

COVER SHEET

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

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

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

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

0 9 3 0  
Month Day  
S E C 1 7 - Q  
Form Type  
Every last Friday of the month of May  
Annual Meeting

Secondary License type, if applicable

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

12,877  
Total No.of Stockholders  
Total Amount of Borrowings  
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number LCU  
Document I.D. Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended September 30, 2016.
2. Commission identification number 34001      3. BIR Tax Identification No. 000-708-174-000

BDO UNIBANK, INC.

4. Exact name of issuer as specified in its charter

Makati City, Philippines

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

BDO Corporate Center, 7899 Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

856-7434/840-7000 LOC 4575

8. Issuer's Telephone number, including area code

NA

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

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

Title of each class	Number of shares of common stock outstanding	Amount of Debt Outstanding
<b>Common stock</b>	<b>3,648,487,878</b>	

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

Yes ☒ No. ☐

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

12. Indicate by check mark whether the registrant:

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


Yes ☒ No. ☐

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

Yes ☒ No. ☐

SEC FORM 17-Q

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


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

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

SUBSCRIBED AND SWORN TO before me this NOV 02 2016 day of October,  
2016, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	SSS No. - 03-4074342-5 CTC - 15276882	Quezon City 02.29.2016/Makati City

Doc. No. 151  
Page No. 32  
Book No. 11  
Series of 2016

  
Notary Public  
Atty. JOEL S. ROMERO  
Notary Public for Makati City, Philippines  
until 31 December 2016  
Appointment No. M-377  
14/F BDO North Tower, BDO Corporate Center  
7899 Makati Avenue, Makati City  
Roll No. 47510  
IBP No. 1018292, 1/7/2016, PPLM  
PTR No. 5329234, 1/6/2016, Makati City  
MCLE Compliance No. V - 0013186, 12/8/2015

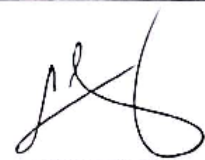
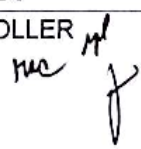
\* To be signed by any of the following officers pursuant to a Board Resolution filed with the Commission

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

## SIGNATURES

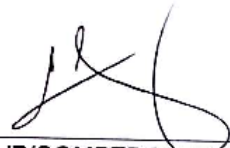
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... BDO UNIBANK, INC.

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

Date..... October 28, 2016

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

Signature and Title.....  
  
EVP/COMPTROLLER

Date..... October 28, 2016

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

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

	As of September 30, 2016	Audited As of December 31, 2015
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 27,820	P 42,729
DUE FROM BANGKO SENTRAL NG PILIPINAS	313,627	271,808
DUE FROM OTHER BANKS	31,550	24,837
INVESTMENT SECURITIES		
At Fair Value Through Profit or Loss	16,662	13,567
Available-for-Sale – net	120,597	212,192
Held-to-Maturity – net	141,025	0
LOANS AND OTHER RECEIVABLES—net	1,478,874	1,382,752
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net	26,381	24,995
INVESTMENT PROPERTIES	15,168	14,633
EQUITY INVESTMENTS – net	4,470	5,702
DEFERRED TAX ASSETS	5,945	6,079
OTHER RESOURCES - net	25,744	31,960
TOTAL RESOURCES	P <u>2,207,863</u>	P <u>2,031,254</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES	P	P
Demand	104,956	104,066
Savings	1,167,457	1,033,652
Time	544,037	526,135
Total Deposit Liabilities	1,816,450	1,663,853
BILLS PAYABLE	78,150	97,543
SUBORDINATED NOTES PAYABLE	10,030	10,030
INSURANCE CONTRACT LIABILITIES	19,228	0
OTHER LIABILITIES	68,570	60,215
Total Liabilities	1,992,428	1,831,641
<u>EQUITY</u>		
Attributable to Shareholders of the Parent Company	214,724	198,990
Minority Interest	711	623
Total Equity	215,435	199,613
TOTAL LIABILITIES AND EQUITY	P <u>2,207,863</u>	P <u>2,031,254</u>
<u>CONTINGENT</u>		
Trust department accounts	P 995,512	P 917,347
Unused commercial letters of credit	46,892	41,888
Outstanding guarantees issued	28,658	18,916
Export L/Cs Confirmed	1,431	2,577
Bills for collection	5,400	5,213
Late deposits/payment received	3,221	2,404
Spot Exchange Bought	5,066	3,000
Spot Exchange Sold	15,898	6,738
Forward Exchange Bought	120,904	94,826
Forward Exchange Sold	126,517	104,736
Interest Rate Swap Receivable	18,841	16,554
Interest Rate Swap Payable	18,841	16,554
Other Contingent Accounts	223,643	149,600
TOTAL CONTINGENT ACCOUNTS	P <u>1,610,824</u>	P <u>1,380,353</u>

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

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

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

	For the nine-month Period ended September 30, 2016	For the nine-month Period ended September 30, 2015	For the Quarter ending September 30, 2016	For the Quarter ending September 30, 2015
INTEREST INCOME ON				
Loans and Receivables	P 54,015	P 46,558	P 18,446	P 16,516
Investment Securities	6,097	5,640	2,071	1,917
Due from Other Banks	564	677	225	178
Others	<u>19</u>	<u>12</u>	<u>7</u>	<u>5</u>
Total Interest Income	<u>60,695</u>	<u>52,887</u>	<u>20,749</u>	<u>18,616</u>
INTEREST EXPENSE ON				
Deposit liabilities	10,124	9,095	3,382	3,232
Bills Payable and Others	<u>2,122</u>	<u>2,007</u>	<u>654</u>	<u>671</u>
Total Interest Expense	<u>12,246</u>	<u>11,102</u>	<u>4,036</u>	<u>3,903</u>
NET INTEREST INCOME	<u>48,449</u>	<u>41,785</u>	<u>16,713</u>	<u>14,713</u>
IMPAIRMENT LOSSES	<u>2,568</u>	<u>2,682</u>	<u>826</u>	<u>549</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>45,881</u>	<u>39,103</u>	<u>15,887</u>	<u>14,164</u>
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	13,639	11,759	4,545	4,179
Trading Gain – net	2,452	4,378	149	(10)
Trust Fees	2,314	2,155	777	744
Foreign Exchange Gain/(Loss) – net	2,022	1,952	1,079	968
Insurance Premiums	6,041	0	2,123	0
Miscellaneous – net	<u>5,297</u>	<u>3,578</u>	<u>986</u>	<u>1,520</u>
Total Other Operating Income	<u>31,765</u>	<u>23,822</u>	<u>9,659</u>	<u>7,401</u>
OTHER OPERATING EXPENSES				
Employee Benefits	16,147	13,941	5,416	4,689
Occupancy	5,639	4,850	1,915	1,734
Taxes and licenses	5,323	4,660	1,753	1,680
Security, Clerical, Messengerial and Janitorial	2,163	1,939	740	676
Insurance	2,821	2,434	980	849
Advertising	2,329	1,779	793	487
Litigation/Assets Acquired	276	97	122	31
Insurance Benefits and Claims	4,461	0	1,449	0
Miscellaneous	<u>13,668</u>	<u>11,196</u>	<u>4,707</u>	<u>4,047</u>
Total Other Operating Expenses	<u>52,827</u>	<u>40,896</u>	<u>17,875</u>	<u>14,193</u>
Pre-acquisition Income	(489)	0	0	0
NET INCOME BEFORE INCOME TAX	<u>24,330</u>	<u>22,029</u>	<u>7,671</u>	<u>7,372</u>
TAX EXPENSE (INCOME)	5,009	4,400	1,598	1,484
NET INCOME AFTER TAX	<u>P 19,321</u>	<u>P 17,629</u>	<u>P 6,073</u>	<u>P 5,888</u>
ATTRIBUTABLE TO:				
Equity holders of the parent	P 19,307	P 17,603	P 6,076	P 5,880
Minority Interest	<u>14</u>	<u>26</u>	<u>(3)</u>	<u>8</u>
	<u>P 19,321</u>	<u>P 17,629</u>	<u>P 6,073</u>	<u>P 5,888</u>
AVERAGE COMMON STOCK	3,647	3,598	3,647	3,598
INCOME PER SHARE (See annex A)				
Basic	5.20	4.80	1.67	1.63
Diluted	5.20	4.80	1.65	1.62

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

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

STATEMENTS OF COMPREHENSIVE INCOME  
(Amounts in Millions of Pesos)

	For the nine-month period ending September 30, 2016	For the nine-month period ending September 30, 2015
NET PROFIT	<u>19,321</u>	<u>17,629</u>
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	(315)	(3,679)
Translation adjustment related to foreign operations	127	(9)
Other Comprehensive Income, net of tax	<u>(188)</u>	<u>(3,688)</u>
Items that will not be reclassified to profit or loss:		
Reversal of revaluation increment	0	(19)
Actuarial gains (losses) on remeasurement of retirement benefit asset, net of tax	<u>1</u>	<u>(2)</u>
	<u>1</u>	<u>(21)</u>
Total Other Comprehensive Income, Net of Tax	<u>(187)</u>	<u>(3,709)</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u>19,134</u>	<u>13,920</u>
Attributable To:		
Shareholders of the Parent Bank	19,110	13,890
Non-controlling Interest	<u>24</u>	<u>30</u>
	<u>19,134</u>	<u>13,920</u>

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

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

STATEMENTS OF CHANGES IN EQUITY  
COMPARATIVE PERIODS ENDED SEPTEMBER 30, 2016  
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid- in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain(Losses) on Available-for-sale Securities	Accumulated Actuarial Gains/(Losses)	Revaluation Increment	Accumulated Translation Adjustment	Total Attributable to Shareholders of the Parent Bank	Non- Controlling Interest	Total Equity
Balance at January, 2016	P 36,453	P 5,150	P 69,936	P 2,696	P 12	P 88,118	(P 715)	(P 3,608)	P 1,008	(P 60)	P 198,990	P 623	P 199,613
Transactions with owners													
Issuance of primary shares	32		128								160		160
Premium on issuance of new shares, net of listing fees											0		0
Stock dividend declaration for common & preferred stocks											0		0
Common Stocks Redemption											0		0
Cash Dividend						(3,620)					(3,620)	(50)	(3,670)
Audit Adjustments											0		0
Total transactions with owners	32	0	128	0	0	(3,620)	0	0	0	0	(3,460)	(50)	(3,510)
Total comprehensive income						19,307	(331)	1	0	133	19,110	24	19,134
Transfer to/(from) Surplus Free													
Trust reserve				58		(58)					0		0
Self Insurance				20		(20)					0		0
	0	0	0	78	0	(78)	0	0	0	0	0	0	0
Other Adjustments													
Net effect of percentage of ownership over subsidiaries											0	114	114
Consolidation of new subsidiary							88	(4)			84		84
	0	0	0	0	0	0	88	(4)	0	0	84	114	198
Balance at September 30, 2016	P 36,485	P 5,150	P 70,064	P 2,774	P 12	P 103,727	(P 958)	(P 3,611)	P 1,008	P 73	P 214,724	P 711	P 215,435
Balance at January, 2015	P 35,808	P 5,150	P 63,908	P 3,454	P 12	P 70,242	P 2,965	(P 3,454)	P 1,027	(P 76)	P 179,036	P 633	P 179,669
Transactions with owners													
Issuance of additional shares	645		6,028								6,673		6,673
Common Stocks Redemption											0	(27)	(27)
Cash Dividends						(7,859)					(7,859)	(43)	(7,902)
Total transactions with owners	645	0	6,028	0	0	(7,859)	0	0	0	0	(1,186)	(70)	(1,256)
Total comprehensive income						17,603	(3,680)	(2)	(19)	(12)	13,890	30	13,920
Transfer to/(from) Surplus Free													
Additional appropriation				914		(914)					0		0
Trust reserve				44		(44)					0		0
Self Insurance				19		(19)					0		0
	0	0	0	977	0	(977)	0	0	0	0	0	0	0
Other Adjustments													
Consolidation of a new subsidiary											0	16	16
	0	0	0	0	0	0	0	0	0	0	0	16	16
Balance at September 30, 2015	P 36,453	P 5,150	P 69,936	P 4,431	P 12	P 79,009	(P 715)	(P 3,456)	P 1,008	(P 88)	P 191,740	P 609	P 192,349

BDO UNIBANK, INC. & SUBSIDIARIES  
CASH FLOW STATEMENTS  
FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015  
(Amounts in Millions of Pesos)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	24,330	22,029
Adjustments for:		
Interest income	(60,695)	(52,887)
Interest received	60,314	52,536
Interest expense	12,246	11,102
Interest paid	(12,181)	(10,929)
Impairment losses	2,568	2,682
Depreciation and amortization	3,489	2,875
Share in (profit)loss of associates	(371)	(567)
Fair value loss (gain)	385	195
Operating profit before changes in operating resources and liabilities	30,085	27,036
Decrease (increase) in financial assets at fair value through profit or loss	(3,480)	(3,059)
Decrease (increase) in loans and other receivables	(143,874)	(104,443)
Decrease (increase) in investment properties	(904)	668
Decrease (increase) in other resources	2,687	(8,166)
Increase (decrease) in deposit liabilities	152,295	107,664
Increase (decrease) in insurance contract liabilities	19,228	0
Increase (decrease) in other liabilities	12,433	(17,139)
Cash generated from (used in) operations	68,470	2,561
Cash paid for income tax	(5,059)	(2,739)
Net Cash From (Used in) Operating Activities	63,411	(178)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of premises, furniture, fixture and equipment	(3,954)	(5,094)
Proceeds from disposals of premises, furniture, fixture and equipment	46	122
Net decrease (increase) in held-to-maturity investments	(139,425)	0
Proceeds from disposal of available-for-sale securities	186,557	367,752
Acquisition of available-for-sale securities	(96,397)	(388,434)
Net Cash From (Used in) Investing Activities	(53,173)	(25,654)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock	160	6,673
Net proceeds from(payment of) bills payable	(5,335)	(14,133)
Net proceeds from(payment of) issuance of senior notes payable	(13,821)	0
Dividends paid	(3,670)	(6,847)
Net Cash From (Used in) Financing Activities	(22,666)	(14,307)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(12,428)	(40,139)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Cash and other cash items	42,729	41,342
Due from Bangko Sentral ng Pilipinas	271,808	269,542
Due from other banks	24,837	45,621
SPURRA	69,490	86,173
FCNC	3,244	3,406
	412,108	446,084
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and other cash items	27,820	29,599
Due from Bangko Sentral ng Pilipinas	313,627	269,201
Due from other banks	31,550	37,056
SPURRA	24,264	67,778
FCNC	2,419	2,311
	399,680	405,945

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE  
As of September 30, 2016  
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK TERM LOANS RECEIVABLES	P 46,957	P 0	P 0	P 0	P 0	46,957
B. LOANS AND RECEIVABLES	P 1,434,271	P 8,332	P 3,177	P 7,313	P 2,589	1,455,682
Loans & Discounts	1,242,820	6,235	2,270	4,162	2,275	1,257,762
Agra-Agri Loans	51,783	258	50	67	0	52,158
Bills Purchased	10,728	0	0	24	2	10,754
Customers Liability on Draft under LC/TR	38,195	74	115	533	21	38,938
Customers Liability for this Bank's Acceptances	2,709	0	0	0	0	2,709
Credit Card Receivables	40,244	1,621	499	249	220	42,833
Restructured Loans	180	48	84	1,006	52	1,370
Other Loans & Receivables	7,486	96	159	1,102	19	8,862
Reverse Repurchase Agreement	24,264	0	0	0	0	24,264
Unquoted Debt Securities Classified as Loans	15,862	0	0	170	0	16,032
C. ACCOUNTS RECEIVABLE	P 3,791	P 524	P 258	P 880	P 14	5,467
TOTAL	P 1,485,019	P 8,856	P 3,435	P 8,193	P 2,603	1,508,106

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

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

NO. OF SHARES – COMMON As of September	2016		2015	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,645		3,581	
February	3,645		3,581	
March	3,645		3,581	
April	3,645		3,581	
May	3,645	2,022	3,581	
June	3,647	399	3,581	2,374
July	3,648	413	3,645	409
August	3,648	413	3,645	414
September	3,648	400	3,645	401
Weighted Average		<u>3,647</u>		<u>3,598</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		19,307		17,603
Less: Dividends on preferred shares		<u>339</u>		<u>339</u>
Net profit available to common shares		<u>18,968</u>		<u>17,264</u>
Divided by the weighted average number of outstanding common shares		<u>3,647</u>		<u>3,598</u>
<b>Basic Earnings per share</b>		<u><b>5.20</b></u>		<u><b>4.80</b></u>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		18,968		17,264
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		3,647		3,598
Potential common shares from assumed conversion of preferred shares		0		0
Potential common shares from assumed conversion of stock option plan		<u>0</u>		<u>0</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares		<u>3,647</u>		<u>3,598</u>
<b>Diluted Earnings Per Share</b>		<u><b>5.20</b></u>		<u><b>4.80</b></u>

Note:

*\*Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2016 and 2015.*

CHECKLIST OF REQUIRED DISCLOSURES  
BDO UNIBANK, INC.  
For the nine months ended: September 30, 2016

FINANCIAL INFORMATION

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

The Bank's interim financial statements are in compliance with Philippine Financial Reporting Standards.

With the issuance of BSP Circular No. 912 dated May 27, 2016 citing the Mandatory Implementation Date and Closure of Early Adoption Window of Philippine Financial Reporting Standards 9 Financial Instruments, the Bank no longer conducted an impact evaluation study on the early adoption of PFRS 9 for the second quarter of 2016. The Bank will adopt the full provisions of PFRS 9 Financial Instruments on its mandatory effectivity date on January 1, 2018.

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

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

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

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

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

On June 30, 2016, BDO acquired full interest in Generali Pilipinas Holdings Company Inc. (GPHCI) to refocus its insurance strategy towards the broad-based middle income market. Consequently, GPHCI was renamed BDO Life Assurance Holdings, Corp. (BDO Life).

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

Remarks: NONE

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

The Bank redeemed a US\$300 million Senior Note issue last April 21, 2016

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



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 and third quarters of 2016 on February 27, 2016, May 28, 2016 and August 27, 2016, respectively. The dividends were paid on March 28, 2016, June 27, 2016 and September 26, 2016, respectively.

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

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

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

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

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

On September 30, 2016, BDO acquired from SB Cards Corp. its exclusive rights as issuer and acquirer of Diners Club International credit cards in the Philippines.

On June 20, 2016, BDO announced that TPG Growth will acquire a 40% stake in One Network Bank, Inc. (ONB), BDO's Davao-based rural bank. The transaction is pending regulatory approval.

On June 30, 2016, BDO acquired full interest in GPHCI, which was subsequently renamed BDO Life Assurance Holdings, Corp.

On July 31 2016, the Bank consolidated Banco de Oro Savings Bank, Inc. and BDO Elite Savings Bank, Inc. into BDO Capital and Investment Corp.

- 7.j Changes in contingent liabilities or contingent assets from December 31, 2015.

- Total Contingent Accounts grew 17% to P1.6 trillion from the following:
  - Trust Department Accounts went up 9% to P995.5 billion on account of higher levels of managed funds.
  - Unused L/Cs and Outstanding Guarantees Issued climbed 12% and 52% to P46.9 billion and P28.7 billion, respectively, due to higher volume of trade transactions.
  - Late Deposits and Payments Received rose 34% to P3.2 billion as non-cash deposits received after clearing cut-off time increased.
  - Increased treasury activities resulted in the following:

- Spot Exchange Bought and Sold soared 69% and 136% to P5.1 billion and 15.9 billion, respectively.
- Forward Exchange Bought and Sold grew 28% and 21% to P120.9 billion and P126.5 billion, respectively.
- Interest Rate Swap Receivable and Payable increased 14% apiece to P18.8 billion.
- Other Contingent Accounts jumped 49% to P223.6 billion from a higher level of committed credit lines.
- Export L/Cs Confirmed declined 44% to P1.4 billion owing to a lower number of outstanding transactions as of the cut-off date.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### I. Balance Sheet – September 2016 vs. December 2015

- Cash and Other Cash Items dropped 35% to P27.8 billion, from a high year-end 2015 level which included deposits generated during the Christmas season.
- Due from BSP went up 15% to P313.6 billion following the growth in peso deposits.
- Due from Other Banks hiked 27% to P31.6 billion resulting from higher placements and working balances with foreign banks.
- Investment Securities jumped 23% to P278.3 billion as Financial Assets at Fair Value Through Profit and Loss grew 23%.
  - A portion of Available for Sale Securities was reclassified as Held-to-Maturity Securities.
- Net Loans and Other Receivables moved up 7% to P1.5 trillion owing to a 10% expansion in gross customer loans and a P15.0 billion increase in Unquoted Debt Securities Classified as Loans (UDSCL). Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA) and Other Receivables declined by 10%, 65% and 20%, respectively.
- Equity Investments went down 22% to P4.5 billion following the accounting consolidation of BDO Life.
- Bank Premises rose 6% to P26.4 billion due to branch expansion and enhancements in the Bank's distribution channels.
- Other Resources fell 19% to P25.7 billion mainly related to lower off-us and outgoing credit card transactions, and various miscellaneous accounts.
- Total Deposits climbed 9% to P1.8 trillion primarily owing to a 13% expansion in Savings deposits. Demand and Time deposits also grew by 1% and 3%, respectively.
- Bills Payable dropped 20% to P78.2 billion mainly owing to the redemption of US\$ 300 million Senior Notes in April.
- Insurance Contract Liabilities of P19.2 billion was reflected in the Bank's balance sheet after the accounting consolidation of BDO Life.
- Other Liabilities grew 14% to P68.6 billion coming mainly from accrued expenses payable, bills purchased contra-account and miscellaneous liabilities.
- Total Equity moved up 8% to P215.4 billion from the year-to-date Net Income.

### II. Balance Sheet – September 2016 vs. September 2015

- Total Resources expanded 13% year-on-year to P2.2 trillion as gross customer loans grew 15% funded by low cost deposits.
- Cash and Other Cash Items went down 6% as the Bank maximized earnings on liquid assets.
- Due from BSP grew 17% owing to expansion in peso deposits.
- Due from Other Banks slid 15% resulting from lower level working balances and placements with correspondent banks.
- Investment Securities climbed 15% as Financial Assets at Fair Value Through Profit and Loss surged 45%.
  - A portion of Available for Sale Securities were reclassified as Held-to-Maturity Securities.
- Net Loans and Other Receivables hiked 14% primarily from increases in customer loans, Interbank Loans and UDSCL. SPURRA, on the other hand, fell by 64%.
- Equity Investments dropped 21% due to the accounting consolidation of BDO Life.
- Bank Premises rose 10% following the branch expansion and enhancements in distribution channels.
- Investment Properties climbed 19% to P15.2 billion from an increase in non-ROPA properties.
- Other Resources declined 14% from various accounts.
- Deposit Liabilities grew 14% driven by a 15% and 22% expansion in Demand and Savings deposits, respectively.
- Bills Payable slid 9% from the redemption of the Bank's US\$300 million Senior Notes.
- Insurance Contract Liabilities of P19.2 billion was reflected in the Bank's balance sheet owing to the accounting consolidation of BDO Life.
- Other Liabilities rose 8% due to higher accounts payable and miscellaneous liabilities.
- Total Equity went up 12% owing to continued profitable operations.

### III. Income Statement – September 2016 vs. September 2015

- Reported Net Income attributable to Equity holders of the Parent Company improved 10% to P19.3 billion for the three quarters of 2016.
- Net Interest Income grew 16% to P48.4 billion coming from an increase in earning assets combined with an improvement in funding mix.
- The Bank set aside P2.6 billion as Provision for Impairment Losses for loans, securities, ROPA and other assets.
- Other income surged 33% to P31.8 billion from the following:
  - Trading Gain normalized to P2.5 billion, consistent with prevailing market conditions.
  - Service Charges and Fees improved 16% to P13.6 billion due to recurring fee income from major business lines.
  - Trust Fees went up 7% to P2.3 billion from a higher level of funds managed.
  - Insurance Premiums of P6.0 billion was reflected in the Bank's income statement following the accounting consolidation of BDO Life.
  - Miscellaneous Income soared 48% to P5.3 billion primarily owing to a non-recurring gain from the acquisition of the full interest in BDO Life.
- Operating Expenses rose 29% to P52.8 billion inclusive of ONB and BDO Life:
  - Employee Benefits increased 16% owing to salary increases and a higher manpower count for the business expansion.
  - Occupancy expenses climbed 16% from an expanded distribution network.
  - Taxes and Licenses rose 14% from higher GRT and fringe benefit taxes.



- Insurance expenses grew 16% on account of a larger deposit base.
- Litigation/Assets Acquired expenses surged 185% to P276 million owing to higher costs from litigation and maintenance of acquired assets.
- Advertising expenses jumped 31% from higher spending on marketing and advertising campaigns.
- Insurance Benefits and Claims of P4.5 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 increased 12% and 22%, respectively, resulting from increased business volumes and an expanded distribution network.
- Tax Expense rose 14% to P5.0 billion on higher taxable income.

#### IV. Comprehensive Income – September 2016 vs. September 2015

- Total Comprehensive Income for the nine months of 2016 stood at P19.1 billion. This included P19.3 billion Net Income, P315 million decline in unrealized gain on AFS Securities, P127 million translation adjustment related to foreign operations and P1 million actuarial gain on retirement benefit asset.
- This represents a 37% improvement from a P13.9 billion Total Comprehensive Income for the same period last year, which included a P17.6 billion Net Income, a P3.7 billion drop in unrealized gain on AFS Securities, a negative P9 million translation adjustment, a P19 million reversal of revaluation increment and a P2 million loss on retirement benefit asset.

#### 1. Key Performance Indicators

Indicator	9M 2016	9M 2015	12M 2015
Return on Average Common Equity (%)	12.59%	13.02%	13.64%
Return on Average Assets(%)	1.22%	1.25%	1.31%
Net Interest Margin	3.25%	3.14%	3.17%
Liquidity Ratio	33.44%	34.43%	33.84%
Debt to Equity	924.84%	914.94%	917.60%
Asset to Equity	1024.84%	1014.94%	1017.60%
Interest Rate Coverage	298.68%	298.42%	302.80%
Profit Margin	20.90%	22.98%	24.08%
Capital Adequacy Ratio	12.90%	13.42%	13.30%
Basic Earnings per Share	5.20	4.80	6.84

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

- Return on Average Common Equity and Return on Average Assets declined to 12.59% and 1.22% as the increase in net profit was outpaced by the increase in equity and total assets, respectively.
- Net Interest Margin improved to 3.25% attributed to loan growth and improvement in funding mix.
- Liquidity Ratio was slightly down to 33.44% as the expansion in loan portfolio outpaced the increase in liquid assets.



- Debt to Equity and Assets to Equity rose to 924.84% and 1024.84%, respectively, as the Bank increased balance sheet leverage.
- Interest Rate Coverage was practically steady year-on-year at 298.68%.
- Profit Margin went down to 20.90% as gross revenues outpaced bottomline profits.
- Capital Adequacy Ratio, covering credit, market and operations risk dropped to 12.90% due to the faster expansion in risk-weighted assets.
- Basic earnings per share hiked P0.40 to P5.20 from a higher net income.

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

The Bank recognized a non-recurring gain from the acquisition of the full interest in BDO Life.

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

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

Vertical Analysis-Material Changes

I. Balance Sheet – September 2016 vs. December 2015

- Available for Sale securities to Total Assets dropped 5.0% while Held-to-Maturity securities as a percentage of Total Assets increased by 6.4%, as the Bank reclassified a portion of its Investment Securities portfolio.

II. Balance Sheet – September 2016 vs. September 2015

- From 11.8% of Total Assets, Available for Sale securities now account for 5.5% to Total Assets as the Bank reclassified a portion of its portfolio to Held-to-Maturity. Consequently, Held-to-Maturity securities account for 6.4% of Total Assets.

III. Income Statement – September 2016 vs. September 2015

- Insurance Premiums accounts for 19.0% of Other Income resulting from the accounting consolidation of BDO Life. Consequently, Trading Gain as well as Service Charges and Fees as percentages of Other Income went down to 7.7% and 42.9%, respectively.
- Insurance Benefits and Claims accounts for 8.4% of Total Operating Expenses owing to the consolidation of BDO Life.

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

Remarks: NONE



BDO Unibank, Inc. & Subsidiaries  
Balances by Segment  
As of September 30, 2016  
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
<b>Statement of Income</b>									
Total Interest Income									
External	57,732	72	1,067	1,301	514	9	60,695	0	60,695
Inter-Segment	99	3	0	0	6	0	108	(108)	0
	<u>57,831</u>	<u>75</u>	<u>1,067</u>	<u>1,301</u>	<u>520</u>	<u>9</u>	<u>60,803</u>	<u>(108)</u>	<u>60,695</u>
Total Interest Expense									
External	11,411	0	314	465	56	0	12,246	0	12,246
Inter-Segment	10	40	0	32	0	27	109	(109)	0
	<u>11,421</u>	<u>40</u>	<u>314</u>	<u>497</u>	<u>56</u>	<u>27</u>	<u>12,355</u>	<u>(109)</u>	<u>12,246</u>
Net Interest Income	<u>46,410</u>	<u>35</u>	<u>753</u>	<u>804</u>	<u>464</u>	<u>(18)</u>	<u>48,448</u>	<u>1</u>	<u>48,449</u>
Other Operating Income									
Investment Banking Fees	0	898	0	0	0	0	898	0	898
Others	21,541	222	908	822	7,995	366	31,854	(987)	30,867
	<u>21,541</u>	<u>1,120</u>	<u>908</u>	<u>822</u>	<u>7,995</u>	<u>366</u>	<u>32,752</u>	<u>(987)</u>	<u>31,765</u>
Other Operating Expenses									
Depreciation and Amortization	2,822	41	17	545	50	14	3,489	0	3,489
Impairment Losses	2,477	0	0	43	48	0	2,568	0	2,568
Others	41,048	559	938	458	6,422	192	49,617	(279)	49,338
	<u>46,347</u>	<u>600</u>	<u>955</u>	<u>1,046</u>	<u>6,520</u>	<u>206</u>	<u>55,674</u>	<u>(279)</u>	<u>55,395</u>
Pre-acquisition Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(489)</u>	<u>(489)</u>
Profit before Tax	<u>21,604</u>	<u>555</u>	<u>706</u>	<u>580</u>	<u>1,939</u>	<u>142</u>	<u>25,526</u>	<u>(1,196)</u>	<u>24,330</u>
Tax Expense	4,204	155	182	156	306	6	5,009	0	5,009
Net Profit	<u>17,400</u>	<u>400</u>	<u>524</u>	<u>424</u>	<u>1,633</u>	<u>136</u>	<u>20,517</u>	<u>(1,196)</u>	<u>19,321</u>
<b>Statements of Financial Position</b>									
Total Resources									
Segment Assets	2,093,888	5,431	53,443	37,053	30,284	5,310	2,225,409	(31,684)	2,193,725
Intangible Assets	5,067	102	23	46	47	1	5,286	2,907	8,193
Deferred Tax Assets	6,112	(196)	47	4	6	(28)	5,945	0	5,945
	<u>2,105,067</u>	<u>5,337</u>	<u>53,513</u>	<u>37,103</u>	<u>30,337</u>	<u>5,283</u>	<u>2,236,640</u>	<u>(28,777)</u>	<u>2,207,863</u>
Total Liabilities	<u>1,893,655</u>	<u>2,050</u>	<u>47,982</u>	<u>31,932</u>	<u>23,570</u>	<u>2,023</u>	<u>2,001,212</u>	<u>(8,784)</u>	<u>1,992,428</u>
<b>Other Segment Information</b>									
Capital expenditures	4,400	18	10	512	85	349	5,374	0	5,374
Investment in associate under equity method	4,217	0	0	292	0	0	4,509	0	4,509
Share in the Profit of associates	379	0	0	(8)	0	0	371	0	371

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

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
<b>Statement of Income</b>									
Total Interest Income									
External	50,744	62	891	1,144	0	46	52,887	0	52,887
Inter-Segment	157	2	0	0	6	0	165	(165)	0
	50,901	64	891	1,144	6	46	53,052	(165)	52,887
Total Interest Expense									
External	10,573	0	194	335	0	0	11,102	0	11,102
Inter-Segment	12	53	0	76	0	25	166	(166)	0
	10,585	53	194	411	0	25	11,268	(166)	11,102
Net Interest Income	40,316	11	697	733	6	21	41,784	1	41,785
Other Operating Income									
Investment Banking Fees	0	799	0	0	0	0	799	0	799
Others	21,264	323	847	747	901	288	24,370	(1,347)	23,023
	21,264	1,122	847	747	901	288	25,169	(1,347)	23,822
Other Operating Expenses									
Depreciation and Amortization	2,297	32	38	490	9	9	2,875	0	2,875
Impairment Losses	2,587	2	25	67	0	1	2,682	0	2,682
Others	35,746	504	781	390	461	245	38,127	(106)	38,021
	40,630	538	844	947	470	255	43,684	(106)	43,578
Profit before Tax	20,950	595	700	533	437	54	23,269	(1,240)	22,029
Tax Expense	3,762	157	179	144	135	23	4,400	0	4,400
Net Profit	17,188	438	521	389	302	31	18,869	(1,240)	17,629
<b>Statements of Financial Position</b>									
Total Resources									
Segment Assets	1,873,964	6,473	45,250	33,175	1,081	6,766	1,966,709	(28,137)	1,938,572
Intangible Assets	4,534	102	13	54	18	1	4,722	2,901	7,623
Deferred Tax Assets	6,270	(215)	59	(51)	12	(35)	6,040	0	6,040
	1,884,768	6,360	45,322	33,178	1,111	6,732	1,977,471	(25,236)	1,952,235
Total Liabilities	1,697,260	2,960	39,339	28,168	726	1,839	1,770,292	(10,407)	1,759,885
<b>Other Segment Information</b>									
Capital expenditures	5,409	16	15	751	4	59	6,254	0	6,254
Investment in associate under equity method	5,600	87	0	0	0	0	5,687	0	5,687
Share in the Profit of associates	554	13	0	0	0	0	567	0	567