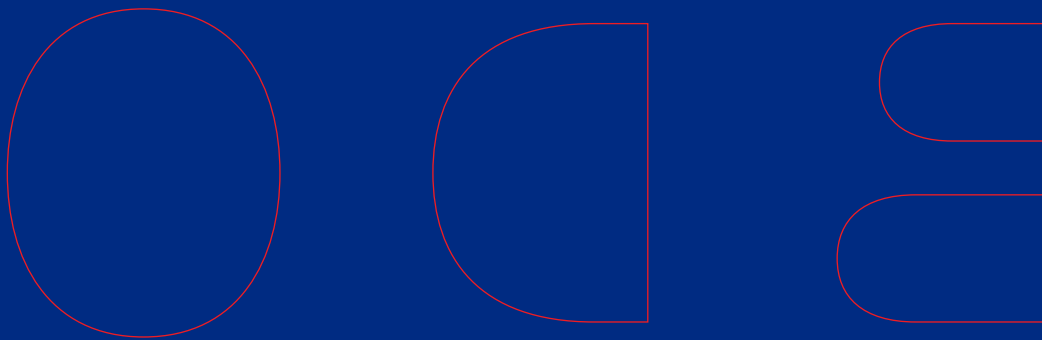




ANNUAL REPORT 2012





ANNUAL REPORT 2012

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CORPORATE MISSION

To be the preferred bank in every market we serve by consistently providing innovative products and flawless delivery of services, proactively reinventing ourselves to meet market demands, creating shareholders value through superior returns, cultivating in our people a sense of pride and ownership, and striving to be always better than what we are today...tomorrow.

CORE VALUES

Commitment to Customers

We are committed to deliver products and services that surpass customer expectations in value and every aspect of customer service, while remaining to be prudent and trustworthy stewards of their wealth.

Commitment to a Dynamic and Efficient Organization

We are committed to creating an organization that is flexible, responds to change and encourages innovation and creativity. We are committed to the process of continuous improvements in everything we do.

Commitment to Employees

We are committed to our employees' growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism and performance are valued above all else.

Commitment to Shareholders

We are committed to provide our shareholders with superior returns over the long term.

CORPORATE PROFILE

The product of a merger heralded as unprecedented in size and scale in the Philippine banking industry, BDO Unibank, Inc. (BDO) today represents a firm consolidation of distinct strengths and advantages built over the years by the entities behind its history. BDO is an institution that honors its past, continues to improve on its present, and moves towards the future with confidence and strength.

BDO is a full-service universal bank in the Philippines. It has the ability to provide a complete array of industry-leading products and services including Lending (corporate, middle market, SME, and consumer), Deposit-taking, Foreign Exchange, Brokering, Trust and Investments, Credit Cards, Corporate Cash Management and Remittances. Through its subsidiaries, the Bank offers Leasing and Financing, Investment Banking, Private Banking, Bancassurance, Insurance, Brokerage and Stock Brokerage services.

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. On the front line, its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force. BDO has one of the largest distribution networks, with more than 760 operating branches and over 1,900 ATMs nationwide.

Through selective acquisitions and organic growth, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets. As of 31 December 2012, BDO is the country's largest bank in terms of total resources, capital, customer loans, total deposits and assets under management.

BDO is a member of the SM Group, one of the country's largest and most successful conglomerates with businesses spanning between retail, mall operations, property development (residential, commercial, resorts/hotel) and financial services.

FINANCIAL HIGHLIGHTS (In Billion Php)	2012	2011	Change
Resources	1,244.4	1,097.3	13%
Gross Customer Loans	769.0	670.1	15%
Deposits	931.6	858.6	9%
Total Equity*	157.3	97.0	62%
Net Profit**	14.3	10.5	36%
OPERATING HIGHLIGHTS			
Operating Branches	763	744	3%
ATMs	1,877	1,596	18%
Employees	21,746	20,804	5%
FINANCIAL PERFORMANCE INDICATORS (in %)			
Return on Average Equity	11.3%	11.4%	-0.1%
Return on Average Common Equity	11.5%	11.7%	-0.2%
Return on Average Assets	1.2%	1.0%	0.2%
Net Interest Margin	3.4%	3.5%	-0.1%
Capital Adequacy Ratio***	19.2%	15.8%	3.4%
SHAREHOLDER INFORMATION (in Php)			
Share Price (actual end of period)	72.80	59.00	23%
Basic Earnings per Share	4.46	3.80	17%
Diluted Earnings per Share	4.46	3.80	17%
Cash Dividends per Common Share	-	1.00	
Stock Dividends (%)	3%	-	
Book Value per Share	42.29	35.03	21%
Price to Book Value Ratio (x)	1.7x	1.7x	

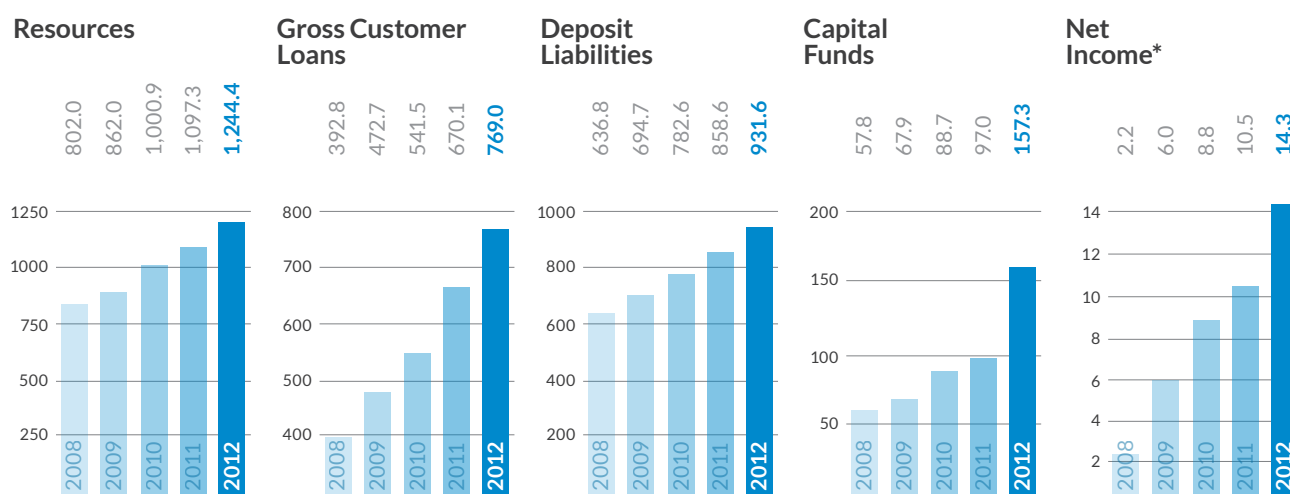
* Total capital accounts, inclusive of minority interest and preferred shares

** Net Income attributable to shareholders of the parent bank

*** Per note 19 of the audited financial statements

ACCOUNT

(In Billion Php)



* Attributable to shareholders of the parent bank

MESSAGE FROM THE CHAIRMAN EMERITUS

“Excellent service is the key to growth and long-term success of the Bank.”

To our shareholders,

I’ve always believed that excellent service is the key to growth and long-term success of the Bank.

BDO Unibank made another good run in 2012 and I am very pleased with what we have accomplished as a team—being able to sustain our efforts to remain one of the major players in the local banking sector.

As we face another year, your Bank, led by its hardworking members of the Board and committed working team, will continue to work together in finding ways to service the clients with first-rate products, offer quality customer relationships, and further expand BDO’s reach.

Lastly, let me take this opportunity to thank all our clients and shareholders who have been consistently rewarding us with loyalty and trust.

Sincerely,



Henry Sy, Sr.
Chairman Emeritus



MESSAGE FROM THE CHAIRPERSON

“With all these investments, 2012 has been a good year for us. We have maintained or improved our leadership position in most business lines and major markets.”

Dear valued shareholders,

Throughout our five years of expansion after the merger, we have made significant investments in our business to differentiate our capabilities, deliver exceptional service to our clients, and constantly update our technology support as our foundation for growth.

We have been continually investing in the best people and technology to provide excellent service to our clients. This is because we believe that outstanding service is the key to growth and long-term success for our brand.

In addition, we focus on good execution, risk management and expense discipline. We strive to become an increasingly efficient and vibrant organization by delivering better results for our clients, rigorously training our people, and producing income for our shareholders.

With all these investments, 2012 has been a good year for us. We have maintained or improved our leadership position in most business lines and major markets.

As we look towards the future, we see incredible opportunities for your Bank. Your management team and board of directors are actively focused on all the opportunities, issues and risks ahead of us. We are determined to thrive going forward and to overcome the challenges ahead.

On behalf of the entire Organization, we hope you are happy with your investment.

Very truly yours,



Teresita T. Sy
Chairperson



MESSAGE FROM THE PRESIDENT

“Growth continues to be strong, investments in our infrastructure are now to bear fruit and provisioning is at a level where our earnings and capital are adequately protected.”

Dear shareholders, clients and colleagues,

The year 2012 was another banner year for BDO Unibank.

It started out with the successful completion of our US\$1 billion stock rights offering, the largest capital raising transaction by a Philippine issuer. The Offer was well participated, reflecting very strong shareholder support for our Bank and its strategic plans. The capital raising exercise lifted our capital adequacy ratio (CAR) to around 20%, a level among the highest in the industry. Not only did it prepare us for Basel III requirements, it also provided us with adequate capital to allow us to take advantage of the opportunities that lay ahead.

On the operating side, our core businesses continued to be strong with loan growth outpacing the industry for the sixth consecutive year. Growth is broad based and well balanced among the consumer, middle market and large corporate segments. Despite delays in acquiring new branch licenses, our deposit-taking franchise continued to soldier on without missing a beat. Low cost funding continues to outpace the industry as we capitalize on our reach and nationwide presence.

Complementing our lending and funding activities, our service businesses continue to exhibit strong growth across the board. Anchoring these businesses are our payments and electronic banking, trust and asset management, insurance and capital markets activities. Despite the pricing pressures we have seen in recent years, revenue growth remains consistent driven by new business growth.

While we have been aggressive in marketing and business development, it has not been at the expense of asset quality. We are cognizant that losses—credit or otherwise—come from unexpected places. As such, we have taken a conservative stance in provisioning to protect our capital and balance sheet.

Overall, the Bank is on target to meet its strategic and financial goals. Growth continues to be strong, investments in our infrastructure are now to bear fruit and provisioning is at a level where our earnings and capital are adequately protected. We face 2013 much stronger than we were 12 months earlier.

In parting, I wish to express my gratitude to our board of directors, officers and staff, and valuable clients and shareholders for the indefatigable support and dedication.

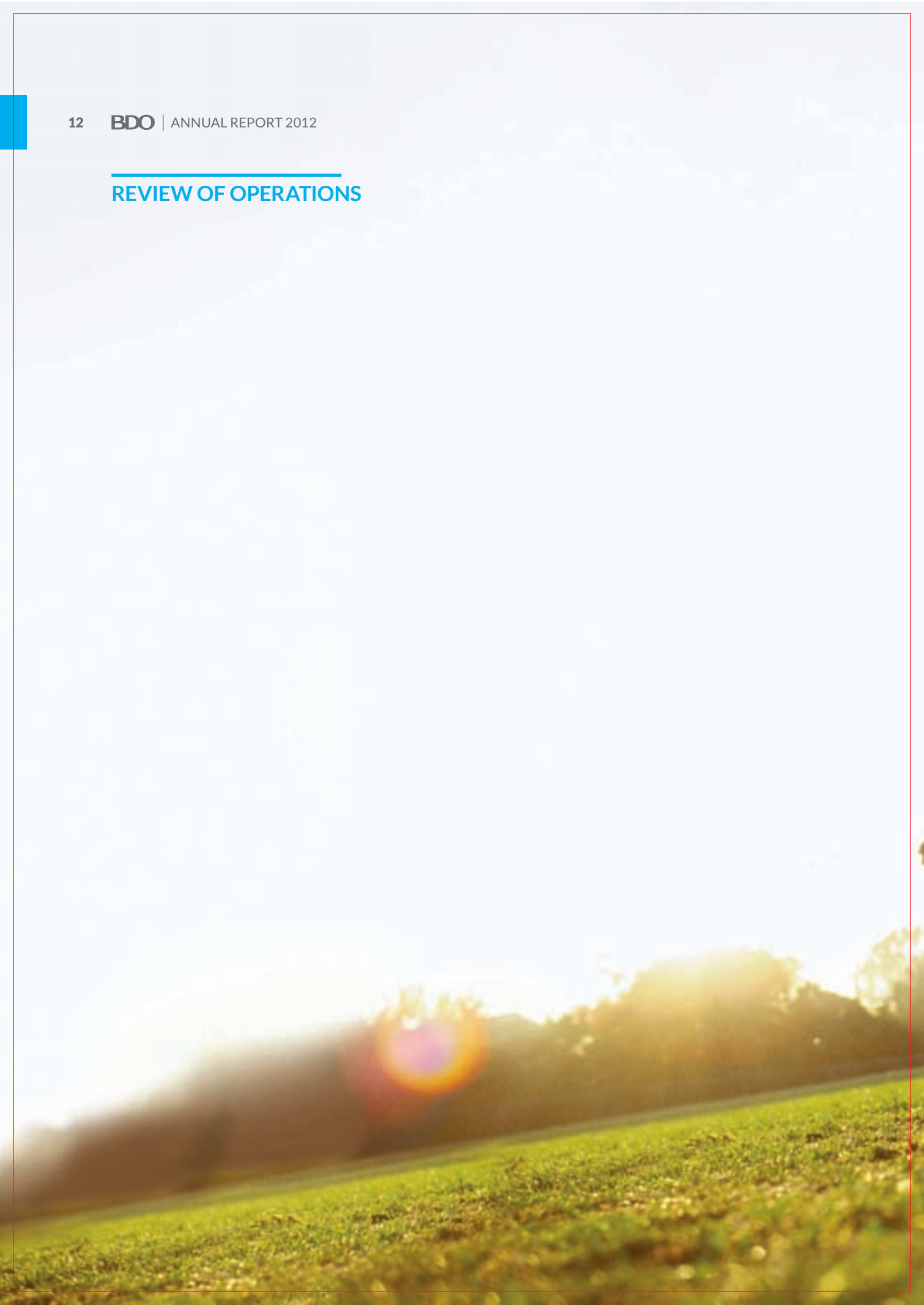
Yours sincerely,



Nestor V. Tan
President



REVIEW OF OPERATIONS





REVIEW OF 2012 OPERATIONS

Economic Environment

The Philippines reinforced its image as a growth area and a favored investment destination in 2012 with its above-average economic performance and resilience from the global economy's sub-par growth.

The country's 6.6% economic expansion last year was among the highest in the region. This was achieved on the back of solid fundamentals that included a low interest and inflation rate environment; improving fiscal and debt position; and a strong peso on record high international reserves of over US\$ 80 billion largely driven by the sustained rise in Overseas Filipino Workers (OFW) remittances and Business Process Outsourcing (BPO) revenues. For this the peso was tagged as the best performing currency in Southeast Asia last year.

The government's efforts on good governance and political stability not only enhanced revenue sustainability but also bolstered the country's positive

image. These included the passage of the sin tax bill, and the signing of the 2012 Framework Agreement on the Bangsamoro between the government and the Moro Islamic Liberation Front (MILF), which is considered as a first step towards establishing lasting peace and unlocking the economic potential of the Mindanao region.

These were compelling reasons for the Philippines to earn credit rating upgrades last year and put the country just a notch below investment grade status. The bullish sentiment and investor positioning propelled the country's stock market index to record highs last year, posting a 33% increase to 5,794.89, and landing it among the world's top ten best performing stock markets.

Factors to Watch Out for in 2013

While the global economic picture is more upbeat this year, uncertainties from the continuing Euro debt woes and geopolitical risks temper the overall mood to one of cautious optimism.

Against this backdrop, the Philippines is expected to sustain its growth momentum in 2013 on the back of a resilient consumer base and stable support from OFW and BPO incomes. Election-

related spending is expected to provide added stimulus to growth. The upgrade to investment grade rating and concrete progress on the government's flagship public-private partnership (PPP) program should pave the way for the country's sustainable growth.

The Philippines today rides high on a wave of optimism and confidence. All bets are now on for the country to become the region's next "rising tiger".

**REVIEW OF
2012 OPERATIONS**

Operational Highlights

BDO Unibank, Inc. (BDO) posted a record run in 2012, registering solid results in its overall financial performance. Net profit grew 36 percent from the previous year owing to the strong showing of key business segments led by lending, deposit-taking and fee-based businesses.

The Bank’s lending business has time and again proven to be a key driver of its progress. At the end of 2012, BDO’s total customer loans were up 15% from the previous year as it continued to be a reliable funding partner for its corporate and retail clients, as well as other emerging enterprises benefiting from the country’s vibrant economy.

“We had a good mix of both working capital and capital expenditure requirements from our clients, reflective of the strength of the business environment across the board,” says Walter C. Wassmer, Senior Executive Vice President and Head of Institutional Banking Group.

Consumer lending also displayed a significant growth, indicative of the increasing affluence of the emerging middle class, including the OFW remittance beneficiaries, and their needs for housing, cars, personal needs and capital for small businesses.

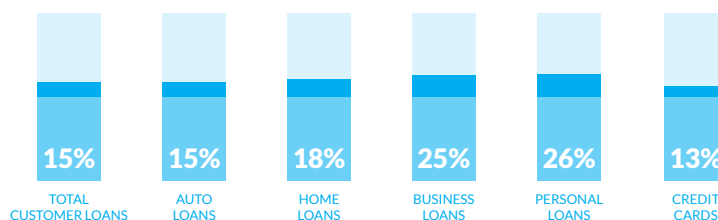
“We saw a considerable increase across the product spectrum in consumer lending, namely, home mortgage loans, business loans, auto loans, personal loans

and credit cards,” notes Rolando C. Tanchanco, Executive Vice President and Head of the Consumer Lending Group.

The Bank’s auto loans portfolio rose 15% as it took advantage of the robust car sales that prevailed in the industry in 2012. According to Tanchanco, the growth is likely to be sustained in 2013 with the aggressive financing schemes offered by the banks and dealers, and the impact of the Supreme Court ruling banning the importation of used cars.

Meanwhile, the bullish outlook on the real estate industry continued to encourage various property developers to put up more residential structures ranging from low- to middle-end to high-end developments. But more than this upbeat stance is the reality that the demand for housing is growing. BDO benefited from this as signified by the 18% growth in its home loans portfolio.

Business loans, personal loans and credit card receivables grew 25%, 26% and 13%, respectively, an apparent indication of the Bank’s ability to address the needs of its retail clients at competitive rates.





Walter C. Wassmer, Rolando C. Tanchanco,
Georgiana A. Gamboa, Jaime C. Yu

REVIEW OF 2012 OPERATIONS

Operational Highlights

“With expectations that the economy will sustain its good performance in 2013, the Bank is also optimistic that consumer lending will maintain its dynamic

growth by finding ways to create products or enhance existing ones to provide access to unsecured credit especially to customers in the provincial areas,” notes Tanchanco.



Wassmer shares the same view, saying that while competition is always tough, BDO will remain in constant interaction with its clients and provide them with

the best products that will fit their needs.

“We rely on our long-term relationships with our clients and

ability to provide the right structures for their needs,” he says.

The Bank’s expanded lending business also includes leasing and finance, which mainly provides funding and equipment support to traditional industries and small and medium enterprises (SMEs).

At the end of 2012, BDO’s lease and loan portfolio improved 18% as the positive business environment buoyed the expansion of its clients in the transportation, mining and quarrying, construction and healthcare industries.

“We also gained from the aggressive rollout of infrastructure projects by both the government and the private sector,” notes Georgiana A. Gamboa, President of BDO Leasing and Finance, Inc. (BDOLF), a majority-owned unit of BDO.

She says BDOLF’s tack for 2013 will involve, among others, the continued support of the contractors and sub-contractors that are eyeing projects under the Public-Private Partnership program of the government and other infrastructure undertakings, and capitalize on strong repeat business from existing clients.



Jonathan C. Diokno, Emmanuel T. Narciso, Maria Theresa L. Tan, Eduardo V. Francisco, Josefina N. Tan, Ador A. Abrogena

REVIEW OF 2012 OPERATIONS

Operational Highlights

Strong deposit-taking, fee-based businesses

Deposit-taking is likewise a continuing driver of BDO's overall performance. In 2012, total deposits reached P931.6 billion on

the back of strong CASA (current account, savings account) growth.

"The growth was bolstered by the opening of more than 20 branches in areas where we needed presence, and



the relocation of 20 existing branches to extend our reach and provide our clients banking convenience,” imparts Jaime C. Yu, Senior Executive Vice President and Head of Branch Banking Group. BDO has one

of the biggest distribution networks, with more than 760 operating branches (including a full-service branch in Hong Kong) and over 1,900 ATMs nationwide as of end-December 2012.

More branches will be opened in 2013, and according to Yu, the Bank has already identified areas where a BDO branch could set up shop.

“There were also instances we were invited by local communities to open a branch in their location,” he adds. Since providing excellent customer service is always a priority, BDO will embark on an upgrade of its branch teller system in 2013.

Similarly, the Bank’s fee-based businesses composed of trust banking, treasury, investment banking, private banking, cash management, remittance and insurance performed very well in 2012.

Pedro M. Florescio III, Executive Vice President and Treasurer, says the Bank registered trading gains from its treasury activities amounting to P8.2 billion.

“The fixed income market for both local and foreign currency denominated bonds performed exceptionally well given the high liquidity levels in the market on the account of strong remittance inflows and the continued pouring in of foreign investment,” Florescio notes.

He adds that the low inflation and interest rates that prevailed in 2012 were conducive to business growth.

REVIEW OF 2012 OPERATIONS

Operational Highlights

“The government was also able to generate better than expected revenues which resulted to lower budget deficits. This was very good for our trading portfolio thus resulting to healthy trading activities,” he says.

While he expects an improved outlook globally in 2013, there are still some risks the Bank should watch out for. These include the US’ fiscal cliff issue and its high unemployment and slow growth numbers; the lingering recession problem of Europe (with the exception of Germany); and the rising social and political issues in Italy, Spain and Greece as a result of the reform programs being implemented.

“We will remain opportunistic on both tactical and strategic fronts as the environment remains challenging given the low interest rate environment and the strong currency. We will try to diversify our concentration risk by exploring other high grade/ high yield credit investments and also work at shortening the duration of our portfolio to create less friction should interest rates start to rise,” states Florescio on how the Bank will position itself amidst these challenges.

When it comes to trust and investment management, BDO is the top industry performer and this accomplishment was once again demonstrated in 2012. Its consolidated trust assets under management (AUM) reached over P816 billion, the largest in the industry.

The growth was bolstered by the Bank’s sustained leadership in Unit Investment Trust Funds (UITFs), a ready-made investment product professionally managed according to the specific investment objectives and invested accordingly in diversified portfolios.

Ador A. Abrogena, Executive Vice President and Head of Trust and Investments Group, says most of the Bank’s UITFs outperformed their respective benchmarks in 2012. In terms of performance versus competition, the BDO UITFs were in the top quartile in various UITF classes (e.g. money market fund, bond fund, equity fund and balanced fund).

“BDO’s leadership in the trust industry is driven by its competitive and consistent performance; products that are responsive to customer needs; and a well-trained and motivated team to sell them,” notes Abrogena.

For 2013, the Bank intends to be more aggressive in expanding its trust business by offering new products and services and exploring new channels such as online investing and Internet marketing.

Also contributing to the Bank’s overall trust portfolio is the over P150 billion in trust assets booked by BDO Private Bank (BDOPB), the Bank’s wholly owned subsidiary in charge of providing investment, financial and estate advisory services to a niche market of high net worth individuals as well as corporate



Evylene C. Sison
Pedro M. Florescio III

and institutional clients. On a consolidated basis, BDOPB's AUM rose 21.5% over the previous year.

"We continue to benefit from the unique value proposition and positioning by creating long-term client relationships through the

open architecture platform," explains BDOPB President Josefina N. Tan.

The basic principle of BDOPB's portfolio management strategy is to create wealth for the clients with the view of managing volatility or preventing any

capital or principal-loss through a balanced mix of asset classes of cash, fixed income, stocks and other asset categories over time.

"Thus, our wealth management solution is customized depending on each client's circumstances and objectives," adds Tan.

REVIEW OF 2012 OPERATIONS

Operational Highlights

The Bank’s investment banking business also made a significant contribution to its performance in 2012. Through its wholly-owned subsidiary BDO Capital & Investment Corp., it was able to address the capital raising needs of its larger corporate and institutional accounts, as well as government-owned and controlled corporations and match these with the investment needs of the more sophisticated investors including high net worth individuals, fund managers and other institutions.

BDO Capital managed and raised a total of P156.2 billion in equities transactions, up 300% from year-ago levels. Likewise, volume of fixed income deals was up 140% to P575.3 billion from the previous year.

“The economy continued to pick up and growth was even higher than initially expected. As the government also spent more in investments, the private sector matched the government expenditures with their own investments. We saw more transactions in real estate, power, infrastructure, gaming

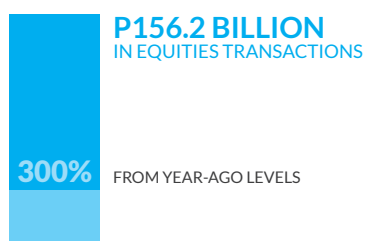
and tourism. Consumption also increased so retail and food companies also raised capital to finance their growth,” notes BDO Capital President Eduardo V. Francisco.

BDO took part in several important deals in 2012, which include among others, the P11.5-billion project financing facility of Southwest Luzon Power Generation Corp.; San Miguel Corporation’s P80 billion preferred shares issuance; the US\$ 300 million notes issuance of Carmen Copper Corporation; and SM Investment Corporation’s P15 billion bond issue.

Francisco says the Bank will continue to support the government and the potential bidders for the several PPP projects that will be rolled out in 2013.

“There are also a lot of private sector projects being launched in anticipation of the continued robust growth of the economy and influx of tourists. Infrastructure, real estate, tourism and gaming will continue

BDO CAPITAL



to have large funding needs so we will be helping these companies meet their needs," he imparts.

Meanwhile, the remittance business of the Bank bucked the economic slowdown felt by certain markets (US and Europe) as it managed to post double-digit growth in revenues, transaction count and volume in 2012.

This accomplishment was supported by the Bank's remittance partnerships in Hong Kong, Taiwan and Singapore. In addition, its Macau office continued to lead the market with a share of more than 80%.

BDO's client-base is steadily increasing as remittances continue to grow. Part of its effort is focused on the acquisition of new BDO Asenso Kabayan accountholders through various initiatives such as participating in pre-departure orientation seminars, conducting of financial literacy seminars and joining in various OFW-related events.

"For 2013, the Bank aims to surpass its remittance targets in terms of transaction volume and income by developing stronger business relationships with its remittance partners," says Jonathan C. Diokno, Senior Vice President of the Remittance Group.

To further foster the habit of saving among the OFWs and beneficiaries, the Bank will

continue to advocate its Asenso Kabayan accounts through various financial literacy programs.

BDO has a wide remittance network consisting of more than 20 overseas remittance offices complemented by relationships with over 300 remittance/money transfer tie-ups, over 600 accredited foreign and local correspondent banks and more than 100 designated agents.

BDO's cash management services (CMS) likewise registered growth in terms of clients acquired and transactions processed as a result of the innovative collection and disbursement solutions that were designed and implemented to meet the complex needs of its clientele consisting of large corporations, financial institutions and SMEs.

These solutions consisted of the enhanced integrated disbursement system (IDS), an Internet-based payables solution that provides corporate clients multiple options for supplier payments and enables them to print their own electronic tax forms as required by the Bureau of Internal Revenue (BIR). Likewise, the deposit reference facility, a collection service that allows data entry of a reference number with every deposit transaction, provided corporate clients the ease in reconciling deposits made to their account on a real time basis. Through this facility, clients can view the

details of the deposits made by their agents and customers in their account via corporate Internet banking.

"The need to continuously adapt to rapidly changing industry trends in terms of cash management offerings pushed the Bank to attain significant progress in system upgrades and product enhancements. Business relationships were also established and subsequently nurtured between large companies and small enterprises to create seamless and secured settlement infrastructure making use of the Bank's electronic channels," explains Emmanuel T. Narciso, Senior Vice President and Head of Transaction Banking Group, adding the abovementioned will be a sustained effort of the Bank.

Meanwhile, BDO continues to offer pre-paid debit cards, merchant acquiring and ATM services to retail clients of its CMS. Clients also get to enjoy Internet, phone and mobile banking, allowing them to perform their banking transactions at their own convenience.

Apart from these product offerings, Narciso underscores the Bank's implementation of security measures to protect its clients and the general public against threats on the use of electronic channels.



Luis S. Reyes, Jr.
Evelyn L. Villanueva

REVIEW OF 2012 OPERATIONS

Operational Highlights

BDO's insurance business continues to provide protection to clients in the form of property, casualty or liability insurance. As a result, the Bank, through its subsidiary BDO Insurance Brokers, Inc., registered premiums

amounting to P3.31 billion at the end of 2012.

"BDO Insurance was rewarded with a good year in 2012. The opening of our first mall assurance kiosk, along with our

continued collaboration with other BDO and SM groups, and our deep understanding of client needs likewise allowed us to exceed our target growth,” says Maria Theresa L. Tan, Senior Vice President and Head of BDO Insurance.

The Bank’s focus in 2013 is to strengthen its relationships with the different customer segments and further improve product coverage and service delivery.

“We are focusing on control of cost and processes and delivery of excellent customer service. With the continued support of our affiliate groups, we hope to have another target-busting year ahead of us,” adds Tan.

Meanwhile, BDO in partnership with global insurer Assicurazioni Generali, offer life insurance products through Generali Pilipinas (GP).

GP posted an impressive 38% increase in premiums from January to September 2012, as new individual insurance sales from regular premium products grew 30% while individual renewal premiums were up 59%. Group Life and Health premiums, on the other hand, improved 25%.

“A key driver to this growth is the GP’s sustained efforts to beef up its primary bancassurance distribution channel. GP now employs a bancassurance sales force numbering over 500 who

operate in more than 760 branches nationwide of BDO,” imparts its President and CEO Renato Vergel De Dios.

Moving forward to 2013, GP’s aspiration is to become the benchmark of the bancassurance segment of the industry. By shifting focus towards its core life business and harnessing the partnership with BDO, GP is poised to achieve its ambitious growth targets that will move the company further up in industry rankings.

“With our strong foundation and right fundamentals now in place, we are extremely excited at the prospect of taking GP to the next level,” De Dios adds.

In terms of asset management, the Bank managed to post a 31% increase in sales of real estate assets and chattels amidst improving investors’ confidence on the economy. Likewise, leasing operations rose 15% despite reduced leasable area.

“The Bank continued to adhere to the game-changing initiatives implemented two years ago which centered on process change, maximized productivity and increased sense of accountability. In the process, this translated to higher sales generation and increased per capita output,” notes Evelyne C. Sison, Senior Vice President and Head of Asset Management Group. She says the Bank is geared to sustain its strong sales performance

through aggressive marketing and sales efforts and strengthened backroom support.

Support and delivery units

BDO’s business groups have the solid backing of the support and service delivery units. Their tasks are to ensure that the Bank’s operational needs are efficiently met; processes are aligned with business objectives; and the Bank’s vision and corporate strategies realized. The team is composed of Information Technology, Comptrollership, Human Resources, Marketing Communications, Investor Relations and Corporate Planning, Central Operations, Risk Management, Internal Audit, Legal Services and Corporate Compliance.

The group’s accomplishments in 2012 were, among others, highlighted by the 15% reduction in non-performing loans (NPLs) arising from more focused and proactive approach in managing defaulted and problematic accounts.

“The Bank used enhanced risk management tools and analytics in the regular review of the risk profile of its risk asset portfolio, as well as the development of increased scorecard models using empirical data for the consumer lending business,” notes Evelyn L. Villanueva, Executive Vice President and Head of Risk Management Group.

REVIEW OF 2012 OPERATIONS

Operational Highlights

The Bank likewise capitalized on its IT capabilities in effecting better and efficient trading activities through the seamless interphase between the front-end systems and various external trading platforms.

Villanueva says the Bank's focus for 2013 is to sustain the improvement of its risk management culture by pursuing continuous development and review of credit scorecards to assist the consumer lending business; enhancement of the existing Internal Risk Rating System (IRRS) for corporate/commercial lending business using empirical data; development of internal capability for model generation and validation; institution of information security awareness program and continuous information security awareness training; and nonstop training on anti-money laundering.

BDO also actively networked with the investment community in 2012 via investor meetings, road shows and conferences in different countries such as Hong Kong, Singapore, New York and London. The Bank also ventured to new locations like Tokyo and Boston to convene with large institutional funds.

"These initiatives provided an opportunity for BDO to apprise

domestic and foreign investors about the Bank's strategic directions, financial performance and capital market activities, particularly the landmark stock rights offer that raised P43.5 billion in core capital," imparts Luis S. Reyes Jr., Senior Vice President and Head of Investor Relations and Corporate Planning Group. Considered as the largest equity capital markets transaction by a Philippine bank, the stock rights offer not only provided the Bank a comfortable buffer over the more stringent Basel III capital requirements, but also put BDO well-positioned to take advantage of the opportunities that go with an expanding economy.

Reyes also underscored the group's support to the Bank's P5-billion Long-Term Negotiable Certificates of Deposit (LTNCD) issue, which helped lengthen the maturity profile of BDO's funding sources.

In recognition of the various efforts to actively engage investors and boost BDO's international profile, the Bank received for the second consecutive year the Best Investor Relations and Most Organized Investor Relations Awards from Corporate Governance Asia and Alpha Southeast Asia, respectively.

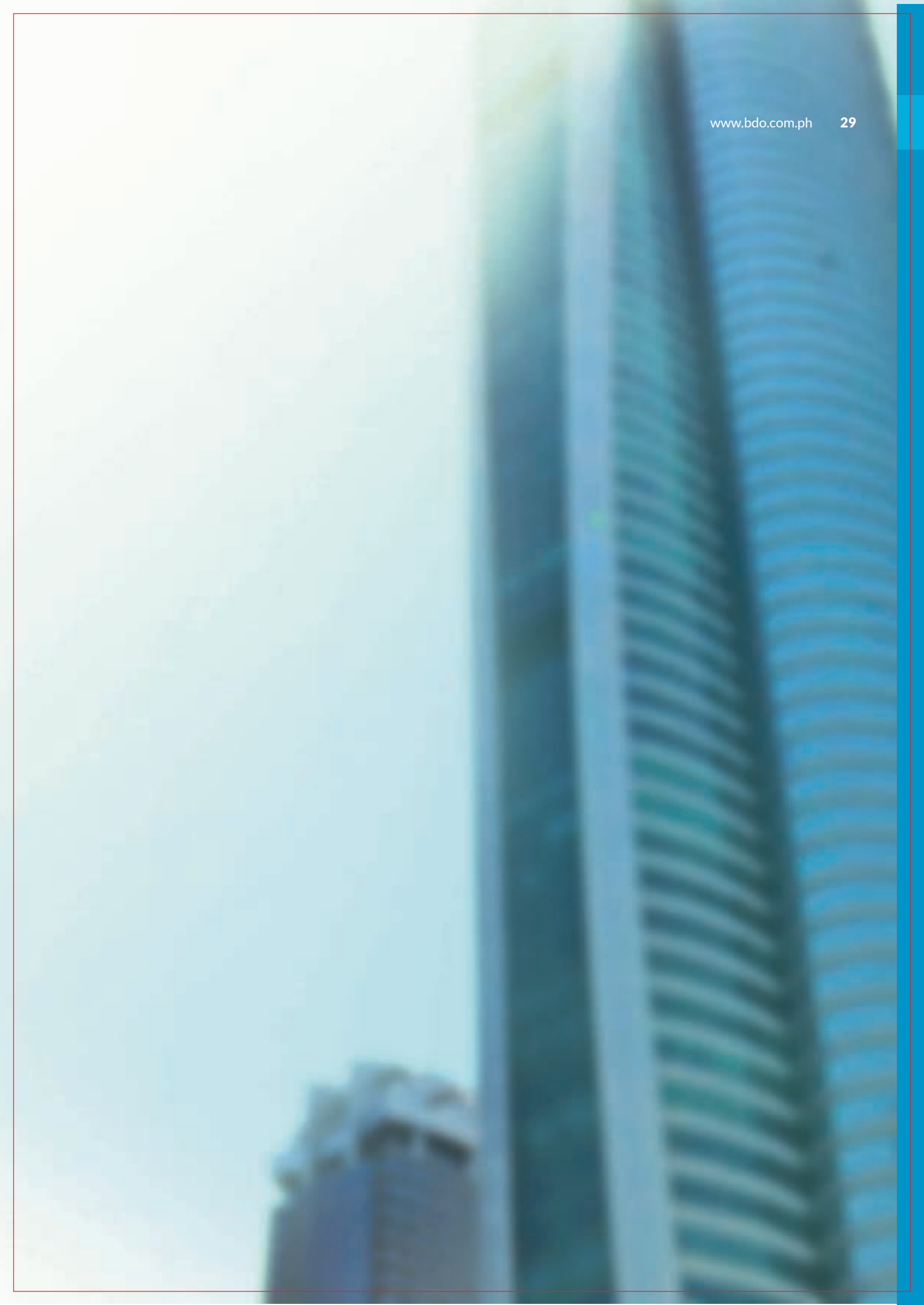
In summary, BDO expects to continue with its growth trajectory in 2013 on opportunities in its various market segments.

The Bank, however, remains mindful of the challenges that face the industry:

- **Interest Rate Environment** – The low interest rate environment has resulted in reduced margins. To mitigate this risk, BDO will target to grow loans in the higher-yielding middle-market and consumer segments, complemented by the growth in low-cost deposits on the funding side.
 - **Asean Integration** – The potential entry of more foreign players will lead to a more competitive environment. The Bank will continue to strengthen its business franchise to stay ahead of the competition and allow it to capture a significant share of the growth opportunities.
 - **Regulatory Changes** – The more stringent requirements instituted by the Bangko Sentral under its Basel III implementation guidelines oblige banks to maintain higher levels of capital to carry out their business. While this promotes financial soundness, it also affects a bank's ability to grow its balance sheet. BDO, with the support of its shareholders, built up its capital ahead of the industry by successfully raising US\$1 billion in new capital through stock rights offer in July 2012. This effectively lifted BDO's capital adequacy ratio to 19.1%, comfortably above the regulatory requirement.
-

AWARDS





AWARDS



Most Organized Investor Relations in the Philippines
 Best Bank in the Philippines
 Best Investment Bank in the Philippines (BDO Capital)
 Best Bond House in the Philippines (BDO Capital)
 Best Private Wealth Management Bank in the Philippines (BDO Private Bank)
 Best Foreign Exchange Bank for Corporates and Financial Institutions

ASIAMONEY

Best Local Cash Management Bank in the Philippines



Domestic Cash Management Bank of the Year - Philippines
 Credit Card Initiative of the Year - Philippines



Best Retail Bank in the Philippines
 Best Retail Banker of the Year: Teresita Sy-Coson
 Best Trade Finance Bank in the Philippines



Platinum Award - All Around Excellence
 Best Domestic Bank
 Best Domestic Investment Bank (BDO Capital)
 Best in Corporate Trust
 Best Transaction Bank
 Best SME Bank
 Best Private Bank in the Philippines (BDO Private Bank)



Recipient of Asia's Best CEO Award - Philippines (Investor's Relations):
 Nestor V. Tan
 Recipient of the Best Investor Relations Company Award - Philippines
 Recipient of the Best Investor Relations Professional Award - Philippines:
 Luis S. Reyes, Jr.
 Recipient of the 3rd Asian Corporate Director Award:
 Teresita Sy-Coson
 Recipient of the 8th Corporate Governance Asia Recognition Award

EUROMONEY

Best Local Private Bank in the Philippines (BDO Private Bank)
 Best Private Banking Services - Philippines: Relationship Management
 (BDO Private Bank)
 Best Private Banking Services - Philippines: Privacy and Security
 (BDO Private Bank)

FinanceAsia

Best Bank in the Philippines
 Best Foreign Exchange Bank in the Philippines
 Best Investment Bank in the Philippines (BDO Capital)
 Best Bond House in the Philippines (BDO Capital)
 Best Private Bank in the Philippines (BDO Private Bank)



Best Trade Finance Bank



Silver Award for Corporate Governance



IABC Philippines CEO Excel Award: Nestor V. Tan



APAC Transport Deal of the Year - TPLEX



Reader's Digest Trusted Brand Gold Award



Loyalty Innovation in Financial Services
for the Ten Things You Must Experience Initiative



Silver Award for Best Overall Bank Reputation



Top Bank in the Philippines in Yazhou Zhoukan's Asian Banking 300



Best Performing PhilPaSS Remit Participant



2011 Best Performer in Visa Classic Cards in Force Growth – BDO Credit Cards
2011 Best Performer in Visa Gold Cards in Force Growth – BDO Credit Cards
2011 Best Performer in Overall Visa Commercial Card – BDO Credit Cards
2011 Best Performer in Overall Visa Merchant Sales Volume Growth –
BDO Credit Cards

CORPORATE SOCIAL RESPONSIBILITY





CORPORATE SOCIAL RESPONSIBILITY

BDO continues to fulfill its responsibilities to the community by striving to be good models of corporate governance, proactively responding to the needs of the marginalized sectors of the society and focusing on green initiatives to support the environment.

The Bank's socio-civic arm, BDO Foundation, in collaboration with partner organizations, continued the Bank's advocacies in 2012 with numerous projects centered on infrastructure, disaster response, and volunteers programs.

The Foundation, together with SM Prime Holdings, embarked on building a community for typhoon Sendong victims, with an initial plan of 300 homes in Cagayan de Oro. The entire village is now being completed with the construction of additional 110 houses, bringing to total 410 houses in the SM-BDO GK Village.

In partnership with BASF Germany through UN Habitat and ANCOP, the Foundation continued with its housing resettlement project for typhoon victims in Camia, Caloocan City, with the turnover of 31 houses in early 2012.

Apart from providing shelter to typhoon victims, multi-purpose halls in resettlement sites were constructed through the BDO Volunteer Fund. The construction

of two BDO Volunteer Multi-purpose Halls – one in Barangay Tanza, Navotas and one in Camia, Caloocan were made possible through the donations received from BDO officers and staff and the fund-raising activities organized by the employees. Among the successful fund-raising activities initiated was the "Race for Life 4" event, which generated 1.7 million for the BDO Volunteer Fund.

To bring micro-finance closer to the marginalized sector, BDO Foundation completed another micro-finance center, this time in Mindanao. The micro-finance center in Tagum City, Davao del Norte has a total floor area of 753 square meters with a library, two lecture rooms and a multi-purpose hall. It will serve not only as a training center for micro-finance practitioners but likewise as a venue for livelihood skills training to empower small entrepreneurs.

The Bank also donated vehicles to the Don Bosco Foundation for use in its automotive training centers in Cebu, Nueva Ecija, Laguna,

Makati and Manila to train out of school youths in automotive repair.

BDO continued its advocacy on practical education through a seminar on “Basic Accounting for Non-Accountants”, which was attended by farmers from seven municipalities in Iloilo. This project was spearheaded by the Bank’s Speaker’s Bureau, in support to SM Foundation’s “Kabalikat sa Kabuhayan” Farmers Training Program. The Speaker’s Bureau also participated in the nationwide National Children’s Book Day celebrated simultaneously in 43 SM malls across the country, and conducted seminars on personality development for CARD-MRI (Center for Agriculture and Rural Development - Mutually Reinforcing Institutions) Development Institute in Tagum, Davao and in Baguio.

In its long-lasting commitment to promote education, BDO Foundation teamed up with SM Foundation for the turnover in early 2012 of the first four-classroom building to Banisil National High School in Barangay Tamber, General Santos City. Apart from this, another four-classroom school building was built at Lumbia Central School in Barangay Lumbia, Cagayan de Oro City. These projects were in support of the Department

of Education’s “Adopt-a-School program that aims to address the shortage of classrooms in the public school system. The two school buildings were funded through the “Share Gift Check” fund drive, a donation gift check product available in all BDO branches.

The City of Bacolod also benefited from the “Share Gift Check” fund drive of the Bank with the construction of its first health center. Also in partnership with SM Foundation, the health station, with an estimated 250 square meters facility, aimed at improving healthcare in several barangays in the area. As part of the turnover ceremonies of this facility, BDO volunteers joined SM Foundation’s ‘Gamot para sa Kapwa’ - Mall Medical and Dental Mission held at SM City Bacolod where they helped in serving the medical and dental needs of Bacolodnons.

In 2012, the country suffered a number of disasters which devastated millions of Filipinos. In response to their needs, the BDO Foundation, through the active involvement of the Bank’s branch network, conducted massive relief operations for victims of earthquake, flooding and typhoon.

Relief operations reached a total of 3,000 displaced families/

earthquake victims in Guihulngan, Negros Oriental. Close to 50,000 families affected by flooding in different parts of Metro Manila, Central Luzon, Eastern and Southern Tagalog regions due to typhoons Gener and Habagat were likewise assisted by the Foundation. Another relief operation was conducted in Mindanao for typhoon Pablo victims. The Foundation partnered with the Philippine Red Cross and reached 7,500 families stranded in areas rendered impassable.

In the years ahead, the BDO Foundation will remain committed to the socio-economic development of the country through initiatives that will cater to the needs of the marginalized sector for decent shelter, disaster response, sustainable livelihood and practical education.

CORPORATE SOCIAL RESPONSIBILITY

Go Green

Reinforcing the Bank's green initiatives, the Foundation continues its support to the nationwide "Oh my Gulay!" campaign of Senator Edgardo J. Angara and the Department of Education by adopting another 15 new schools. For the second year, BDO Foundation supported the call of Sen. Angara to help spread awareness on the benefits of planting vegetables as a solution to malnutrition as well as promote backyard gardening as a good source of livelihood.

In support of World Wide Fund for Nature's (WWF-Philippines) climate change, food security and environmental conservation programs across the country, the Bank extended its partnership with WWF by another year. BDO and WWF's fund-raising campaign, dubbed "Funding & Finding Ways for the Environment" empowers BDO ATM cardholders to voluntarily donate P5 to WWF after each ATM transaction. This ATM donation program with WWF-Philippines has also helped sustain Donsol, Sorsogon's renowned Whale Shark Eco-Tourism Programme.

Realizing the importance and benefits of environmental awareness, the Bank continues to implement initiatives on energy efficiency.

The Bank continued the use of LED lights on signages and lobby and backroom offices of new

and renovated branches and Head Office satellite units. It likewise used inverter type air conditioning units on the new and renovated offices instead of the conventional ACs.

To eliminate the use of Styrofoam containers, the Bank implemented the use of biodegradable containers for take-out food for all its concessionaires. The Bank likewise uses biodegradable plastics for wet umbrellas. To further reduce waste, the Bank encourages employees to bring with them reusable containers for take-outs and re-use the plastics for wet umbrellas.

The BDO Corporate Center Ortigas, which commenced construction in the first semester of the year, has been carefully designed to achieve a certification as a Gold LEED (Leader in Energy and Environmental Design) development. Apart from creating a better work environment for the building occupants, the BDO project has the following features that will benefit the environment:

During construction:

- Implementation of a construction waste and pollution management
- Procurement of construction materials from certified sustainable sources
- Low VOC paints as part of indoor air quality
- Declaration on the use of recycled products or contents

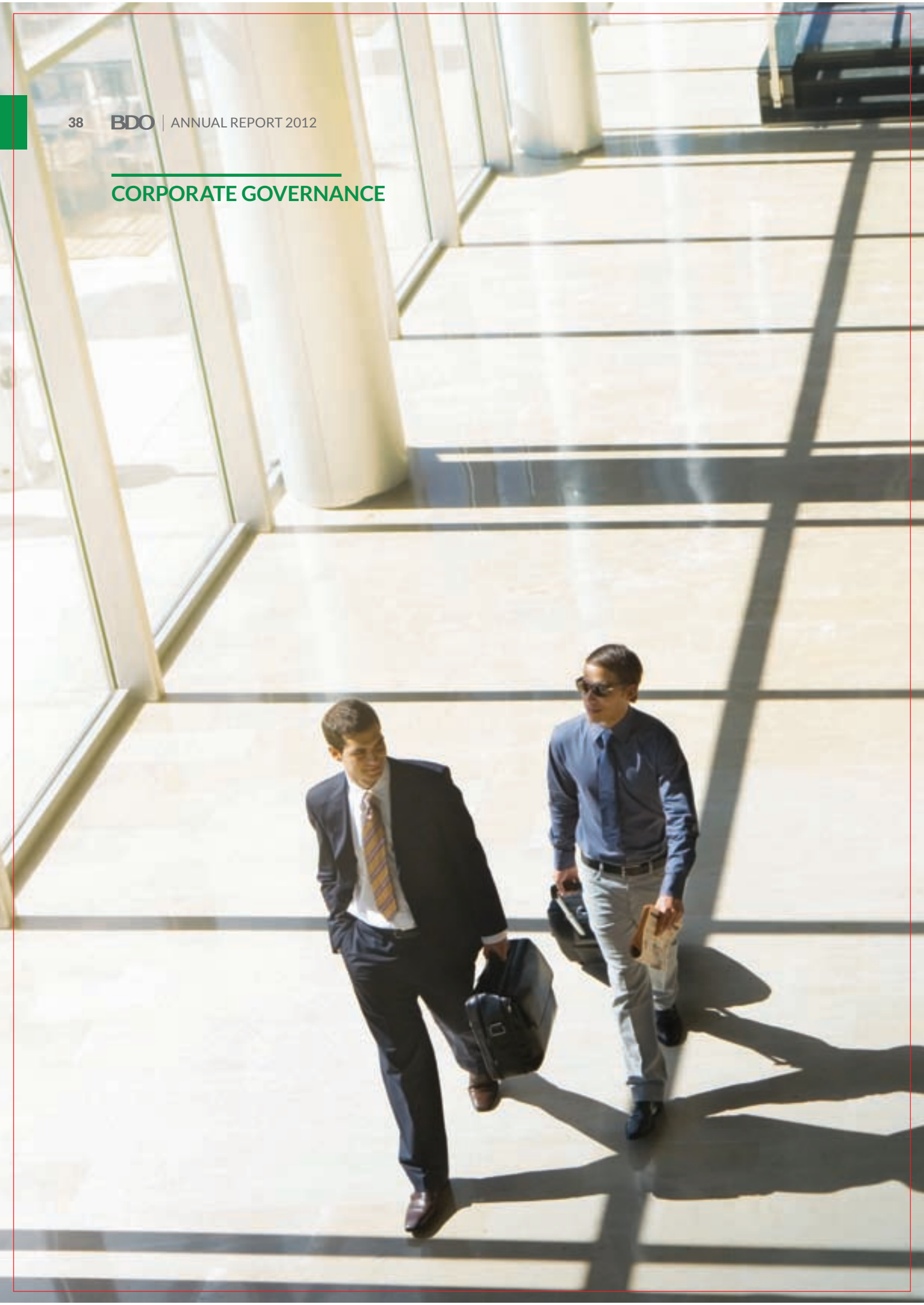
Design specification:

- Use of a sewage treatment plant to recycle “used” domestic water and a dual piping system in order to separate the application of “gray” water for flushing and make up water for cooling tower operations
- Use of low emissivity glass to reduce thermal heat penetrating the building envelope thus reducing air-conditioning requirements
- Installation of variable frequency drives in heavy equipment motors to adjust operation during low demand periods
- Use of chillers with the lowest co-efficient of performance in the industry at 0.55 kw per ton
- Reduction in water flushing requirements by as much as 30% by using more efficient fixtures (i.e., 1 gallon per flush from the standard of 1.6 gallons per flush)
- Use of LED lighting in signages and office areas
- Reduction in light pollution by omitting the use of facade uplight
- Use of local and low maintenance plants for landscape areas

Upon operations:

- Use of rainwater for maintenance of landscaped areas and for other housekeeping chores
- Implementation of a Material Recovery Facility to encourage recycling

CORPORATE GOVERNANCE





CORPORATE GOVERNANCE

BDO Unibank's corporate governance practice adheres to five (5) basic principles: accountability, fairness, integrity, transparency and performance. The Bank believes that all directors, officers and staff are accountable to its stakeholders for their actions guided by respect for the rights of the minority shareholders, integrity in everything it does, and transparency in all its dealings.

Ultimately, having the highest governing standards embedded in its corporate way of life breeds well-motivated people with the right attitude and ethical behavior leading to excellent business performance.

How the Bank practices good corporate governance is reflected in these efforts:

THE STRUCTURE

BOARD OF DIRECTORS

It is composed of eleven (11) members, three of whom are independent directors, and complemented by an advisory board. All are professionals from various fields of expertise such as banking, law, accounting, merchandise marketing, bank regulation and development finance/international lending.

The Board is collectively responsible for the long-term shareholder value of the institution and has the responsibility to approve, oversee and review the implementation of strategic objectives; financial plans and annual budgets; key operational initiatives; major funding and

investment proposals; compliance and accountability systems; enterprise risk strategy and financial performance reviews to ensure the continued success of the organization.

Of equal importance is its task to implement good corporate governance cascaded down to the management and employees. It ensures that the Organization is being run in a sound and prudent manner to fulfill its obligations to all shareholders while upholding and protecting the interests of different constituencies.

The Board holds regular monthly meetings in addition to special meetings as needed. In 2012, it met 15 times to evaluate and approve various matters related to the Bank's operations.

The following sets forth the attendance of the Board for the calendar year January to December 2012:

NAME OF DIRECTOR	POSITION	NO. OF MEETINGS ATTENDED <i>15 Meetings Held</i>
Teresita T. Sy	Chairperson	11
Jesus A. Jacinto, Jr.	Vice Chairman	15
Cheo Chai Hong	Director	9
Teodoro B. Montecillo	Independent Director	14
Antonio C. Pacis	Director	15
Henry T. Sy, Jr.	Director	11
Josefina N. Tan	Director	15
Nestor V. Tan	President and Director	15
Jimmy T. Tang	Independent Director	13
Farida Khambata	Director	13
Jones M. Castro, Jr. <i>(Elected on April 20, 2012)</i>	Independent Director	6
Washington Z. Sycip	Adviser to the Board	6
Jose T. Sio	Adviser to the Board	9
Corazon de la Paz-Bernardo <i>(Term as Vice Chairperson ended on April 20, 2012 and was appointed Adviser on the same date)</i>	Adviser to the Board and Audit Committee	6 <i>(as Vice Chairperson)</i> 7 <i>(as Adviser)</i>
Christopher A. Bell-Knight	Adviser to the Board, Risk Management and Corporate Governance Committees Audit Committee <i>(from January to April 2012)</i>	12
Jesus G. Tirona <i>(Term ended on April 20, 2012)</i>	Adviser to the Board and Risk Management Committee	4
Alberto V. Reyes <i>(Term ended on April 20, 2012)</i>	Adviser to the Board	5
Senen T. Mendiola <i>(Passed away on Nov. 26, 2012)</i>	Adviser to the Board	1

**Of the fifteen (15) meetings held in 2012, thirteen (13) were regular and two were special sessions.*

BOARD COMMITTEES

The Board is supported by seven (7) committees with their respective mandates as follows:

1. Executive Committee

Chairperson: Teresita T. Sy

Members: Jesus A. Jacinto Jr., Josefina N. Tan, Nestor V. Tan and Antonio N. Cotoco

The Executive Committee

acts on behalf of the Board as the main approving body for Bank exposures particularly

approval/confirmation of credit proposals, investments, disposal of acquired assets and other projects or initiatives to enhance the Bank's operating and service delivery capabilities.

In 2012, the committee met at least once a week, of which attendance from all the members ranged from 73% to 98%.

2. Audit Committee

Chairperson:

Teodoro B. Montecillo
(Independent Director)

Members: Jesus A. Jacinto, Jr., Antonio C. Pacis, Jimmy T. Tang
(Independent Director) and Jones M. Castro Jr.
(Independent Director)

Advisers:

Corazon S. de la Paz-Bernardo, Christopher A. Bell-Knight
(from January to April 2012)

The Audit Committee provides oversight of the internal and external audit functions and ensures both the independence from management of internal audit activities as well as the compliance with the regulations

CORPORATE GOVERNANCE

governing accounting standards on financial reporting. It approves the annual audit plan, the annual audited financial statements, and the analysis of quarterly results of operations as submitted by the Internal and External Auditor. It also evaluates strategic issues relating to plans and policies, financial and system controls, and methods of operation for adequacy and improvements.

The committee met fourteen (14) times in 2012 with Messrs. Montecillo, Pacis, Jacinto, Castro and Tang attending 14, 12, 11, 10 and 8 meetings, respectively. Advisers Ms. De la Paz-Bernardo was present in seven (7) meetings while Mr. Bell-Knight attended four (4).

3. Compensation Committee

Chairperson: Teresita T. Sy

Members: Jesus A. Jacinto, Jr., Teodoro B. Montecillo (*Independent Director*) and Josefina N. Tan

The Compensation Committee provides oversight on directors' compensation and remuneration of senior management consistent with the Bank's culture and strategy, effectively aligned with prudent risk taking and commensurate with corporate and individual performance. It also ensures consistency of the compensation policies and practices across the Group.

The Committee held two (2) meetings in 2012, with all members in attendance.

4. Corporate Governance Committee

Chairman: Teodoro B. Montecillo (*Independent Director*)

Members: Jesus A. Jacinto, Jr., Farida Khambata, Antonio C. Pacis and Jimmy T. Tang (*Independent Director*)

Adviser: Christopher A. Bell-Knight

The Corporate Governance Committee is primarily tasked to assist the Board in formulating the policies and overseeing the implementation of the corporate governance practices of the Bank and its subsidiaries and affiliates. Annually, it conducts the performance self-evaluation of the Board of Directors, its committees, executive management and peer evaluation of directors. It also oversees the implementation of the Directors Orientation and Continuing Education Policy.

In 2012, an annual performance review of the Board as a whole, the Committees, individual directors and senior management was conducted using enhanced assessment questionnaires to measure their effectiveness. A Group Governance Oversight Framework for all subsidiaries and affiliates was also adopted and implemented to ensure compliance with established governance policies and practices. Likewise, the education program focusing on effective risk governance for the Board was conducted.

The Committee met six (6) times in 2012 with Messrs. Montecillo, Jacinto, Pacis and Ms. Khambata attending all meetings and Mr. Tang present in five (5) meetings. Adviser Mr. Bell-Knight was present in five (5) meetings.

5. Nominations Committee

Chairman: Henry T. Sy, Jr.

Members: Josefina N. Tan and Jimmy T. Tang
(Independent Director)

The Nominations Committee

leads the process for identifying and recommending candidates for appointment as Directors and for other key positions giving full consideration to succession planning and the leadership needs of the Bank. It recommends the composition and chairmanship of the various committees. It reviews the structure, size and composition of the Board, including the balance of skills, knowledge and experience and the independence of the non-executive Directors, and recommends changes if necessary.

The Committee met twice in 2012 with all members in attendance.

6. Risk Management Committee

Chairman: *Jones M. Castro Jr.
(Independent Director)

Members: **Teodoro B. Montecillo
(Independent Director),

***Nestor V. Tan and Josefina N. Tan
Advisers: Jesus G. Tirona,
Christopher A. Bell-Knight

The Risk Management Committee

is responsible for the development of the Bank's risk policies, defines the appropriate strategies for identifying, quantifying, managing and controlling risk exposures including preventing and/or minimizing the impact of losses when they occur. It oversees the implementation and review of the risk management plan on an integrated enterprise-wide basis,

system of limits of management's discretionary authority delegated by the Board and takes immediate corrective actions when breached. It is also responsible for reassessing the continued relevance, comprehensiveness and effectiveness of the risk management plan, and revises it when needed.

In 2012, an independent director was elected chairman of the Committee while the chief risk officer was made independent of executive functions and business line responsibilities.

The Committee had eleven (11) meetings in 2012 with Ms. Tan attending all while Messrs. Tan, Montecillo and Castro attending nine (9), three (3) and eight (8), respectively. Advisers Mr. Tirona attended two (2) while Mr. Bell-Knight was present in ten (10) meetings.

**Mr. Castro started serving the Committee in May 2012.*

*** Mr. Montecillo was a member of the Committee until April 2012.*

****Mr. Tan was chairman of the Committee until April 2012.*

7. Trust Committee

Chairperson: Josefina N. Tan

Members: Teresita T. Sy,
Nestor V. Tan, Cheo Chai Hong
and Ador A. Abrogena

The Trust Committee reviews and approves transactions between trust and/or fiduciary accounts, the investment, reinvestment and disposition of funds or property, offering of new products and

services, establishment and renewal of lines and limits with financial institutions, investment outlets and counterparties, accepts and closes trust/other fiduciary accounts. It evaluates trust and other fiduciary accounts at least once a year and reviews the Trust and Investment Group's overall performance, profile of funds and accountabilities under its management, industry position, and the risk management reports.

The Committee met twelve (12) times in 2012 with Ms. Tan and Mr. Tan attending all meetings while Ms. Sy present in nine (9) meetings and Mr. Cheo in seven (7).

INDEPENDENT CHECKS & BALANCES

The Bank supports the principle and regulatory mandate of independent checks and balances in the institution as follows:

Internal Audit

Under the direct supervision of the Board Audit Committee, the Internal Audit Division conducts independent assessment of adequacy and effectiveness of internal controls, risk management and governance processes of all units of the Bank including subsidiaries and affiliates. It monitors also the resolution of internal control weaknesses noted during the examination with the end view of mitigating risks and strengthening of the control environment. Its closing report for 2012 highlighted that existing controls, risk management and governance processes across BDO

CORPORATE GOVERNANCE

Unibank and its subsidiaries are generally adequate.

External Audit

Punongbayan and Araullo was reappointed External Auditors of the Bank at the last Annual Stockholders Meeting on April 20, 2012. It presented an audit plan to the Board Audit Committee, performed audit risk assessment, conducted an independent audit of the Group's financial statements, rendered an opinion and reported the results of the audit to management, the Board of Directors and stockholders. In addition, it reviewed the internal audit work and compliance with accounting standards and regulatory requirements.

Compliance

The Bank has a robust compliance program focused on enforcement of the Corporate Governance Manual, Code of Conduct, Personal Trading Policy and other regulatory requirements. Reporting directly to the Board Audit Committee, the Compliance Office ensures timely submission of reports, issues advisories on new regulations or amendments, initiates policy pronouncements and implementation, engages regulators on their onsite and offsite reviews, provides training to employees and reports on significant compliance issues to the management and the Board.

Anti-Money Laundering

The Anti-Money Laundering Unit (AMLU), which reports directly to the Board Audit Committee, handles the administration of the Bank's

compliance with the Anti-Money Laundering Act (AMLA) and its implementing rules and regulations, monitoring of transactions and conduct of AML training including the customized e-learning AML training courses bankwide. This AMLA compliance oversight also covers the Bank's domestic and foreign subsidiaries and offices.

CODE OF BUSINESS CONDUCT & ETHICS

The Bank institutionalizes the highest ethical standards through the strict implementation of the BDO Unibank Code of Conduct that outlines the principles and policies governing the activities of the institution, its directors, officers and employees.

Personal Trading Policy

It is in place to regulate buying and selling of shares by all directors, officers and employees of the Bank to ensure that material, non-public, price-sensitive information on shares being traded are not being used for personal gain. This is to eliminate the possibility, or even the appearance, of insider trading. As a policy, all directors and officers (senior vice presidents and up) must disclose and report their trades in BDO shares within three (3) days from date of transactions. The Bank imposes a seven-day trading blackout to take effect before and after the disclosure of net income figures.

Dealing with External Constituencies

The Code specifies the fair treatment of customers, suppliers,

service providers, creditors, business partners and even competitors. It prohibits the acceptance, directly or indirectly, of gifts and access to certain transactions or information where there may exist potential conflict of interest.

Related Party Transactions

To maintain transparency of related party transactions between and among the Bank and its subsidiaries, affiliated companies, directors, officers, stockholders, related interests (DOSRI), the Bank complies fully with the legal and regulatory requirements pertaining to the proper approval and disclosure of such transactions.

Policies and procedures have been put in place to manage potential conflicts of interest arising from related party transactions such as credit accommodations, products or services extended by the Bank to directors or officers in their personal capacity or to their company. The Executive Committee approves them. These transactions are then elevated to the Board for independent review and confirmation. All directors except the interested party could scrutinize the details of the transactions to ensure that these are done on an arms-length basis and in accordance with regulations. The details of the deliberations are included in the minutes of the Board meeting. Approved related party transactions are properly tagged for monitoring and reporting of exposures.

Responsibility to the Bank

The Code enjoins anybody who

becomes aware of any violations of law, regulations or policies to report his suspicions to his superiors or to any of the designated office or individuals.

ENTERPRISE RISK MANAGEMENT

Risk management at BDO begins at the highest level of the institution. At the helm is the Board of Directors who is responsible for establishing and maintaining a sound risk management system. It assumes oversight over the entire risk management process and takes appropriate action as necessary.

The business objective is to adequately and consistently evaluate, manage, control, and monitor the risk profile of the Bank to optimize the risk-reward balance and maximize return on capital.

BDO Unibank Group uses an integrated risk management framework covering the Parent Bank and Subsidiaries to address the risks it faces in its banking activities particularly credit, market, business cycle and operational risks. The approach is through alignment of risk management policies and practices across the Unibank, as applicable.

STAKEHOLDERS' INTERESTS

Rights and Equitable Treatment of Shareholders

The Bank respects the inherent rights of shareholders in accordance with law. To this end, it has put in place various practices for the convenience of shareholders to exercise their rights such as

announcing in advance the venue, date, time and agenda of the annual meeting, explanation of each agenda item requiring shareholders' approval, method of voting and disclosure of voting results. It also recognizes the need for accurate and updated information of the Bank's financial condition and all matters affecting the Bank by appropriate timely disclosures in the corporate website, regulators, annual reports and announcements. Shareholders could request relevant information from the Corporate Secretary or Investor Relations Unit through the contact details provided in the Bank's official website www.bdo.com.ph.

The Annual Stockholders Meeting was held on April 20, 2012 and was attended by the Board Chair, President, all directors and chairmen of various board committees. The shareholders were allowed to cast their votes on each director and on each agenda item presented to them for approval. They were also given the opportunity to ask questions, express opinions and make suggestions on various issues as provided for in the minutes of last year's Annual Stockholders' Meeting.

Investors

Investor Relations (IR) is a key component of the Bank's corporate governance framework, promoting transparency and active engagement with investors and analysts, as well as with Board members and key management.

To the investment community, IR articulates BDO's strategic directions as well as updates

CORPORATE GOVERNANCE

investors and analysts on the Bank's financial performance and other major developments. Investor updates are carried out through one-on-one meetings during conferences and roadshows, supplemented by periodic email broadcasts and posting of disclosures at the Bank's website. This ensures continuing access to both strategic and financial information about BDO.

To Board members and key management, IR shares reports from analysts and feedback from investors for a better appreciation of external views regarding the Bank.

Shareholders

BDO adopts a pro-active relationship with its stockholders by directly addressing their concerns and queries. The Bank directly liaises with its stock transfer agent on matters relating to stockholders' claims for cash dividends, updating of contact information and requests for documents and/or information regarding their stockholdings.

Declaration of cash/stock dividends is approved by the Board of Directors and is immediately disclosed with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC). This disclosure is readily available at the websites of the PSE and the SEC, as well as of the Bank. During the Annual Stockholders' Meeting, the President reports to the Stockholders the financial performance of the Bank for the year. In addition, the Bank files with the PSE and SEC quarterly reports on its financial performance.

Customers

Equipped with the "We Find Ways" attitude, BDO is committed to meet the needs of the clients by providing them with high quality customer service and relevant products and services. It continues to expand its network of domestic branches, overseas offices, ATMs, point of sale terminals and electronic delivery channels to offer seamless banking convenience. These efforts are backed by several factors led by the Bank's dedicated management team, capable employees, solid IT infrastructure and dependable Customer Contact Center that manages and resolves customer complaints.

Other Creditors, Counterparties and Suppliers

The Bank is committed to meet its contractual obligations with all creditors and counterparties. It has established appropriate policies that govern the accreditation, selection, bidding and approval processes.

In the conduct of its business dealings, the Bank undertakes to honor all binding trade related agreements and conditions on the basis of widely accepted industry practices, mutual understanding and cooperation with counterparties.

Employees

The Bank equally gives importance to the betterment of its employees from the new hires, regular officers and staff, to senior management and the board of directors. It continues to hold training programs covering management development, product orientations, compliance training (updates on Regulatory Compliance,

Anti-Money Laundering and Corporate Governance) and behavioral courses.

All new directors who joined the Board were also required to undergo an orientation program to familiarize them on their statutory/ fiduciary roles and responsibilities in the Board and Committees, the Bank's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics, Personal Trading Policy and Corporate Governance Manual. As required by the Bangko Sentral ng Pilipinas, the new directors also need to complete the Corporate Governance Course.

All directors were also encouraged to participate in the continuing education programs conducted by the Bank to promote efficiency. In 2012, Board members of the Bank and subsidiaries attended the training on Effective Risk Governance conducted by Ernst & Young.

The Bank also provided free healthcare benefits and health facilities such as a fitness center and five medical clinics manned by occupational health practitioners. In 2012, the Human Resources Group initiated various health and safety programs that included 20 corporate wellness lectures on various medical topics, basic life support training, evacuation and fire drill, preventive medical (vaccination) program, sports activities and a fun run participated in by 4,000 employees.

Society, Community and the Environment

Recognizing its role in social development, the Bank, with the active involvement of its employees, instituted socio-civic programs through BDO Foundation geared towards empowerment of marginalized communities and promoting environmental protection. It has partnered with several non-government organizations to provide decent home dwellings to indigent families, fund raising and resettlement site for typhoon victims, livelihood projects and continued advocacy on energy efficiency and water conservation. It has participated also in various undertakings to preserve the environment such as tree planting to help improve air quality and reduce carbon emission. ***(Please refer to the Corporate Social Responsibility Section of this Report for more details).***

TRANSPARENCY AND DISCLOSURES

BDO is fully committed to provide its investors and other stakeholders full transparency and timely information disclosures through filings with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), as found in the following:

- General Information Sheet (GIS)
- Definitive Information Statement (DIS)
- SEC Form 17-A
- Audited Financial Statements (AFS)

Required disclosures relating to:

- Financial information is stated in the AFS and the DIS
- Shareholder matters are provided in the DIS
- Executive compensation policy is stated in the DIS
- Directors' fees are found in the DIS
- Corporate actions, among others, are provided in the PSE official website www.pse.com.ph

To ensure an even wider access by the investors and the public, these disclosures and other corporate information are also uploaded in the Bank's official website www.bdo.com.ph (See "Investor Relations" and "Corporate Governance"). The details of the established corporate governance policies could be found in the Revised Corporate Governance Manual. The Bank also uses its Annual Report to highlight its corporate governance practices and corporate social responsibility.

AWARDS AND RECOGNITION

The vigorous implementation of best governance practices has earned the Bank the Silver Award from the Institute of Corporate Directors' Corporate Governance Scorecard and the Best of Asia Award from Hong Kong-based publication *Corporate Governance Asia*.

BDO Unibank shares these awards with all its stakeholders. As it continues with its journey, the recognitions will serve as benchmark for raising the bar of its corporate governance to meet stricter global standards.

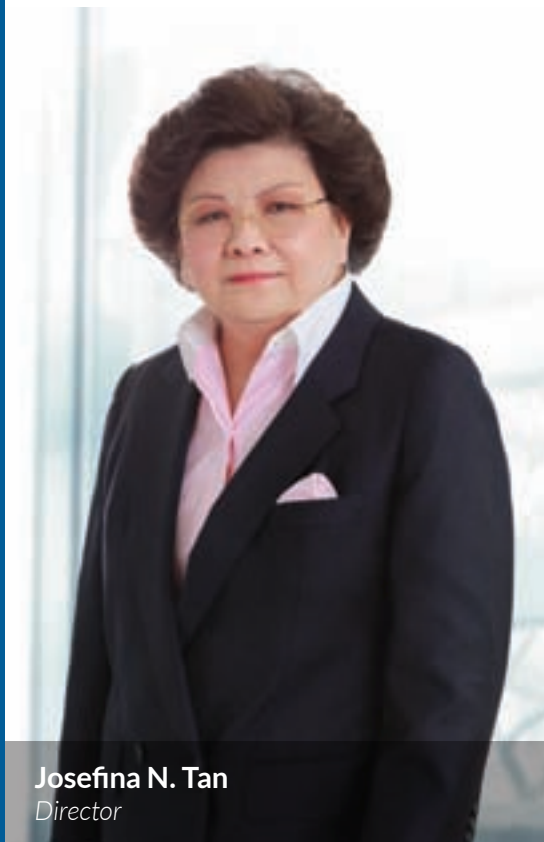
BOARD OF DIRECTORS



Teodoro B. Montecillo
Independent Director



Jesus A. Jacinto, Jr.
Vice Chairman



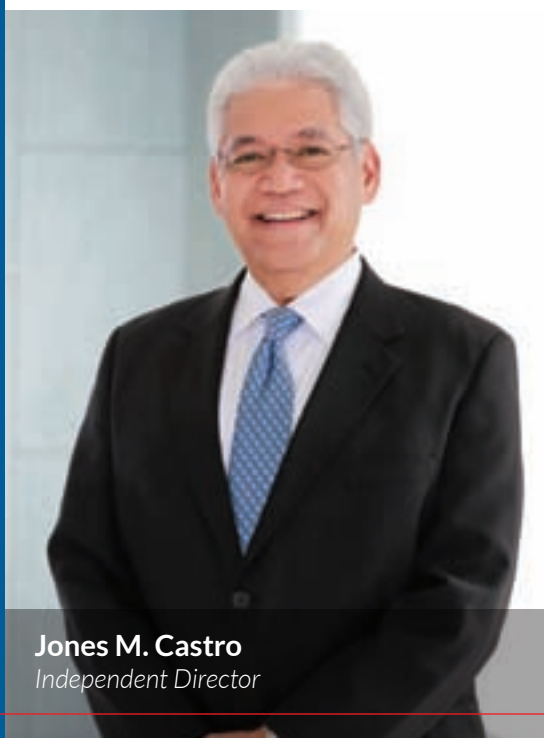
Josefina N. Tan
Director



Cheo Chai Hong
Director



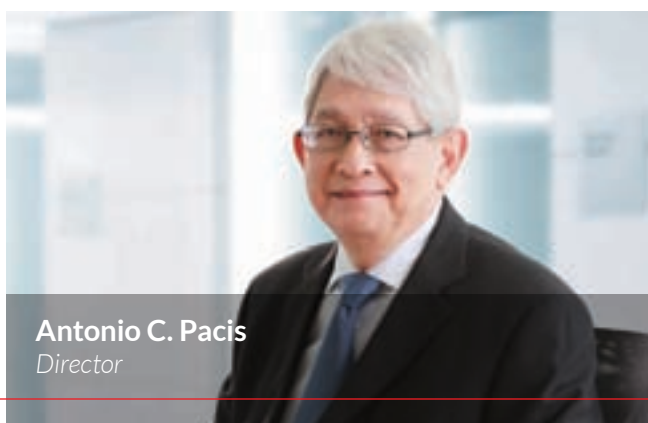
Teresita T. Sy
Chairperson



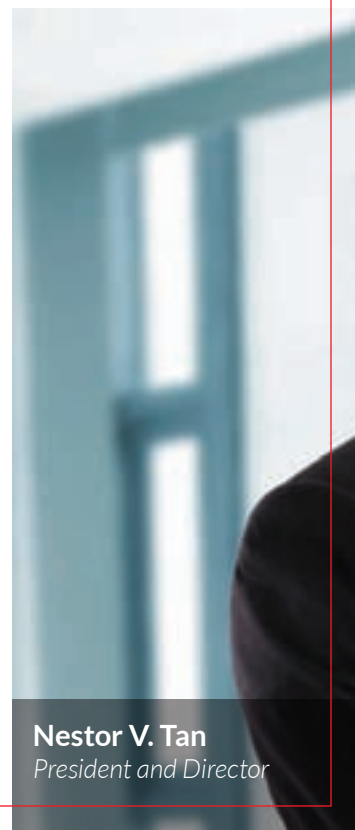
Jones M. Castro
Independent Director



Farida Khambata
Director



Antonio C. Pacis
Director



Nestor V. Tan
President and Director



Henry Sy, Sr.
Chairman Emeritus



Corazon S. de la Paz-Bernardo
Adviser



Edmundo L. Tan
Corporate Secretary



Henry T. Sy, Jr.
Director



Christopher A. Bell-Knight
Adviser



Jose T. Sio
Adviser



Washington Z. SyCip
Adviser

Jimmy T. Tang
Independent Director

DIRECTORS' PROFILE



Teresita T. Sy

CHAIRPERSON

Teresita T. Sy, 62, Filipino, is the Chairperson of BDO and was first elected to the Board in 1997. Concurrently, she serves as the Chairperson, Vice Chairperson, and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc., BDO Leasing & Finance, Inc., BDO Capital & Investment Corporation, BDO Foundation, Inc., Generali Pilipinas Holding Company, Inc., Generali Pilipinas Life Assurance Company, Inc., and Generali Pilipinas Insurance Co., Inc. Ms. Sy is the Vice Chairperson of SM Investments

Corporation and adviser to the Board of SM Prime Holdings, Inc. She also sits as Chairperson, Vice Chairperson and/or Director of such companies as Multi-Reality Development Corporation, Bellshare Holdings, Inc. (formerly SM Commercial Properties, Inc.), SM Mart, Inc., SM Retail, Inc., Prime Metroestate Inc. (formerly Pilipinas Makro, Inc.), and First Asia Realty Development Corp. A graduate of Assumption College, she brings to the board her varied expertise in banking and finance, retail merchandising, mall and real estate development.



Jesus A. Jacinto, Jr.

VICE CHAIRMAN

Jesus A. Jacinto, Jr., 64, Filipino, was elected Vice Chairman of BDO in May 1996, and is concurrently the Chairman and President of BDO Insurance Brokers, Inc. He also heads Jaces Corp. as Chairman and President; and Janil Realty, Inc. and JAJ Holdings, Inc. as President. He is likewise Director of Bayer Phil., Inc. Formerly, he was Director and

Executive Vice President of CityTrust Banking Corp.; Director of CityTrust Investments Phil. and CityTrust Finance Corp.; and Vice President and Managing Partner of Citibank N.A. He holds a Bachelor's degree in Business Administration from Fordham University in New York City and MBA (International Business) from Columbia University, New York.



Nestor V. Tan

PRESIDENT

Nestor V. Tan, 54, Filipino, was elected President of the Bank in July 1998. He also concurrently holds vice chairmanships and/or directorships in the following subsidiaries of BDO Unibank, Inc.: BDO Capital & Investment Corporation, BDO Insurance Brokers, Inc., BDO Leasing and Finance, Inc., BDO Private Bank, Inc., BDO Remit (USA), Inc., Generali Pilipinas Life Assurance Company, Inc., and SM Keppel Land, Inc. He also concurrently holds chairmanship of BDO Strategic Holdings, Inc. and Megalink, Inc. He is Director and Treasurer of Generali Pilipinas Insurance Co., and Trustee of BDO

Foundation, Inc. He is also a director of the Bankers Association of the Philippines. Mr. Tan had a fifteen-year banking career with the Mellon Bank (now Bank of New York – Mellon) in Pittsburgh, PA, the Bankers Trust Company (now Deutsche Bank) in New York, and the Barclays Group in New York and London. Prior to joining the Bank, he was the Chief Operating Officer for the Financial Institution Services of BZW, the investment banking subsidiary of the Barclays Group. He holds a Bachelor's degree in Commerce from De La Salle University and received his MBA from Wharton School, University of Pennsylvania.



Josefina N. Tan

DIRECTOR

Josefina N. Tan, 67, Filipino, was elected Director of BDO in July 2007. Concurrently, she serves as President of BDO Private Bank, Inc. She is also the Chairman of the Board of Miriam College and a Trustee of the Development Center for Finance, Laura Vicuña Foundation and Finex Foundation. She was a Director of Banco de Oro Universal Bank from 2001 to August 2005. She

was also Executive Vice President of the former Far East Bank & Trust Co.; Director and President of FEB Leasing & Finance Corp.; Executive Director and Trustee of FEB Foundation, Inc.; and Executive Vice President of FEB Investments, Inc. until 2000. She was a Director of Equitable PCI Bank, Inc. from September 2005 until its merger with BDO in May 2007.

DIRECTORS' PROFILE



Cheo Chai Hong

DIRECTOR

Cheo Chai Hong, 60, Singaporean, was elected Director of BDO in May 2010. He currently sits as Director of United Overseas Bank Philippines (UOB Philippines), UOB Global Capital Private Limited, United Overseas Bank (Thai) Public Company Limited, UOB Asset Management and the Anglo-Chinese Schools Foundation Ltd. He is

Managing Director of Group Credit and Head of Corporate Planning and Strategy Department of UOB Singapore. He was formerly the Executive Vice President of Group Credit (Middle Market & STCF) Department of UOB Singapore. He holds an Honor's Degree in Business Administration from the University of Singapore.



Farida Khambata

DIRECTOR

Farida Khambata, 63, Canadian, was elected Director of BDO in September 2010. She is the global strategist at Cartica Capital, an asset management company focused exclusively on emerging markets. Prior to joining Cartica, she was IFC's Regional Vice President heading IFC's operations in East Asia and the Pacific, South Asia, and Latin America and the Caribbean. She was responsible for the Corporation's strategy, financial products, and advisory services in member countries in these regions. Previously, she served as Vice President for Portfolio and Risk Management, with responsibility for the Corporation's portfolio (about \$14 billion) and risk management operations, as well as for information technology, controller's and financial

reporting, budgeting, and back-office functions. Prior to being named Vice President, Mrs. Khambata was Director of IFC's Treasury Department. Mrs. Khambata has been a Non-Executive Director of Dragon Capital Group since 2007. In 2009 and 2010, she joined the Advisory Board of Bancroft and the ADM CEECAT Recovery Fund, respectively. She is also a Non-Executive Director of Vietnam Enterprise Investments Limited (VEIL) since April 2012. Mrs. Khambata holds post-graduate degrees in Economics and Business Management from Cambridge University and the London Business School. A Certified Financial Analyst, she has also participated in the Executive Development Program at Wharton Business School.



Henry T. Sy, Jr.

DIRECTOR

Henry T. Sy, Jr., 57, Filipino, is presently Director of BDO. He is also the Vice Chairman of the Board of Directors of SM Investments Corporation (SMIC), Vice Chairman and Chief Executive Officer of SM Development Corporation (SMDC); and Vice Chairman & President of Highlands Prime, Inc., SM Land, Inc.; and Director of SM Prime Holdings, Inc. (SMPHI). He is likewise the President of National

Grid Corporation of the Philippines (NGCP). He is responsible for the real estate acquisitions and development activities of the SM Group which include the identification, evaluation, and negotiation of potential sites as well as the input of design ideas. He graduated with a management degree from De La Salle University. He also holds board positions in several companies within the SM Group.



Antonio C. Pacis

DIRECTOR

Antonio C. Pacis, 72, Filipino, currently serves both BDO and BDO Capital & Investment Corporation as a director. He has been in law practice since 1967 counseling bank and corporate clients in the areas of regulatory, business, corporate and trust law, and individuals in the areas

of family law and estate plans. In the course of his practice, he has served in various capacities in companies upon invitation of clients. He holds degrees from the Ateneo de Manila University (AB), from the Ateneo School of Law (LLB) and from the Harvard Law School (LLM).

DIRECTORS' PROFILE



Teodoro B. Montecillo

INDEPENDENT DIRECTOR

Teodoro B. Montecillo, 78, Filipino, was first appointed Independent Director of BDO in August 2004. He is also currently an Independent Director of Citibank Savings, Inc. He was appointed by former President Fidel V. Ramos as a member of the Monetary Board of the Bangko Sentral ng Pilipinas from 1996 to 2002, and appointed by former President Joseph Estrada as Chairman of the Central Bank Board of Liquidators from 1999 to 2002. He was an Advisor and Consultant

to Governor Rafael B. Buenaventura from 2002 to 2004. In addition, he held various positions in areas of operations, credit and external debt management in Citibank, N.A. (Manila) and Citibank Head Office (New York) from 1965 to 1996. He holds a Bachelor of Science in Education degree from University of the East, Bachelor of Science degree in Business Administration from the University of the Philippines, and received his MBA from Northwestern University, Chicago, USA.



Jimmy T. Tang

INDEPENDENT DIRECTOR

Jimmy T. Tang, 77, Filipino, has been an Independent Director of BDO since July 27, 2002. He served as a regular director of BDO from 1984 until his election as Independent Director. He is the President and Chairman of the Board of the AVESCO Group of Companies. He is currently an Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII), and was FFCCCII President for two terms from 1993 to 1997. In addition, he

is presently an Honorary Adviser of the Federation of Electrical & Electronics Suppliers & Manufacturers of the Philippines, Inc. (PESA) and PESA Foundation. He was the ninth President of PESA and the first Chairman of the PESA Foundation, which he served for seven (7) years. He obtained his Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology which conferred him the "Top Outstanding Mapuan for Entrepreneurship" award in 1987.



Jones M. Castro, Jr.

INDEPENDENT DIRECTOR

Jones M. Castro, Jr., 63, Filipino and American, is an independent director of the Bank since April 20, 2012. Mr. Castro has 39 years of banking expertise, with 32 years of international banking experience. From 2009 to 2011, Mr. Castro was the Area Head for South and Southeast Asia of the Wells Fargo Bank, San Francisco. As Area Head, Mr. Castro managed 12 countries, 11 overseas offices, 102 team members and US\$3 Billion in loans. From 2006 to 2009, Mr. Castro was Regional Head for Latin America 1, including

the Caribbean, of the Wachovia Bank, Miami, and managed 25 countries, 3 overseas offices, 30 team members and US\$1.8 Billion in loans. From 2005 to 2006, he was EVP and International Banking Group Head of the Union Bank of California, San Francisco. Mr. Castro is currently a Trustee of the PhilDev USA. Mr. Castro obtained his Bachelor's Degree in Applied Mathematics, cum laude, from Harvard University. He received his Masters in Business Administration, Accounting & Finance, from Stanford University.



Edmundo L. Tan

CORPORATE SECRETARY

Edmundo L. Tan, 66, Filipino, was appointed Corporate Secretary of BDO on July 27, 2007. He is also the Corporate Secretary of BDO Private Bank, Inc. He serves as Director and Corporate Secretary of APC Group, Inc. He is currently a director of Philippine Global Communications, Inc., Sinophil Corporation, Aragorn Power & Energy Corporation, and PRC-Magma Energy Resources, Inc. Atty. Tan was formerly the Officer-in-Charge of EBC Strategic Holdings, Inc., and Chairman of the Board

of EBC Investments, Inc. He is a former Director and currently an Adviser to the Board of BDO Leasing and Finance, Inc. He was elected member of the Board of Trustees of Philippine Dispute Resolution Center, Inc (PDRCI) in 2010. He is the Managing Partner of Tan, Acut Lopez & Pison Law Offices. He was formerly Senior Partner in Ponce Enrile Cayetano Reyes & Manalastas Law Offices, and a Partner in Angara Abello Concepcion, Regala & Cruz Law Offices.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of BDO Unibank, Inc. (the Bank), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012, 2011 and 2010 in accordance with the financial reporting standards in the Philippines for banks, including the additional components attached therein:

- a. Supplementary schedules required under Annex 68-E of the Securities Regulation Code
- b. Reconciliation of retained earnings available for dividend declaration
- c. Map showing the relationship between and among related entities
- d. Schedule of Philippine Financial Reporting Standards and Interpretations as of December 31, 2012

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements, including the additional supplemental information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Bank in accordance with Philippine Standards on Auditing and, in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



TERESITA T. SY
Chairman of the Board



NESTOR V. TAN
President



PEDRO M. FLORESCIO III
Treasurer

Signed this 6th day of March 2013

SUBSCRIBED and SWORN to me before this 6th day of March, 2013 affiant exhibiting to me their Competent Evidence of Identity (CEI), as follows:

Name	CEI Number	Date & Place of Issue
1. Teresita T. Sy	Passport No. - EB0826424 CTC No. - 15870321	08.25.2010/Manila 02.08.2013/Manila
2. Nestor V. Tan	Passport No. - EB7352142 CTC No. - 10712990	03.21.2011/Manila 02.28.2013/Makati
3. Pedro M. Florescio III	Passport No. - EB 1502366 CTC No. - 01372088	12.03.2010/Manila 02.19.2013/Manila

WITNESS BY HAND AND SEAL on the day first above-mentioned in Makati City.

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Book No. III
Series of 2013

(Sgd.) Atty. Sandra Sheila R. Tuboro
Notary Public for Makati City, Philippines
until 31 December 2013
Appointment No. 14-333
19/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 54658
IBP Lifetime No. 010488, PPLM
PTR No. 3673329, 1/4/2013, Makati City
MCLE Compliance No. IV 14-0010217, 12/11/2012

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group		Parent Bank	
		2012	2011	2012	2011
R E S O U R C E S					
CASH AND OTHER CASH ITEMS	7	P 21,539	P 33,129	P 21,512	P 33,102
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	156,591	124,894	151,303	115,992
DUE FROM OTHER BANKS	8	12,645	24,719	11,488	22,777
TRADING AND INVESTMENT SECURITIES	9	237,294	188,418	218,322	171,081
LOANS AND OTHER RECEIVABLES - Net	10	760,500	673,927	746,299	653,857
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11	16,390	15,690	15,616	15,074
INVESTMENT PROPERTIES - Net	12	9,089	10,137	8,609	9,571
OTHER RESOURCES - Net	13	30,360	26,435	37,535	33,804
TOTAL RESOURCES		P 1,244,408	P 1,097,349	P 1,210,684	P 1,055,258
LIABILITIES AND EQUITY					
DEPOSIT LIABILITIES	15	P 931,641	P 858,569	P 919,794	P 838,748
BILLS PAYABLE	16	72,179	59,474	65,177	51,378
SUBORDINATED NOTES PAYABLE	17	28,180	38,255	28,180	38,255
OTHER LIABILITIES	18	55,156	44,089	49,120	37,294
Total Liabilities		1,087,156	1,000,387	1,062,271	965,675
EQUITY	19				
Attributable to:					
Shareholders of the Parent Bank		156,595	96,329	148,413	89,583
Non-controlling Interests		657	633	-	-
		157,252	96,962	148,413	89,583
TOTAL LIABILITIES AND EQUITY		P 1,244,408	P 1,097,349	P 1,210,684	P 1,055,258

See Notes to Financial Statements.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010 (Amounts in Millions of Philippine Pesos, Except Per Share Data)

Notes	BDO Unibank Group			Parent Bank		
	2012	2011	2010	2012	2011	2010
20	P 54,014	P 50,467	P 49,930	P 51,657	P 48,024	P 46,544
21	17,816	16,688	15,772	17,175	16,039	14,990
	36,198	33,779	34,158	34,482	31,985	31,554
14	4,941	6,144	6,698	4,850	5,945	6,374
	31,257	27,635	27,460	29,632	26,040	25,180
22	24,427	20,899	17,841	21,703	17,976	16,404
22	39,857	36,316	34,789	37,443	33,863	31,854
	15,827	12,218	10,512	13,892	10,153	9,730
27	1,485	1,630	1,631	1,036	1,199	1,297
	P 14,342	P 10,588	P 8,881	P 12,856	P 8,954	P 8,433
	P 14,283	P 10,531	P 8,825			
	59	57	56			
	P 14,342	P 10,588	P 8,881			
28	P 4.46	P 3.80	P 3.26	P 4.00	P 3.21	P 3.11
	P 4.46	P 3.80	P 3.26	P 4.00	P 3.21	P 3.11

See Notes to Financial Statements.

MANAGEMENT DIRECTORY

BOARD OF DIRECTORS

Chairman Emeritus

Henry Sy, Sr.

Chairperson

Teresita T. Sy

Vice Chairman

Jesus A. Jacinto, Jr.

President

Nestor V. Tan

Directors

Jones M. Castro, Jr.

Cheo Chai Hong

Farida Khambata

Teodoro B. Montecillo

Antonio C. Pacis

Henry T. Sy, Jr.

Josefina N. Tan

Jimmy T. Tang

Advisers

Christopher A. Bell-Knight

Corazon S. dela Paz - Bernardo

† Senen T. Mendiola

Jose T. Sio

Washington Z. SyCip

Corporate Secretary

Edmundo L. Tan

PRINCIPAL OFFICERS (BANK & SUBSIDIARIES)

As of December 31, 2012

Senior Executive Vice President

Antonio N. Cotoco

Walter C. Wassmer

Jaime C. Yu

Executive Vice President

Ador A. Abrogena

Stella L. Cabalatangan

Julie Y. Chua

Gerard Lee B. Co

Lucy C. Dy

Pedro M. Florescio III

Eduardo V. Francisco

Bienvenido M. Juat, Jr.

Ricardo V. Martin

Edmundo S. Soriano

Rolando C. Tanchanco

Dennis B. Velasquez

Evelyn L. Villanueva

Senior Vice President

Ursula A. Alano

Noel L. Andrada

Victor C. Arboleda

Melanie S. Belen

Gamalielh Ariel O. Benavides

Rafael G. Besa

Ma. Ophelia L. Camiña

Marilou L. Cesario

Arthur Vincent D. Chung

Angelita O. Cortez

Jonathan T. Cua

Ramon S. David

Ma. Lourdes T. De Vera

Montiel H. Delos Santos

Geronimo D. Diaz

Jonathan C. Diokno

Noel D. Dizon

Ismael G. Estela, Jr.

Marvin V. Fausto

Belinda C. Fernandez

Georgiana A. Gamboa

Jonathan C. Go
 Marilyn K. Go
 Lazaro Jerome C. Guevarra
 Enrico R. Hernandez
 Eleanor M. Hilado
 Jeanette S. Javellana
 Roberto E. Lapid
 Gabriel U. Lim
 Ruby G. Lim
 Mercedes M. Limson
 Manuel Z. Locsin, Jr.
 Emerenciana H. Luistro
 Ma. Corazon A. Mallillin
 Luis Enrique T. Mangosing
 Angelita C. Manulat
 Dalmacio D. Martin
 Jose Noel M. Mendoza
 Ramon T. Militar
 Aurea Imelda S. Montejo
 Emmanuel T. Narciso
 Jaime M. Nasol
 Annie H. Ngo
 Estrellita V. Ong
 Martin B. Ordoñez
 Maria Rhoda B. Orsolino
 Jose Alfredo G. Pascual
 Antonio O. Peña
 Domingo A. Ramos, Jr.
 Maria Nannette R. Regala
 Luis S. Reyes, Jr.
 Evelyn C. Salagubang
 Shirley M. Sangalang
 Evelyne C. Sison
 Erlaster C. Sotto
 Noel B. Sugay
 Robert W. Sy
 Edwin R. Tajanlangit
 Arthur L. Tan
 Lorna A. Tan
 Maria Theresa L. Tan
 Reynaldo A. Tanjangco, Jr.
 Rebecca S. Torres
 Edel Mary D. Vegamora
 Rosola A. Vivas
 Edward G. Wenceslao
 Ma. Teresita Susana L. Yap

First Vice President

Jocelyn D. Agas
 Gerard M. Aguirre
 Milagros R. Alindogan
 Apollo R. Alquiza
 Maria Carina S. Antonio
 Felina M. Arellano
 Corinne G. Astillero
 Onofre D. Avellanosa
 Maria Cecilia M. Avila
 Pedro C. Bautista, Jr.
 Wilma N. Berioso
 Manuel Patricio J. Bondad
 Rolino C. Bucayo, Jr.
 Aurora M. Castro
 Regina G. Caynap
 Susie S. Cham
 Joseph C. Chua
 Ruby A. Chua
 Edna Christine P. Cruz
 Ma. Lucila C. Cruz
 Lolita L. Damasco
 Cesario C. Dayego
 Lamberto B. Del Fonso, Jr.
 Ma. Victoria F. Dela Cruz
 Rolando L. Dillague
 Crispin G. Domingo
 Ma. Fe H. Dy
 Rolando A. Embrador
 Gwyneth M. Entao
 Paul A. Evora III
 Lourdes Blanquita B. Falcon
 Bernard M. Florencio
 Alexander G. Francisco
 Maria Elisa A. Franco
 Expedito G. Garcia, Jr.
 Geneva T. Gloria
 Judy L. Go
 Sonia Maribel D. Go
 Yolanda M. Go
 Renato S. Gongora
 Myrienne Joan D. Gonzales
 Lily C. Huang
 Lilian T. Khu
 Ma. Cecilia G. Lantin
 Benjamin A. Larin, Jr.

Geraldine C. Liggayu
 Juan Sabino P. Lizares
 Joseph Rhoderick B. Lledo
 Peter S. Lo, Jr.
 Gertrudes J. Lumain
 Maria Pia L. Maceda
 Francis Jay T. Magboo
 Jose Paolo Enrique A. Magpale
 Roy Allan V. Magturo
 Ronald M. Manalastas
 Jesus A. Mañego, Jr.
 Edgardo R. Marcelo, Jr.
 Thelma D. Mazo
 Proceso Z. Mendoza, Jr.
 Tomas Victor A. Mendoza
 Wilhelmino R. Mendoza
 Anthony R. Milan
 Edelwina Victoria E. Millan
 Merceditas P. Montesclaros
 Cristina G. Ngo
 Felicitas C. Nonato
 Renato G. Oñate
 Larry G. Ong
 Susan C. Ong
 Ma Bella C. Paguiligan
 Aurora Zita G. Panopio
 Clarissa M. Peñalosa
 Yolanda A. Pilapil
 Rita Y. Poa
 Jonathan L. Ravelas
 Rogel A. Raya
 Susan Audrey P. Rivera
 Luisito S. Salazar
 Emily D. Samoy
 Bennett Clarence D. Santiago
 Agnes B. Santos
 Cerwina Elenore A. Santos
 Joel Jovencio E. Sarreal
 Salvador R. Serrano
 Gregorio C. Severino
 Ma. Theresa S. Simbul
 Teresita C. Siy
 Mary Lou D. Son Keng Po
 Virginia N. Sy
 Angelita C. Tad-Y
 Antonio U. Tan

Divina N. Tan
 Judy C. Tan
 Marites L. Tan
 Richard R. Tan
 Federico P. Tancongco
 Edna R. Tarroza
 Alice O. Teh
 Aniana A. Timbre
 Ma. Mercedes P. Tioseco
 Don Elecci B. Torno
 Agnes C. Tuason
 Wendeline Therese M. Tumolva
 Arlene Marie H. Uson
 Maria Dolores C. Uyliapco
 Noemi T. Villanueva
 Joy T. Yap
 Margaret L. Yu

Vice President

Donabel R. Aala
 Jeffrey R. Abacan
 Fitzgerald L. Aclan
 Ana Marie R. Acuña
 Edna Co Agajan
 Peter Blair S. Agustin
 Regina Flor V. Alba
 Melissa A. Alcantara
 Dulce Amor E. Alimbuyuguen
 Rosalisa K. Alindahao
 Carlos S. Alindogan
 Susan G. Almendral
 Jose Virgilio O. Alvarez
 Mary Ann A. Ambrosio
 Jose Joel S. Andres
 Leticia L. Ang Ley
 Maria Agnes R. Aragon
 Susan Marie J. Atienza
 Ferdinand C. Bacungan
 Janet B. Bagnes
 Olivia A. Barcarse
 Jose Luis F. Bautista
 Marites A. Bautista
 Joel Z. Belardo
 Jimmy A. Belarmino
 Mary Jean T. Borbe
 Lelisa R. Bouazzi

Maria Eleanor B. Briones
 Ma. Eloisa S. Britanico
 Conrado Vi T. Buenaventura
 Julius O. Buendia
 Benilda G. Cabardo
 Barbara P. Cabo
 Mary Grace R. Caguioa
 Michael R. Cahigas
 Jose Rene C. Carlos
 Rodolfo M. Carlos, Jr.
 Abigail Marie D. Casanova
 Ma. Fatima C. Catambacan
 Edmund S. Chan
 Robic S. Chavez
 Eugenio D. Chua
 Helen T. Chua
 Leticia T. Chua
 Milagros K. Chua
 Peter T. Chua
 Salva Fe S. Cirilos
 Luisa J. Co
 Ma. Cristina Barbara V.
 Concepcion
 Rita V. Coronel
 Rosario C. Crisostomo
 Antonio M. Cruz
 Prescilla J. Cruz
 Iris Susan F. De Guzman
 Vicente A. De Ocampo III
 Ma. Cecilia B. De Paz
 Priscilla R. De Villa
 Maria Teresita R. Dean
 Ma. Dina B. Desembrana
 Albert Dizon
 Cezar G. Domingo
 George R. Dosado
 Angela Veronica M. Dulalia
 Armina C. Empeño
 Rolando C. Eriga
 Joel M. Escala
 Florencia Ma. Carina P. Esguerra
 Elizabeth G. Estrada
 Marirose A. Fernando
 Patricia L. Forbes
 Michael J. Francisco
 Cheryl B. Gaviño

Marcelita I. Geollegue
 Florish M. Gianan
 Genevieve W. Go
 Mary Josephine J. Hyndman
 Mary Jean A. Ibuna
 Marietta M. Jamilla
 Marichu Daisy S. Jimenea
 Emma M. Lacsamana
 Ernesto L. Ladrido IV
 Charlie K. Lam
 Ma. Remedios B. Lapuz
 Rafael Martin C. Lara
 Grace G. Lastimosa
 Avelino F. Lazona, Jr.
 Lilian Leslie T. Lim
 Normita D. Lising
 Alberto V. Lizares
 John Emmanuel M. Lizares
 Margarita Y. Locsin
 Mary Grace O. Lojo
 Ma. Dolores P. Magsalin
 Maria Lourdes S. Maraingan
 Rosano B. Marpuri
 Ma. Clotilde G. Medalla
 Ariel T. Melo
 Gaudencio F. Mendoza
 Angelina M. Mukhi
 Francis Jay F. Nacino
 Christina T. Nakanishi
 Cynthia T. Nopia
 Sophia O. Ong
 Emily T. Oquias
 Arnaldo Emerito E. Palad
 Romeo G. Pangan
 Carla Sherrylyn C. Papa
 Rommel L. Parong
 Eva M. Paz
 Juvencio L. Pereche, Jr.
 Cyrus M. Polloso
 Maria Teresa (Marisa) M. Quiogue
 Edlyn L. Quiroz
 Eduardo C. Ramos
 Gilbert P. Ramos
 Raoul L. Reniedo
 Evangeline P. Reyes
 Ma. Ana Elena R. Reyes

Myra A. Reyes
Pamela Ann S. Reyes
Ma. Elena I. Rigor
Anthony B. Rivera
Edna T. Rogando
Antonio D. Rona
Victorina S. Ros
Ma. Theresa F. Rosales
Lily T. Roxas
Cynthia Sadang
Maria Carolina T. Santana
Arsenia S. Santos
Bernard Q. Santos
Jennifer B. Santos
Ma. Cecilia S. Santos
Rolando S. Santos
Stephen O. Santos
Roberto P. Sarile
Rafael O. Simpao III
Jennifer F. So
Philip L. So
Ma. Corazon H. Socorro
Ma. Theresa M. Soriano
Catherine C. Tan
Steven C. Te
Ma Rosita J. Tinio
Robert John R. Tolentino
Ma. Ramona T. Torres
Zenaida A. Triunfante
Sharon Mae S. Vicente
Mary Lou B. Villarba
Francisco B. Vista, Jr.
Eleanor D. Wee
Adora A. Yanga
Dandy T. Yap
Joel T. Yee
Alice C. Yu
Beatriz Y. Zalazar

PRODUCTS AND SERVICES

BRANCH BANKING

DEPOSITS

Peso Checking Account
Peso Savings Account
Peso Time Deposit

FOREIGN CURRENCY

US\$ Savings Account
US\$ Time Deposit
Third Currency Time Deposit
Safe Deposit Box

BUSINESS BANKING

COMMERCIAL LOANS AND OTHER SERVICES

Revolving Credit Line
Term Loan
Discounting Facility
Trade Finance
Documentary Collection

CONSUMER LOANS AND SERVICES

Auto Loans
Home Loans
Credit Cards
Merchant Acquiring

TREASURY DEALERSHIP AND BROKERING SERVICES

Fixed Income Brokering Services
Foreign Exchange

- Spot/Purchases
- Forwards
- Swaps

INVESTMENT BANKING

Equity and Quasi-Equity Financing
Fixed Income Financing
Financial Advisory Services
Stock Brokerage

TRANSACTION BANKING

Cash Management Services
Electronic Banking
Prepaid Cards

ASSET MANAGEMENT

Property Leasing
Property Sales

TRUST AND INVESTMENTS

Unit Investment Trust Funds -
Peso/Dollar
Customized Portfolio Management
Special Trust Agency
and Custody Services

BDO PRIVATE BANK

Wealth Advisory
Estate Planning
Trust Agency and Special Trust

BDO INSURANCE BROKERS, INC.

Property and Casualty
Insurance Brokerage

BDO LEASING AND FINANCE, INC.

Finance Leases
Operating Leases
Floor Stock Financing

BDO REMIT

OFW Remittances

**BDO GROUP
OF COMPANIES**
**PHILIPPINE SUBSIDIARIES
AND AFFILIATES**
Armstrong Securities, Inc.

20th Floor, South Tower,
BDO Corporate Center,
7899 Makati Avenue, Makati City
878-4043

**BDO Capital & Investment
Corporation**

20th Floor, South Tower,
BDO Corporate Center,
7899 Makati Avenue
Makati City
878-4155 / 878-4125

**BDO Elite Savings Bank, Inc.
(formerly GE Money Bank, Inc.)**

14th Floor, Net Cube Bldg.,
30th Street corner 3rd Avenue
Crescent Park West,
Bonifacio Global City
840-7000

BDO Insurance Brokers, Inc.
22nd Floor, Pacific Star Building,
Senator Gil Puyat Ave. Corner
Makati Ave., Makati City
846-7008 / 702-6000

**BDO Leasing and Finance, Inc.
(formerly PCI Leasing and
Finance, Inc.)**

BDO Leasing Centre,
Corinthian Gardens, Ortigas Ave.
Quezon City
635-6416

BDO Private Bank, Inc.
Mezzanine & 2nd Floor,
BDO Equitable Tower
8751 Paseo De Roxas
Makati City 1226
848-6300

BDO Rental, Inc.

2nd Floor, BDO Leasing Centre,
Corinthian Gardens, Ortigas Ave.,
Quezon City
635-6416 local 209

BDO Securities Corporation

20th Floor, South Tower,
BDO Corporate Center,
7899 Makati Avenue, Makati City
878-6386 / 878-4070

**BDO Strategic Holdings Inc.
(formerly EBC Investments, Inc.
or EBCII)**

BDO Building, Paseo De Roxas
corner Sen. Gil Puyat Avenues,
Makati City
840-4396

Equipark-NFC Development Corp.

Rm. 603, EBC Bldg.
262 Juan Luna St.,
Binondo, Manila
878-4395

**Generali Pilipinas
Holdings Company, Inc.**

5th Floor, Gercon Plaza Building
7901 Makati Avenue, Makati City
Philippines 1227
885-4100

Manila North Tollways Corp.

Km. 12 Balintawak Toll Plaza East
Libis Baesa, Quezon City
479-3000

MDB Land, Inc

Units 903 & 904,
139 Corporate Center
139 Valero Street,
Salcedo Village, Makati City
840-7000 loc. 31111

NorthPine Land, Inc.

Units 1505-1508, 15th Floor,
The Taipan Place, F. Ortigas Jr. Road,
Ortigas Center, Pasig City
637-1531

PCI Insurance Brokers, Inc.

BDO Corporate Center
7899 Makati Avenue, Makati City
840-7000

PCIB Securities, Inc.

20th Floor, South Tower,
BDO Corporate Center,
7899 Makati Avenue, Makati City
878-4560

SM Keppel Land, Inc.

Units 2203-2204,
Raffles Corporate Center,
F. Ortigas Road, Ortigas Center,
Pasig City
637-5184, 570-9832

Taal Land, Inc.

12th Floor, PSBank Center,
777 Paseo De Roxas Avenue,
Makati City
898-8890

**FOREIGN SUBSIDIARIES
AND AFFILIATES****BDORO Europe Ltd.**

5th Floor, 6 St. Andrew Street,
London, EC4A 3AE,
United Kingdom
(0207) 495-2434

**REMITTANCE
SUBSIDIARY OFFICES****ASIA****BDO Remit Limited**

Shop 219, 2/F Worldwide Plaza
19 Des Voeux Rd., Central,
Hong Kong
(00852) 2537-7148 / 2530-2236

**Express Padala
(Hong Kong) Limited**

Shop 231-232 & 237,
2/F Worldwide Plaza
19 Des Voeux Rd., Central,
Hong Kong
(00852) 2525-5629 / 2525-4268
2525-7160 / 2877-3776

**Express Padala
(Hong Kong) Limited**

Shop 159, G/F Lik Sang Plaza
269 Castle Peak Road, Tsuen Wan
New Territories, Hong Kong
(00852) 2412-0399

BDO Remit (Macau) Limited

Avenida de D. Joao IV
No. 6B Edificio China Plaza,
R/C (U) Macau, SAR
(00853) 28373324 / 28374385

BDO Remit (Macau) Limited

Avenida de D. Joao IV
No. 6A Edificio China Plaza,
R/C (V) Macau, SAR
(00853) 28714039

EUROPE**Express Padala Frankfurt GmbH**

Grosse Friedberger Strasse 6
60313 Frankfurt, am Main,
Germany
(004969) 720-07010 to 13

USA**BDO Remit (USA), Inc.**

1559 East Amar Road, Suite U
West Covina, California 91792
(001800) 472-3252
001 (626) 363-9806

BDO Remit (USA), Inc.

215 South Vermont Avenue
Los Angeles, California 90004
(001800) 372-3252
001 (213) 229-4404

BDO Remit (USA), Inc.

5845 North Clark Street
Chicago, Illinois 60660
(001733) 271-7380 / 271-7382

BDO Remit (USA), Inc.

4830 Mission Street, Suite 101
San Francisco, California 94112
001 (415) 5879491 to 97

**BDO GROUP
OF COMPANIES**
REPRESENTATIVE OFFICES**FRANCE**

Banco De Oro Unibank, Inc.
- Paris Representative Office
86 Rue de la Pompe,
75016 Paris, France
(00331) 5375-1142

ISRAEL

**Banco De Oro Remit
(Israel) Limited**
4/F Shop 4412 New Tachana
Merkazit, 108 Levinsky St.,
Tel Aviv, 66052 Israel
00972 3 6390163
00972 3 5379294

SINGAPORE

BDO Unibank, Inc.
(Singapore Representative Office)
27-63 One Raffles Place
Office Tower 2 04816, Singapore
+65 6493 6236

TAIWAN

Banco De Oro Unibank, Inc.
Taipei Representative Office
Unit D, 3/F No. 132/134,
Sec 03 Minsheng East Rd.
Songhan District Taipei, Taiwan
(00886) 2545-6887

DESK OFFICES**BAHRAIN**

Dalil Exchange
PO Box 20404, Gov't Rd.
Manama Kingdom of Bahrain
009733-9479981
009317-223464

KUWAIT

Al Muzaini Exchange
PO Box 2156, Safat 13022, Kuwait
00965-2418517
00965-1888818 ext. 206
00965-22902206

Etemadco Exchange

Souk Al-Watiya,
#95 Near Adidas, Maliya, Kuwait
00965-67067039
00965-67749319

OMAN

Al Jadeed Exchange
PO Box 3705, P.C. 112,
Sultanate of Oman
00968-92578862
00968-24789035

QATAR

Gulf Exchange
PO Box 4847 Doha, Qatar
00974-33606298
00974-33606299

SAUDI ARABIA

Al Rajhi Banking - Al Khobar
PO Box 1362,
Alkhobar 31952, KSA
00966-502863556

Al Rajhi Banking – Buraidah

Tahweel Al Rajhi Buraidah,
Al Qassim, KSA
00966-509096758

Al Rajhi Banking – Jeddah

Tahweel Al-Rajhi Jeddah,
Queen’s Bldg.
Balad, Jeddah, KSA
00966-509191495

Al Rajhi Banking – Riyadh

PO Box 22022,
Riyadh 11495, KSA
00966-504417063
00966-563420906

Al Zamil Exchange

PO Box 83, King Saud St. Cor.
Cross A, Al Khobar 31952, KSA
00966-551674802
00966-5034765119

**Arab National Bank
- Telemoney Al Khobar**

Al Khobar Telemoney Center
King Faisal Street corner
1st Crossing, KSA
+966546607298

**Arab National Bank
- Telemoney Aqaria**

Ground Floor, Al Akaria Mall
Mousa Bin Nousair Street,
Olaya, Riyadh, KSA
+966541639099

**Arab National Bank
- Telemoney Batha**

2/F Telemoney Batha Center
Batha Area, Riyadh, KSA
+966543307405

**Arab National Bank
- Telemoney Jeddah**

Telemoney Balad Center,
Aswaq Building, Corniche,
Balad District, Jeddah, KSA
+966565360451

Bank Al Bilad

Enjaz Remittance Center Branch 153
Batha, Riyadh, KSA
00966-568253093
00966-556463006

Bank Al Bilad

Enjaz Remittance Center Branch
Al Balad, Jeddah, KSA
00966556463006

UNITED ARAB EMIRATES**Al Ansari Exchange**

PO Box 325 Liwa St.,
Heirs of Ameen Mohamed Baker
Khoory Bldg., Abu Dhabi, UAE
00915-06216088
009710-2622788

Al Ghurair Exchange (UAE)

401 & 402, 4/F Acico Business Park,
Port Saeed (Plot No. 129-392),
Sheikh Rashid Rd., Dubai, UAE
0097142535600

UAE Exchange Center

PO Box 170, Level 02,
Al Sayegh Centre
Hamdan St., Abu Dhabi, UAE
009715-07650473
009715-02460206
009715-06216088

COMPANY HEADQUARTERS

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue,
Makati City 0726, Philippines

STOCKHOLDER INQUIRIES

BDO Unibank, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "BDO".

Inquiries regarding the dividend payments, account status, address changes, stock certificates, and other pertinent matters should be addressed to the company's transfer agent:

Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Pacific Tower
6784 Ayala Ave., Makati City, 1200 Philippines
Tel. (+632) 403-2410 to 12
Fax (+632) 403-2414

The Bank will provide without a charge a copy of the 2012 Annual Report Financial Statements to its stockholders upon receipt of a written request addressed to the **Corporate Secretary**
14th Floor, South Tower, BDO Corporate Center
7899 Makati Avenue, Makati City 0726, Philippines.

INVESTOR INQUIRIES

BDO Unibank, Inc. welcomes inquiries from analysts, investors and the financial community.

Please visit www.bdo.com.ph or contact
BDO Investor Relations & Corporate Planning
4th Floor, South Tower, BDO Corporate Center
7899 Makati Avenue, Makati City 0726, Philippines
Tel. (+632) 840-7000 local 6069 or 4809
Email: irandcorplan@bdo.com.ph

For the complete listing of BDO branches and ATM locations, please refer to the Bank's official website, www.bdo.com.ph.