

COVER SHEET

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S.E.C. Registration Number

[illegible][illegible]

(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		
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(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

RUBY A. CRUZ

Contact Person

856-7434/840-7000 loc 4575

Company Telephone Number

0	3
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Month

3	1
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Day

S	E	C	1	7	-	Q
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Form Type

Every last Friday of the month of May

Every last Friday of the month of May

Annual Meeting

Secondary License type, if applicable

C	F	D
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Dept. Requiring this Doc.

Amended Articles Number/Section

12,725

Total No.of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

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Document I.D.

Cashier

Stamps

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 March 31, 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
Common stock	4,367,168,499	

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.

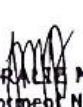

LUCY CO DY (EVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION) *ML*

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

SUBSCRIBED AND SWORN TO before me this APR 24 2017 day of April,
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. 359
Page No. 73
Book No. T
Series of 2017



Notary Public

Atty. FLORANTE M. PAMILO
Appointment No. M-259
Notary Public until 31 December 2017
14/F North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 57379
IBP No. 1055696, 01/03/2017, Quezon City
PTR No. 5903977, 01/03/2017, Makati City
MCLE Compliance No. V-0012993, 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..... April 24, 2017

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

Signature and Title.....

EVP/COMPTROLLER

Date..... April 24, 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 March 31, 2017	Audited As of December 31, 2016
RESOURCES			
CASH AND OTHER CASH ITEMS	P	31,551	P 40,909
DUE FROM BANGKO SENTRAL NG PILIPINAS		378,530	318,002
DUE FROM OTHER BANKS		40,149	41,794
INVESTMENT SECURITIES			
At Fair Value Through Profit or Loss		15,942	14,024
Available-for-Sale – net		113,867	108,132
Held-to-Maturity – net		168,624	146,886
LOANS AND OTHER RECEIVABLES—net		1,566,193	1,573,924
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		27,018	26,912
INVESTMENT PROPERTIES		15,330	15,188
EQUITY INVESTMENTS – net		4,542	4,410
DEFERRED TAX ASSETS		6,305	6,334
OTHER RESOURCES - net		27,819	28,443
TOTAL RESOURCES	P	2,395,870	P 2,324,958
LIABILITIES AND CAPITAL FUNDS			
DEPOSIT LIABILITIES	P		P
Demand		117,130	114,284
Savings		1,287,110	1,267,983
Time		523,866	522,937
Total Deposit Liabilities		1,928,106	1,905,204
BILLS PAYABLE		81,749	100,556
SUBORDINATED NOTES PAYABLE		10,030	10,030
INSURANCE CONTRACT LIABILITIES		22,574	20,548
OTHER LIABILITIES		71,050	71,085
Total Liabilities		2,113,509	2,107,423
EQUITY			
Attributable to Shareholders of the Parent Company		281,673	216,792
Minority Interest		688	743
Total Equity		282,361	217,535
TOTAL LIABILITIES AND EQUITY	P	2,395,870	P 2,324,958
CONTINGENT			
Trust department accounts	P	1,004,789	P 1,029,113
Unused commercial letters of credit		53,952	48,108
Outstanding guarantees issued		9,356	33,891
Export L/Cs Confirmed		1,719	1,552
Bills for collection		5,035	5,090
Late deposits/payment received		3,033	2,584
Spot Exchange Bought		11,029	5,182
Spot Exchange Sold		22,083	13,224
Forward Exchange Bought		114,034	80,419
Forward Exchange Sold		115,972	89,028
Interest Rate Futures Sold		50	0
Interest Rate Swap Receivable		18,861	19,699
Interest Rate Swap Payable		18,861	19,699
Other Contingent Accounts		273,489	238,655
TOTAL CONTINGENT ACCOUNTS	P	1,652,263	P 1,586,244

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 three-month Period ended March 31, 2017	For the three-month Period ended March 31, 2016
INTEREST INCOME ON		
Loans and Receivables	P 19,866	P 17,621
Investment Securities	2,199	1,840
Due from Other Banks	533	134
Others	6	5
	<u>22,604</u>	<u>19,600</u>
Total Interest Income		
INTEREST EXPENSE ON		
Deposit liabilities	3,432	3,355
Bills Payable and Others	729	773
	<u>4,161</u>	<u>4,128</u>
Total Interest Expense		
NET INTEREST INCOME	18,443	15,472
IMPAIRMENT LOSSES	<u>1,423</u>	<u>827</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>17,020</u>	<u>14,645</u>
OTHER OPERATING INCOME		
Service Charges, Fees and Commissions	5,974	4,018
Trading Gain – net	619	992
Trust Fees	795	758
Foreign Exchange Gain/(Loss) – net	780	460
Insurance Premiums	2,204	0
Miscellaneous – net	1,029	1,252
	<u>11,401</u>	<u>7,480</u>
Total Other Operating Income		
OTHER OPERATING EXPENSES		
Employee Benefits	5,109	4,499
Occupancy	2,088	1,824
Taxes and licenses	1,994	1,718
Security, Clerical, Messengerial and Janitorial	790	682
Insurance	1,030	913
Advertising	824	666
Litigation/Assets Acquired	100	53
Policy Reserves, Insurance Benefits and Claims	2,010	0
Miscellaneous	6,916	4,647
	<u>20,861</u>	<u>15,002</u>
Total Other Operating Expenses		
NET INCOME BEFORE INCOME TAX	<u>7,560</u>	<u>7,123</u>
TAX EXPENSE (INCOME)	1,722	1,638
NET INCOME AFTER TAX	<u>P 5,838</u>	<u>P 5,485</u>
ATTRIBUTABLE TO:		
Equity holders of the parent	P 5,831	P 5,478
Minority Interest	<u>7</u>	<u>7</u>
	<u>P 5,838</u>	<u>P 5,485</u>
AVERAGE COMMON STOCK	4,128	3,645
INCOME PER SHARE (See annex A)		
Basic	1.33	1.41
Diluted	1.33	1.41

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 three-month period ending March 31, 2017	For the three-month period ending March 31, 2016
NET PROFIT	<u>5,838</u>	<u>5,485</u>
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	1,025	287
Translation adjustment related to foreign operations	(22)	30
Other Comprehensive Income, net of tax	<u>1,003</u>	<u>317</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	(181)	
	<u>(181)</u>	<u>0</u>
Share in other comprehensive income (loss) of subsidiaries and associates accounted for under equity method	(2)	30
Total Other Comprehensive Income, Net of Tax	<u>820</u>	<u>347</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u><u>6,658</u></u>	<u><u>5,832</u></u>
Attributable To:		
Shareholders of the Parent Bank	6,663	5,838
Non-controlling Interest	(5)	(6)
	<u><u>6,658</u></u>	<u><u>5,832</u></u>

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

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

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED MARCH 31, 2017
(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	8		34									42		42
Stock rights offer	7,164		52,662									59,826		59,826
Cash Dividend						(1,650)						(1,650)	(50)	(1,700)
Total transactions with owners	7,172	0	52,696	0	0	(1,650)	0	0	0	0	0	58,218	(50)	58,168
Total comprehensive income						5,831	1,037	(181)		(22)	(2)	6,663	(5)	6,658
Transfer to/(from) Surplus Free														
Trust reserve				66		(66)						0		0
Self Insurance				8		(8)						0		0
	0	0	0	74	0	(74)	0	0	0	0	0	0	0	0
Balance at March 31, 2017	P 43,672	P 5,150	P 122,823	P 3,046	P 12	P 113,323	(P 2,882)	(P 4,440)	P 1,008	(P 35)	(P 4)	P 281,673	P 688	P 282,361
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														
Cash Dividends						(1,433)						(1,433)	(50)	(1,483)
Audit Adjustments						21						21		21
Total transactions with owners	0	0	0	0	0	(1,412)	0	0	0	0	0	(1,412)	(50)	(1,462)
Total comprehensive income						5,478	294			36	30	5,838	(6)	5,832
Transfer to/(from) Surplus Free														
Trust reserve				59		(59)						0		0
Self Insurance				7		(7)						0		0
	0	0	0	66	0	(66)	0	0	0	0	0	0	0	0
Other Adjustments														
Net effect of percentage of ownership over subsidiaries												0	113	113
	0	0	0	0	0	0	0	0	0	0	0	0	113	113
Balance at March 31, 2016	P 36,453	P 5,150	P 69,936	P 2,762	P 12	P 92,118	(P 328)	(P 3,614)	P 1,008	(P 24)	(P 57)	P 203,416	P 680	P 204,096

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016
(Amounts in Millions of Pesos)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,560	7,123
Adjustments for:		
Interest income	(22,604)	(19,600)
Interest received	22,861	20,148
Interest expense	4,161	4,128
Interest paid	(4,109)	(4,047)
Impairment losses	1,423	827
Depreciation and amortization	1,323	1,112
Share in (profit)loss of associates	(142)	(245)
Fair value loss (gain)	(665)	(129)
Operating profit before changes in operating resources and liabilities	9,808	9,317
Decrease (increase) in financial assets at fair value through profit or loss	(1,274)	2,247
Decrease (increase) in loans and other receivables	1,035	5,366
Decrease (increase) in investment properties	(300)	(300)
Decrease (increase) in other resources	(1,781)	609
Increase (decrease) in deposit liabilities	22,689	40,257
Increase (decrease) in insurance contract liabilities	2,026	0
Increase (decrease) in other liabilities	1,625	(1,238)
Cash generated from (used in) operations	33,828	56,258
Cash paid for income tax	(1,981)	(1,776)
Net Cash From (Used in) Operating Activities	31,847	54,482
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(1,083)	(1,254)
Proceeds from disposals of premises, furniture, fixture and equipment	20	16
Net decrease (increase) in held-to-maturity investments	(21,610)	(124,913)
Proceeds from disposal of available-for-sale securities	13,701	135,029
Acquisition of available-for-sale securities	(18,303)	(14,733)
Net Cash From (Used in) Investing Activities	(27,275)	(5,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	42	0
Net proceeds from issuance of Stock Rights	59,826	0
Net proceeds from(payment of) bills payable	(3,738)	(5,382)
Net proceeds from(payment of) issuance of senior notes payable	(14,931)	0
Dividends paid	(1,700)	(1,483)
Net Cash From (Used in) Financing Activities	39,499	(6,865)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,071	41,762
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
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
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	31,551	34,478
Due from Bangko Sentral ng Pilipinas	378,530	265,209
Due from other banks	40,149	36,052
SPURRA	9,501	115,576
FCNC	2,685	2,555
	462,416	453,870

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of March 31, 2017
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	0 - 90 DAYS		91 - 180 DAYS		181 - 360 DAYS		OVER 360 DAYS		TOTAL
A. INTERBANK TERM LOANS RECEIVABLES	P	24,142	P	0	P	0	P	0	P 24,142
B. LOANS AND RECEIVABLES	P	1,550,224	P	2,501	P	3,310	P	10,473	P 1,566,508
Loans & Discounts		1,360,463		1,774		2,538		7,218	1,371,993
Agri - Agra Loans		60,196		25		19		89	60,329
Bills Purchased		9,816		0		0		26	9,842
Customers Liability on Draft under LC/TR		41,610		17		11		568	42,206
Customers Liability for this Bank's Acceptances		3,867		0		0		0	3,867
Credit Card Receivables		46,588		549		573		386	48,096
Restructured Loans		178		13		56		1,075	1,322
Other Loans & Receivables		7,965		123		113		941	9,142
Reverse Repurchase Agreement		9,501		0		0		0	9,501
Unquoted Debt Securities Classified as Loans		10,040		0		0		170	10,210
C. ACCOUNTS RECEIVABLE	P	4,340	P	167	P	232	P	1,238	P 5,977
TOTAL	P	1,578,706	P	2,668	P	3,542	P	11,711	P 1,596,627

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 March	2017		2016	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,650	1,265	3,645	
February	4,367	1,359	3,645	
March	4,367	1,504	3,645	3,645
Weighted Average		<u>4,128</u>		<u>3,645</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		5,831		5,478
Less: Dividends on preferred shares		<u>340</u>		<u>339</u>
Net profit available to common shares		<u>5,491</u>		<u>5,139</u>
Divided by the weighted average number of outstanding common shares		<u>4,128</u>		<u>3,645</u>
Basic Earnings per share		<u>1.33</u>		<u>1.41</u>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		5,491		5,139
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		4,128		3,645
Potential common shares from assumed conversion of preferred shares		<u>0</u>		<u>0</u>
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>4,128</u>		<u>3,645</u>
Diluted Earnings Per Share		<u>1.33</u>		<u>1.41</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 three months ended: March 31, 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 for 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, 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 of the 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 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.,

- 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.

- 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 went up 4% to P1.7 trillion on account of the following:



- Unused L/Cs and Export L/Cs Confirmed grew 12% and 11% to P54.0 billion and P1.7 billion, showing higher volume of trade transactions.
- Late Deposits and Payments Received went up 17% to P3.0 billion as of the cut-off date.
- Increased treasury activities yielded the following:
 - Spot Exchange Bought and Sold as well as Forward Exchange Bought and Sold surged 113%, 67%, 42% and 30% to P11.0 billion, P22.1 billion, P114.0 billion and P116.0 billion, respectively.
 - Interest Rate Futures Sold was at P50 million for the first quarter of the year.
- Other Contingent Accounts climbed 15% from higher committed credit lines.
- Outstanding Guarantees Issued fell 72% to P9.4 billion as of the quarter-end.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – March 2017 vs. December 2016

- Cash and Other Cash Items went down 23% to P31.6 billion, from a high year-end 2016 level owing to deposits generated during the Christmas season.
- Due from BSP climbed 19% to P378.5 billion as proceeds from the SRO were temporarily placed with the BSP's Term Deposit Facility (TDF).
- Investment Securities rose 11% to P298.4 billion as Financial Assets at Fair Value Through Profit and Loss (FVTPL), Available for Sale Securities (AFS) and Held-to-Maturity (HTM) Securities increased 14%, 5% and 15%, respectively.
- Net Loans and Other Receivables was steady at P1.6 trillion as the growth in Customer Loans of 4% was offset by decreases in Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA), Unquoted Debt Securities Classified as Loans (UDSCL) and Other Receivables.
- Total Deposits inched up 1% to P1.9 trillion as Demand and Savings deposits grew 2% apiece.
- Bills Payable dropped 19% to P81.7 billion primarily from the US\$ 300 million Senior Notes, which matured in February 15, 2017.
- Insurance Contract Liabilities grew 10% to P22.6 billion owing to increasing business volumes of BDO Life.
- Total Equity surged 30% to P282.4 billion due to the SRO in January 2017 and the first quarter Net Income.

II. Balance Sheet – March 2017 vs. March 2016

- Total Resources expanded 16% year-on-year to P2.4 trillion funded by low cost deposits and the proceeds from the SRO.
- Cash and Other Cash Items went down 8% to P31.6 billion as the Bank re-allocated funds to interest earning assets.
- Due from BSP jumped 43% from TDF placements.
- Due from Other Banks went up 11% to P40.1 billion on higher working balances with correspondent banks.
- Investment Securities expanded 31% due, in part, to the consolidation of the portfolio of BDO Life. FVTPL, AFS and HTM Securities increased 41%, 25% and 34% year-on-year, respectively.

- Net Loans and Other Receivables moved up 10% primarily from a 21% hike in Customer Loans. UDSCCL and Other Receivables likewise, increased while Interbank Loans and SPURRA declined year-on-year.
- Equity Investments slid 26% to P4.5 billion due to the accounting consolidation of BDO Life in the second quarter of 2016.
- Bank Premises rose 6% to P27.0 billion from branch expansion and enhancements in the Bank's distribution network.
- Deposit Liabilities climbed 13% spurred by a 19% year-on-year growth in Savings Deposits.
- Bills Payable dropped 11% mainly from the US\$ 300 million Senior Notes, which matured in February 15, 2017.
- Insurance Contract Liabilities stood at P22.6 billion of the first quarter of 2017 owing to the accounting consolidation of BDO life in June 2016.
- Other Liabilities increased 24% to P71.1 billion owing mainly to higher levels of accounts payable and miscellaneous assets as well as the Premium Deposit Fund of BDO Life.
- Total Equity went up 38% from continued profitability as well as the SRO in January 2017.

III. Income Statement – March 2017 vs. March 2016

- Reported Net Income attributable to Equity holders of the Parent Company improved by 6% year-on-year, registering at P5.8 billion.
- Net Interest Income climbed 19% to P18.4 billion due to an increase in the Bank's earning assets as well as an improvement in funding mix.
- The Bank prudently set aside P1.4 billion as Provision for Impairment Losses, higher than the P827 million in the first quarter of last year.
- Other income surged 52% to P11.4 billion from the following:
 - Trading Gain dropped to P619 million due to less favorable market conditions.
 - Service Charges and Fees improved 49% to P6.0 billion from recurring fee income from major business lines.
 - Trust Fees rose 5% to P795 million from an improved portfolio mix.
 - Foreign Exchange (FX) Gain hiked 70% to P780 million as the Bank benefited from continuing customer flows and market opportunities.
 - Insurance Premiums was reported at P2.2 billion for the first quarter owing to the accounting consolidation of BDO Life.
 - Other Income went down 18% to P1.0 billion from lower miscellaneous income.
- Operating Expenses went up 39% to P20.9 billion on account of the following:
 - Employee Benefits expanded 14% due to salary increases and a higher manpower count from business expansion and the addition of BDO Life.
 - Occupancy expenses grew 14% due to an expanded distribution network, inclusive of BDO Life.
 - Taxes and Licenses hiked 16% mainly from GRT on higher income.
 - Insurance expenses went up 13% due to deposit growth.
 - Litigation/Assets Acquired expenses rose 87% to P100 million from higher costs relating to litigation and maintenance of acquired assets.
 - Policy Reserves, Insurance Benefits and Claims registered at P2.0 billion from the accounting consolidation of BDO Life

- Security, Clerical and Janitorial expenses as well as Other Operating Expenses increased 16% and 49%, respectively, owing to an expanded distribution network as well as increased business volumes.
- Tax Expense rose 5% to P1.7 billion on a higher taxable income base.

IV. Comprehensive Income – March 2017 vs. March 2016

- From a Net Income of P5.8 billion, Total Comprehensive Income for the first quarter of 2017 stood at P6.7 billion, inclusive of a P1.0 billion increase in unrealized gain on AFS Securities, a negative P22 million translation adjustment related to foreign operations, a P181 million actuarial loss on retirement benefit asset as well as a negative P2 million share in Other Comprehensive Income (OCI) of subsidiaries and affiliates.
- This represents a 14% increase from the Total Comprehensive Income of P5.8 billion for the same period last year, comprised of a P5.5 billion Net Income, a P287 million increase in unrealized gain on AFS Securities, a P30 million translation adjustment and a P30 million share in OCI of subsidiaries and affiliates.

1. Key Performance Indicators

Indicator	3M 2017	3M 2016	12M 2016
Return on Average Common Equity (%)	9.42%	11.00%	12.64%
Return on Average Assets(%)	0.99%	1.07%	1.21%
Net Interest Margin	3.34%	3.22%	3.24%
Liquidity Ratio	33.07%	35.42%	33.54%
Debt to Equity	748.51%	913.25%	968.77%
Asset to Equity	848.51%	1013.25%	1068.77%
Interest Rate Coverage	281.69%	272.55%	300.44%
Profit Margin	17.17%	20.25%	21.11%
Capital Adequacy Ratio	15.64%	13.39%	12.35%
Basic Earnings per Share	1.33	1.41	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 dropped to 9.42% due to a higher equity base owing to the SRO.
- Return on Average Assets declined to 0.99% as asset expansion outpaced the growth in bottomline profits.
- Net Interest Margin increased to 3.34% from the expansion in loan assets and the improvement in funding mix.
- Liquidity Ratio went down to 33.07% from the 21% growth in customer loans.
- Debt to Equity and Assets to Equity dropped to 748.51% and 848.51%, respectively, as the expansion in total equity from the SRO and bottomline profits, outpaced both liability and asset growth.
- Interest Rate Coverage rose, year-on-year to 281.69% from a higher Net Income.
- Profit Margin declined to 17.17% from a higher cost base.
- Capital Adequacy Ratio, covering credit, market and operations risk improved to 15.64% owing to the SRO as well as continued profitable operations.

- Basic earnings per share went down P0.08 year-on-year to P1.33 for the first quarter 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 – March 2017 vs. December 2016

Remarks: NONE

II. Balance Sheet – March 2017 vs. March 2016



- SPURRA as a percentage of Total Assets fell 5.2% to 0.4% as the bank re-allocated funds to higher interest earning assets.

III. Income Statement – March 2017 vs. March 2016

- Trading Gain and Miscellaneous Income as percentages of Other Income went down to 5.4% and 9.0%, respectively while Insurance Premiums accounted for 19.3% of Other Income owing to the accounting 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 March 31, 2017
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income									
External	21,510	16	433	469	173	3	22,604	0	22,604
Inter-Segment	46	2	0	0	4	0	52	(52)	0
	<u>21,556</u>	<u>18</u>	<u>433</u>	<u>469</u>	<u>177</u>	<u>3</u>	<u>22,656</u>	<u>(52)</u>	<u>22,604</u>
Total Interest Expense									
External	3,836	0	143	166	15	1	4,161	0	4,161
Inter-Segment	6	12	0	24	0	10	52	(52)	0
	<u>3,842</u>	<u>12</u>	<u>143</u>	<u>190</u>	<u>15</u>	<u>11</u>	<u>4,213</u>	<u>(52)</u>	<u>4,161</u>
Net Interest Income	<u>17,714</u>	<u>6</u>	<u>290</u>	<u>279</u>	<u>162</u>	<u>(8)</u>	<u>18,443</u>	<u>0</u>	<u>18,443</u>
Other Operating Income									
Investment Banking Fees	0	311	0	0	0	0	311	0	311
Others	8,320	78	205	285	3,397	108	12,393	(1,303)	11,090
	<u>8,320</u>	<u>389</u>	<u>205</u>	<u>285</u>	<u>3,397</u>	<u>108</u>	<u>12,704</u>	<u>(1,303)</u>	<u>11,401</u>
Other Operating Expenses									
Depreciation and Amortization	1,081	11	6	204	14	7	1,323	0	1,323
Impairment Losses	1,410	0	0	13	0	0	1,423	0	1,423
Others	16,282	209	333	149	2,660	96	19,729	(191)	19,538
	<u>18,773</u>	<u>220</u>	<u>339</u>	<u>366</u>	<u>2,674</u>	<u>103</u>	<u>22,475</u>	<u>(191)</u>	<u>22,284</u>
Profit before Tax	<u>7,261</u>	<u>175</u>	<u>156</u>	<u>198</u>	<u>885</u>	<u>(3)</u>	<u>8,672</u>	<u>(1,112)</u>	<u>7,560</u>
Tax Expense	<u>1,426</u>	<u>64</u>	<u>50</u>	<u>54</u>	<u>122</u>	<u>6</u>	<u>1,722</u>	<u>0</u>	<u>1,722</u>
Net Profit	<u>5,835</u>	<u>111</u>	<u>106</u>	<u>144</u>	<u>763</u>	<u>(9)</u>	<u>6,950</u>	<u>(1,112)</u>	<u>5,838</u>
Statements of Financial Position									
Total Resources									
Segment Assets	2,275,795	6,824	63,724	40,966	34,047	5,260	2,426,616	(45,470)	2,381,146
Intangible Assets	5,270	134	25	40	42	1	5,512	2,907	8,419
Deferred Tax Assets	6,432	(199)	39	53	4	(24)	6,305	0	6,305
	<u>2,287,497</u>	<u>6,759</u>	<u>63,788</u>	<u>41,059</u>	<u>34,093</u>	<u>5,237</u>	<u>2,438,433</u>	<u>(42,563)</u>	<u>2,395,870</u>
Total Liabilities	<u>2,002,394</u>	<u>3,288</u>	<u>58,378</u>	<u>36,104</u>	<u>27,331</u>	<u>2,152</u>	<u>2,129,647</u>	<u>(16,138)</u>	<u>2,113,509</u>
Other Segment Information									
Capital expenditures	1,202	16	1	126	8	138	1,491	0	1,491
Investment in associate under equity method	4,309	0	0	272	0	0	4,581	0	4,581
Share in the Profit of associates	149	0	0	(7)	0	0	142	0	142

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of March 31, 2016
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income									
External	18,785	19	353	429	0	14	19,600	0	19,600
Inter-Segment	36	1	0	0	1	1	39	(39)	0
	18,821	20	353	429	1	15	19,639	(39)	19,600
Total Interest Expense									
External	3,877	0	102	149	0	0	4,128	0	4,128
Inter-Segment	2	16	0	12	0	9	39	(39)	0
	3,879	16	102	161	0	9	4,167	(39)	4,128
Net Interest Income	14,942	4	251	268	1	6	15,472	0	15,472
Other Operating Income									
Investment Banking Fees	0	120	0	0	0	0	120	0	120
Others	7,138	86	389	273	325	100	8,311	(951)	7,360
	7,138	206	389	273	325	100	8,431	(951)	7,480
Other Operating Expenses									
Depreciation and Amortization	902	17	7	178	4	4	1,112	0	1,112
Impairment Losses	809	0	0	18	0	0	827	0	827
Others	13,086	159	311	149	167	59	13,931	(41)	13,890
	14,797	176	318	345	171	63	15,870	(41)	15,829
Profit before Tax	7,283	34	322	196	155	43	8,033	(910)	7,123
Tax Expense	1,449	20	62	52	53	2	1,638	0	1,638
Net Profit	5,834	14	260	144	102	41	6,395	(910)	5,485
Statements of Financial Position									
Total Resources									
Segment Assets	1,992,925	5,831	49,113	35,460	1,144	6,930	2,091,403	(37,137)	2,054,266
Intangible Assets	4,621	102	19	48	26	2	4,818	2,906	7,724
Deferred Tax Assets	6,218	(230)	57	(1)	1	(31)	6,014	0	6,014
	2,003,764	5,703	49,189	35,507	1,171	6,901	2,102,235	(34,231)	2,068,004
Total Liabilities	1,793,572	3,951	43,257	30,658	853	1,800	1,874,091	(10,183)	1,863,908
Other Segment Information									
Capital expenditures	1,376	10	5	159	14	152	1,716	0	1,716
Investment in associate under equity method	5,747	93	0	300	0	0	6,140	0	6,140
Share in the Profit of associates	238	7	0	0	0	0	245	0	245