



March 31, 2014

THE PHILIPPINE STOCK EXCHANGE
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: J. Argel G. Astudillo
Vice President
Corporate Governance, Risk and Compliance Division

RE: 2013 Corporate Governance Guidelines Disclosure Template

Dear Mr. Astudillo:

In compliance with the requirements of the 2014 PSE Bell Awards, we are pleased to submit herewith BDO Unibank, Inc.'s duly-accomplished Disclosure for Corporate Governance Guidelines for Companies Listed on the Exchange for the year 2013.

We hope you find everything in order.

Very truly yours,

ANGELITA L. ORTEGA-CORTEZ
Senior Vice President &
Assistant Corporate Secretary

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**THE PHILIPPINE STOCK
EXCHANGE, INC.**

**Corporate Governance Guidelines
for**

Listed Companies

Disclosure Template

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name : **BDO UNIBANK, INC.**

Date: **March 18, 2014**

	COMPLY	EXPLAIN
Guideline No 1:		
DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	YES	Please see About BDO @www.bdo.com.ph
1.2 Have a well developed business strategy.	YES	The business strategy of the Bank is embodied in its Corporate Mission. Please see About BDO @www.bdo.com.ph
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	YES	The strategy execution process is being done thru the Key Results Areas (KRAs) document of each officer and staff of the Bank. This document sets out what they have to do for the year including targets such as but not limited to business volumes, income and market share. Please see sample of KRA document.
1.4 Have its board continually engage in discussions of strategic business issues.	YES	Please see Item X of the pro-forma Regular Board of Directors Meeting Agenda that deals with the discussion of Strategic, Medium/Long Term Issues/Prospects.
Guideline No. 2:		
ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1 Have a board composed of directors of proven competence and integrity	YES	Please see 2013 Annual Report – Board of Directors
2.2 Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.	YES	Please see page 16 Revised Corporate Governance Manual- Role of Board Chair item #1
2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.	YES	Please see 2013 Annual Report. The Bank has 3 independent directors. Another independent director has been nominated for election in the next Annual Stockholders' Meeting on April 25, 2014.
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	YES	Please see attached sample of the Policies, Procedures and Control Manual
2.5 Have Audit, Risk, Governance and Nomination & Election Committees.	YES	Please see pages 5-7 Revised Corporate Governance Manual – Board Committees

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2.6	Have its Chairman and CEO positions held separately by individuals who are not related to each other.	YES	Please see page 16 Revised Corporate Governance Manual- Role of Board Chair and President
2.7	Have a directors' nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	YES	Please see pages 24-28 SEC Annual Corporate Governance Report
2.8	Have in place a formal board and director development program.	YES	Please see page 4 Revised Corporate Governance Manual - Director Orientation and Continuing Education.
2.9	Have a corporate secretary.	YES	Please see Article VI Section 40 of the Amended By Laws- Corporate Secretary and Assistant Corporate Secretary. Also, page 21 Revised Corporate Governance Manual. Atty. Edmundo L. Tan is the existing Corporate Secretary.
2.10	Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	YES	The Bank has no such impediments. The Articles of Incorporation and Amended By-Laws do not contain those provisions and shareholder agreements are non-existent. Please see page 26 Section B Stockholders' Rights and Protection of Minority Shareholders' Rights

Guideline No. 3:

MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM

3.1	Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	YES	Please see page 19 Revised Corporate Governance Manual – Role of Chief Internal Auditor and Article VI Section 39 Internal Auditor of the Amended By-Laws
3.2	Have a comprehensive enterprise-wide compliance program that is annually reviewed	YES	Please refer to the attached Regulatory Compliance Management Manual governing the enterprise-wide compliance program. Last review was in 2013.
3.3	Institutionalize quality service programs for the internal audit function.	YES	Please see Section H-1 - Quality Assurance and Improvement of the Internal Audit Manual approved by the Board Audit Committee in August 2013.
3.4	Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	YES	Please refer to the BDO Watch Program in www.bdo.com.ph.
3.5	Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and	YES	Please see page 19 of the Revised Corporate Governance Manual – Role of Chief Internal Auditor. Also, refer to the

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compliance system is in place and working effectively.

Chief Internal Auditor's 2013 Closing Report addressed to the Board Audit Committee.

Guideline No. 4:

RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS

4.1	Have its board oversee the company's risk management function.	YES	Please see page 19 Revised Corporate Governance Manual- Role of Chief Risk Officer
4.2	Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	YES	Please see pages 71-78 SEC Annual Corporate Governance Report
4.3	Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	YES	Please see attached document on Enterprise Risk Management of BDO.
4.4	Have a unit at the management level, headed by a Risk Management Officer (RMO).	YES	Please see page 14 2013 Definitive Information Statement and page 19 Revised Corporate Governance Manual- Role of Chief Risk Officer. The role of RMG could be found in page 14 of the 2013 Definitive Information Statement.
4.5	Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	YES	Please see pages 14 2013 Definitive Information Statement wherein Liquidity, Market, Foreign Exchange, Interest Rate, Price, Credit and Operational Risks are fully discussed.
4.6	Seek external technical support in risk management when such competence is not available internally.	YES	The Bank has engaged Ernst and Young as consultant for Enterprise Risk Management and Basel III.

Guideline No. 5:

ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION

5.1	Have the Board Audit Committee approve all non-profit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	YES	Part of the Board Audit Committee's (BAC) responsibilities is to evaluate the non-audit work if there is any done by the external auditors and disallow it if it will conflict with their duties as external auditors. Please see
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<p>5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>YES</p> <p>The Bank engaged Punongbayan and Araullo, one of the top auditing firms in the country and one of the accredited external auditors of BSP. Please see page 30 Item 7 2014 Definitive Information Statement - Independent Public Accountants . Annually, the BAC likewise assesses the performance of External Audit. Please see excerpt from the Summary of BAC Assessment on External Audit for the Year 2013.</p>
<p>5.3 Ensure that the external auditor has adequate quality control procedures.</p>	<p>YES</p> <p>At the onset of the audit engagement, the BAC reviews the external auditor's plan and extensively discusses the scope of audit and processes involved in the entire audit to ensure that adequate control procedures are in place. Please see attached Agenda of October 2013 BAC meeting and page 2 Report of Independent Auditors- Auditors' Responsibility</p>
<p>5.4 Disclosure relevant information to the external auditors.</p>	<p>YES</p> <p>Reports of Internal Audit are made available to External Audit. Also, the BAC ensures that External Audit's access to Bank records is not impeded in any way. Please see page 82 SEC ACGR and attached BAC meeting agenda of December 11, 2013.</p>
<p>5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process</p>	<p>YES</p> <p>The BAC evaluates the performance of external audit yearly ensuring that appointment of external audit has fair and transparent basis. Please see attached excerpt from the Summary of BAC Assessment on External Audit for the Year 2013.</p>
<p>5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present</p>	<p>YES</p> <p>For the fiscal year 2013, the Audit Committee met with the external audit team four times and held extensive discussions on the external audit team's plan, audit scope, findings, observations and advisory comments among</p>

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others. Please see attached Agenda of the said BAC meetings.

5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	YES	Please see Annex C Definitive Information Statement – Statement of Management’s Responsibility for Financial Statements
5.8	Have a policy of rotating the lead audit partner every five years.	YES	Please see page 30 2014 Definitive Information Statement – Item 7. Independent Public Accountants for the rotation of the lead audit partner every 5 years.
<p>Guideline No. 6:</p> <p>RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP</p>			
6.1	Adopt the principle of “one share, one vote.”	YES	Please see Article IV Section 13 Voting of the Amended By-Laws
6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	YES	Please see Article IV Section 13 of Amended By-Laws and
6.3	Have an effective, secure and efficient voting system.	YES	Please see page 36 2014 Definitive Information Statement – Item 19. Voting Procedures
6.4	Have effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	NO	As a publicly-listed company, it will be very cumbersome to set up a voting mechanism providing majority of the minority shareholders given that BDO shares are actively traded in the market because most of them are short term investors of the Bank. The interest of the minority shareholders are deemed protected by an independent board consisting of 3 independent and 4 non-executive directors who are professionals in their own right and with proven integrity.
6.5	Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	YES	Notice and Agenda of the ASM was released to the PSE on February 27, 2014; 57 days before the AGM on April 25, 2014. Please see PSE Edge Circular # C00854-2014.
6.6	Allow shareholders to call a special shareholders meeting; submit a	YES	Please see Article IV Section 15 Amended By-Laws --

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proposal for consideration at the AGM or a special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.

Special Meetings

6.7 Ensure that all relevant questions during the AGM are answered. YES Please see pages 95-96 SEC Annual Corporate Governance Report

6.8 Have a clearly articulated and enforceable policies with respect to treatment of minority shareholders. YES Please see pages 24-26 Revised Corporate Governance Manual – Stockholders’ Rights and Protection of Minority Stockholders’ Interests

6.9 Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group. YES The Bank’s Amended By-Laws does not contain anti-takeover provisions, no issuance of “poison pill” preferred stocks, no standstill agreement, premium stock repurchases, etc.

6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates. YES Please see Ownership Structure at www.bdo.com.ph/corporate-governance

6.11 Have a communications strategy to promote effective communication with shareholders. YES Please see pages 103-105 SEC Annual Corporate Governance Report – Investors Relations Program

6.12 Have at least thirty percent (30%) public float to increase liquidity in the market. YES Free Float is 43% as of March 12, 2014. Please see PSE Market Activity Report – Financials.

6.13 Have a transparent dividend policy. YES Cash dividend declarations for 2014 were disclosed to the PSE on February 6, 2014. Please see PSE Edge Company Announcements Circular #'s C00473-2014 to C00476-2014 and on January 6, 2014 in Circular #'s C00027-2014 to C00030-2014.

Guideline No. 7:

ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME

7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations. YES Please see attached Regulatory Compliance Management Manual.

7.2 Disclose the existence, justification, and details on shareholders YES Please see page 6 2014 Definitive Information Statement

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agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.

specifically the footnote that says " There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDO nor has there been any change in control of BDO. BDO is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDO.

7.3	Disclose its director and executive compensation policy	YES	Please see page 29-30 Item 6 2014 Definitive Information Statement – Executive Compensation and page 88 SEC Annual Corporate Governance Report.
7.4	Disclose names of groups or individuals who hold five percent (5%) or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	YES	Please see attached report of Stock Transfer Service, Inc. -- List of Shareholders Owning 2% or more as of December 31, 2013 at www.bdo.co.ph/corporate-governance/opwneership
7.5	Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the financial year, while interim reports shall be published within forty five (45) days from the end of the reporting period.	YES	Please see attached Statement of Condition for the 2013 at www.bdo.com.ph/investor-relations/financial-statements-reports .
7.6	Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and the PSE CG Guidelines.	YES	Please see Revised Corporate Governance Manual at www.bdo.com.ph/corporate-governance

Guideline No. 8:

RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS

8.1	Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.	YES	Please see pages 51-57 2014 Definitive Information Statement – Compliance with Leading Practices on Corporate Governance
8.2	Have in place a workplace development program.	YES	Please see page 88 SEC Annual Corporate Governance Report – Performance –enhancing mechanisms for

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<p>8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p>	<p>YES Please see Definitive Information Statement – Executive Stock Option Plan (ESOP)</p>
<p>8.4 Have in place a community involvement program.</p>	<p>YES Please see page 87 SEC Annual Corporate Governance Report – Community Interaction and page ----- 2013 Annual Report – Corporate Social Responsibility</p>
<p>8.5 Have in place an environment-related program</p>	<p>YES Please see page 86 SEC Annual Corporate Governance Report – Environmentally Friendly Value Chain and page --- 2013 Annual Report – Corporate Social Responsibility</p>
<p>8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.</p>	<p>YES Please see page 51-57 2014 Definitive Information Statement – Roles of Stakeholders in Corporate Governance</p>

Guideline No. 9:

DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS (RPT) AND INSIDER TRADING

<p>9.1 Develop and disclose a policy governing the company's transactions with related parties.</p>	<p>YES Please see pages 47-51 SEC Annual Corporate Governance Report – Related Party Transactions</p>
<p>9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not to be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>YES Please see attached Secretary's Certificate attesting to the Board's approval setting the RPT threshold limit at 1% of previous year's net income for reporting purposes.</p>
<p>9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meeting.</p>	<p>NO All related party transactions (RPTs) are approved by the Board of Directors wherein the related parties or their representatives abstain from the deliberation. In most cases, these RPTs particularly credit related transactions are reported to BSP. During the Annual Stockholders' Meeting, these RPTs are presented to the stockholders' for</p>

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approval/confirmation.

9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	YES	DOSRI and intra-group transactions are being scrutinized by all directors including the independent directors during the board meeting. Please see page 46 SEC Annual Corporate Governance Report – Item 3 Code of Business Conduct and Ethics.
9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	YES	Please see Notes to Financial Statements-Related Party Transactions as of December 31, 2013
9.6 Have a clear policy in dealing with material non-public information by company insiders.	YES	Please see attached Personal Trading Policy and BDO Code of Conduct at www.bdo.com.ph/corporate-governance
9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	YES	Please see Item VI of attached sample of Regular Meeting of the Board of Directors Agenda- DOSRI and Intra-Group Transactions wherein the credit accommodations and other material transactions granted to Related Parties including management are disclosed to the Board of Directors and shareholders.

Guideline No. 10:

DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT

10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	YES	Please see BDO Code of Conduct at www.bdo.com.ph/corporate-governance
10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	YES	Please see attached Regulatory Compliance Management Manual and AML Compliance Manual showing the specific section on AMLA and compliance training program for the Unibank, subsidiaries and affiliates.
10.3 Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	YES	No exemption requested from SEC, PSE and BSP related to corporate governance.

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<p>10.4 Have a clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.</p>	<p>YES</p>	<p>Please see BDO Code of Ethics and Business Conduct at www.bdo.com.ph/corporate-governance</p>
<p>10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules and regulation, as well as regulatory requirements.</p>	<p>YES</p>	<p>The Bank has a Chief Compliance/AML Officer and a Corporate Governance Officer with the rank of Senior Vice President. Please see page 18 Revised Corporate Governance Manual- Role of Compliance Officer and page 22 for the Role of the Corporate Governance Officer.</p>
<p>10.6 Respect intellectual property rights.</p>	<p>YES</p>	<p>The Bank does not infringe on the intellectual property rights of others. As an example, it uses only licensed software in its banking applications. Proprietary protection of Intellectual Property Rights is a standard provision in the Software Licensing Agreement. Please see pro-forma Software Licensing Agreement.</p>
<p>10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.</p>	<p>YES</p>	<p>Please see page 52 SEC Annual Corporate Governance Report at www.bdo.com.ph/corporate-governance</p>

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 31st day of March 2014 in Makati City.


JONES M. CASTRO, JR.
 Independent Director


NESTOR V. TAN
 President