, 2018
THE CHUGOKU BANK, LTD, JAPAN	111,842,178	-	111,842,178	1.890%	July 31, 2018
CTBC BANK CO., LTD. SINGAPORE	111,842,178	-	111,842,178	1.890%	July 31, 2018
THE HACHIJUNI BANK LTD, TOKYO BRANCH	111,842,178	-	111,842,178	1.890%	July 31, 2018
THE HYAKUGO BANK LTD, TOKYO BRANCH	111,842,178	-	111,842,178	1.890%	July 31, 2018
FUYO GENERAL LEASE (HK) LIMITED	74,561,452	-	74,561,452	1.890%	July 31, 2018
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD., OFFSHORE BANKING BRANCH (TAIPEI)	<u>74,561,452</u>	<u>-</u>	<u>74,561,452</u>	1.890%	July 31, 2018
	<u>12,426,908,629</u>	<u>-</u>	<u>12,426,908,629</u>		
	<u>27,126,883,027</u>	<u>1,646,733,986</u>	<u>25,480,149,041</u>		
	<u>P 67,276,440,994</u>	<u>P 16,913,620,190</u>	<u>P 50,392,847,913</u>		

BDO Unibank, Inc. and Subsidiaries
Schedule F - Indebtedness to Related Parties
December 31, 2016

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>
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Unconsolidated Subsidiary

NOT APPLICABLE

Other Related Parties

NOT APPLICABLE

BDO Unibank, Inc. and Subsidiaries
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2016

<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>
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NOT APPLICABLE

BDO Unibank, Inc. and Subsidiaries
Schedule H - Capital Stock
December 31, 2016

<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		3,649,967,648	-	1,983,767,466	19,523,848	1,646,676,334
Preferred Shares - P10 par value						
Authorized	2,000,000,000					
Issued and outstanding		515,000,000	-	515,000,000	-	-

BDO Unibank, Inc.
BDO Corporate Center, 7899 Makati Avenue, Makati City

Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2016
(Amounts in Millions)

Unappropriated Retained Earnings at Beginning of Year	P 88,804
Prior Year's Outstanding Reconciling Items, net of tax	
Equity in net income of associates/joint venture	(8,663)
Deferred tax income	(<u>7,338</u>)
Unappropriated Retained Earnings Available for	
Dividend declaration at beginning of Year, as Adjusted	<u>72,803</u>
Net Profit realized during the Year	23,916
Non-actual/unrealized income, net of tax	
Equity in net income of associates/joint venture	(P 3,516)
Unrealized foreign exchange gains - net	(1,649)
Deferred tax income	(<u>52</u>) (<u>5,217</u>)
Net income actually earned during the period	18,699
Other Transactions During the Year	
Dividend declarations during the period	(4,716)
Appropriations of Retained Earnings during the period	(<u>210</u>) (<u>4,926</u>)
Unappropriated Retained Earnings Available for	
Dividend Declaration at End of Year	<u>P 86,576</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, 2016

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			☑	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	☑		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	☑		
	Amendments 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	☑		
	Amendments 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	☑		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions* (<i>effective January 1, 2018</i>)			☑
PFRS 3 (Revised)	Business Combinations	☑		
PFRS 4	Insurance Contracts	☑		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	☑		
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4, <i>Insurance Contracts</i> * (<i>effective January 1, 2018</i>)			☑
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	☑		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* (<i>effective when PFRS 9 is first applied</i>)			☑
PFRS 8	Operating Segments	☑		
PFRS 9	Financial Instruments (2014)* (<i>effective January 1, 2018</i>)			☑
PFRS 10	Consolidated Financial Statements	☑		
	Amendments to PFRS 10: Transition Guidance	☑		
	Amendments to PFRS 10: Investment Entities	☑		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (<i>effective date deferred indefinitely</i>)			☑
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	☑		
PFRS 11	Joint Arrangements	☑		
	Amendments to PFRS 11: Transition Guidance	☑		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	☑		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	☐		
	Amendments to PFRS 12: Transition Guidance	☐		
	Amendments to PFRS 12: Investment Entities	☐		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	☐		
PFRS 13	Fair Value Measurement	☐		
PFRS 14	Regulatory Deferral Accounts			☐
PFRS 16	Leases* (effective January 1, 2019)			☐
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	☐		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	☐		
	Amendments to PAS 1: Disclosure Initiative	☐		
PAS 2	Inventories			☐
PAS 7	Statement of Cash Flows	☐		
	Amendments to PAS 7: Disclosure Initiative* (effective January 1, 2017)			☐
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	☐		
PAS 10	Events After the End of the Reporting Period	☐		
PAS 11	Construction Contracts			☐
PAS 12	Income Taxes	☐		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	☐		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses* (effective January 1, 2017)			☐
PAS 16	Property, Plant and Equipment	☐		
	Amendments to PAS 16: Bearer Plants	☐		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	☐		
PAS 17	Leases	☐		
PAS 18	Revenue	☐		
PAS 19 (Revised)	Employee Benefits	☐		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	☐		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			☐
PAS 21	The Effects of Changes in Foreign Exchange Rates	☐		
	Amendments: 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	☐		
	Amendments to PAS 27: Investment Entities	☐		
	Amendments to PAS 27: Equity Method in Separate Financial Statements	☐		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	☐		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)			☐
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	☐		
PAS 29	Financial Reporting in Hyperinflationary Economies			☐

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Presentation	☒		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	☒		
	Amendments to PAS 32: Classification of Rights Issues	☒		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	☒		
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	☒		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	☒		
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	☒		
	Amendments to PAS 39: Eligible Hedged Items	☒		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	☒		
PAS 40	Investment Property	☒		
PAS 41	Agriculture			☒
	Amendments to PAS 41: Bearer Plants**	☒		
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**	☒		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	☐		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine**	☐		
IFRIC 21	Levies	☐		
<i>Philippine Interpretations - Standing Interpretations Committee (SIC)</i>				
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 2016 and are not early adopted by BDO Unibank Group.

** These standards have been adopted in the preparation of financial statements but BDO Unibank Group has no significant transactions covered in both years presented.

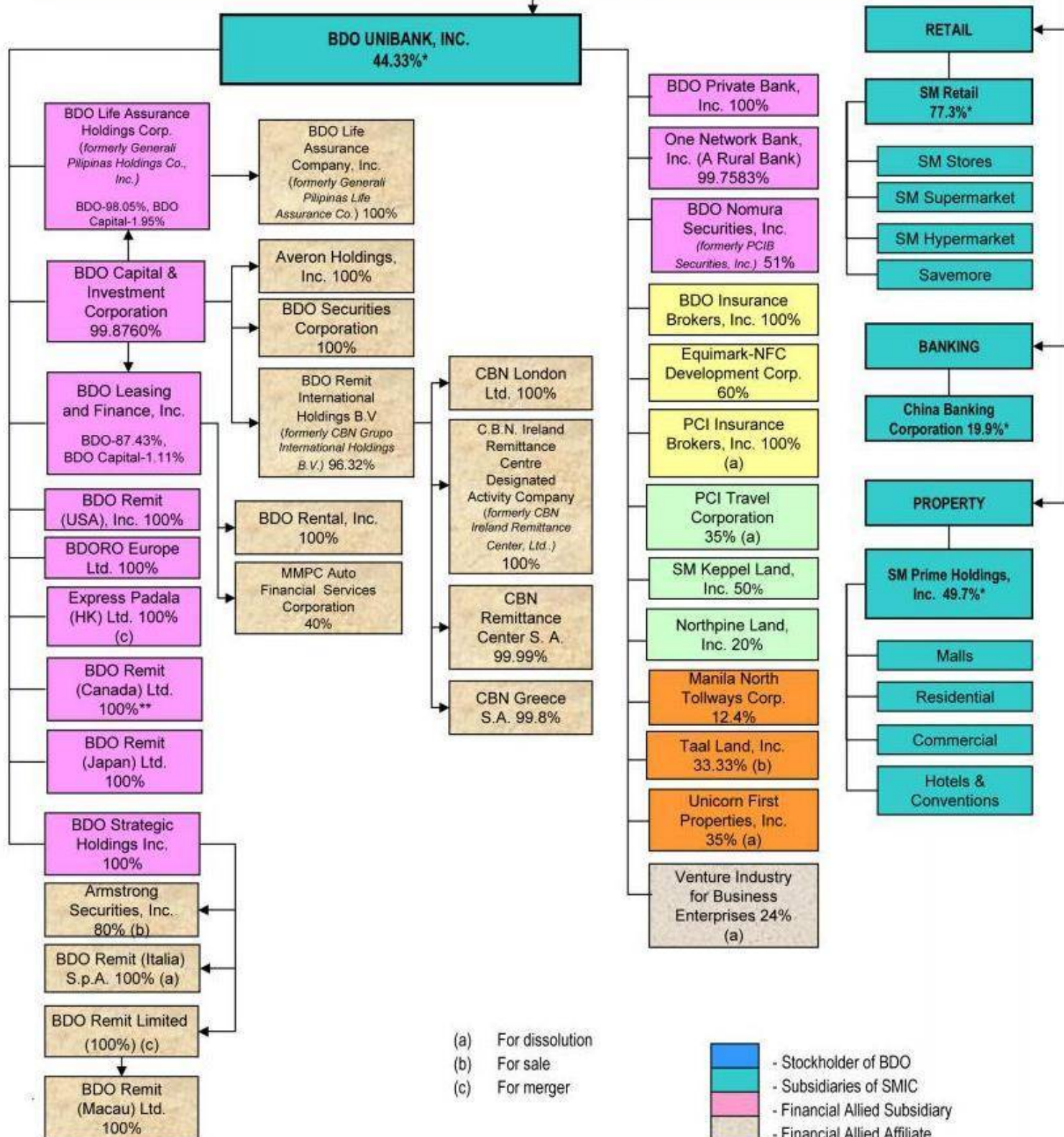
BDO Unibank, Inc. Group Map
As of 31 December 2016

SY GROUP

Henry Sy Sr., Felicidad Sy, Teresita Sy, Herbert Sy, Henry Sy Jr., Harley Sy, Elizabeth Sy

SM INVESTMENTS CORPORATION

BDO UNIBANK, INC.
44.33%*



(a) For dissolution
(b) For sale
(c) For merger

- Stockholder of BDO
- Subsidiaries of SMIC
- Financial Allied Subsidiary
- Financial Allied Affiliate
- Non-Financial Allied Subsidiary
- Non-Allied Affiliate
- Subsidiary/Affiliates of BDO Subsidiaries
- Non-Financial Allied Affiliate

* SMIC's effective ownership (includes direct & indirect ownership)
** not yet operational

BDO Unibank, Inc.
Financial Soundness Indicators
2016 v 2015

	2016	2015	Inc/(Dec)
Return on Average Common Equity	12.6%	13.6%	-1.0%
Return on Average Equity	12.5%	13.4%	-0.9%
Return on Average Assets	1.2%	1.3%	-0.1%
Net Interest Margin	3.24%	3.17%	0.07%
Capital to Risk Assets	12.4%	13.3%	-0.9%
Basic Earnings Per Share	7.06	6.84	0.22
Liquidity Ratio	33.5%	33.8%	-0.3%
Solvency Ratio (Debt-to-Equity)	968.8%	917.6%	51.2%
Asset-to-Equity Ratio	1068.8%	1017.6%	51.2%
Interest Rate Coverage Ratio	300.4%	302.8%	-2.4%
Profit Margin	21.1%	24.1%	-3.0%