

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 6
Month

3 0
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

12,557
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 June 30, 2019.
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
5. Province, country or other jurisdiction of incorporation or organization
Makati City, Philippines
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
8. Issuer's Telephone number, including area code
856-7434/840-7000 LOC 4575


9. Former name, former address and former fiscal year, if changed since last report
NA
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	4,377,239,284	

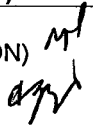
11. Are any or all of the securities listed on a stock exchange?
Yes No.
If yes, state the name of such stock exchange and the class/es of securities listed therein: Philippine Stock Exchange -Common Stock
12. Indicate by check mark whether the registrant:
 - a. has filed all reports required to be filed 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)

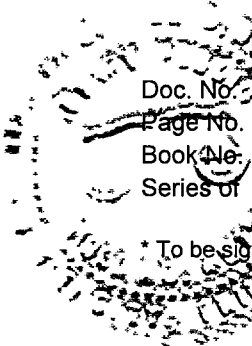


REPUBLIC OF THE PHILIPPINES }
CITY OF MAKATI } S.S.

SUBSCRIBED AND SWORN TO before me this JUL 29 2019 day of July,

2019, 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 - 04215475	Quezon City 02.18.2019/Makati City



Doc. No. 170
Page No. 36
Book No. VI
Series of 2019


Notary Public
Atty. MARICHELLE Q. GERARDO
Appointed No. M-332
Notary Public until 31 December 2020
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 45121
IBP No. 063371, 04 January 2019, Quezon City
PTR No. 7333868, 03 January 2019, Makati City
MCLE Compliance No. VI-0014808, 13 November 2018

* 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

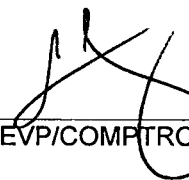
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... BDO UNIBANK, INC.

Signature and Title.....

LUCY CODY
EVP/COMPTROLLER *mt*
agw

Date..... July 29, 2019

Principal Financial /Accounting
Officer/Comptroller..... LUCY CODY

Signature and Title.....

EVP/COMPTROLLER

Date..... July 29, 2019

Table of Contents

Part 1. Financial Statements

Condensed Statements of Financial Position	Page 1
Condensed Statements of Income	Page 2
Statements of Comprehensive Income	Page 3
Statements of Changes in Equity	Page 4
Statements of Cash Flows	Page 5

Part 2. Disclosures

Notes to Interim Financial Statement	Page 6 - 10
Management Discussion and Analysis	Page 11 - 15
Aging of Loans and Accounts Receivables	Page 16

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

	As of June 30, 2019	Audited As of December 31, 2018
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 44,718	P 53,749
DUE FROM BANGKO SENTRAL NG PILIPINAS	332,955	354,132
DUE FROM OTHER BANKS	37,319	55,292
TRADING AND INVESTMENT SECURITIES		
At Fair Value Through Profit or Loss	26,941	20,308
Fair Value Through Other Comprehensive Income	146,976	120,389
Held-to-Collect – Net	253,750	244,500
LOANS AND OTHER RECEIVABLES – Net	2,119,920	2,071,834
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – Net	33,701	33,660
INVESTMENT PROPERTIES	19,838	19,785
EQUITY INVESTMENTS – Net	4,949	4,926
DEFERRED TAX ASSETS	8,217	8,312
OTHER RESOURCES - Net	36,002	35,360
TOTAL RESOURCES	P 3,065,286	P 3,022,247
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES	P	P
Demand	190,520	179,944
Savings	1,495,834	1,505,680
Time	713,204	734,341
Total Deposit Liabilities	2,399,558	2,419,965
BILLS PAYABLE	166,740	143,623
SUBORDINATED NOTES PAYABLE	10,030	10,030
INSURANCE CONTRACT LIABILITIES	36,156	28,506
OTHER LIABILITIES	101,966	91,974
Total Liabilities	2,714,450	2,694,098
<u>EQUITY</u>		
Attributable to Shareholders of the Parent Company	349,175	327,372
Non-Controlling Interest	1,661	777
Total Equity	350,836	328,149
TOTAL LIABILITIES AND EQUITY	P 3,065,286	P 3,022,247
<u>CONTINGENT</u>		
Trust department accounts	P 1,231,553	P 1,161,717
Unused commercial letters of credit	47,829	48,950
Outstanding guarantees issued	3,548	1,715
Export L/Cs Confirmed	7,675	6,180
Bills for collection	10,141	10,716
Late deposits/payment received	2,978	2,674
Spot Exchange Bought	9,551	7,273
Spot Exchange Sold	17,493	10,818
Forward Exchange Bought	160,698	122,948
Forward Exchange Sold	153,760	132,422
Interest Rate Swap Receivable	16,246	19,201
Interest Rate Swap Payable	16,246	19,201
Other Contingent Accounts	400,816	361,245
TOTAL CONTINGENT ACCOUNTS	P 2,078,534	P 1,905,060

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 six-month Period ended June 30, 2019	For the six-month Period ended June 30, 2018	For the Quarter ending June 30, 2019	For the Quarter ending June 30, 2018
INTEREST INCOME ON				
Loans and Receivables	P 70,946	P 52,588	P 36,229	P 27,438
Investment Securities	7,908	5,572	4,107	2,892
Due from Other Banks	533	905	259	501
Others	36	25	17	12
Total Interest Income	79,423	59,090	40,612	30,843
INTEREST EXPENSE ON				
Deposit liabilities	18,586	10,769	9,363	5,809
Bills Payable and Others	3,911	2,336	2,050	1,225
Total Interest Expense	22,497	13,105	11,413	7,034
NET INTEREST INCOME	56,926	45,985	29,199	23,809
IMPAIRMENT LOSSES	2,988	3,541	1,702	1,741
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	53,938	42,444	27,497	22,068
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	14,979	12,964	7,649	6,868
Trading Gain – net	1,990	(1,933)	664	(924)
Trust Fees	1,702	1,664	853	833
Foreign Exchange Gain/(Loss) – net	1,602	1,879	705	846
Insurance Premiums	6,853	5,618	3,615	2,975
Miscellaneous – net	2,383	2,596	1,148	1,285
Total Other Operating Income	29,509	22,788	14,634	11,883
OTHER OPERATING EXPENSES				
Employee Benefits	15,916	13,670	9,017	7,870
Occupancy	5,144	4,421	2,610	2,265
Taxes and licenses	7,081	5,779	3,413	2,870
Security, Clerical, Messengerial and Janitorial	1,944	1,779	996	919
Insurance	2,606	2,295	1,305	1,169
Advertising	2,397	1,881	1,181	1,073
Litigation/Assets Acquired	265	279	104	130
Policy Reserves	4,586	1,951	2,271	902
Insurance Benefits and Claims	1,015	983	488	526
Miscellaneous	15,547	13,757	6,787	5,945
Total Other Operating Expenses	56,501	46,795	28,172	23,669
NET INCOME BEFORE INCOME TAX	26,946	18,437	13,959	10,282
TAX EXPENSE (INCOME)	6,806	5,324	3,566	3,034
NET INCOME AFTER TAX	P 20,140	P 13,113	P 10,393	P 7,248
ATTRIBUTABLE TO:				
Equity holders of the parent	P 20,152	P 13,148	P 10,389	P 7,271
Non-Controlling Interest	(12)	(35)	4	(23)
	P 20,140	P 13,113	P 10,393	P 7,248
EARNINGS PER SHARE				
Basic	4.53	2.93	2.37	1.66
Diluted	4.53	2.93	2.36	1.66

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

STATEMENTS OF COMPREHENSIVE INCOME
 (Amounts In Millions of Pesos)

	For the six-month period ending June 30, 2019	For the six-month period ending June 30, 2018	For the Quarter ending June 30, 2019	For the Quarter ending June 30, 2018
NET PROFIT	P 20,140	P 13,113	P 10,393	P 7,248
OTHER COMPREHENSIVE INCOME(LOSS)				
Items that are or will be reclassified subsequently to profit or loss:				
Net gains (losses) on debt investments at FVOCI, net of tax	6,115	(3,520)	2,261	(1,248)
Impairment losses on debt investments at FVOCI	18	0	10	0
Total gains (losses) on FVOCI securities, net of tax	6,133	(3,520)	2,270	(1,248)
Translation adjustment related to foreign operations	(8)	45	(21)	5
	6,125	(3,475)	2,250	(1,243)
Items that will not be reclassified to profit or loss:				
Remeasurement on life insurance reserves	(3,195)	2,942	(868)	792
Unrealized gains (losses) on equity investments at FVOCI, net of tax	616	(1,819)	122	(1,419)
	(2,579)	1,123	(746)	(627)
Share in other comprehensive income (loss) of associates accounted for under equity method	0	(4)	(1)	(3)
Other Comprehensive Income (Loss), net of tax	3,546	(2,356)	1,503	(1,873)
TOTAL COMPREHENSIVE INCOME	P 23,686	P 10,757	P 11,896	P 5,375
Attributable To:				
Shareholders of the Parent Bank	P 23,672	P 10,825	P 11,879	P 5,421
Non-controlling Interest	14	(69)	17	(46)
	P 23,686	P 10,757	P 11,896	P 5,375

STATEMENTS OF CHANGES IN EQUITY
 COMPARATIVE PERIODS ENDED JUNE 30, 2019 AND 2018
 (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 Gain/(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 1, 2019	43,740	P 5,150	P 123,377	P 14,788	P 9	P 156,327	(P 10,390)	P 8,893	P 1,008	P 2,257	P 13	P 14	P 327,372	P 777	P 328,149
Transactions with owners	32		286			(2,965)	0	0	0	0	0	0	318		318
Issuance of primary shares	32	0	286	0	0	(2,965)	0	0	0	0	0	0	(2,647)	0	(2,647)
Cash Dividends															
Total transactions with owners															
Total comprehensive income (loss)						20,152	6,723	0	0	(3,195)	(8)	0	23,672	14	23,686
Transfer to/(from) Surplus Free															
Trust reserves						83	(83)						0		0
Other Reserves						394	(394)						0		0
Disposals of Equity Securities classified as FVOCI						477	(477)						0		0
Other Adjustments													0		0
Change in ownership interest in subsidiaries													11		11
Balance at June 30, 2019	0	0	0	0	3	690	58	16	0	0	0	0	767	870	1,637
Balance at January 1, 2018	43,772	P 5,150	P 123,693	P 15,285	P 12	P 173,287	(P 3,159)	P 8,877	P 1,008	P 939	P 5	P 14	P 348,175	P 1,661	P 350,836
As previously stated	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	80		728	3,001		(2,767)	1,888	1,977					7,691		(2,765)
As restated	43,690	P 5,150	P 122,966	P 3,425	P 11	P 128,884	(P 2,122)	P 6,805	P 1,008	P 1,398	P 21	P 5	P 294,783	P 852	P 295,635
Transactions with owners	7		54			(2,961)	0	0	0	0	0	0	61		61
Issuance of primary shares	7	0	54	0	0	(2,961)	0	0	0	0	0	0	(2,987)	(26)	(2,987)
Cash Dividends													(2,900)	(26)	(2,926)
Total transactions with owners															
Total comprehensive income						13,148	(5,306)	0	0	2,942	45	(4)	10,825	(89)	10,757
Transfer to/(from) Surplus Free															
Trust reserve						70	(70)						0		0
Reversal of appropriation						(200)	200						0		0
Additional appropriation						70	(70)						0		0
Other Adjustments													0		0
Change in ownership interest in subsidiaries													(2)	(1)	(3)
Balance at June 30, 2018	0	0	0	0	(2)	0	0	0	0	0	0	0	(2)	(1)	(3)
Balance at January 1, 2017	43,697	P 5,150	P 123,020	P 3,365	P 9	P 139,131	(P 7,428)	P 6,805	P 1,008	P 1,544	P 24	P 9	P 302,706	P 757	P 303,463

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2019 AND 2018
(Amounts in Millions of Pesos)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,946	18,437
Adjustments for:		
Interest income	(79,423)	(59,090)
Interest received	79,029	57,079
Interest expense	22,497	13,105
Interest paid	(22,615)	(12,152)
Impairment losses	2,988	3,541
Depreciation and amortization	3,140	2,596
Share in (profit)loss of associates	(327)	(324)
Fair value loss (gain)	(85)	1,697
Operating profit before changes in operating resources and liabilities	32,150	24,889
Decrease (increase) in financial assets at fair value through profit or loss	(6,523)	(5,891)
Decrease (increase) in loans and other receivables	(26,252)	(153,695)
Decrease (increase) in investment properties	(850)	(1,062)
Decrease (increase) in other resources	(5,825)	724
Increase (decrease) in deposit liabilities	(20,026)	202,224
Increase (decrease) in insurance contract liabilities	4,455	2,620
Increase (decrease) in other liabilities	15,614	2,775
Cash generated from (used in) operations	(7,257)	72,584
Cash paid for income tax	(6,607)	(5,253)
Net Cash From (Used in) Operating Activities	<u>(13,864)</u>	<u>67,331</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(2,000)	(5,092)
Proceeds from disposals of premises, furniture, fixture and equipment	90	113
Acquisition of Held to collect investments	(58,929)	(51,819)
Maturities of Held to collect investments	56,362	37,534
Proceeds from disposal of FVOCI securities	20,839	30,701
Acquisition of FVOCI securities	(40,596)	(30,965)
Net Cash From (Used in) Investing Activities	<u>(24,234)</u>	<u>(19,528)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	318	61
Proceeds from bills payable	158,071	165,292
Payments of bills payable	(135,241)	(162,347)
Payments of lease liabilities	(5)	0
Dividends paid	(2,965)	(2,987)
Net Cash From (Used in) Financing Activities	<u>20,178</u>	<u>19</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(17,920)</u>	<u>47,822</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	53,749	45,006
Due from Bangko Sentral ng Pilipinas	354,132	353,308
Due from other banks	55,292	51,479
Held to Collect Securities	9,168	2,097
SPURRA	22,009	18,260
Interbank Loans Receivable	42,214	31,576
FCNC	4,828	3,695
	<u>541,392</u>	<u>505,421</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	44,718	36,634
Due from Bangko Sentral ng Pilipinas	332,955	367,651
Due from other banks	37,319	64,192
Held to Collect Securities	15,754	21,439
SPURRA	31,501	18,764
Interbank Loans Receivable	57,419	40,576
FCNC	3,806	3,987
	<u>523,472</u>	<u>553,243</u>

CHECKLIST OF REQUIRED DISCLOSURES
BANCO DE ORO UNIBANK, INC.
For the six months ended: June 30, 2019

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.

- 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 partial modified retrospective application of IFRS 16, Leases for selected subsidiaries. The Parent Bank is currently preparing for the implementation of IFRS 16 in consideration to the volume of lease contracts. Full implementation is expected by the third quarter, with transition adjustments effective January 1, 2019. The Group shall apply the standard to contracts that were previously identified as leases applying PAS 17.

The new standard replaced PAS 17, Leases. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

- 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.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 11, 2019, the Bank issued P35.0 billion fixed rate bonds to diversify funding sources and support business expansion.

On April 12, 2019, the Bank issued P7.32 billion worth of Long-Term Negotiable Certificates of Deposit (LTNCD) to lengthen the maturity of its funding sources and support business expansion plans.

On June 11 2019, the Bank repaid upon maturity its P5.0 billion LTNCD, which was issued on December 11, 2013.

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

On January 26, 2019, 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 8, 2019.

On February 23, 2019, the Board of Directors approved the declaration of cash dividends for the first quarter of 2019, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on March 25, 2019.

On May 25, 2019, the Board of Directors approved the declaration of cash dividends for the second quarter of 2019, in the amount of P0.30 per common share. The dividends were paid on June 24, 2019.

- 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 March 7, 2019, the Bank's listed subsidiary, BDO Leasing and Finance, Inc. sold its 40% equity stake in MMPC Auto Financial Services Corporation, to focus more on its core business of equipment leasing and finance.

On May 16, 2019, the Bank completed its transaction with Osmanthus Investment Holdings Pte. Ltd. (Osmanthus) for the latter's acquisition of a 15% equity stake in One Network Bank, Inc.

- 7.j Changes in contingent liabilities or contingent assets from December 31, 2018.

- Total Contingent Accounts grew 9% to P2.1 trillion owing to material movements from the following accounts:
 - Trust Department Accounts increased 6% to P1.2 trillion from higher levels of funds managed.
 - Outstanding Guarantees Issued and Export L/Cs Confirmed jumped 107% and 24% to P3.5 billion and P7.7 billion, respectively, due to higher volume of trade transactions.
 - Late Deposits and Payments Received rose 11% to P3.0 billion as more transactions were received from clients after clearing cut-off time.
 - Bills for Collection went down 5% to P10.1 billion, as of the cut-off date.
 - Treasury activities yielded the following:
 - Spot Exchange Bought and Sold surged 31% and 62% to P9.6 billion and P17.5 billion, respectively.
 - Forward Exchange Bought and Sold likewise climbed 31% and 16% to P160.7 billion and P153.8 billion, respectively.
 - Interest Rate Swap Receivable and Payable declined 15% to P16.2 billion.
 - Other Contingent Accounts expanded 11% to P400.8 billion owing to expansion in Committed Credit Lines.

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income	76,873	13	747	1,009	776	5	79,423	0	79,423
External	139	23	0	0	23	31	216	(216)	0
Inter-Segment	77,012	36	747	1,009	799	36	79,639	(216)	79,423
Total Interest Expense									
External	21,326	2	376	749	43	1	22,497	0	22,497
Inter-Segment	46	36	21	82	4	37	226	(226)	0
	21,372	38	397	831	47	38	22,723	(226)	22,497
Net Interest Income	55,640	(2)	350	178	752	(2)	56,916	10	56,926
Other Operating Income									
Investment Banking Fees	0	477	0	0	0	0	477	0	477
Others	21,749	200	913	535	8,919	297	32,613	(3,581)	29,032
	21,749	677	913	535	8,919	297	33,090	(3,581)	29,509
Other Operating Expenses									
Depreciation and Amortization	2,627	45	32	405	46	43	3,198	(58)	3,140
Impairment Losses	3,001	(2)	2	(16)	3	0	2,988	0	2,988
Others	45,189	394	636	341	7,095	170	53,825	(464)	53,361
	50,817	437	670	730	7,144	213	60,011	(522)	59,489
Profit before Tax	26,572	238	593	(17)	2,527	82	29,995	(3,049)	26,946
Tax Expense	6,269	74	95	12	331	25	6,806	0	6,806
Net Profit	20,303	164	498	(29)	2,196	57	23,189	(3,049)	20,140
Statements of Financial Position									
Total Resources									
Segment Assets	2,943,593	10,756	45,136	35,514	52,366	5,502	3,092,867	(44,137)	3,048,730
Intangible Assets	5,140	211	21	9	51	1	5,433	2,906	8,339
Deferred Tax Assets	8,232	(184)	27	126	31	(15)	8,217	0	8,217
	2,956,965	10,783	45,184	35,649	52,448	5,488	3,106,517	(41,231)	3,065,286
Total Liabilities	2,601,535	6,910	39,057	30,193	42,652	2,329	2,722,676	(8,226)	2,714,450
Other Segment Information									
Capital expenditures	3,172	14	17	247	12	7	3,469	0	3,469
Investment in associate under equity method	4,910	0	0	194	0	0	5,104	0	5,104
Share in the Profit of associates	368	0	0	(41)	0	0	327	0	327

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Insurance	Others	Total	Eliminations	Group
Statement of Income									
Total Interest Income	56,739	23	845	954	524	5	59,090	0	59,090
External	122	2	0	0	10	15	129	(129)	0
Inter-Segment	56,841	25	845	954	534	20	59,219	(129)	59,090
Total Interest Expense									
External	12,286	2	325	452	38	2	13,105	0	13,105
Inter-Segment	13	25	0	60	0	31	129	(129)	0
	12,299	27	325	512	38	33	13,234	(129)	13,105
Net Interest Income	44,542	(2)	520	442	496	(13)	45,985	0	45,985
Other Operating Income									
Investment Banking Fees	0	633	0	0	0	0	633	0	633
Others	16,795	150	500	629	4,674	288	23,036	(881)	22,155
	16,795	783	500	629	4,674	288	23,689	(881)	22,788
Other Operating Expenses									
Depreciation and Amortization	2,088	25	16	437	18	12	2,596	0	2,596
Impairment Losses	3,502	0	0	29	10	0	3,541	0	3,541
Others	38,516	513	692	376	4,366	198	44,661	(462)	44,199
	44,106	538	708	842	4,394	210	50,798	(462)	50,336
Profit before Tax	17,231	243	312	229	776	65	18,856	(419)	18,437
Tax Expense	4,631	108	106	51	411	17	5,324	0	5,324
Net Profit	12,600	135	206	178	365	48	13,532	(419)	13,113
Statements of Financial Position									
Total Resources									
Segment Assets	2,751,133	6,783	58,793	41,004	38,692	5,640	2,902,045	(40,874)	2,861,171
Intangible Assets	5,316	135	21	22	44	1	5,539	2,907	8,446
Deferred Tax Assets	7,578	(181)	30	122	28	(17)	7,560	0	7,560
	2,764,027	6,737	58,844	41,148	38,764	5,624	2,915,144	(37,967)	2,877,177
Total Liabilities	2,456,458	2,462	53,789	36,013	31,695	2,475	2,582,892	(9,178)	2,573,714
Other Segment Information									
Capital expenditures	5,961	15	8	388	41	89	6,502	0	6,502
Investment in associate under equity method	4,777	0	0	249	0	0	5,026	0	5,026
Share in the Profit of associates	341	0	0	(17)	0	0	324	0	324

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 – June 2019 vs. December 2018

- Cash and Other Cash Items went down 17% to P44.7 billion, from a high year-end 2018 level owing to deposits generated during the Christmas season.
- Due from BSP declined 6% to P333.0 billion primarily owing to the reduction in reserve requirement implemented during the second quarter of the year.
- Due from Other Banks dropped 33% to P37.3 billion as the Bank shifted excess liquidity to higher-yielding investments.
- Investment Securities, consequently, grew 11% to P427.7 billion as Financial Assets at Fair Value Through Profit and Loss (FVTPL), Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) expanded by 33% and 22%, respectively.
- Net Loans and Other Receivables inched up 2% to P2.1 trillion as Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA) and Other Receivables grew 28%, 43% and 51% to P62.8 billion, P31.5 billion and P11.0 billion, respectively. Customer receivables were steady at P2.0 trillion as maturing loans offset new availments.
- Total Deposits were likewise steady at P2.4 trillion as a 6% increase in Demand deposits were offset by slight declines in Savings and Time deposits.
- Bills Payable went up 16% to P166.7 billion from the issuance of the P35.0 billion fixed rate bonds in February 2019.
- Insurance Contract Liabilities jumped 27% to P36.2 billion fueled by higher business volumes of BDO Life.
- Other Liabilities rose 11% to P102.0 billion due to higher levels of accounts payable, accrued expenses and outstanding checks.
- Total Equity went up 7% to P350.8 billion owing to the Net Income booked during the period.

1.b Balance Sheet – June 2019 vs. June 2018

- Total Resources grew 7% year-on-year to P3.1 trillion as Customer Loans rose 7% funded by deposits, the bond issuance and re-invested profits.
- Due from BSP and Due from Other Banks dropped 9% and 42% due to the reduction in reserve requirement and the shift to higher-yielding investments.
- Accordingly, Investment Securities climbed 17% owing to a 42%, 27% and 10% growth in FVTPL, FVOCI and Held-to-Collect (HTC) Securities, respectively.
- Net Loans and Other Receivables went up 9% coming from to a 7% year-on-year increase in Customer Loans. Interbank Loans, SPURRA and Other Receivables, likewise, hiked 35%, 68% and 79%, respectively.
- Investment Properties went up 6% to P19.8 billion on foreclosures and dacion payments.
- Deferred Tax Assets rose 9% to P8.2 billion resulting from the Bank's retirement obligation.



- Other Resources jumped 26% to P36.0 billion mainly due to outstanding credit card transactions and dealer's incentives on auto loans.
- Deposit Liabilities inched up 3% year-on-year, as Demand, Savings and Time deposits increased by 20%, 1% and 4%, respectively.
- Bills Payable hiked 25% following the issuance of the P35.0 billion fixed rate bonds.
- Insurance Contract Liabilities surged 41% on higher BDO Life business volumes.
- Other Liabilities grew 27% due mainly to higher levels of accounts payable, accrued taxes and expenses, and miscellaneous liabilities.
- Total Equity expanded 16% from continued profitable operations.

1.c Income Statement – June 2019 vs. June 2018

- The Bank registered a Net Income attributable to Equity holders of the Parent Company of P20.2 billion for the first half of 2019. This represents a 53% improvement from the P13.1 billion recorded for the same period last year.
- Net Interest Income hiked 24% to P56.9 billion carried by higher net interest margin and an increase in the Bank's interest-earning assets.
- The Bank prudently set aside P3.0 billion as Provision for Impairment Losses for the first half of the year.
- Other income jumped 29% to P29.5 billion due to the following:
 - Normalized Trading Income of P2.0 billion vis-a-vis a Trading Loss of P1.9 billion for the same period last year.
 - Service Charges improved 16% to P15.0 billion owing to recurring fee income from major business lines.
 - Foreign Exchange (FX) Gain declined 15% to P1.6 billion representing partial offsetting gains in some trading positions of the Bank.
 - Insurance Premiums climbed 22% to P6.9 billion owing to higher BDO Life business volumes.
 - Other Income went down 8% to P2.4 billion primarily from lower gains on ROPA disposal.
- Operating Expenses grew 21% to P56.5 billion on account of the following:
 - Employee Benefits rose 16% from salary increases as well as a higher manpower count from business expansion.
 - Occupancy expenses went up 16% following investments in the Bank's various distribution channels.
 - Taxes and Licenses jumped 23% owing to GRT on higher income and DST costs from higher Time Deposit levels.
 - Insurance expenses rose 14% from a higher deposit level.
 - Advertising expenses increased 27% on increased marketing, promotional and advertising spending.
 - Litigation/Assets Acquired expenses declined 5% owing to lower costs relating to litigation and maintenance of acquired assets.
 - Policy Reserves soared 135% resulting from increased BDO Life business volumes.

- Security, Clerical and Janitorial expenses as well as Other Operating Expenses grew 9% and 13%, respectively, following an expanded distribution network and increased business volumes.
- Tax Expense climbed 28% to P6.8 billion on a higher taxable income base.

1.d Comprehensive Income – June 2019 vs. June 2018

- From a Net Income of P20.1 billion, Total Comprehensive Income for the first half of 2019 registered at P23.7 billion, inclusive of a P6.1 billion rise in net gain on debt investments at FVOCI Securities, a negative P8 million translation adjustment related to foreign operations, a negative P3.2 billion remeasurement on life insurance reserves as well as a P616 million increase in unrealized gains on equity investments at FVOCI.
 - This represents a 120% jump from the Total Comprehensive Income of P10.8 billion recorded for the same period last year, comprised of a P13.1 billion Net Income, a P3.5 billion decline in net gain on debt investments at FVOCI Securities, a P45 million translation adjustment, a P2.9 billion remeasurement on life insurance reserves, a P1.8 billion drop in unrealized gains on equity investments at FVOCI 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	6M 2019	6M 2018	12M 2018
Return on Average Common Equity (%)	12.00%	8.81%	10.71%
Return on Average Assets(%)	1.33%	0.94%	1.14%
Net Interest Margin	3.99%	3.50%	3.64%
Liquidity Ratio	30.57%	31.27%	30.43%
Debt to Equity	773.71%	848.11%	821.00%
Asset to Equity	873.71%	948.11%	921.00%
Interest Rate Coverage	219.78%	240.69%	241.95%
Profit Margin	18.49%	16.02%	18.26%
Capital Adequacy Ratio	14.22%	14.00%	13.73%
Basic Earnings per Share	4.53	2.93	7.40

- Return on Average Common Equity and Return on Average Assets improved to 12.00% and 1.33%, respectively, from higher Net Income.
- Net Interest Margin rose to 3.99% owing to sustained growth in higher yielding loan segments.
- Liquidity Ratio declined year-on-year to 30.57% owing to customer loan growth.
- Debt to Equity and Assets to Equity dropped to 773.71% and 873.71%, respectively, as total equity outpaced the increase in both liabilities and total assets.
- Interest Rate Coverage declined to 219.78% on increased funding cost.
- Profit Margin improved to 18.49% owing to higher NIMs and non-interest income.
- Capital Adequacy Ratio, covering credit, market and operations risk went up to 14.22%, as the bottomline profits outpaced the growth in risk-weighted assets.
- Basic earnings per share grew P1.60 year-on-year to P4.53 for the first half on improved Net Income.

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 – June 2019 vs. December 2018

Remarks: NONE



II. Balance Sheet – June 2019 vs. June 2018

Remarks: NONE

III. Income Statement – June 2019 vs. June 2018

- Trading Gain as a percentage of Other Income was at 6.7% compared to a year-ago level of -8.5%, owing to more favorable market conditions.
- Service Charges to total Other Income, consequently, went down to 50.8% vis-à-vis 56.9% in the first half of 2018.

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

Remarks: NONE

A handwritten mark, possibly a signature or initials, located in the bottom right corner of the page. It consists of a few strokes, including a vertical line and a diagonal line.

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
 As of June 30, 2019
 (Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	90 DAYS OR LESS					181 DAYS AND OVER	TOTAL
	Current	91 - 120 DAYS	121 - 180 DAYS	181 DAYS AND OVER	TOTAL		
A. INTERBANK LOANS RECEIVABLES	P 62,862	P 0	P 0	P 0	P 0	P 62,862	
B. LOANS AND RECEIVABLES	P 2,041,202	P 9,710	P 4,649	P 2,396	P 20,060	P 2,078,017	
Loans & Discounts	1,713,122	7,765	4,187	1,740	14,353	1,741,167	
Agri - Agri Loans	111,892	19	5	23	815	112,754	
Bills Purchased	16,485	0	0	0	26	16,511	
Customers Liability on Draft under LC/TR	71,658	35	7	2	502	72,204	
Customers Liability for this Bank's Acceptances	3,815	0	0	0	0	3,815	
Credit Card Receivables	79,313	1,714	360	563	2,499	84,449	
Restructured Loans	49	3	1	1	1,123	1,177	
Reverse Repurchase Agreement	31,501	0	0	0	0	31,501	
Other Loans & Receivables	13,367	174	89	67	742	14,439	
C. ACCOUNTS RECEIVABLE	P 8,406	P 1,039	P 191	P 300	P 1,767	P 11,703	
TOTAL	P 2,112,470	P 10,749	P 4,840	P 2,696	P 21,827	P 2,152,582	