

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

12,605
Total No.of Stockholders
Total Amount of Borrowings
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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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, 2018.

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	4,373,300,839	

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.

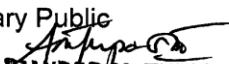
OCT 29 2018

SUBSCRIBED AND SWORN TO before me this _____ day of October,

2018, 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 – 24603316	Quezon City 02.19.2018/Makati City

Doc. No. 210
Page No. 43
Book No. I
Series of 2018

Notary Public

Atty. ALEJANDRO M. TUPAS III
Appointment No. M-145
Notary Public until 31 December 2019
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 55349
IBP Lifetime Member No. 013125, Quezon City
PTR No. 6619594, 05 January 2018, Makati City
MCLE Compliance No. V-0016981, March 16, 2016

* 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.


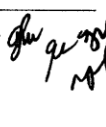

Issuer.....	<u>BDO UNIBANK, INC.</u>
Signature and Title.....	 <u>LUCY CO DY</u> EVP/COMPTROLLER 
Date.....	<u>October 29, 2018</u>
Principal Financial /Accounting Officer/Comptroller.....	<u>LUCY CO DY</u>
Signature and Title.....	 <u>EVP/COMPTROLLER</u>
Date.....	<u>October 29, 2018</u>

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

	As of September 30, 2018	Audited As of December 31, 2017
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 36,428	P 45,006
DUE FROM BANGKO SENTRAL NG PILIPINAS	364,274	353,308
DUE FROM OTHER BANKS	47,418	51,479
INVESTMENT SECURITIES		
At Fair Value Through Profit or Loss	20,346	14,710
Fair Value Through Other Comprehensive Income	118,245	121,019
Held-to-Collect – net	228,288	197,198
LOANS AND OTHER RECEIVABLES–net	2,009,152	1,791,786
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net	33,528	29,346
INVESTMENT PROPERTIES	18,943	18,040
EQUITY INVESTMENTS – net	4,782	4,790
DEFERRED TAX ASSETS	7,460	7,403
OTHER RESOURCES - net	32,824	34,019
TOTAL RESOURCES	P <u>2,921,688</u>	P <u>2,668,104</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES	P	P
Demand	169,329	134,931
Savings	1,472,285	1,409,256
Time	704,329	576,825
Total Deposit Liabilities	2,345,943	2,121,012
BILLS PAYABLE	138,291	130,484
SUBORDINATED NOTES PAYABLE	10,030	10,030
INSURANCE CONTRACT LIABILITIES	25,754	25,986
OTHER LIABILITIES	89,897	82,252
Total Liabilities	2,609,915	2,369,764
<u>EQUITY</u>		
Attributable to Shareholders of the Parent Company	311,024	297,488
Non-Controlling Interest	749	852
Total Equity	311,773	298,340
TOTAL LIABILITIES AND EQUITY	P <u>2,921,688</u>	P <u>2,668,104</u>
<u>CONTINGENT</u>		
Trust department accounts	P 1,061,381	P 1,046,158
Unused commercial letters of credit	57,729	47,553
Outstanding guarantees issued	7,630	20,221
Export L/Cs Confirmed	6,203	2,351
Bills for collection	10,820	5,125
Late deposits/payment received	2,500	1,436
Spot Exchange Bought	9,165	6,546
Spot Exchange Sold	14,460	14,054
Forward Exchange Bought	107,472	137,034
Forward Exchange Sold	114,898	128,650
Interest Rate Swap Receivable	17,509	16,481
Interest Rate Swap Payable	17,509	16,481
Other Contingent Accounts	358,471	321,089
TOTAL CONTINGENT ACCOUNTS	P <u>1,785,747</u>	P <u>1,763,179</u>

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

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

	For the nine-month Period ended <u>September 30, 2018</u>	For the nine-month Period ended <u>September 30, 2017</u>	For the Quarter ending <u>September 30, 2018</u>	For the Quarter ending <u>September 30, 2017</u>
INTEREST INCOME ON				
Loans and Receivables	P 82,505	P 64,117	P 29,905	P 22,793
Investment Securities	8,574	7,134	3,024	2,527
Due from Other Banks	1,416	1,411	511	492
Others	<u>45</u>	<u>174</u>	<u>20</u>	<u>7</u>
Total Interest Income	<u>92,540</u>	<u>72,836</u>	<u>33,460</u>	<u>25,819</u>
INTEREST EXPENSE ON				
Deposit liabilities	17,420	10,891	6,651	3,928
Bills Payable and Others	<u>3,620</u>	<u>2,166</u>	<u>1,284</u>	<u>728</u>
Total Interest Expense	<u>21,040</u>	<u>13,057</u>	<u>7,935</u>	<u>4,656</u>
NET INTEREST INCOME	71,500	59,779	25,525	21,163
IMPAIRMENT LOSSES	<u>5,494</u>	<u>4,395</u>	<u>1,953</u>	<u>1,489</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>66,006</u>	<u>55,384</u>	<u>23,572</u>	<u>19,674</u>
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	19,736	18,413	6,772	6,106
Trading Gain – net	(2,040)	700	(107)	(85)
Trust Fees	2,487	2,413	823	819
Foreign Exchange Gain/(Loss) – net	3,004	2,622	1,125	854
Insurance Premiums	8,718	7,179	3,100	2,614
Miscellaneous – net	<u>3,848</u>	<u>3,454</u>	<u>1,242</u>	<u>1,257</u>
Total Other Operating Income	<u>35,753</u>	<u>34,781</u>	<u>12,955</u>	<u>11,565</u>
OTHER OPERATING EXPENSES				
Employee Benefits	20,651	18,533	6,981	6,211
Occupancy	6,741	6,308	2,320	2,093
Taxes and licenses	8,587	6,245	2,808	2,303
Security, Clerical, Messengerial and Janitorial	2,718	2,421	939	827
Insurance	3,568	3,084	1,273	1,051
Advertising	3,077	2,598	1,196	878
Litigation/Assets Acquired	390	337	111	131
Policy Reserves	3,347	4,489	1,396	1,406
Insurance Benefits and Claims	1,682	1,267	699	452
Miscellaneous	<u>20,962</u>	<u>18,308</u>	<u>7,205</u>	<u>6,339</u>
Total Other Operating Expenses	<u>71,723</u>	<u>63,590</u>	<u>24,928</u>	<u>21,691</u>
NET INCOME BEFORE INCOME TAX	30,036	26,575	11,599	9,548
TAX EXPENSE (INCOME)	8,575	6,189	3,251	2,443
NET INCOME AFTER TAX	P <u>21,461</u>	P <u>20,386</u>	P <u>8,348</u>	P <u>7,105</u>
ATTRIBUTABLE TO:				
Equity holders of the parent	P 21,518	P 20,353	P 8,370	P 7,082
Non-Controlling Interest	<u>(57)</u>	<u>33</u>	<u>(22)</u>	<u>23</u>
	P <u>21,461</u>	P <u>20,386</u>	P <u>8,348</u>	P <u>7,105</u>
EARNINGS PER SHARE				
Basic	4.85	4.65	1.92	1.65
Diluted	4.85	4.65	1.90	1.63

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

STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions of Pesos)

	For the nine-month period ending September 30, 2018	For the nine-month period ending September 30, 2017	For the Quarter ending September 30, 2018	For the Quarter ending September 30, 2017
NET PROFIT	<u>21,461</u>	<u>20,386</u>	<u>8,348</u>	<u>7,105</u>
OTHER COMPREHENSIVE INCOME(LOSS)				
Net unrealized fair value gains(losses) on FVOCI	(5,919)	1,291	(580)	(472)
Translation adjustment related to foreign operations	50	2	5	9
Other Comprehensive Income, net of tax	<u>(5,869)</u>	<u>1,293</u>	<u>(575)</u>	<u>(463)</u>
Items that will not be reclassified to profit or loss:				
Remeasurement on Life Insurance Reserves	<u>4,509</u>	<u>(155)</u>	<u>1,567</u>	<u>88</u>
Share in other comprehensive income (loss) of associates accounted for under equity method	<u>(5)</u>	<u>(4)</u>	<u>(1)</u>	<u>0</u>
Total Other Comprehensive Income, Net of Tax	<u>(1,365)</u>	<u>1,134</u>	<u>991</u>	<u>(375)</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u><u>20,096</u></u>	<u><u>21,520</u></u>	<u><u>9,339</u></u>	<u><u>6,730</u></u>
Attributable To:				
Shareholders of the Parent Bank	20,172	21,515	9,347	6,730
Non-controlling Interest	<u>(76)</u>	<u>5</u>	<u>(8)</u>	<u>0</u>
	<u><u>20,096</u></u>	<u><u>21,520</u></u>	<u><u>9,339</u></u>	<u><u>6,730</u></u>

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

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid- in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain(Losses) on FVOCI	Accumulated Actuarial Gains/(Losses)	Revaluation Increment	Remeasurement on Life Insurance Reserves	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, 2018																															
As previously stated	P	43,690	P	5,150	P	122,966	P	3,354	P	11	P	133,529	(P	3,991)	(P	6,805)	P	1,008	(P	1,398)	(P	21)	(P	5)	P	297,488	P	852	P	298,340	
Effect of restatement due to addition of PFRS 9																															
As restated		43,690		5,150		122,966		3,425		11		128,909		(2,148)		(6,805)		1,008		(1,398)		(21)		(5)		294,782		852		295,634	
Transactions with owners																															
Issuance of primary shares		43				352																					395		395		
Cash Dividends																											(4,273)		(26)	(4,299)	
Total transactions with owners		43		0		352		0		0						0		0		0		0		0			(3,878)		(26)	(3,904)	
Total comprehensive income (loss)																															
Transfer to/(from) Surplus Free																															
Trust reserves																															
Reversal of appropriation during the year																															
Additional appropriation																															
		0		0		0		93		0		(93)		0		0		0		0		0		0		0		0		0	
Other Adjustments																															
Disposals of Equity Securities classified as FVOCI																															
Change in ownership interest in subsidiaries																															
		0		0		0		0		(2)		(50)		0		0		0		0		0		0				(50)		(50)	
		0		0		0		0		(2)		(50)		0		0		0		0		0		0				(52)		(1)	(53)
Balance at September 30, 2018	P	43,733	P	5,150	P	123,318	P	3,518	P	9	P	146,011	(P	8,048)	(P	6,805)	P	1,008	P	3,111	P	29	(P	10)	P	311,024	P	749	P	311,773	
Balance at January, 2017	P	36,500	P	5,150	P	70,127	P	2,972	P	12	P	111,423	(P	3,919)	(P	4,259)	P	1,008	(P	2,183)	(P	13)	(P	2)	P	216,816	P	743	P	217,559	
Transactions with owners																															
Issuance of primary shares		22				95																									
Stock rights offer		7,164				52,662																									
Cash Dividends																															
Total transactions with owners		7,186		0		52,757		0		0						0		0		0		0		0							
Total comprehensive income																															
Transfer to/(from) Surplus Free																															
Trust reserve																															
Self Insurance																															
Additional appropriation																															
		0		0		0		121		0		(121)		0		0		0		0		0		0		0		0		0	
Other Adjustments																															
Change in ownership interest in subsidiaries																															
Effect of Reverse merger																															
		0		0		0		0		(1)		5		0		0		0		0		0		0							
Balance at September 30, 2017	P	43,686	P	5,150	P	122,884	P	3,093	P	11	P	127,389	(P	2,601)	(P	4,258)	P	1,008	(P	2,338)	(P	11)	(P	6)	P	294,007	P	699	P	294,706	

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Millions of Pesos)

Page 5

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	30,036	26,575
Adjustments for:		
Interest income	(92,540)	(72,836)
Interest received	90,652	71,266
Interest expense	21,040	13,057
Interest paid	(19,741)	(12,784)
Impairment losses	5,494	4,395
Depreciation and amortization	3,971	3,920
Share in (profit)loss of associates	(482)	(477)
Fair value loss (gain)	1,208	(329)
Operating profit before changes in operating resources and liabilities	39,638	32,787
Decrease (increase) in financial assets at fair value through profit or loss	(6,604)	(478)
Decrease (increase) in loans and other receivables	(202,462)	(171,307)
Decrease (increase) in investment properties	(1,563)	(838)
Decrease (increase) in other resources	(6,501)	(5,834)
Increase (decrease) in deposit liabilities	223,940	184,691
Increase (decrease) in insurance contract liabilities	4,277	4,942
Increase (decrease) in other liabilities	14,185	9,858
Cash generated from (used in) operations	64,910	53,821
Cash paid for income tax	(8,030)	(6,471)
Net Cash From (Used in) Operating Activities	56,880	47,350
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(6,874)	(3,340)
Proceeds from disposals of premises, furniture, fixture and equipment	153	64
Acquisition of Held to collect investments	(62,004)	(95,893)
Maturities of Held to collect investments	32,530	51,104
Proceeds from disposal of FVOCI securities	32,706	37,917
Acquisition of FVOCI securities	(35,775)	(48,590)
Net Cash From (Used in) Investing Activities	(39,264)	(58,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	395	117
Net proceeds from issuance of Stock Rights	0	59,826
Proceeds from bills payable	229,245	262,283
Payments of bills payable	(221,505)	(239,037)
Dividends paid	(4,299)	(4,321)
Net Cash From (Used in) Financing Activities	3,836	78,868
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,452	67,480
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	45,006	40,909
Due from Bangko Sentral ng Pilipinas	353,308	318,002
Due from other banks	51,479	41,794
Held to Collect Securities	2,097	894
SPURRA	18,260	14,302
Interbank Loans Receivable	31,576	72,749
FCNC	3,695	3,338
	505,421	491,988
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	36,428	32,702
Due from Bangko Sentral ng Pilipinas	364,274	382,138
Due from other banks	47,418	46,172
Held to Collect Securities	3,425	4,624
SPURRA	12,029	22,203
Interbank Loans Receivable	59,677	68,846
FCNC	3,622	2,783
	526,873	559,468

CHECKLIST OF REQUIRED DISCLOSURES

BDO UNIBANK, INC.

For the nine months ended: September 30, 2018

NOTES TO INTERIM FINANCIAL STATEMENTS:

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.

- 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.

BDO Unibank Group has adopted the new standard, PFRS 9 (2014), Financial Instruments.

In accordance with the financial asset classification principle, the financial assets were classified and measured as follows:

- Amortized cost for assets held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding;
- Fair value through other comprehensive income for assets which meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- FVTPL for all other financial assets.

For liabilities, BDO Unibank Group measured most financial liabilities at amortized cost.

With the application of PFRS 9 (2014), the difference between previous carrying amounts and those determined under the new standards at the date of initial application were included in opening retained earnings (or other equivalent component of equity).

BDO Unibank Group has likewise applied the expected credit loss (ECL) methodology of PFRS 9 (2014) in determining impairment of all financial assets. BDO Unibank Group used the general approach for loan and other receivables, wherein ECL is recognized in one of two measurement bases (12 month ECL or life time ECL). On the other hand, ECL on government and other debt securities classified as FVOCI financial assets and HTC investments were measured using 12-month ECL as these financial assets are assessed to have low credit risk, considering their respective credit ratings. The application of the ECL model has increased the impairment losses as compared with PAS 39.

- 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.

Remarks: NONE

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

Remarks: NONE

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

On February 20, 2018, the Bank drew on its green bond transaction with IFC, raising \$150 million to expand financing for private sector investments that help to address climate change.

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

On January 27, 2018, 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 P339 million. The dividends were paid on March 2, 2018.

On February 24, 2018, the Board of Directors approved the declaration of cash dividends for the first quarter of 2018, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on March 28, 2018.

On May 26, 2018, the Board of Directors approved the declaration of cash dividends for the second quarter of 2018, in the amount of P0.30 per common share. The dividends were paid on June 29, 2018.

On August 31, 2018, the Board of Directors approved the declaration of cash dividends for the third quarter of 2018, in the amount of P0.30 per common share. The dividends were paid on September 28, 2018.

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

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

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

Remarks: NONE

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

Remarks: NONE

- 7.j Changes in contingent liabilities or contingent assets from December 31, 2017.

- Total Contingent Accounts inched up 1% to P1.79 trillion on account of material movements from the following accounts:
 - Unused L/Cs and Export L/Cs Confirmed jumped 21% and 164% to P57.7 billion and P6.2 billion, respectively, from increased trade transactions.
 - Bills for Collection and Late Deposits and Payments Received soared 111% and 74% to P10.8 billion and P2.5 billion, from higher volume of outstanding transactions as of the cut-off date.
 - Other Contingent Accounts rose 12% to P357.8 billion owing to an increase in Committed Credit Lines.
 - Treasury activities yielded the following:
 - Spot Exchange Bought increased 40% to P9.2 billion.
 - Forward Exchange Bought and Sold fell 22% and 11% from year-end 2017.
 - Interest Rate Futures Sold as well as Interest Rate Swap Receivable and Payable moved up 15%, 6% and 6%, respectively.
 - Outstanding Guarantees Issued fell 62% to P7.6 billion as of cut-off date.

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income									
External	88,958	29	1,279	1,444	823	7	92,540	0	92,540
Inter-Segment	157	2	1	1	14	24	199	(199)	0
	89,115	31	1,280	1,445	837	31	92,739	(199)	92,540
Total Interest Expense									
External	19,711	2	551	716	60	0	21,040	0	21,040
Inter-Segment	18	39	0	90	0	52	199	(199)	0
	19,729	41	551	806	60	52	21,239	(199)	21,040
Net Interest Income	69,386	(10)	729	639	777	(21)	71,500	0	71,500
Other Operating Income									
Investment Banking Fees	0	797	0	0	0	0	797	0	797
Others	26,495	222	742	951	8,179	459	37,048	(2,092)	34,956
	26,495	1,019	742	951	8,179	459	37,845	(2,092)	35,753
Other Operating Expenses									
Depreciation and Amortization	3,202	39	25	661	27	17	3,971	0	3,971
Impairment Losses	5,441	0	0	42	11	0	5,494	0	5,494
Others	58,643	748	1,033	563	7,200	296	68,483	(731)	67,752
	67,286	787	1,058	1,266	7,238	313	77,948	(731)	77,217
Profit before Tax	28,595	222	413	324	1,718	125	31,397	(1,361)	30,036
Tax Expense	7,494	124	152	77	694	34	8,575	0	8,575
Net Profit	21,101	98	261	247	1,024	91	22,822	(1,361)	21,461
Statements of Financial Position									
Total Resources									
Segment Assets	2,799,364	6,466	56,750	41,852	40,587	5,667	2,950,686	(44,942)	2,905,744
Intangible Assets	5,351	134	20	19	52	1	5,577	2,907	8,484
Deferred Tax Assets	7,480	(184)	28	125	28	(17)	7,460	0	7,460
	2,812,195	6,416	56,798	41,996	40,667	5,651	2,963,723	(42,035)	2,921,688
Total Liabilities	2,496,209	2,151	51,717	36,666	31,902	2,574	2,621,219	(11,304)	2,609,915
Other Segment Information									
Capital expenditures	7,953	79	18	714	54	25	8,843	0	8,843
Investment in associate under equity method	4,695	0	0	241	0	0	4,936	0	4,936
Share in the Profit of associates	507	0	0	(25)	0	0	482	0	482

	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
	<u>69,613</u>	<u>50</u>	<u>1,342</u>	<u>1,428</u>	<u>594</u>	<u>16</u>	<u>73,043</u>	<u>(207)</u>	<u>72,836</u>
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
	<u>12,070</u>	<u>36</u>	<u>454</u>	<u>624</u>	<u>47</u>	<u>33</u>	<u>13,264</u>	<u>(207)</u>	<u>13,057</u>
Net Interest Income	<u>57,543</u>	<u>14</u>	<u>888</u>	<u>804</u>	<u>547</u>	<u>(17)</u>	<u>59,779</u>	<u>0</u>	<u>59,779</u>
Other Operating Income									
Investment Banking Fees	0	1,282	0	0	0	0	1,282	0	1,282
Others	25,591	355	626	887	3,990	349	31,798	(4,055)	27,743
	<u>25,591</u>	<u>1,637</u>	<u>626</u>	<u>887</u>	<u>3,990</u>	<u>349</u>	<u>33,080</u>	<u>(4,055)</u>	<u>29,025</u>
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	2,118	254	54,637	(723)	53,914
	<u>57,581</u>	<u>729</u>	<u>1,049</u>	<u>1,162</u>	<u>2,157</u>	<u>274</u>	<u>62,952</u>	<u>(723)</u>	<u>62,229</u>
Profit before Tax	<u>25,553</u>	<u>922</u>	<u>465</u>	<u>529</u>	<u>2,380</u>	<u>58</u>	<u>29,907</u>	<u>(3,332)</u>	<u>26,575</u>
Tax Expense	<u>5,275</u>	<u>235</u>	<u>169</u>	<u>123</u>	<u>377</u>	<u>10</u>	<u>6,189</u>	<u>0</u>	<u>6,189</u>
Net Profit	<u>20,278</u>	<u>687</u>	<u>296</u>	<u>406</u>	<u>2,003</u>	<u>48</u>	<u>23,718</u>	<u>(3,332)</u>	<u>20,386</u>
Statements of Financial Position									
Total Resources									
Segment Assets	2,496,881	6,384	60,580	42,002	37,870	5,411	2,649,128	(44,000)	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
	<u>2,508,589</u>	<u>6,333</u>	<u>60,640</u>	<u>42,122</u>	<u>37,908</u>	<u>5,387</u>	<u>2,660,979</u>	<u>(41,093)</u>	<u>2,619,886</u>
Total Liabilities	<u>2,209,677</u>	<u>2,411</u>	<u>55,388</u>	<u>36,880</u>	<u>30,767</u>	<u>2,219</u>	<u>2,337,342</u>	<u>(12,162)</u>	<u>2,325,180</u>
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

MANAGEMENT'S DISCUSSION & ANALYSIS

1. Comparable discussion that will enable the reader to assess material changes in financial condition results of operation since the end of the last fiscal year and for the comparable interim period in the preceding financial year.

1.a Balance Sheet – September 2018 vs. December 2017

- Cash and Other Cash Items dropped 19% to P36.4 billion, from a high year-end 2017 level resulting from deposits generated during the Christmas season.
- Due from Other Banks went down 8% to P47.4 billion from lower placements and working balances with correspondent banks.
- Investment Securities grew 10% to P366.9 billion primarily owing to 38% and 16% increases in Financial Assets at Fair Value Through Profit and Loss (FVTPL) and Held-to-Collect (HTC) Securities, respectively.
- Net Loans and Other Receivables climbed 12% to P2.0 trillion following a 12% and 78% growth in Customer Loans and Interbank Loans, respectively. Meantime, Securities Purchased Under Reverse Repurchase Agreements (SPURRA), Unquoted Debt Securities Classified as Loans (UDSCL) and Other Receivables went down 34%, 63% and 17%, respectively.
- Bank Premises rose 14% to P33.5 billion due to branch expansion and enhancements in the Bank's distribution network.
- Investment Properties went up 5% to P18.9 billion following additional foreclosures and dacion payments.
- Total Deposits grew 11% to P2.3 trillion as Demand, Savings and Time deposits expanded 25%, 4% and 22%, respectively.
- Bills Payable rose 6% to P138.3 billion primarily from the availment of the \$150 million green bond.
- Other Liabilities increased 9% to P89.9 billion primarily owing to higher accrued expenses payable, bills purchased contra-account and outstanding trade transactions as of the cut-off date.
- Total Equity hiked 5% to P311.8 billion from net profits.

1.b Balance Sheet – September 2018 vs. September 2017

- Total Resources expanded 12% to P2.9 trillion as Gross Loans jumped 17% year-on-year funded mainly by a 12% deposit increase.
- Cash and Other Cash Items rose 11% following deposit growth.
- Due from BSP went down 5% to P364.3 billion due to lower mandated reserve requirement this year.
- Investment Securities expanded 11% coming from a 39% and 17% increase in FVTPL and HTC Securities, respectively.
- Net Loans and Other Receivables climbed 15% propelled by a 17% rise in Customer Loans and an 8% increase in Other Receivables. This was offset by a reduction in Interbank Loans, SPURRA and UDSCL.
- Bank Premises went up 22% from branch expansion and improvements in the Bank's distribution network.
- Investment Properties rose 22% on additional foreclosures and dacion payments.

- Deferred Tax Assets grew 18% to P7.5 billion resulting from the Bank's retirement obligation.
- Other Resources increased 16% to P32.8 billion mainly due to outstanding credit card transactions.
- Deposit Liabilities climbed 12% year-on-year fueled by a 38%, 5% and 24% expansion in Demand, Savings and Time deposits.
- Bills Payable rose 12% primarily owing to the \$150 million green bond in February 2018.
- Other Liabilities grew 19% primarily due to higher levels of accounts payable, accrued taxes and expenses, outstanding trade transactions, bills purchased contra-account and retirement benefit obligation.
- Total Equity rose 6% to from continued profitable operations.

1.c Income Statement – September 2018 vs. September 2017

- The Bank registered a Net Income attributable to Equity holders of the Parent Company of P21.5 billion, a 6% improvement from the P20.4 billion for the same period last year.
- Net Interest Income jumped 20% to P71.5 billion resulting from an expansion in margins and growth in interest-earning assets.
- Provision for Impairment Losses of P5.5 billion were 25% higher than the P4.4 billion for the same period in 2017, with the implementation of ECL and PFRS 9.
- Other income was up 3% to P35.8 attributable to the following:
 - Trading Loss of P2.0 billion was recorded mainly from unrealized losses on BDO Life's portfolio.
 - Service Charges increased 7% to P19.7 billion owing to recurring fee income from major business lines.
 - Foreign Exchange (FX) Gain climbed 15% to P3.0 billion as the Bank benefited from continuing customer flows and market opportunities.
 - Insurance Premiums grew 21% to P8.7 billion on higher business volumes of BDO Life.
 - Other Income hiked 11% to P3.8 billion resulting from higher dividend and rental income as well as recoveries on charged-off assets.
- Operating Expenses went up 13% to P71.7 attributable to the following:
 - Employee Benefits rose 11% from salary increases and an increasing manpower count from business expansion.
 - Occupancy Costs grew 7% due to an enhanced distribution network.
 - Taxes and Licenses jumped 38% resulting from GRT on higher income as well as higher DST costs on a larger Time Deposit volume and the effectivity of the Tax Reform for Acceleration and Inclusion (TRAIN) Law.
 - Insurance expenses grew 16% on continued deposit expansion.
 - Advertising Expenses hiked 18% owing to increased spending on marketing, promotional and advertising activities.
 - Litigation/Assets Acquired expenses climbed 16% on costs relating to litigation and maintenance of acquired assets.
 - Policy Reserves declined 25% due to the effect of unfavorable market conditions on BDO Life's asset portfolio.
 - Insurance Benefits and Claims rose 33% following higher BDO Life business volumes.

- Security, Clerical and Janitorial expenses as well as Other Operating Expenses increased 12% and 15%, respectively, due to an expanded distribution network as well as increased business volumes.
- Tax Expense went up 39% to P8.6 billion on a higher taxable income base.

1.d Comprehensive Income – September 2018 vs. September 2017

- From a Net Income of P21.5 billion, Total Comprehensive Income for the nine months of the year registered at P20.1 billion, as translation adjustment related to foreign operations of P50 million and re-measurement on life insurance reserves of P4.5 billion were offset by a P5.9 billion decline in value of FVOCI Securities, as well as a negative P5 million share in Other Comprehensive Income (OCI) of affiliates.
- The Total Comprehensive Income represents a 7% decline from P21.5 billion for the same period last year, inclusive of a P20.4 billion Net Income, a P1.3 billion increase in unrealized gain on FVOCI Securities, a P2 million translation adjustment, a negative P155 million re-measurement on life insurance reserves and a negative P4 million share in OCI of affiliates.

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.

Indicator	9M 2018	9M 2017	12M 2017
Return on Average Common Equity (%)	9.53%	10.11%	10.25%
Return on Average Assets(%)	1.02%	1.11%	1.13%
Net Interest Margin	3.58%	3.45%	3.48%
Liquidity Ratio	30.65%	34.05%	31.58%
Debt to Equity	837.12%	788.98%	794.32%
Asset to Equity	937.12%	888.98%	894.32%
Interest Rate Coverage	242.76%	303.53%	308.16%
Profit Margin	16.73%	18.94%	19.12%
Capital Adequacy Ratio	13.93%	15.12%	14.47%
Basic Earnings per Share	4.85	4.65	6.42

- Return on Average Common Equity and Return on Average Assets slid to 9.53% and 1.02%, respectively, as equity and total assets increased at a faster pace than bottomline profits.
- Net Interest Margin improved to 3.58% from growth in interest-earning assets in a higher interest rate environment.
- Liquidity Ratio went down to 30.65% primarily owing to the 17% customer loan growth.
- Debt to Equity and Assets to Equity rose to 837.12% and 937.12%, respectively, as the increase in total assets was primarily funded by deposit growth.
- Interest Rate Coverage and Profit Margin declined to 242.76% and 16.73%, respectively, resulting from increased funding cost.
- Capital Adequacy Ratio, covering credit, market and operations risk dropped to 13.93% as growth in risk-weighted assets outpaced the increase in total qualified capital.
- Basic earnings per share improved P0.20 year-on-year to P4.85 owing to Net Income growth.

3. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

- 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 2018 vs. December 2017

Remarks: NONE

II. Balance Sheet – September 2018 vs. September 2017

Remarks: NONE

III. Income Statement – September 2018 vs. September 2017

- Trading Loss as a percentage of Other Income was at -5.7% compared to a year-ago level of 2.0%, resulting from less favorable market conditions.
- Income Tax as a percentage of Income Before Tax increased to 28.5% on a higher taxable income base.

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

Remarks: NONE

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of September 30, 2018
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	Current	90 DAYS OR LESS	91 - 120 DAYS	121 - 180 DAYS	181 DAYS AND OVER	TOTAL
A. INTERBANK LOANS RECEIVABLES	P 67,049	P 0	P 0	P 0	P 0	67,049
B. LOANS AND RECEIVABLES	P 1,944,439	P 11,433	P 1,525	P 2,059	P 18,945	1,978,401
Loans & Discounts	1,667,047	9,024	837	1,388	13,153	1,691,449
Agri - Agra Loans	99,742	687	237	116	156	100,938
Bills Purchased	16,651	0	0	0	27	16,678
Customers Liability on Draft under LC/TR	64,164	16	0	11	494	64,685
Customers Liability for this Bank's Acceptances	5,443	0	0	0	0	5,443
Credit Card Receivables	66,338	1,527	328	465	1,616	70,274
Restructured Loans	65	2	2	3	1,119	1,191
Reverse Repurchase Agreement	12,029	0	0	0	0	12,029
Unquoted Debt Securities Classified as Loans	1,479	0	0	0	1,407	2,886
Other Loans & Receivables	11,481	177	121	76	973	12,828
C. ACCOUNTS RECEIVABLE	P 3,170	P 802	P 95	P 149	P 1,877	6,093
TOTAL	P 2,014,658	P 12,235	P 1,620	P 2,208	P 20,822	2,051,543