

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)

RHODA P. LAZARO  
Contact Person  
878-4520/840-7000 loc 4520  
Company Telephone Number

0 6 3 0  
Month Day  
S E C 1 7 - Q  
Form Type  
Every last Friday of the month of May  
Annual Meeting  
  
Secondary License type, if applicable

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

12,689  
Total No.of Stockholders  
Total Amount of Borrowings  
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number LCU  
Document I.D. Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended June 30, 2017.
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>4,367,546,364</b>	

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

Yes ☒ No. ☐

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

12. Indicate by check mark whether the registrant:

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

Yes ☒ No. ☐

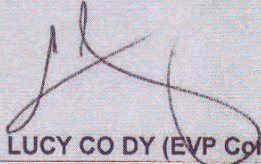
b. has been subject to such filing requirements for the last ninety (90) days

Yes ☒ No. ☐



SEC FORM 17-Q

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

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

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

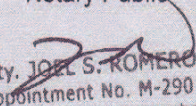
SUBSCRIBED AND SWORN TO before me this JUL 31 2017 day of July,

2017, 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 - 25058770	Quezon City 02.14.2017/Makati City

Doc. No. 66  
Page No. 15  
Book No. I  
Series of 2017

Notary Public

  
Atty. JOEL S. ROMERO  
Appointment No. M-290  
Notary Public until 31 December 2018  
14/F North Tower, BDO Corporate Center  
7899 Makati Avenue, Makati City  
Roll No. 47510  
IBP No. 1055697, 01/03/2017, PPLM  
PTR No. 5908978, 01/03/2017, Makati City  
Compliance No. V-0013186, 12/08/2015

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

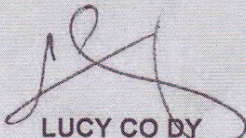
1. Chief Operating Officer
2. Chief Financial Officer
3. Comptroller or Treasurer



## SIGNATURES

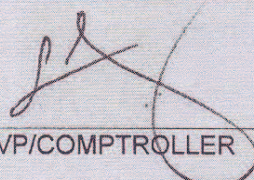
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... **BDO UNIBANK, INC.**

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

Date..... **July 28, 2017**

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

Signature and Title.....  
  
**EVP/COMPTROLLER**

Date..... **July 28, 2017**



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

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

		As of June 30, 2017	Audited As of December 31, 2016
<u>RESOURCES</u>			
CASH AND OTHER CASH ITEMS	P	31,633	P 40,909
DUE FROM BANGKO SENTRAL NG PILIPINAS		338,304	318,002
DUE FROM OTHER BANKS		33,770	41,794
INVESTMENT SECURITIES			
At Fair Value Through Profit or Loss		17,195	14,024
Available-for-Sale – net		119,422	108,132
Held-to-Maturity – net		191,148	146,886
LOANS AND OTHER RECEIVABLES—net		1,657,551	1,573,924
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		27,189	26,912
INVESTMENT PROPERTIES		15,491	15,188
EQUITY INVESTMENTS – net		4,708	4,410
DEFERRED TAX ASSETS		6,290	6,334
OTHER RESOURCES - net		28,038	28,443
TOTAL RESOURCES	P	<u>2,470,739</u>	<u>P 2,324,958</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>			
DEPOSIT LIABILITIES	P		P
Demand		125,988	114,284
Savings		1,317,905	1,267,983
Time		535,857	522,937
Total Deposit Liabilities		1,979,750	1,905,204
BILLS PAYABLE		96,378	100,556
SUBORDINATED NOTES PAYABLE		10,030	10,030
INSURANCE CONTRACT LIABILITIES		24,159	20,548
OTHER LIABILITIES		71,195	71,085
Total Liabilities		2,181,512	2,107,423
<u>EQUITY</u>			
Attributable to Shareholders of the Parent Company		288,529	216,792
Minority Interest		698	743
Total Equity		289,227	217,535
TOTAL LIABILITIES AND EQUITY	P	<u>2,470,739</u>	<u>P 2,324,958</u>
<u>CONTINGENT</u>			
Trust department accounts	P	1,020,879	P 1,029,113
Unused commercial letters of credit		41,928	48,108
Outstanding guarantees issued		10,272	33,891
Export L/Cs Confirmed		1,774	1,552
Bills for collection		5,393	5,090
Late deposits/payment received		2,897	2,584
Spot Exchange Bought		6,163	5,182
Spot Exchange Sold		14,492	13,224
Forward Exchange Bought		118,438	80,419
Forward Exchange Sold		129,392	89,028
Interest Rate Futures Sold		101	0
Interest Rate Swap Receivable		18,858	19,699
Interest Rate Swap Payable		18,858	19,699
Other Contingent Accounts		287,282	238,655
TOTAL CONTINGENT ACCOUNTS	P	<u>1,676,727</u>	<u>P 1,586,244</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 six-month Period ended June 30, 2017	For the six-month Period ended June 30, 2016	For the Quarter ending June 30, 2017	For the Quarter ending June 30, 2016
INTEREST INCOME ON				
Loans and Receivables	P 41,324	P 35,569	P 21,458	P 17,948
Investment Securities	4,607	4,026	2,408	2,186
Due from Other Banks	919	339	386	205
Others	167	12	161	7
Total Interest Income	47,017	39,946	24,413	20,346
INTEREST EXPENSE ON				
Deposit liabilities	6,963	6,742	3,531	3,387
Bills Payable and Others	1,438	1,468	709	695
Total Interest Expense	8,401	8,210	4,240	4,082
NET INTEREST INCOME	38,616	31,736	20,173	16,264
IMPAIRMENT LOSSES	2,906	1,742	1,483	915
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	35,710	29,994	18,690	15,349
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	12,307	9,106	6,329	5,088
Trading Gain – net	785	2,303	166	1,311
Trust Fees	1,594	1,537	799	779
Foreign Exchange Gain/(Loss) – net	1,768	943	988	483
Insurance Premiums	4,565	3,918	2,361	3,918
Miscellaneous – net	2,197	4,201	1,172	2,949
Total Other Operating Income	23,216	22,008	11,815	14,528
OTHER OPERATING EXPENSES				
Employee Benefits	12,322	10,731	7,213	6,232
Occupancy	4,215	3,724	2,127	1,900
Taxes and licenses	3,942	3,570	1,948	1,852
Security, Clerical, Messengerial and Janitorial	1,594	1,423	804	741
Insurance	2,033	1,841	1,003	928
Advertising	1,720	1,536	896	870
Litigation/Assets Acquired	206	154	106	101
Policy Reserves	3,083	2,309	1,416	2,309
Insurance Benefits and Claims	815	703	472	703
Miscellaneous	11,969	8,961	5,053	4,314
Total Other Operating Expenses	41,899	34,952	21,038	19,950
NET INCOME BEFORE PRE-ACQUISITION	17,027	17,050	9,467	9,927
Pre-acquisition Income		(391)	0	(391)
NET INCOME BEFORE INCOME TAX	17,027	16,659	9,467	9,536
TAX EXPENSE (INCOME)	3,746	3,411	2,024	1,773
NET INCOME AFTER TAX	P 13,281	P 13,248	P 7,443	P 7,763
ATTRIBUTABLE TO:				
Equity holders of the parent	P 13,271	P 13,231	P 7,440	P 7,753
Minority Interest	10	17	3	10
	P 13,281	P 13,248	P 7,443	P 7,763
AVERAGE COMMON STOCK	4,274	3,803	4,274	3,803
INCOME PER SHARE (See annex A)				
Basic	3.03	3.39	1.74	2.04
Diluted	3.03	3.39	1.73	2.03

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

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

STATEMENTS OF COMPREHENSIVE INCOME  
(Amounts in Millions of Pesos)

	For the six-month period ending June 30, 2017	For the six-month period ending June 30, 2016
NET PROFIT	<u>13,281</u>	<u>13,248</u>
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	1,763	449
Translation adjustment related to foreign operations	(8)	107
Other Comprehensive Income, net of tax	<u>1,755</u>	<u>556</u>
Items that will not be reclassified to profit or loss:		
Reversal of revaluation increment		
Actuarial gains (losses) on remeasurement of retirement benefit asset, net of tax	<u>(218)</u>	<u>0</u>
	<u>(218)</u>	<u>0</u>
Share in other comprehensive income (loss) of subsidiaries and associates accounted for under equity method	<u>(4)</u>	<u>88</u>
Total Other Comprehensive Income, Net of Tax	<u>1,533</u>	<u>644</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u><u>14,814</u></u>	<u><u>13,892</u></u>
Attributable To:		
Shareholders of the Parent Bank	14,809	13,880
Non-controlling Interest	<u>5</u>	<u>12</u>
	<u><u>14,814</u></u>	<u><u>13,892</u></u>

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

STATEMENTS OF CHANGES IN EQUITY  
COMPARATIVE PERIODS ENDED JUNE 30, 2017 AND 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	Accumulated Share in Other Comprehensive Income(Loss) of Associates	Total Attributable to Shareholders of the Parent Bank	Non- Controlling Interest	Total Equity
Balance at January, 2017	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
Transactions with owners														
Issuance of primary shares	11		50									61		61
Stock rights offer	7,164		52,663									59,827		59,827
Cash Dividend						(2,960)						(2,960)	(50)	(3,010)
Total transactions with owners	7,175	0	52,713	0	0	(2,960)	0	0	0	0	0	56,928	(50)	56,878
Total comprehensive income						13,271	1,767	(218)		(7)	(4)	14,809	5	14,814
Transfer to/(from) Surplus Free														
Trust reserves				66		(66)						0		0
Self Insurance				7		(7)						0		0
Additional appropriation				5		(5)						0		0
	0	0	0	78	0	(78)	0	0	0	0	0	0	0	0
Balance at June 30, 2017	P 43,675	P 5,150	P 122,840	P 3,050	P 12	P 119,449	(P 2,152)	(P 4,477)	P 1,008	(P 20)	(P 6)	P 288,529	P 698	P 289,227
Balance at January, 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														
Issuance of primary shares	19		75			(2,527)						94		94
Cash Dividends						(2,527)						(2,527)	(50)	(2,577)
Total transactions with owners	19	0	75	0	0	(2,527)	0	0	0	0	0	(2,433)	(50)	(2,483)
Total comprehensive income						13,231	443			118	88	13,880	12	13,892
Transfer to/(from) Surplus Free														
Trust reserve				59		(59)						0		0
Self Insurance				14		(14)						0		0
	0	0	0	73	0	(73)	0	0	0	0	0	0	0	0
Other Adjustments														
Net effect of percentage of ownership over subsidiaries														
	0	0	0	0	0	0	0	0	0	0	0	0	114	114
Balance at June 30, 2016	P 36,472	P 5,150	P 70,011	P 2,769	P 12	P 98,749	(P 179)	(P 3,614)	P 1,008	P 58	P 1	P 210,437	P 699	P 211,136



BDO UNIBANK, INC. & SUBSIDIARIES  
CASH FLOW STATEMENTS  
FOR THE PERIODS ENDED JUNE 30, 2017 AND 2016  
(Amounts in Millions of Pesos)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	17,027	16,659
Adjustments for:		
Interest income	(47,017)	(39,946)
Interest received	45,768	39,819
Interest expense	8,401	8,210
Interest paid	(8,704)	(8,335)
Impairment losses	2,906	1,742
Depreciation and amortization	2,679	2,289
Gain on acquisition of a subsidiary	0	(2,141)
Share in (profit)loss of associates	(309)	(257)
Fair value loss (gain)	(155)	92
Operating profit before changes in operating resources and liabilities	20,596	18,132
Decrease (increase) in financial assets at fair value through profit or loss	(3,047)	(163)
Decrease (increase) in loans and other receivables	(69,578)	(85,094)
Decrease (increase) in investment properties	(584)	(636)
Decrease (increase) in other resources	(3,358)	(1,601)
Increase (decrease) in deposit liabilities	74,644	107,815
Increase (decrease) in insurance contract liabilities	3,611	0
Increase (decrease) in other liabilities	3,335	1,854
Cash generated from (used in) operations	25,619	40,307
Cash paid for income tax	(3,873)	(3,427)
Net Cash From (Used in) Operating Activities	21,746	36,880
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of premises, furniture, fixture and equipment	(2,259)	(2,463)
Proceeds from disposals of premises, furniture, fixture and equipment	43	25
Acquisition of held-to-maturity investments	(65,736)	(39,352)
Maturities of held-to-maturity investments	21,973	14,225
Proceeds from disposal of available-for-sale securities	27,598	55,915
Acquisition of available-for-sale securities	(37,073)	(45,685)
Payment for acquisition of a new subsidiary, net of cash acquired	0	(1,392)
Net Cash From (Used in) Investing Activities	(55,454)	(18,727)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock	61	94
Net proceeds from issuance of Stock Rights	59,827	0
Net proceeds from(payment of) bills payable	10,924	(971)
Net proceeds from(payment of) issuance of senior notes payable	(14,931)	(14,107)
Dividends paid	(3,010)	(2,577)
Net Cash From (Used in) Financing Activities	52,871	(17,561)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	19,163	592
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Cash and other cash items	40,909	42,729
Due from Bangko Sentral ng Pilipinas	318,002	271,808
Due from other banks	41,794	24,837
SPURRA	14,302	69,490
FCNC	3,338	3,244
	418,345	412,108
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and other cash items	31,633	30,902
Due from Bangko Sentral ng Pilipinas	338,304	318,003
Due from other banks	33,770	40,659
SPURRA	30,530	20,434
FCNC	3,271	2,702
	437,508	412,700

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE

As of June 30, 2017

(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS		Current		90 DAYS OR LESS		91 - 180 DAYS		OVER 181 DAYS		TOTAL
A. INTERBANK TERM LOANS RECEIVABLES		P	45,124	P	0	P	0	P	0	45,124
B. LOANS AND RECEIVABLES		P	1,614,679	P	5,240	P	3,980	P	14,936	1,638,835
Loans & Discounts			1,406,164		3,884		3,302		10,656	1,424,006
Agri - Agra Loans			60,483		144		21		119	60,767
Bills Purchased			10,141		0		0		26	10,167
Customers Liability on Draft under LC/TR			41,656		0		0		593	42,249
Customers Liability for this Bank's Acceptances			2,991		0		0		0	2,991
Credit Card Receivables			49,111		1,115		462		1,004	51,692
Restructured Loans			97		7		67		1,133	1,304
Other Loans & Receivables			8,949		90		128		1,235	10,402
Reverse Repurchase Agreement			30,530		0		0		0	30,530
Unquoted Debt Securities Classified as Loans			4,557		0		0		170	4,727
C. ACCOUNTS RECEIVABLE		P	2,833	P	897	P	299	P	1,165	5,194
TOTAL		P	1,662,636	P	6,137	P	4,279	P	16,101	1,689,153



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

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

NO. OF SHARES – COMMON As of June	2017		2016	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,808	655	3,803	648
February	4,367	676	3,803	606
March	4,367	748	3,803	648
April	4,367	724	3,803	627
May	4,367	748	3,803	648
June	4,368	724	3,805	627
Weighted Average		<u>4,274</u>		<u>3,803</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		13,271		13,231
Less: Dividends on preferred shares		340		339
Net profit available to common shares		<u>12,931</u>		<u>12,892</u>
Divided by the weighted average number of outstanding common shares		<u>4,274</u>		<u>3,803</u>
<b>Basic Earnings per share</b>		<u><b>3.03</b></u>		<u><b>3.39</b></u>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		12,931		12,892
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		4,274		3,803
Potential common shares from assumed conversion of preferred shares		0		0
Potential common shares from assumed conversion of stock option plan		0		0
Total weighted average number of common shares after assumed conversion of convertible preferred shares		<u>4,274</u>		<u>3,803</u>
<b>Diluted Earnings Per Share</b>		<u><b>3.03</b></u>		<u><b>3.39</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 2017 and 2016.



## CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIBANK, INC.

For the six months ended: June 30, 2017

### 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 Instrument, the Bank no longer conducted an impact evaluation study on the early adoption of PFRS 9 on the second quarter of 2016. The Bank will adopt the full provisions of PFRS 9 Financial Instruments on its mandatory effectivity date of 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.

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, P&A identified the effects of the amendments to PAS 27 and compliance with BSP Circular No. 915, as a significant matter to their 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 of the 2016 audited financial statements, respectively.

- 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 January 31, 2017 the Bank, through a Stock Rights Offering (SRO), issued P60.0 billion worth of new common shares, to support medium-term growth objectives.

- 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.

In January 2017, the Bank completed its SRO raising P60.0 billion.

In February 2017, the Bank repaid upon maturity its \$300 million Senior Notes issued in 2012.

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

On January 27, 2017, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P340 million. The dividends were paid on January 31, 2017.

On February 24, 2017, the Board of Directors approved the declaration of cash dividends for the first quarter of 2017, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on March 31, 2017.

On May 26, 2017, the Board of Directors approved the declaration of cash dividends for the second quarter of 2017, in the amount of P0.30 per common share. The dividends were paid on June 30, 2017.

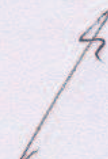
- 7.g Segment revenue and segment result for business segments or geographical segments whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).

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.

Remarks: NONE

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





Remarks: NONE

7.j Changes in contingent liabilities or contingent assets from December 31, 2016.


- Total Contingent Accounts grew 6% to P1.7 trillion from the following:
  - Export L/Cs Confirmed went up 14% on higher volume of trade transactions.
  - Bills for Collection and Late Deposits and Payments Received rose 6% and 12% to P5.4 billion and P2.9 billion, respectively, as of the first half of the year.
  - Increased treasury activities generated the following:
    - Spot Exchange Bought and Sold as well as Forward Exchange Bought and Sold climbed 19%, 10%, 47% and 45% to P6.2 billion, P14.5 billion, P118.4 billion and P129.4 billion, respectively.
    - Interest Rate Futures Sold was at P101 million for the first half of the year.
  - Other Contingent Accounts expanded 20% from higher committed credit lines.
  - Unused L/Cs and Outstanding Guarantees Issued fell 13% and 70% to P41.9 billion and P10.3 billion as of the cut-off date.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### I. Balance Sheet – June 2017 vs. December 2016

- Cash and Other Cash Items dropped 23% to P31.6 billion, from a high year-end 2016 level coming from deposits generated during the holiday season.
- Due from BSP increased 6% to P338.3 billion owing to additional reserve requirements on higher deposit levels.
- Due from Other Banks went down 19% to P33.8 billion from lower placements and working balances with correspondent banks.
- Investment Securities rose 22% to P327.8 billion as Financial Assets at Fair Value Through Profit and Loss (FVTPL), Available for Sale Securities (AFS) and Held-to-Maturity (HTM) Securities increased 23%, 10% and 30%, respectively, from increases in both Treasury and BDO Life's portfolios.
- Net Loans and Other Receivables went up 5% to P1.7 trillion on account of an 8% growth in Customer Loans and a 113% expansion in Securities Purchased Under Reverse Repurchase Agreements (SPURRA) from year end 2016. This was offset by reductions in Interbank Loans, Unquoted Debt Securities Classified as Loans (UDSCL) and Other Receivables.
- Equity Investments grew 7% to P4.7 billion due to continued earnings of associates.
- Total Deposits rose 4% to P2.0 trillion as Demand, Savings and Time deposits grew 10%, 4% and 2% respectively.
- Insurance Contract Liabilities jumped 18% to P24.2 billion owing to growing business volumes of BDO Life.
- Total Equity climbed 33% to P289.2 billion due to the SRO in January 2017 and the first half profits.


### II. Balance Sheet – June 2017 vs. June 2016

- Total Resources grew 15% year-on-year to P2.5 trillion primarily funded by low cost deposits and the proceeds from the SRO.
- 



- Due from BSP went up 6% following increased reserve requirements on higher deposit levels.
- Due from Other Banks decreased 17% owing to lower balances with correspondent banks.
- Investment Securities expanded 23% on higher levels of FVTPL, AFS and HTM Securities, on increases from both Treasury and BDO Life's portfolios.
- Net Loans and Other Receivables climbed 17% mainly from a hike in Customer Loans. SPURRA and UDSCL likewise, increased by 49% and 482%, while Interbank Loans and Other Receivables dropped year-on-year by 7% and 10%, respectively.
- Bank Premises increased 5% to P27.2 billion due to branch expansion and enhancements in the Bank's distribution network.
- Other Resources declined 6% to P28.0 on account of a reduction in miscellaneous assets.
- Deposit Liabilities expanded 12% driven by a 23% and 17% increases in Demand and Savings Deposits, respectively.
- Bills Payable climbed 17% to P96.4 billion mainly from higher levels of deposit substitutes.
- Insurance Contract Liabilities surged 35% year-on-year on account of increased business volumes of BDO Life.
- Other Liabilities hiked 14% to P71.2 billion owing mainly to higher levels of accounts payable, miscellaneous liabilities as well as the Premium Deposit Fund of BDO Life.
- Total Equity went up 37% from continued profitability as well as the SRO proceeds in January 2017.

### III. Income Statement – June 2017 vs. June 2016

- The Bank registered a P13.3 billion Net Income attributable to Equity holders of the Parent Company. Taking into consideration extraordinary items including the net gain from the consolidation of BDO Life in June 2016, this represents a 16% year-on year improvement from the first half 2016.
  - Net Interest Income surged 22% to P38.6 billion owing to an expansion in earning assets as well as an improvement in net interest margins.
  - The Bank maintained its conservative provisioning approach setting aside P2.9 billion as Provision for Impairment Losses, higher than the P1.7 billion in the first half of last year.
  - Other income went up 5% to P23.2 billion from the following:
    - Service Charges and Fees hiked 35% to P12.3 billion from recurring fee income from the Bank's major business lines.
    - Trading Gain slid to P785 million on account of less favorable market conditions.
    - Foreign Exchange (FX) Gain surged 87% to P1.8 billion as the Bank benefited from continuing customer flows and market opportunities.
    - Insurance Premiums rose 17% to P4.6 billion from increased business of BDO Life.
    - Other Income dropped 48% to P2.2 billion as the previous year included a one-time gain from the consolidation of BDO Life.
  - Operating Expenses grew 20% to P41.9 billion owing to the following:
    - Employee Benefits went up 15% due to salary increases and a higher manpower count from business expansion.
    - Occupancy expenses climbed 13% due on an expanded distribution network.
    - Taxes and Licenses rose 10% from GRT on higher income.
    - Insurance expenses went up 10% due to deposit growth.
- 



- Advertising Expenses hiked 12% following increased spending on marketing, promotional and advertising campaigns.
- Litigation/Assets Acquired expenses climbed 34% to P206 million owing to higher costs relating to litigation and maintenance of acquired assets.
- Policy Reserves as well as Insurance Benefits and Claims surged 34% and 16%, respectively, from increase BDO Life business volumes.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses increased 12% and 34%, respectively, owing to an expanded distribution network as well as increased business volumes.
- Tax Expense rose 10% to P3.7 billion on a higher taxable income base.

#### IV. Comprehensive Income – June 2017 vs. June 2016

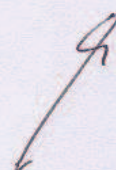
- From a Net Income of P13.3 billion, the Bank registered a P14.8 billion Total Comprehensive Income for the first half of 2017. This includes a P1.8 billion increase in unrealized gain on AFS Securities, a negative P8 million translation adjustment related to foreign operations, a P218 million actuarial loss on retirement benefit asset as well as a negative P4 million share in Other Comprehensive Income (OCI) of subsidiaries and affiliates.
- The Total Comprehensive Income represents a 7% year-on-year increase from P13.9 billion, inclusive of a P13.2 billion Net Income, a P449 million increase in unrealized gain on AFS Securities, a P107 million translation adjustment and an P88 million share in OCI of subsidiaries and affiliates.

#### 1. Key Performance Indicators

Indicator	6M 2017	6M 2016	12M 2016
Return on Average Common Equity (%)	10.19%	13.12%	12.64%
Return on Average Assets(%)	1.11%	1.27%	1.21%
Net Interest Margin	3.43%	3.24%	3.24%
Liquidity Ratio	32.85%	33.71%	33.54%
Debt to Equity	754.26%	920.96%	968.77%
Asset to Equity	854.26%	1020.96%	1068.77%
Interest Rate Coverage	302.68%	302.91%	300.44%
Profit Margin	18.91%	21.38%	21.11%
Capital Adequacy Ratio	15.69%	13.15%	12.35%
Basic Earnings per Share	3.03	3.39	7.06

#### 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 went down to 10.19% resulting from a higher equity base owing to the SRO.
- Return on Average Assets declined to 1.11% as net income was outpaced by asset growth.
- Net Interest Margin improved to 3.43% from improvements in both loan yields and funding mix.
- Liquidity Ratio went down to 32.85% from the hike in customer loans.





- Debt to Equity and Assets to Equity declined to 754.26% and 854.26%, respectively, as the expansion in total equity from the SRO and bottomline profits, outpaced both liability and asset growth.
- Interest Rate Coverage was steady at 302.68% vis-à-vis 302.91% for the same period last year.
- Profit Margin dropped to 18.91% as cost growth outpaced revenue growth.
- Capital Adequacy Ratio, covering credit, market and operations risk improved to 15.69% owing to the SRO as well as continued profitable operations.
- Basic earnings per share went down P0.36 year-on-year to P3.03 for the first half on a larger number of common shares outstanding due to the SRO.

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

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





## Vertical Analysis-Material Changes

### I. Balance Sheet – June 2017 vs. December 2016

Remarks: NONE

### II. Balance Sheet – June 2017 vs. June 2016

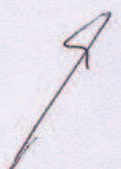
Remarks: NONE

### III. Income Statement – June 2017 vs. June 2016

- Service Charges and Fees as a percentage of Other Income rose to 53.0% as Trading Gain and Other Income dropped to 3.4% and 9.5% of Other Income, respectively.

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

Remarks: NONE





**Statement of Income**

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Total Interest Income									
External	44,800	30	873	939	367	8	47,017	0	47,017
Inter-Segment	120	3	0	3	8	1	135	(135)	0
	44,920	33	873	942	375	9	47,152	(135)	47,017
Total Interest Expense									
External	7,753	0	288	330	31	(1)	8,401	0	8,401
Inter-Segment	12	23	0	76	0	24	135	(135)	0
	7,765	23	288	406	31	23	8,536	(135)	8,401
Net Interest Income	37,155	10	585	536	344	(14)	38,616	0	38,616
Other Operating Income									
Investment Banking Fees	0	892	0	0	0	0	892	0	892
Others	17,135	245	376	578	6,738	218	25,290	(2,966)	22,324
	17,135	1,137	376	578	6,738	218	26,182	(2,966)	23,216
Other Operating Expenses									
Depreciation and Amortization	2,194	22	13	409	27	14	2,679	0	2,679
Impairment Losses	2,877	3	1	25	0	0	2,906	0	2,906
Others	32,801	442	674	315	5,270	175	39,677	(457)	39,220
	37,872	467	688	749	5,297	189	45,262	(457)	44,805
Profit before Tax	16,418	680	273	365	1,785	15	19,536	(2,509)	17,027
Tax Expense	3,131	165	104	91	252	3	3,746	0	3,746
Net Profit	13,287	515	169	274	1,533	12	15,790	(2,509)	13,281

**Statements of Financial Position**

Total Resources									
Segment Assets	2,337,347	6,572	72,009	41,606	36,958	5,351	2,499,843	(43,811)	2,456,032
Intangible Assets	5,278	134	23	37	36	2	5,510	2,907	8,417
Deferred Tax Assets	6,404	(196)	35	68	4	(25)	6,290	0	6,290
	2,349,029	6,510	72,067	41,711	36,998	5,328	2,511,643	(40,904)	2,470,739
Total Liabilities	2,057,066	2,734	66,464	36,564	29,207	2,193	2,194,228	(12,716)	2,181,512

**Other Segment Information**

Capital expenditures	2,687	25	7	245	17	290	3,271	0	3,271
Investment in associate under equity method	4,482	0	0	265	0	0	4,747	0	4,747
Share in the Profit of associates	324	0	0	(15)	0	0	309	0	309

**Statement of Income**

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Total Interest Income									
External	37,966	35	718	860	343	24	39,946	0	39,946
Inter-Segment	68	2	0	0	3	1	74	(74)	0
	38,034	37	718	860	346	25	40,020	(74)	39,946
Total Interest Expense									
External	7,659	0	209	304	38	0	8,210	0	8,210
Inter-Segment	6	28	0	23	0	18	75	(75)	0
	7,665	28	209	327	38	18	8,285	(75)	8,210
Net Interest Income	30,369	9	509	533	308	7	31,735	1	31,736
Other Operating Income									
Investment Banking Fees	0	632	0	0	0	0	632	0	632
Others	14,911	143	685	547	5,366	285	21,937	(561)	21,376
	14,911	775	685	547	5,366	285	22,569	(561)	22,008
Other Operating Expenses									
Depreciation and Amortization	1,847	28	11	359	34	10	2,289	0	2,289
Impairment Losses	1,664	0	0	30	48	0	1,742	0	1,742
Others	27,033	340	626	308	4,346	100	32,753	(90)	32,663
	30,544	368	637	697	4,428	110	36,784	(90)	36,694
Profit before Pre-acquisition	14,736	416	557	383	1,246	182	17,520	(470)	17,050
Pre-acquisition Income	0	0	0	0	0	0	0	(391)	(391)
Profit before Tax	14,736	416	557	383	1,246	182	17,520	(861)	16,659
Tax Expense	2,886	106	128	101	185	5	3,411	0	3,411
Net Profit	11,850	310	429	282	1,061	177	14,109	(861)	13,248

**Statements of Financial Position**

Total Resources									
Segment Assets	2,057,761	6,304	51,302	35,896	28,536	6,985	2,186,784	(44,985)	2,141,799
Intangible Assets	4,678	102	25	45	49	1	4,900	2,906	7,806
Deferred Tax Assets	6,165	(199)	52	(1)	16	(29)	6,004	0	6,004
	2,068,604	6,207	51,379	35,940	28,601	6,957	2,197,688	(42,079)	2,155,609
Total Liabilities	1,851,096	4,175	45,131	30,831	21,926	1,876	1,955,035	(10,562)	1,944,473

**Other Segment Information**

Capital expenditures	2,741	15	7	325	84	269	3,441	0	3,441
Investment in associate under equity method	4,249	0	0	300	0	0	4,549	0	4,549
Share in the Profit of associates	257	0	0	0	0	0	257	0	257