

COVER SHEET

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

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

(COMPANY'S FULL NAME)
B D O C O R P O R A T E C E N T E R , 7 8 9 9
M A K A T I A V E N U E , M A K A T I C I T Y
(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

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

0 9 3 0
Month Day
S E C 1 7 - Q
Form Type
Every last Friday of the month of May
Annual Meeting

Secondary License type, if applicable

C F D
Dept. Requiring this Doc.

Amended Articles Number/Section

12,669
Total No.of Stockholders
Total Amount of Borrowings
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended September 30, 2017.
2. Commission identification number 34001 3. BIR Tax Identification No. 000-708-174-000

BDO UNIBANK, INC.

4. Exact name of issuer as specified in its charter

Makati City, Philippines

5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code (For SEC Use Only)

BDO Corporate Center, 7899 Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

856-7434/840-7000 LOC 4575

8. Issuer's Telephone number, including area code

NA

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Section 8 and 12 of the Code of Section 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding	Amount of Debt Outstanding
Common stock	4,368,607,274	

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

Yes ☒ No. ☐

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

12. Indicate by check mark whether the registrant:

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

Yes ☒ No. ☐

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

Yes ☒ No. ☐

SEC FORM 17-Q

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

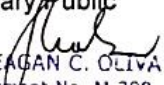

LUCY CO DY (EVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION)

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

SUBSCRIBED AND SWORN TO before me this OCT 30 2017 day of October,

2017, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	SSS No. – 03-4074342-5 CTC – 25058770	Quezon City 02.14.2017/Makati City

Notary Public

Atty. REAGAN C. OLIVA
Appointment No. M-288
Notary Public until 31 December 2018
14/F North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 43988
IBP No. 1055695, 01/03/2017, Quezon City
PTR No. 5908976, 01/03/2017, Makati City
MCLE Compliance No. V-0013857, 02/04/2016

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

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

SIGNATURES

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

Issuer..... BDO UNIBANK, INC.

Signature and Title.....

LUCY CO DY
EVP/COMPTROLLER

Date..... October 30, 2017

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

Signature and Title.....

EVP/COMPTROLLER

Date..... October 30, 2017

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

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

	As of September 30, 2017	Audited As of December 31, 2016
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 32,702	P 40,909
DUE FROM BANGKO SENTRAL NG PILIPINAS	382,138	318,002
DUE FROM OTHER BANKS	46,172	41,794
INVESTMENT SECURITIES		
At Fair Value Through Profit or Loss	14,683	14,024
Available-for-Sale – net	120,268	108,132
Held-to-Maturity – net	195,835	146,886
LOANS AND OTHER RECEIVABLES—net	1,745,759	1,573,924
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net	27,380	26,912
INVESTMENT PROPERTIES	15,536	15,188
EQUITY INVESTMENTS – net	4,654	4,410
DEFERRED TAX ASSETS	6,304	6,334
OTHER RESOURCES - net	28,455	28,443
TOTAL RESOURCES	P <u>2,619,886</u>	P <u>2,324,958</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES	P	P
Demand	122,788	114,284
Savings	1,400,869	1,267,983
Time	566,755	522,937
Total Deposit Liabilities	2,090,412	1,905,204
BILLS PAYABLE	123,701	100,556
SUBORDINATED NOTES PAYABLE	10,030	10,030
INSURANCE CONTRACT LIABILITIES	25,662	20,548
OTHER LIABILITIES	75,375	71,085
Total Liabilities	2,325,180	2,107,423
<u>EQUITY</u>		
Attributable to Shareholders of the Parent Company	294,007	216,792
Minority Interest	699	743
Total Equity	294,706	217,535
TOTAL LIABILITIES AND EQUITY	P <u>2,619,886</u>	P <u>2,324,958</u>
<u>CONTINGENT</u>		
Trust department accounts	P 1,033,563	P 1,029,113
Unused commercial letters of credit	52,080	48,108
Outstanding guarantees issued	13,732	33,891
Export L/Cs Confirmed	3,103	1,552
Bills for collection	6,996	5,090
Late deposits/payment received	3,374	2,584
Spot Exchange Bought	14,930	5,182
Spot Exchange Sold	23,450	13,224
Forward Exchange Bought	127,286	80,419
Forward Exchange Sold	136,751	89,028
Interest Rate Swap Receivable	15,563	19,699
Interest Rate Swap Payable	15,563	19,699
Other Contingent Accounts	302,220	238,655
TOTAL CONTINGENT ACCOUNTS	P <u>1,748,611</u>	P <u>1,586,244</u>

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

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

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

	For the nine-month Period ended September 30, 2017	For the nine-month Period ended September 30, 2016	For the Quarter ending September 30, 2017	For the Quarter ending September 30, 2016
INTEREST INCOME ON				
Loans and Receivables	P 64,117	P 54,015	P 22,793	P 18,446
Investment Securities	7,134	6,097	2,527	2,071
Due from Other Banks	1,411	564	492	225
Others	174	19	7	7
Total Interest Income	72,836	60,695	25,819	20,749
INTEREST EXPENSE ON				
Deposit liabilities	10,891	10,124	3,928	3,382
Bills Payable and Others	2,166	2,122	728	654
Total Interest Expense	13,057	12,246	4,656	4,036
NET INTEREST INCOME	59,779	48,449	21,163	16,713
IMPAIRMENT LOSSES	4,395	2,733	1,489	826
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	55,384	45,716	19,674	15,887
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	18,413	13,655	6,106	4,549
Trading Gain – net	700	2,452	(85)	149
Trust Fees	2,413	2,314	819	777
Foreign Exchange Gain/(Loss) – net	2,622	2,022	854	1,079
Insurance Premiums	7,179	6,041	2,614	2,123
Miscellaneous – net	3,454	5,347	1,257	975
Total Other Operating Income	34,781	31,831	11,565	9,652
OTHER OPERATING EXPENSES				
Employee Benefits	18,533	16,655	6,211	5,588
Occupancy	6,308	5,643	2,093	1,916
Taxes and licenses	6,245	5,323	2,303	1,746
Security, Clerical, Messengerial and Janitorial	2,421	2,164	827	737
Insurance	3,084	2,821	1,051	980
Advertising	2,598	2,341	878	758
Litigation/Assets Acquired	337	275	131	121
Policy Reserves	4,489	3,404	1,406	1,095
Insurance Benefits and Claims	1,267	1,057	452	354
Miscellaneous	18,308	13,143	6,339	4,573
Total Other Operating Expenses	63,590	52,826	21,691	17,868
NET INCOME BEFORE PRE-ACQUISITION	26,575	24,721	9,548	7,671
Pre-acquisition Income	0	(391)	0	0
NET INCOME BEFORE INCOME TAX	26,575	24,330	9,548	7,671
TAX EXPENSE (INCOME)	6,189	5,009	2,443	1,598
NET INCOME AFTER TAX	P 20,386	P 19,321	P 7,105	P 6,073
ATTRIBUTABLE TO:				
Equity holders of the parent	P 20,353	P 19,307	P 7,082	P 6,076
Minority Interest	33	14	23	(3)
	P 20,386	P 19,321	P 7,105	P 6,073
AVERAGE COMMON STOCK	4,305	3,804	4,305	3,804
INCOME PER SHARE (See annex A)				
Basic	4.65	4.99	1.65	1.60
Diluted	4.65	4.99	1.63	1.58

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

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

STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions of Pesos)

	For the nine-month period ending September 30, 2017	For the nine-month period ending September 30, 2016
NET PROFIT	20,386	19,321
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	1,291	(319)
Translation adjustment related to foreign operations	2	127
Other Comprehensive Income, net of tax	1,293	(192)
Items that will not be reclassified to profit or loss:		
Reversal of revaluation increment		
Actuarial gains (losses) on remeasurement of retirement benefit asset, net of tax	(131)	0
	(131)	0
Share in other comprehensive income (loss) of associates accounted for under equity method	(4)	89
Total Other Comprehensive Income, Net of Tax	1,158	(103)
TOTAL COMPREHENSIVE INCOME(LOSS)	21,544	19,218
Attributable To:		
Shareholders of the Parent Bank	21,539	19,194
Non-controlling Interest	5	24
	21,544	19,218

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

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

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid- in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain(Losses) on Available-for-sale Securities	Accumulated Actuarial Gains/(Losses)	Revaluation Increment	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income(Loss) of Associates	Total Attributable to Shareholders of the Parent Bank	Non- Controlling Interest	Total Equity
Balance at January, 2017	P 36,500	P 5,150	P 70,127	P 2,972	P 12	P 109,216	(P 3,919)	(P 4,259)	P 1,008	(P 13)	(P 2)	P 216,792	P 743	P 217,535
Transactions with owners														
Issuance of primary shares	22		95									117		117
Stock rights offer	7,164		52,662									59,826		59,826
Cash Dividend						(4,271)						(4,271)	(50)	(4,321)
Total transactions with owners	7,186	0	52,757	0	0	(4,271)	0	0	0	0	0	55,672	(50)	55,622
Total comprehensive income						20,353	1,318	(130)		2	(4)	21,539	5	21,544
Transfer to/(from) Surplus Free														
Trust reserves				66		(66)						0		0
Self Insurance				50		(50)						0		0
Additional appropriation				5		(5)						0		0
	0	0	0	121	0	(121)	0	0	0	0	0	0	0	0
Other Adjustments														
Change in ownership interest in subsidiaries					(1)							(1)	1	0
Effect of Reverse Merger						5						5		5
	0	0	0	0	(1)	5	0	0	0	0	0	4	1	5
Balance at September 30, 2017	P 43,686	P 5,150	P 122,884	P 3,093	P 11	P 125,182	(P 2,601)	(P 4,389)	P 1,008	(P 11)	(P 6)	P 294,007	P 699	P 294,706
Balance at January, 2016	P 36,453	P 5,150	P 69,936	P 2,696	P 12	P 88,118	(P 622)	(P 3,614)	P 1,008	(P 60)	(P 87)	P 198,990	P 623	P 199,613
Transactions with owners														
Issuance of primary shares	32		128									160		160
Cash Dividends						(3,620)						(3,620)	(50)	(3,670)
Total transactions with owners	32	0	128	0	0	(3,620)	0	0	0	0	0	(3,460)	(50)	(3,510)
Total comprehensive income						19,307	(334)	0		132	89	19,194	24	19,218
Transfer to/(from) Surplus Free														
Trust reserve				58		(58)						0		0
Self Insurance				20		(20)						0		0
	0	0	0	78	0	(78)	0	0	0	0	0	0	0	0
Other Adjustments														
Change in ownership interest in subsidiaries												0	114	114
	0	0	0	0	0	0	0	0	0	0	0	0	114	114
Balance at September 30, 2016	P 36,485	P 5,150	P 70,064	P 2,774	P 12	P 103,727	(P 956)	(P 3,614)	P 1,008	P 72	P 2	P 214,724	P 711	P 215,435

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,575	24,330
Adjustments for:		
Interest income	(72,836)	(60,695)
Interest received	71,266	60,349
Interest expense	13,057	12,246
Interest paid	(12,784)	(12,207)
Impairment losses	4,395	2,733
Depreciation and amortization	3,920	3,489
Gain on acquisition of a subsidiary	0	(2,148)
Share in (profit)loss of associates	(477)	(371)
Fair value loss (gain)	(329)	385
Operating profit before changes in operating resources and liabilities	32,787	28,111
Decrease (increase) in financial assets at fair value through profit or loss	(478)	(1,155)
Decrease (increase) in loans and other receivables	(165,511)	(143,306)
Decrease (increase) in investment properties	(804)	(904)
Decrease (increase) in other resources	(6,229)	888
Increase (decrease) in deposit liabilities	184,691	152,295
Increase (decrease) in insurance contract liabilities	5,114	1,318
Increase (decrease) in other liabilities	9,858	9,276
Cash generated from (used in) operations	59,428	46,523
Cash paid for income tax	(6,471)	(5,049)
Net Cash From (Used in) Operating Activities	52,957	41,474
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(3,340)	(3,900)
Proceeds from disposals of premises, furniture, fixture and equipment	64	46
Acquisition of held-to-maturity investments	(95,893)	(44,669)
Maturities of held-to-maturity investments	47,374	12,694
Proceeds from disposal of available-for-sale securities	37,913	77,057
Acquisition of available-for-sale securities	(48,590)	(71,079)
Payment for acquisition of a new subsidiary, net of cash acquired	0	(1,385)
Net Cash From (Used in) Investing Activities	(62,472)	(31,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	117	160
Net proceeds from issuance of Stock Rights	59,826	0
Net proceeds from(payment of) bills payable	2,386	(5,351)
Net proceeds from(payment of) issuance of senior notes payable	20,860	(13,805)
Dividends paid	(4,321)	(3,670)
Net Cash From (Used in) Financing Activities	78,868	(22,666)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	69,353	(12,428)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	40,909	42,729
Due from Bangko Sentral ng Pilipinas	318,002	271,808
Due from other banks	41,794	24,837
SPURRA	14,302	69,490
FCNC	3,338	3,244
	418,345	412,108
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	32,702	27,820
Due from Bangko Sentral ng Pilipinas	382,138	313,627
Due from other banks	46,172	31,550
Interbank Call Loans	1,700	0
SPURRA	22,203	24,264
FCNC	2,783	2,419
	487,698	399,680

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of September 30, 2017
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS		Current		90 DAYS OR LESS		91 - 180 DAYS		OVER 181 DAYS		TOTAL
A. INTERBANK TERM LOANS RECEIVABLES	P	75,062	P	0	P	0	P	0	P	75,062
B. LOANS AND RECEIVABLES	P	1,673,647	P	4,551	P	3,211	P	16,981	P	1,698,390
Loans & Discounts		1,468,870		3,523		2,196		12,559		1,487,148
Agri - Agra Loans		62,157		170		7		136		62,470
Bills Purchased		9,899		0		0		26		9,925
Customers Liability on Draft under LC/TR		43,768		0		0		592		44,360
Customers Liability for this Bank's Acceptances		3,947		0		0		0		3,947
Credit Card Receivables		50,401		748		889		1,147		53,185
Restructured Loans		52		6		1		1,232		1,291
Other Loans & Receivables		9,288		104		118		1,119		10,629
Reverse Repurchase Agreement		22,203		0		0		0		22,203
Unquoted Debt Securities Classified as Loans		3,062		0		0		170		3,232
C. ACCOUNTS RECEIVABLE	P	2,643	P	864	P	380	P	1,244	P	5,131
TOTAL	P	1,751,352	P	5,415	P	3,591	P	18,225	P	1,778,583

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

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

NO. OF SHARES – COMMON As of September	2017		2016	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,808	434	3,803	430
February	4,367	447	3,803	403
March	4,367	496	3,803	430
April	4,367	480	3,803	416
May	4,367	496	3,803	430
June	4,368	480	3,805	417
July	4,368	496	3,805	430
August	4,368	496	3,806	431
September	4,369	480	3,806	417
Weighted Average		<u>4,305</u>		<u>3,804</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		20,353		19,307
Less: Dividends on preferred shares		<u>340</u>		<u>339</u>
Net profit available to common shares		<u>20,013</u>		<u>18,968</u>
Divided by the weighted average number of outstanding common shares		<u>4,305</u>		<u>3,804</u>
Basic Earnings per share		<u>4.65</u>		<u>4.99</u>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		20,013		18,968
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		4,305		3,804
Potential common shares from assumed conversion of preferred shares		<u>0</u>		<u>0</u>
Potential common shares from assumed conversion of stock option plan		<u>0</u>		<u>0</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares		<u>4,305</u>		<u>3,804</u>
Diluted Earnings Per Share		<u>4.65</u>		<u>4.99</u>

Note:

**Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2017 and 2016.*

CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIBANK, INC.

For the nine months ended: September 30, 2017

FINANCIAL INFORMATION

6. Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles.

The Bank's interim financial statements are in compliance with Philippine Financial Reporting Standards.

With the issuance of BSP Circular No. 912 dated May 27, 2016 citing the Mandatory Implementation Date and Closure of Early Adoption Window of Philippine Financial Reporting Standards 9 Financial Instrument, the Bank no longer conducted an impact evaluation study on the early adoption of PFRS 9 on the second quarter of 2016. The Bank will adopt the full provisions of PFRS 9 Financial Instruments on its mandatory effectivity date of January 1, 2018.

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

Effective January 1, 2016, PAS 27 (Amendments), Separate Financial Statements - Equity Method in Separate Financial Statements, provides a third option which permits an entity to account for its investment in subsidiaries, associates and joint ventures under equity method in its separate financial statements in addition to the current option of accounting those investments at cost or at fair value in accordance with PAS 39. Accordingly, the Parent Bank changed its accounting policy in accounting for its investments in subsidiaries and associates from cost method to equity method in its separate financial statements in accordance with PAS 27. This is also in compliance with the mandatory requirement of BSP, through its Circular No. 915, Guidelines on Sound Credit Risk Management Practices; Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions, for banks and non-bank financial institutions to measure its equity investments using equity method in its separate financial statements.

The change in its accounting policy required the Parent Bank to restate its comparative financial statements for December 31, 2015 and the corresponding figures as of January 1, 2015 to reflect the retrospective effects of the use of equity method in measuring its investments in subsidiaries and associates. The adjustments made were significant to the Parent Bank's financial statements; therefore, P&A identified the effects of the amendments to PAS 27 and compliance with BSP Circular No. 915, as a significant matter to their audit. The disclosures of the Parent Bank on the retrospective effects of the use of equity method in measuring its investments in subsidiaries and associates, and the carrying amounts of the investments in subsidiaries and associates are included in Notes 2 and 13 of the 2016 audited financial statements, respectively.

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

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

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

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

- 7.d The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

Remarks: NONE

- 7.e Issuances, repurchases, and repayments of debt and equity securities.

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

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

In August 2017, the Bank issued P11.8 billion worth of Long Term Negotiable Certificates of Deposit (LTNCDs) to mature in 5.5 years, as part of the Bank's efforts to lengthen the maturity profile of its main funding source.

In September 2017, the Bank issued \$700 million in Fixed Rate Senior Notes under the Bank's Medium Term Note Program.

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

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


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

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

On August 26, 2017, the Board of Directors approved the declaration of cash dividends for the third quarter of 2017, in the amount of P0.30 per common share. The dividends were paid on September 29, 2017.

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

The Bank's comparative revenues and expenses by business segment are included as an attachment to this report.



- 7.h Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Remarks: NONE

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

On December 6, 2016, the Board of Directors approved a P1.0 billion capital infusion in One Network Bank (ONB). BSP approval was obtained on August 31, 2017 and the Bank recorded the transaction on September 14, 2017.

On March 21, 2017, the Securities and Exchange Commission approved the Certificate of Filing of Amended Articles of Corporation, shortening the term existence of subsidiary, PCI Insurance Brokers, Inc. and associate, PCI Travel, thereby dissolving both corporations. The Bank completed the winding-up in September 28, 2017.

On April 25, 2017, BDO Life Assurance Company, Inc. (BDO Life), a domestic corporation wholly owned by BDO Life Holdings and its nominees, and BDO Life Holdings, which is 98.05% owned by BDO Unibank, Inc., approved the Articles of Merger with BDO Life as the surviving corporation. The Securities and Exchange Commission issued the Certificate of Merger on September 4, 2017. After the merger, the percentage of the Bank's ownership is ninety-seven percent (97%) while BDO Capital Corporation owns the remaining three percent (3%).

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

- Total Contingent Accounts went up 10% to P1.7 trillion from the following:
 - Unused L/Cs and Export L/Cs Confirmed increased 8% and 100% from higher volume of trade transactions.
 - Bills for Collection and Late Deposits and Payments Received rose 37% and 31% to P7.0 billion and P3.4 billion, respectively, as of the first half of the year.
 - Other Contingent Accounts climbed 27% from higher committed credit lines.
 - Treasury activities generated the following:
 - Spot Exchange Bought and Sold as well as Forward Exchange Bought and Sold expanded 188%, 77%, 58% and 54% to P14.9 billion, P23.5 billion, P127.3 billion and P136.8 billion, respectively.
 - Interest Rate Swap Receivable and Payable dropped 21% apiece to P15.6 billion.
 - Outstanding Guarantees Issued fell 59% to P13.7 billion as of the cut-off date.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – September 2017 vs. December 2016

- Cash and Other Cash Items decreased 20% to P32.7 billion, coming from a high year-end 2016 level resulting from deposits generated during the holiday season.



- Due from BSP increased 20% to P382.1 billion on account of additional reserve requirements on higher deposit levels.
- Due from Other Banks climbed 10% to P46.2 billion due to higher placements and working balances with correspondent banks.
- Investment Securities jumped 23% to P330.8 billion resulting from increases in both Treasury and BDO Life's portfolios. Available for Sale Securities (AFS) and Held-to-Maturity (HTM) Securities increased 11% and 33%, respectively.
- Net Loans and Other Receivables expanded 11% to P1.7 trillion mainly from a 13% growth in Customer Loans and a 55% increase in Securities Purchased Under Reverse Repurchase Agreements (SPURRA) from year end 2016. This was offset by reductions in Unquoted Debt Securities Classified as Loans (UDSCL) and Other Receivables.
- Equity Investments went up 6% to P4.7 billion due to continued earnings of associates.
- Total Deposits climbed 10% to P2.1 trillion as Demand, Savings and Time deposits grew 7%, 10% and 8% respectively.
- Bills Payable climbed 23% to P123.7 billion following the issuance of the \$700 million Senior Notes in September.
- Insurance Contract Liabilities soared 25% to P25.7 billion owing to continued robust growth in BDO Life business volumes.
- Other Liabilities went up 6% to P75.4 billion on account of higher levels of accrued expenses and outstanding checks as of the cut-off date
- Total Equity rose 35% to P294.7 billion due to the SRO in January 2017 and the bottomline profits for the first three quarters of the year.

II. Balance Sheet – September 2017 vs. September 2016

- Total Resources expanded 19% year-on-year to P2.6 trillion primarily funded by low cost deposits, the P11.8 billion LTNCD issuance, the \$700 million Senior Notes issuance and the P60.0 billion proceeds from the SRO.
- Due from BSP jumped 22% owing to increased reserve requirements on higher deposit levels.
- Due from Other Banks soared 46% due to higher balances with correspondent banks.
- Investment Securities grew 19% from higher levels of HTM Securities, on increases from both Treasury and BDO Life's portfolios.
- Net Loans and Other Receivables grew 18% mainly from a hike in Customer and Interbank Loans. SPURRA, UDSCL and Other Receivables, on the other hand, dropped year-on-year by 8%, 81% and 14%, respectively.
- Deferred Tax Assets increased 6% to P6.3 billion following an increase in loan loss allowances.
- Other Resources went up 10% to P28.5 on account of an increase in miscellaneous assets.
- Deposit Liabilities hiked 15% as Demand, Savings and Time Deposits grew 17%, 20% and 4%, respectively.
- Bills Payable surged 58% mainly from the issuance of the \$700 million Senior Notes.
- Insurance Contract Liabilities increased 33% year-on-year following increased business volumes of BDO Life.
- Other Liabilities rose 10% owing mainly to higher levels of accounts payable, outstanding checks and acceptances, miscellaneous liabilities as well as the Premium Deposit Fund of BDO Life.



- Total Equity went up 37% from continued profitability as well as the SRO proceeds in January 2017.

III. Income Statement – September 2017 vs. September 2016

- The Bank registered a P20.4 billion Net Income attributable to Equity holders of the Parent Company. Taking into consideration extraordinary items including the net gain from the consolidation of BDO Life in June 2016, this represents a 17% year-on-year improvement in core income from the first three quarters of 2016.
- Net Interest Income hiked 23% to P59.8 billion on account of the expansion in earning assets as well as the continuing improvement in net interest margins.
- The Bank set aside P4.4 billion as Provision for Impairment Losses for loans, ROPA and other assets, higher than the P2.7 billion for the same period last year.
- Other income rose 9% to P34.8 billion owing to the following:
 - Service Charges and Fees surged 35% to P18.4 billion from recurring fee income from the Bank's major business lines.
 - Trading Gain dropped to P700 million from P2.5 billion last year on account of less favorable market conditions.
 - Foreign Exchange (FX) Gain climbed 30% to P2.6 billion as the Bank benefited from continuing customer flows and market opportunities.
 - Insurance Premiums grew 19% to P7.2 billion from increased business of BDO Life.
 - Other Income slid 35% to P3.5 billion as the previous year included a one-time gain from the consolidation of BDO Life.
- Operating Expenses increased 20% to P63.6 billion owing to the following:
 - Employee Benefits rose 11% on account of salary increases and a higher manpower count from business expansion.
 - Occupancy expenses went up 12% due to an expanded distribution network.
 - Taxes and Licenses grew 17% from GRT on higher income as well as documentary stamp taxes on the SRO, LTNCD and Senior Notes issuances.
 - Insurance expenses increased 9% following higher deposit levels.
 - Advertising Expenses climbed 11% attributable to increased spending on marketing, promotional and advertising campaigns.
 - Litigation/Assets Acquired expenses rose 22% to P337 million on higher costs relating to litigation and maintenance of acquired assets.
 - Policy Reserves as well as Insurance Benefits and Claims hiked 32% and 20%, respectively, from increased BDO Life business volumes.
 - Security, Clerical and Janitorial expenses as well as Other Operating Expenses went up 12% and 39%, respectively, mainly from an expanded distribution network as well as increased business volumes.
- Tax Expense rose 24% to P6.2 billion resulting from a higher taxable income base.

IV. Comprehensive Income – September 2017 vs. September 2016

- From a Net Income of P20.4 billion, the Bank registered a P21.5 billion Total Comprehensive Income for the three quarters of 2017. This includes a P1.3 billion increase in unrealized gain on AFS Securities, a P2 million translation adjustment related to foreign operations, a P131 million actuarial loss on retirement benefit asset and a negative P4 million share in Other Comprehensive Income (OCI) of associates.



- The Total Comprehensive Income represents a 12% year-on-year increase from P19.2 billion, inclusive of a P19.3 billion Net Income, a P319 million decline in unrealized gain on AFS Securities, a P127 million translation adjustment and an P89 million share in OCI of associates.

1. Key Performance Indicators

Indicator	9M 2017	9M 2016	12M 2016
Return on Average Common Equity (%)	10.11%	12.59%	12.64%
Return on Average Assets(%)	1.11%	1.22%	1.21%
Net Interest Margin	3.45%	3.25%	3.24%
Liquidity Ratio	34.05%	33.44%	33.54%
Debt to Equity	788.98%	924.84%	968.77%
Asset to Equity	888.98%	1024.84%	1068.77%
Interest Rate Coverage	303.53%	298.68%	300.44%
Profit Margin	18.94%	20.88%	21.11%
Capital Adequacy Ratio	15.12%	12.90%	12.35%
Basic Earnings per Share	4.65	4.99	7.06

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

- Return on Average Common Equity declined to 10.11% owing to a higher equity base from the SRO.
- Return on Average Assets went down to 1.11% as assets grew faster than bottomline profits.
- Net Interest Margin improved to 3.45% on improvements in loan yields and funding mix.
- Liquidity Ratio increased to 34.05% from a larger portfolio of investment securities.
- Debt to Equity and Assets to Equity dropped to 788.98% and 888.98%, respectively, as the expansion in equity from the SRO and current year profits, outpaced both liability and asset growth.
- Interest Rate Coverage went up to 303.5% from a higher Net Income.
- Profit Margin declined to 18.94% as cost growth outpaced revenue growth.
- Capital Adequacy Ratio, covering credit, market and operations risk improved to 15.12% due to the SRO as well as continued profitable operations.
- Basic earnings per share went down P0.34 year-on-year to P4.65 for the three quarters of 2017 owing to a larger number of common shares outstanding due to the SRO.

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

Remarks: NONE

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

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

Vertical Analysis-Material Changes

- I. Balance Sheet – September 2017 vs. December 2016

Remarks: NONE

- II. Balance Sheet – September 2017 vs. September 2016

Remarks: NONE

- III. Income Statement – September 2017 vs. September 2016

- Service Charges and Fees as a percentage of Other Income rose to 52.9% as Trading Gain and Other Income dropped to 2.0% and 9.9% of Other Income, respectively.

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

Remarks: NONE



BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of September 30, 2017
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income									
External	69,431	46	1,342	1,427	582	8	72,836	0	72,836
Inter-Segment	182	4	0	1	12	8	207	(207)	0
	69,613	50	1,342	1,428	594	16	73,043	(207)	72,836
Total Interest Expense									
External	12,052	1	454	501	47	2	13,057	0	13,057
Inter-Segment	18	35	0	123	0	31	207	(207)	0
	12,070	36	454	624	47	33	13,264	(207)	13,057
Net Interest Income	57,543	14	888	804	547	(17)	59,779	0	59,779
Other Operating Income									
Investment Banking Fees	0	1,282	0	0	0	0	1,282	0	1,282
Others	25,591	355	626	887	9,746	349	37,554	(4,055)	33,499
	25,591	1,637	626	887	9,746	349	38,836	(4,055)	34,781
Other Operating Expenses									
Depreciation and Amortization	3,189	33	20	619	39	20	3,920	0	3,920
Impairment Losses	4,353	3	1	38	0	0	4,395	0	4,395
Others	50,039	693	1,028	505	7,874	254	60,393	(723)	59,670
	57,581	729	1,049	1,162	7,913	274	68,708	(723)	67,985
Profit before Tax	25,553	922	465	529	2,380	58	29,907	(3,332)	26,575
Tax Expense	5,275	235	169	123	377	10	6,189	0	6,189
Net Profit	20,278	687	296	406	2,003	48	23,718	(3,332)	20,386
Statements of Financial Position									
Total Resources									
Segment Assets	2,496,275	6,384	60,580	42,002	37,870	5,411	2,648,522	(43,394)	2,605,128
Intangible Assets	5,320	134	25	33	34	1	5,547	2,907	8,454
Deferred Tax Assets	6,388	(185)	35	87	4	(25)	6,304	0	6,304
	2,507,983	6,333	60,640	42,122	37,908	5,387	2,660,373	(40,487)	2,619,886
Total Liabilities	2,209,677	2,411	55,388	36,880	30,767	2,219	2,337,342	(12,162)	2,325,180
Other Segment Information									
Capital expenditures	3,819	38	10	464	23	374	4,728	0	4,728
Investment in associate under equity method	4,431	0	0	262	0	0	4,693	0	4,693
Share in the Profit of associates	495	0	0	(18)	0	0	477	0	477

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of September 30, 2016
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income									
External	57,732	72	1,067	1,301	514	9	60,695	0	60,695
Inter-Segment	99	3	0	0	6	0	108	(108)	0
	<u>57,831</u>	<u>75</u>	<u>1,067</u>	<u>1,301</u>	<u>520</u>	<u>9</u>	<u>60,803</u>	<u>(108)</u>	<u>60,695</u>
Total Interest Expense									
External	11,411	0	314	465	56	0	12,246	0	12,246
Inter-Segment	10	40	0	32	0	27	109	(109)	0
	<u>11,421</u>	<u>40</u>	<u>314</u>	<u>497</u>	<u>56</u>	<u>27</u>	<u>12,355</u>	<u>(109)</u>	<u>12,246</u>
Net Interest Income	<u>46,410</u>	<u>35</u>	<u>753</u>	<u>804</u>	<u>464</u>	<u>(18)</u>	<u>48,448</u>	<u>1</u>	<u>48,449</u>
Other Operating Income									
Investment Banking Fees	0	898	0	0	0	0	898	0	898
Others	21,483	218	908	822	7,995	365	31,791	(858)	30,933
	<u>21,483</u>	<u>1,116</u>	<u>908</u>	<u>822</u>	<u>7,995</u>	<u>365</u>	<u>32,689</u>	<u>(858)</u>	<u>31,831</u>
Other Operating Expenses									
Depreciation and Amortization	2,822	41	17	545	50	14	3,489	0	3,489
Impairment Losses	2,477	0	0	43	213	0	2,733	0	2,733
Others	41,048	559	938	457	6,422	192	49,616	(279)	49,337
	<u>46,347</u>	<u>600</u>	<u>955</u>	<u>1,045</u>	<u>6,685</u>	<u>206</u>	<u>55,838</u>	<u>(279)</u>	<u>55,559</u>
Profit before Pre-acquisition	21,546	551	706	581	1,774	141	25,299	(578)	24,721
Pre-acquisition Income	0	0	0	0	0	0	0	(391)	(391)
Profit before Tax	<u>21,546</u>	<u>551</u>	<u>706</u>	<u>581</u>	<u>1,774</u>	<u>141</u>	<u>25,299</u>	<u>(969)</u>	<u>24,330</u>
Tax Expense	4,204	155	182	156	306	6	5,009	0	5,009
Net Profit	<u>17,342</u>	<u>396</u>	<u>524</u>	<u>425</u>	<u>1,468</u>	<u>135</u>	<u>20,290</u>	<u>(969)</u>	<u>19,321</u>
Statements of Financial Position									
Total Resources									
Segment Assets	2,100,849	5,431	53,443	37,053	30,284	5,310	2,232,370	(38,645)	2,193,725
Intangible Assets	5,067	102	23	46	47	1	5,286	2,907	8,193
Deferred Tax Assets	6,112	(196)	47	4	6	(28)	5,945	0	5,945
	<u>2,112,028</u>	<u>5,337</u>	<u>53,513</u>	<u>37,103</u>	<u>30,337</u>	<u>5,283</u>	<u>2,243,601</u>	<u>(35,738)</u>	<u>2,207,863</u>
Total Liabilities	<u>1,893,655</u>	<u>2,050</u>	<u>47,982</u>	<u>31,932</u>	<u>23,570</u>	<u>2,023</u>	<u>2,001,212</u>	<u>(8,784)</u>	<u>1,992,428</u>
Other Segment Information									
Capital expenditures	4,400	18	10	512	85	349	5,374	0	5,374
Investment in associate under equity method	4,217	0	0	292	0	0	4,509	0	4,509
Share in the Profit of associates	379	0	0	(8)	0	0	371	0	371