

COVER SHEET

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

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

(COMPANY'S FULL NAME)

B D O C O R P O R A T E C E N T E R , 7 8 9 9

M A K A T I A V E N U E , M A K A T I C I T Y

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

RUBY A. CRUZ
Contact Person

856-7434/840-7000 loc 4575
Company Telephone Number

0 3
Month

3 1
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

13,010
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 March 31, 2014.
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	3,580,875,328	

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.

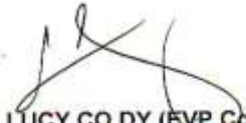



Yes No.

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.

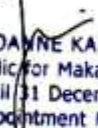
SUBSCRIBED AND SWORN TO before me this MAY 05 2014 day of May.

2014, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	Passport - EB1933736 CTC - 02254646	02.17.2011/Manila 02.10.2014/Makati City

Doc. No. 154
Page No. 32
Book No. J
Series of 2014

Notary Public


Atty. JOANNE KAREN S. TATEL
Notary Public for Makati City, Philippines
until 31 December 2014
Appointment No. M-398
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 49199
IBP No. 944189, 1/2/2014, RSM
PTR No. 4230788, 1/3/2014, Makati City
NCLE Compliance No. IV-0010115, 12/6/2012

* 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


rec *glw* *J*

Date..... May 2, 2014

Principal Financial /Accounting
Officer/Comptroller.....

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



Date..... May 2, 2014

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

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

		As of <u>March 31, 2014</u>		Audited As of <u>December 31, 2013</u>
<u>RESOURCES</u>				
CASH AND OTHER CASH ITEMS	P	20,890	P	27,824
DUE FROM BANGKO SENTRAL NG PILIPINAS		377,397		408,383
DUE FROM OTHER BANKS		26,180		26,939
INVESTMENT SECURITIES				
At Fair Value Through Profit or Loss		8,159		9,748
Available-for-Sale – net		178,488		218,162
LOANS AND OTHER RECEIVABLES–net		974,099		922,553
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		18,351		17,908
INVESTMENT PROPERTIES		9,989		10,381
EQUITY INVESTMENTS – net		4,931		4,839
DEFERRED TAX ASSETS		5,913		5,941
OTHER RESOURCES - net		<u>20,963</u>		<u>20,100</u>
TOTAL RESOURCES	P	<u><u>1,645,360</u></u>	P	<u><u>1,672,778</u></u>
<u>LIABILITIES AND CAPITAL FUNDS</u>				
DEPOSIT LIABILITIES	P		P	
Demand		92,354		79,601
Savings		739,621		695,243
Time		<u>502,416</u>		<u>570,489</u>
Total Deposit Liabilities		1,334,391		1,345,333
BILLS PAYABLE		81,849		94,243
SUBORDINATED NOTES PAYABLE		0		3,007
OTHER LIABILITIES		<u>62,950</u>		<u>65,841</u>
Total Liabilities		<u><u>1,479,190</u></u>		<u><u>1,508,424</u></u>
<u>EQUITY</u>				
Attributable to Shareholders of the Parent Company		165,560		163,711
Minority Interest		<u>610</u>		<u>643</u>
Total Equity		<u><u>166,170</u></u>		<u><u>164,354</u></u>
TOTAL LIABILITIES AND EQUITY	P	<u><u>1,645,360</u></u>	P	<u><u>1,672,778</u></u>
<u>CONTINGENT</u>				
Trust department accounts	P	734,675	P	771,372
Unused commercial letters of credit		42,074		37,423
Outstanding guarantees issued		1,737		664
Export L/Cs Confirmed		165		39
Bills for collection		8,015		7,375
Late deposits/payment received		1,827		2,534
Spot Exchange Bought		4,968		4,774
Spot Exchange Sold		13,388		7,490
Forward Exchange Bought		223,597		117,517
Forward Exchange Sold		230,976		133,684
Interest Rate Swap Receivable		9,685		7,670
Interest Rate Swap Payable		9,685		7,670
Other Contingent Accounts		<u>144,418</u>		<u>138,278</u>
TOTAL CONTINGENT ACCOUNTS	P	<u><u>1,425,210</u></u>	P	<u><u>1,236,490</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

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

	For the three-month Period ended <u>March 31, 2014</u>	For the three-month Period ended <u>March 31, 2013</u>
INTEREST INCOME ON		
Loans and Receivables	P 12,324	P 10,804
Investment Securities	1,998	2,500
Due from Other Banks	802	117
Others	<u>55</u>	<u>42</u>
Total Interest Income	<u>15,179</u>	<u>13,463</u>
INTEREST EXPENSE ON		
Deposit liabilities	2,497	2,948
Bills Payable and Others	<u>497</u>	<u>953</u>
Total Interest Expense	<u>2,994</u>	<u>3,901</u>
NET INTEREST INCOME	12,185	9,562
IMPAIRMENT LOSSES	<u>1,293</u>	<u>1,876</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>10,892</u>	<u>7,686</u>
OTHER OPERATING INCOME		
Service Charges, Fees and Commissions	3,298	2,821
Trading Gain – net	1,689	9,203
Trust Fees	619	557
Foreign Exchange Gain/(Loss) – net	485	(7)
Miscellaneous – net	<u>935</u>	<u>720</u>
Total Other Operating Income	<u>7,026</u>	<u>13,294</u>
OTHER OPERATING EXPENSES		
Employee Benefits	3,382	3,149
Occupancy	1,317	1,196
Taxes and licenses	1,331	1,260
Security, Clerical, Messengerial and Janitorial	574	554
Insurance	673	480
Advertising	696	630
Litigation/Assets Acquired	143	180
Miscellaneous	<u>3,784</u>	<u>3,063</u>
Total Other Operating Expenses	<u>11,900</u>	<u>10,512</u>
INCOME BEFORE TAX	6,018	10,468
TAX EXPENSE (INCOME)	547	418
NET INCOME AFTER TAX	P <u><u>5,471</u></u>	P <u><u>10,050</u></u>
ATTRIBUTABLE TO:		
Equity holders of the parent	P 5,474	P 10,035
Minority Interest	<u>(3)</u>	<u>15</u>
	P <u><u>5,471</u></u>	P <u><u>10,050</u></u>
AVERAGE COMMON STOCK	3,581	3,581
INCOME PER SHARE (See annex A)		
Basic	1.43	2.71
Diluted	1.43	2.71

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, 2014	For the three-month period ending March 31, 2013
NET PROFIT	<u>5,471</u>	<u>10,050</u>
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	1,017	9,007
Translation adjustment related to foreign operations	(22)	68
Other Comprehensive Income, net of tax	<u>995</u>	<u>9,075</u>
Items that will not be reclassified to profit or loss:		
Actuarial gains (losses) on remeasurement of retirement benefit asset, net of tax	<u>6</u>	<u>0</u>
	<u>6</u>	<u>0</u>
Total Other Comprehensive Income, Net of Tax	<u>1,001</u>	<u>9,075</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u><u>6,472</u></u>	<u><u>19,125</u></u>
Attributable To:		
Shareholders of the Parent Bank	6,468	19,109
Non-controlling Interest	<u>4</u>	<u>16</u>
	<u><u>6,472</u></u>	<u><u>19,125</u></u>

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

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013
(Amounts in Millions of Pesos)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,018	10,468
Adjustments for:		
Interest income	(15,179)	(13,463)
Interest received	16,287	15,062
Interest expense	2,994	3,901
Interest paid	(3,482)	(4,552)
Impairment losses	1,293	1,876
Depreciation and amortization	738	664
Share in (profit)loss of associates	(122)	(183)
Fair value loss (gain)	(326)	1
Operating loss before changes in operating resources and liabilities	8,221	13,774
Decrease (increase) in financial assets at fair value through profit or loss	1,696	1,505
Decrease (increase) in loans and other receivables	(52,363)	(11,439)
Decrease (increase) in investment properties	362	609
Decrease (increase) in other resources	(1,133)	(633)
Increase (decrease) in deposit liabilities	(10,494)	(10,808)
Increase (decrease) in other liabilities	(2,858)	(2,520)
Cash generated from (used in) operations	(56,569)	(9,512)
Cash paid for income tax	(282)	(131)
Net Cash From (Used in) Operating Activities	(56,851)	(9,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisitions of bank premises, furniture, fixtures and equipment	(1,147)	(951)
Net decrease (increase) in held-to-maturity investments	0	95,174
Net decrease (increase) in available-for-sale financial assets	39,960	(83,106)
Dividends received		
Trust account deposit under escrow		
Net Cash From (Used in) Investing Activities	38,813	11,117
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments of) bills payable	(12,625)	(8,634)
Net proceeds from(payment of) issuance of senior notes	264	(147)
Net proceeds from(payment of) unsecured subordinated debts	(3,000)	0
Dividends paid	(4,673)	(340)
Net Cash From (Used in) Financing Activities	(20,034)	(9,121)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(38,072)	(7,647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	27,824	21,539
Due from Bangko Sentral ng Pilipinas	408,383	156,591
Due from other banks	26,939	12,645
SPURRA	8,407	941
	471,553	191,716
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	20,890	17,040
Due from Bangko Sentral ng Pilipinas	377,397	144,998
Due from other banks	26,180	17,073
SPURRA	9,014	4,958
	433,481	184,069

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

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED MARCH 31, 2014 AND 2013
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Common Stock Options	Treasury Shares at Cost	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain(Losses) on Available-for-sale Securities	Accumulated Actuarial Gains/(Losses)	Revaluation Increment	Accumulated Translation Adjustment	Total Attributable to Shareholders of the Parent Bank	Non-Controlling Interest	Total Equity
Balance at January, 2014	P 35,808	P 5,150	P -	P -	63,908	P 2,994	P 12	P 55,756	P 2,609 (P 3,407)	P 1,027 (P 146)	P 163,711	P 643	P 164,354		
Transactions with owners															
Net effect of percentage ownership over subsidiaries													0	0	0
Cash Dividend								(4,636)					(4,636)	(37)	(4,673)
Audit Adjustments													0	0	0
Total transactions with owners	0	0	0	0	0	0	0	(4,636)	0	0	0	0	(4,636)	(37)	(4,673)
Total comprehensive income								5,474	1,010	6	(22)		6,468	4	6,472
Transfer to/(from) Surplus Free															
Additional appropriation													0	0	0
Trust reserve	0	0	0	0	0	36		(36)					0	0	0
Other Adjustments															
Consolidation of a new subsidiary	0	0	0	0	0	0	0	17	0	0	0	0	17	0	17
Balance at March 31, 2014	P 35,808	P 5,150	P -	P -	63,908	P 3,030	P 12	P 56,575	P 3,619 (P 3,401)	P 1,027 (P 168)	P 165,560	P 610	P 166,170		
Balance at January, 2013	P 35,808	P 5,150	P -	P -	63,908	P 2,254	P	P 41,748	P 7,641 (P 3,484)	P 1,116 (P 427)	P 153,714	P 657	P 154,371		
Transactions with owners															
Issuance of additional shares													0	0	0
Premium on issuance of new shares, net of listing fees													0	0	0
Stock dividend declaration for common & preferred stocks													0	0	0
Cash Dividends								(340)					(340)		(340)
Audit Adjustments								(5)					(5)		(5)
Total transactions with owners	0	0	0	0	0	0	0	(345)	0	0	0	0	(345)	0	(345)
Total comprehensive income								10,035	9,006		68		19,109	16	19,125
Transfer to/(from) Surplus Free															
Additional appropriation						29		(29)					0	0	0
Reversal of Unrealized Gain	0	0	0	0	0	29	0	(29)	0	0	0	0	0	0	0
Balance at March 31, 2013	P 35,808	P 5,150	P -	P -	63,908	P 2,283	P -	P 51,409	P 16,647 (P 3,484)	P 1,116 (P 359)	P 172,478	P 673	P 173,151		

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of March 31, 2014
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK TERM LOANS RECEIVABLES	P 26,463	P 0	P 0	P 0	P 0	26,463
B. LOANS AND RECEIVABLES	P 953,039	P 4,599	P 2,634	P 6,705	P 3,222	970,199
Loans & Discounts	823,918	2,400	1,365	2,892	2,675	833,250
Agra-Agri Loans	29,860	38	3	17	0	29,918
Bills Purchased	14,844	0	0	24	2	14,870
Customers Liability on Draft under LC/TR	39,069	203	30	570	210	40,082
Customers Liability for this Bank's Acceptances	2,495	0	0	0	0	2,495
Credit Card Receivables	28,876	1,806	1,187	725	203	32,797
Restructured Loans	0	38	0	1,014	99	1,151
Other Loans & Receivables	4,963	114	49	1,293	33	6,452
Reverse Repurchase Agreement	9,014	0	0	0	0	9,014
Unquoted Debt Securities Classified as Loans	0	0	0	170	0	170
C. ACCOUNTS RECEIVABLE	P 5,228	P 463	P 141	P 880	P 3	6,715
TOTAL	P 984,730	P 5,062	P 2,775	P 7,585	P 3,225	1,003,377

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	2014		2013	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,581		3,581	
February	3,581		3,581	
March	3,581	3,581	3,581	3,581
Weighted Average		<u>3,581</u>		<u>3,581</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		5,474		10,035
Less: Dividends on preferred shares		<u>339</u>		<u>340</u>
Net profit available to common shares		<u>5,135</u>		<u>9,695</u>
Divided by the weighted average number of outstanding common shares		<u>3,581</u>		<u>3,581</u>
Basic Earnings per share		<u>1.43</u>		<u>2.71</u>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		5,135		9,695
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		3,581		3,581
Potential common shares from assumed conversion of preferred shares		0		0
Potential common shares from assumed conversion of stock option plan		<u>0</u>		<u>0</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares		<u>3,581</u>		<u>3,581</u>
Diluted Earnings Per Share		<u>1.43</u>		<u>2.71</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 2014 and 2013.*

CHECKLIST OF REQUIRED DISCLOSURES
BANCO DE ORO UNIBANK, INC.
For the three months ended: March 31, 2014

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 except for the reclassification of certain financial assets, which was adopted in accordance with the guidelines set in Bangko Sentral ng Pilipinas (BSP) Circular No. 626, Series of 2008. The full details of the reclassification are discussed in Section 4 of this report.

The Bank has also opted not to implement early adoption of PFRS 9 for its 2012 and 2013 financial reporting. An impact evaluation was conducted on the second quarter of 2013 using the audited financial data as of December 31, 2012. The next impact evaluation study will be done this second quarter of 2014 using audited financial data as of December 31, 2013.

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

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

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

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

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

As a result of the new SDA investment rules, Trust Department Accounts dropped while Time Deposits expanded by 68%, representing the shift of previous SDA investors to time deposit instruments.

- 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.

On March 21, 2014, the Bank redeemed its P3.0 billion Series 3 Tier 2 Notes.

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

On January 4, 2014, the Board of Directors approved the declaration of cash dividends in the amount of P0.30 per common share for each quarter in 2014, or a total of P1.20 per common share. BSP approval was obtained on Jan. 27, 2014 and the first quarter cash dividends were paid on March 24, 2014. The second, third and fourth quarter cash dividends are set to be paid on June 27, 2014, September 26, 2014 and December 29, 2014, respectively.

On January 25, 2014, the Board of Directors of BDO approved the declaration of annual dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. BSP approval was obtained on February 13, 2014 and the dividends were paid on March 11, 2014.

- 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.

On February 24, 2014, the Parent Bank entered into a definitive agreement for the acquisition of the trust business of Deutsche Bank AG's Manila branch comprising of trust, fiduciary and investment management activities. The transaction is still subject to closing conditions and applicable regulatory approvals.

On March 25, 2014, the Bank completed the acquisition of 99.99% of the outstanding shares of Citibank Savings, Incorporated. The purchase enhances the Bank's existing branch distribution network.

- 7.j Changes in contingent liabilities or contingent assets from December 31, 2013.

- Total Contingent Accounts went up 15% to P1.4 trillion from the following:
 - Unused L/Cs, Outstanding Guarantees Issued and Export L/Cs Confirmed grew 12%, 162% and 323%, to P42.1 billion, P1.7 billion and P165 million, respectively, owing to higher volume of trade transactions.
 - Bills for Collection rose 9% to P8.0 billion from a larger number of bills, drafts and checks outstanding.
 - Increased treasury activities resulted in the following:
 - Spot Exchange Sold climbed 79% to P13.4 billion
 - Forward Exchange Bought soared 90% to P223.6 billion
 - Forward Exchange Sold hiked 73% to P231.0 billion



- Interest Rate Swap Receivable and Payable grew 26% apiece to P9.7 billion
- Trust Department Accounts dipped 5% to P734.7 billion as a consequence of new SDA investment rules.
- Late Deposits and Payments Received dived 28% to P1.8 billion on account of lower outstanding transactions as of the cut-off date.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – March 2014 vs. December 2013

- Cash and Other Cash Items dropped 25% to P20.9 billion owing to a particularly high year-end 2013 level from deposits generated during the Christmas season.
- Due from BSP and Investment Securities went down 8% and 18% to P377.4 billion and P186.6 billion, respectively, from a re-allocation of funds into higher yielding loan assets.
- Net Loans and Other Receivables, in turn, grew 6% to P974.1 billion, as customer receivables, Interbank Loans and Securities Purchased under Reverse Repurchase Agreements increased 5%, 33% and 7%, respectively.
- Deposit Liabilities were steady at P1.3 trillion as the Bank improved its deposit mix owing to an expansion in Demand and Savings deposits by 16% and 6%, respectively, while Time deposits contracted by 12%.
- Bills Payable dropped 13% to P81.8 billion from lower levels of interbank borrowings, deposit substitutes and the redemption of the remaining P3 billion Subordinated Notes Payable on March 21, 2014.

II. Balance Sheet – March 2014 vs. March 2013

- Total Resources expanded 33% to P1.6 trillion as loan portfolio and placements with the BSP increased, funded by a hike in total deposits.
- Cash and Other Cash Items climbed 23% owing to a higher deposit base.
- Due from BSP soared 160% owing to increased reserves on deposits as well as SDA placements with BSP.
- Due from Other Banks rose 53% to P26.2 billion, from higher levels of placements and deposits with correspondent banks.
- Investment Securities dropped 19% as the Bank took advantage of market opportunities and reinvested its funds in higher yielding loan assets.
- Net Loans and Other Receivables jumped 26% primarily due to a 23% growth in gross customer receivables, buoyed by continued corporate and consumer loan demand. Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements likewise went up 488% and 82%, respectively.
- Bank Premises rose 10% to P18.4 billion on account of investments in the Bank's distribution network.
- Equity Investments grew 9% to P4.9 billion mainly from earnings of associates engaged in real estate and insurance.
- Investment Properties went up 18% to P10.0 billion due to the acquisition of two prime real estate properties for investment purposes.
- Other Resources climbed 22% to P21.0 billion owing to a higher levels of miscellaneous assets consistent with growing business volumes.

- Deposit Liabilities expanded 45% on account of continued deposit marketing efforts. Demand, Savings and Time deposits hiked 70%, 34% and 60%, respectively.
- Bills Payable climbed 29% on higher levels of interbank borrowings year-on-year.
- Subordinated Notes Payable, representing 4 tranches, amounted to P28.2 billion, as of the first quarter of 2013. These were redeemed on May 31, 2013, September 27, 2013, October 7, 2013 and March 21, 2014.
- Other Liabilities went up 20% to P63.0 billion primarily due to quarterly dividends payable as well as higher levels of outstanding checks and acceptances and bills purchased contra-account.

III. Income Statement – March 2014 vs. March 2013

- Reported Net Income attributable to Equity holders of the Parent Company dropped 45% to P5.5 billion year-on-year.
- However, this represents a 31% year-on-year growth from a normalized Q1 2013 level, which excludes extraordinary trading and FX gains.
- Net Interest Income soared 27% on account of an expansion in earning assets and an improvement in funding costs.
- The Bank continued its conservative provisioning, allotting P1.3 billion Provision for Impairment Losses for loans, securities, ROPA and other assets.
- Other income dropped 47% to P7.0 billion owing to the following:
 - Trading Gain declined 82% to P1.7 billion as the previous year's level included extraordinary trading gains from its securities portfolio.
 - Service Charges and Fees rose 17% to P3.3 billion owing to recurring fee income from major business lines.
 - Trust Fees increased 11% to P619 million despite a decline in assets under management, due to an improved portfolio mix.
 - Foreign Exchange (FX) Gain registered at P485 million vis-à-vis an FX Loss of P7 million for the same period last year.
 - Miscellaneous Income grew 30% to P935 million on higher ROPA gains and rental income.
- Operating Expenses went up 13% to P11.9 billion from the following:
 - Employee Benefits rose 7% on a higher manpower count owing to business expansion.
 - Occupancy expenses climbed 10% owing to higher depreciation and rent expense from improvements in the Bank's distribution network.
 - Taxes and Licenses increased 6% on documentary stamp taxes on a larger time deposit base.
 - Insurance expenses jumped 40% corresponding to the growth in deposit levels.
 - Advertising expenses hiked 10% from sustained marketing, promotional and advertising campaigns.
 - Litigation/Assets Acquired expenses declined 21% on a smaller ROPA portfolio.
 - Other Expenses grew 24% consistent with increasing business volumes.
- Tax Expense increased 31% to P547 million on higher taxable income.

IV. Comprehensive Income – March 2014 vs. March 2013

- Total Comprehensive Income for the first quarter of 2014 stood at P6.5 billion coming from a P5.5 billion Net Income, a P1.0 billion increase in unrealized gain on AFS

Securities, a negative P22 million translation adjustment related to foreign operations and a P6.0 million gain on retirement benefit asset.

- This represents a 66% drop from the P19.1 billion Comprehensive Income for the same period last year, which included a P9.0 billion increase in unrealized gain on AFS Securities and a P68 million translation adjustment.

1. Key Performance Indicators

Indicator	3M 2014	3M 2013	Inc/(Dec)
Return on Average Common Equity (%)	13.52%	25.20%	-11.68%
Return on Average Assets(%)	1.32%	3.24%	-1.92%
Net Interest Margin	3.12%	3.33%	-0.21%
Liquidity Ratio	39.30%	34.26%	5.04%
Debt to Equity	890.17%	614.73%	275.44%
Asset to Equity	990.17%	714.73%	275.44%
Interest Rate Coverage	301.00%	368.34%	-67.34%
Profit Margin	24.64%	37.56%	-12.92%
Capital Adequacy Ratio	14.83%	19.86%	-5.03%
Basic Earnings per Share	1.43	2.71	-1.28

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

- Return on Average Common Equity and Return on Average Assets went down to 13.52% and 1.32%, respectively, with the decline in reported Net Income.
- Net Interest Margin slid to 3.12% from a continuing decline in market rates.
- Liquidity Ratio, Debt to Equity as well as Assets to Equity rose to 39.30%, 890.17% and 990.17%, respectively, as a consequence of the 45% expansion in Total Deposits.
- Interest Rate Coverage and Profit Margin went down to 301.00% and 24.64%, respectively, due to lower revenues year-on-year.
- Capital Adequacy Ratio, covering credit, market and operations risk, dropped to 14.83% as increases in Tier 1 capital resulting from profitable operations were offset by the redemption of subordinated Tier 2 notes as well as adjustments stemming from the adoption of the Basel 3 standard.
- Basic earnings per share declined to P1.43, on account of lower bottomline profits.

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 2014 vs. December 2013

Remarks: NONE

II. Balance Sheet – March 2014 vs. March 2013

- Due from BSP as a percentage of Total Assets increased to 22.9% from 11.7% primarily due to the Bank's SDA placements with BSP.
- Conversely, Available for Sale (AFS) Securities declined by 7.3% to 10.9% of Total Assets.

III. Income Statement – March 2014 vs. March 2013

- Interest Income from Investment Securities as a percentage of total Interest Income dropped to 13.2% as Investment Securities portfolio dropped year-on-year.
- Interest Expense on Deposit Liabilities rose to 83.4% of total Interest Expense while Interest Expense on Bills Payable dropped to 16.6% as a result of the redemption of the Bank's Subordinated Notes Payable.
- Trading Gain, now representing 24.0% of Other Income, dropped 45.2% as the previous year's level included extraordinary trading gains. Consequently, Service Charges and Fees, FX Gain and Miscellaneous Income increased its share to Other Income by 25.7%, 7.0% and 7.9%, respectively.



- Tax Expense as a percentage of Income before Tax increased to 9.1% as a result of higher taxable income.

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

Remarks: NONE

4. The details of reclassification of financial assets adopted in accordance with the guidelines set in Bangko Sentral ng Pilipinas (BSP) Circular No. 626, Series of 2008, are stated below:

a. The financial assets reclassified into and from each category

As of September 30, 2008, the Bank reclassified certain FVTPL, AFS and credit-linked transactions booked in Due from Other Banks to HTM and UDSCL.

b. For each reporting period until derecognition, the carrying amounts and fair values of all financial assets reclassified in the current reporting period and previous reporting periods.

in US\$ mil	Carrying Amount	Fair Value
HTM	35.4	39.9
UDSCL	-	-
Total	35.4	39.9

c. In the reporting period to which financial assets are reclassified, the fair value of the gains or losses of those assets as recognized either in profit or loss, or in equity (other comprehensive income) in that reporting period and previous reporting periods.

in US\$ mil	P&L Impact	Equity Impact
HTM	2.1	17.2
UDSCL	11.6	27.5
Adjustment of BV	(3.1)	(18.0)
Total	10.6	26.7

d. For the remainder of the instruments' lives, the gains or losses that would have been recognized in profit or loss, or equity had they not been reclassified, together with the gains, losses, income and expenses now recognized.

in US\$ mil	Impact
HTM	(0.01)
UDSCL	-
Total	(0.01)

e. As at that date of reclassification, the effective interest rates and estimated amounts of cash flows the company expects to recover.

The effective interest rates of the reclassified securities range from 3.82% to 12.54%.
The Bank expects cashflows amounting to US\$1.5 billion from these financial assets.



BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of March 31, 2014
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Others	Total	Eliminations	Group
Statement of Income								
Total Interest Income								
External	14,488	17	312	355	7	15,179	0	15,179
Inter-Segment	54	1	1	0	1	57	(57)	0
	<u>14,542</u>	<u>18</u>	<u>313</u>	<u>355</u>	<u>8</u>	<u>15,236</u>	<u>(57)</u>	<u>15,179</u>
Total Interest Expense								
External	2,858	0	59	77	0	2,994	0	2,994
Inter-Segment	3	17	1	28	8	57	(57)	0
	<u>2,861</u>	<u>17</u>	<u>60</u>	<u>105</u>	<u>8</u>	<u>3,051</u>	<u>(57)</u>	<u>2,994</u>
Net Interest Income	<u>11,681</u>	<u>1</u>	<u>253</u>	<u>250</u>	<u>0</u>	<u>12,185</u>	<u>0</u>	<u>12,185</u>
Other Operating Income								
Investment Banking Fees	0	232	0	0	0	232	0	232
Others	7,559	9	204	180	470	8,422	(1,628)	6,794
	<u>7,559</u>	<u>241</u>	<u>204</u>	<u>180</u>	<u>470</u>	<u>8,654</u>	<u>(1,628)</u>	<u>7,026</u>
Other Operating Expenses								
Depreciation and Amortization	599	18	10	106	5	738	0	738
Impairment Losses	1,268	0	0	25	0	1,293	0	1,293
Others	10,437	184	233	132	213	11,199	(37)	11,162
	<u>12,304</u>	<u>202</u>	<u>243</u>	<u>263</u>	<u>218</u>	<u>13,230</u>	<u>(37)</u>	<u>13,193</u>
Profit before Tax	<u>6,936</u>	<u>40</u>	<u>214</u>	<u>167</u>	<u>252</u>	<u>7,609</u>	<u>(1,591)</u>	<u>6,018</u>
Tax Expense	410	39	32	47	19	547	0	547
Net Profit	<u>6,526</u>	<u>1</u>	<u>182</u>	<u>120</u>	<u>233</u>	<u>7,062</u>	<u>(1,591)</u>	<u>5,471</u>
Statements of Financial Position								
Total Resources								
Segment Assets	1,580,293	6,180	37,331	27,080	8,236	1,659,120	(20,855)	1,638,265
Intangible Assets	1,031	101	14	35	1	1,182	0	1,182
Deferred Tax Assets	6,071	(192)	68	(21)	(13)	5,913	0	5,913
	<u>1,587,395</u>	<u>6,089</u>	<u>37,413</u>	<u>27,094</u>	<u>8,224</u>	<u>1,666,215</u>	<u>(20,855)</u>	<u>1,645,360</u>
Total Liabilities	<u>1,429,324</u>	<u>3,299</u>	<u>31,930</u>	<u>22,484</u>	<u>2,303</u>	<u>1,489,340</u>	<u>(10,150)</u>	<u>1,479,190</u>
Other Segment Information								
Capital expenditures	956	12	8	185	4	1,165	0	1,165
Investment in associate under equity method	5,453	36	0	0	0	5,489	0	5,489
Share in the Profit of associates	121	1	0	0	0	122	0	122

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of March 31, 2013
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Others	Total	Eliminations	Group
Statement of Income								
Total Interest Income								
External	12,885	19	216	335	8	13,463	0	13,463
Inter-Segment	67	1	1	0	3	72	(72)	0
	<u>12,952</u>	<u>20</u>	<u>217</u>	<u>335</u>	<u>11</u>	<u>13,535</u>	<u>(72)</u>	<u>13,463</u>
Total Interest Expense								
External	3,812	0	29	60	0	3,901	0	3,901
Inter-Segment	4	12	0	55	1	72	(72)	0
	<u>3,816</u>	<u>12</u>	<u>29</u>	<u>115</u>	<u>1</u>	<u>3,973</u>	<u>(72)</u>	<u>3,901</u>
Net Interest Income	<u>9,136</u>	<u>8</u>	<u>188</u>	<u>220</u>	<u>10</u>	<u>9,562</u>	<u>0</u>	<u>9,562</u>
Other Operating Income								
Investment Banking Fees	0	155	0	0	0	155	0	155
Others	11,865	73	664	136	534	13,272	(133)	13,139
	<u>11,865</u>	<u>228</u>	<u>664</u>	<u>136</u>	<u>534</u>	<u>13,427</u>	<u>(133)</u>	<u>13,294</u>
Other Operating Expenses								
Depreciation and Amortization	582	0	11	65	6	664	0	664
Impairment Losses	1,851	0	0	25	0	1,876	0	1,876
Others	9,273	78	220	118	188	9,877	(29)	9,848
	<u>11,706</u>	<u>78</u>	<u>231</u>	<u>208</u>	<u>194</u>	<u>12,417</u>	<u>(29)</u>	<u>12,388</u>
Profit before Tax	<u>9,295</u>	<u>158</u>	<u>621</u>	<u>148</u>	<u>350</u>	<u>10,572</u>	<u>(104)</u>	<u>10,468</u>
Tax Expense	279	41	25	33	40	418		418
Net Profit	<u>9,016</u>	<u>117</u>	<u>596</u>	<u>115</u>	<u>310</u>	<u>10,154</u>	<u>(104)</u>	<u>10,050</u>
Statements of Financial Position								
Total Resources								
Segment Assets	1,194,936	3,992	22,994	20,433	8,604	1,250,959	(20,595)	1,230,364
Intangible Assets	911	10	1	0	1	923	0	923
Deferred Tax Assets	6,298	(45)	70	0	(40)	6,283	0	6,283
	<u>1,202,145</u>	<u>3,957</u>	<u>23,065</u>	<u>20,433</u>	<u>8,565</u>	<u>1,258,165</u>	<u>(20,595)</u>	<u>1,237,570</u>
Total Liabilities	<u>1,037,425</u>	<u>1,682</u>	<u>17,077</u>	<u>15,734</u>	<u>1,135</u>	<u>1,073,053</u>	<u>(8,634)</u>	<u>1,064,419</u>
Other Segment Information								
Capital expenditures	689	1	7	278	1	976	0	976
Investment in associate under equity method	5,060	27	0	0	0	5,087	0	5,087
Share in the Profit of associates	178	5	0	0	0	183	0	183