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S.E.C. Registration Number

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(COMPANY'S FULL NAME)

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

RHODA P. LAZARO

Contact Person

8878-4520/8840-7000 loc 4520

Company Telephone Number

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Month

3	0
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Day

S	E	C	1	7	-	Q
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Form Type

Every last Friday of the month of May

Annual Meeting

Secondary License type, if applicable

C	F	D
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Dept. Requiring this Doc.

Amended Articles Number/Section

12,464

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

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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 June 30, 2020.
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

8856-7434/8840-7000 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	4,383,422,687	

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. ☐

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.....

July 27, 2020

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

LUCY CO DY

Signature and Title.....

EVP/COMPTROLLER

Date.....

July 27, 2020

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

	As of June 30, 2020	Audited As of December 31, 2019
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 69,846	P 64,140
DUE FROM BANGKO SENTRAL NG PILIPINAS	387,342	309,040
DUE FROM OTHER BANKS	58,833	38,956
TRADING AND INVESTMENT SECURITIES		
Financial Assets at FVTPL	27,373	27,081
Financial Assets at FVOCI	148,092	145,239
Investment Securities at Amortized Cost - Net	248,402	263,585
LOANS AND OTHER RECEIVABLES – Net	2,273,343	2,225,777
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – Net	44,917	46,551
INVESTMENT PROPERTIES	16,693	16,911
EQUITY INVESTMENTS – Net	4,795	4,890
DEFERRED TAX ASSETS	8,730	8,927
OTHER RESOURCES – Net	29,379	37,761
TOTAL RESOURCES	P 3,317,745	P 3,188,858
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES		
Demand	P 273,801	P 232,995
Savings	1,737,939	1,589,639
Time	595,672	662,594
Total Deposit Liabilities	2,607,412	2,485,228
BILLS PAYABLE	179,274	167,524
SUBORDINATED NOTES PAYABLE	-	10,030
INSURANCE CONTRACT LIABILITIES	50,798	42,473
OTHER LIABILITIES	112,779	113,016
Total Liabilities	2,950,263	2,818,271
EQUITY		
Attributable to Shareholders of the Parent Company	365,851	368,932
Non-Controlling Interest	1,631	1,655
Total Equity	367,482	370,587
TOTAL LIABILITIES AND EQUITY	P 3,317,745	P 3,188,858
<u>CONTINGENT</u>		
Trust department accounts	P 1,365,537	P 1,336,368
Unused commercial letters of credit	44,309	53,703
Outstanding guarantees issued	2,454	2,942
Export L/Cs Confirmed	7,814	7,868
Bills for collection	10,477	10,846
Late deposits/payment received	2,389	3,174
Spot Exchange Bought	7,485	9,764
Spot Exchange Sold	11,269	20,148
Forward Exchange Bought	145,591	141,969
Forward Exchange Sold	159,934	140,128
Interest Rate Futures Bought	175	-
Interest Rate Swap Receivable	13,926	15,446
Interest Rate Swap Payable	13,926	15,446
Other Contingent Accounts	442,940	415,591
TOTAL CONTINGENT ACCOUNTS	P 2,228,226	P 2,173,393

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 ending		For the Quarter ending	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
INTEREST INCOME ON				
Loans and Other Receivables	P 71,622	P 70,946	P 35,552	P 36,229
Trading and Investment Securities	8,127	7,908	4,022	4,107
Due from BSP and Other Banks	1,119	533	594	259
Others	21	36	9	17
Total Interest Income	80,889	79,423	40,177	40,612
INTEREST EXPENSE ON				
Deposit Liabilities	10,331	18,586	4,746	9,363
Bills Payable and Other Borrowings	3,799	3,910	1,856	2,049
Finance Lease Liabilities	364	1	157	1
Total Interest Expense	14,494	22,497	6,759	11,413
NET INTEREST INCOME	66,395	56,926	33,418	29,199
IMPAIRMENT LOSSES	22,434	2,988	20,174	1,702
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	43,961	53,938	13,244	27,497
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	11,610	14,979	4,453	7,649
Trading Gain(Loss) - Net	1,795	1,990	6,357	664
Trust Fees	1,811	1,702	889	853
Foreign Exchange Gain	606	1,602	315	705
Insurance Premiums	7,031	6,853	3,156	3,615
Miscellaneous – net	1,932	2,383	596	1,148
Total Other Operating Income	24,785	29,509	15,766	14,634
OTHER OPERATING EXPENSES				
Compensation and Benefits	17,633	15,916	10,132	9,017
Occupancy	4,415	5,144	2,196	2,610
Taxes and licenses	6,809	7,081	3,186	3,413
Security, Clerical, Messengerial and Janitorial	1,914	1,944	881	996
Insurance	2,668	2,606	1,333	1,305
Advertising	2,321	2,397	1,155	1,181
Litigation on Assets Acquired	294	265	109	104
Policy Reserves	2,134	4,586	3,626	2,271
Insurance Benefits and Claims	1,605	1,015	809	488
Miscellaneous	16,240	15,547	5,824	6,787
Total Other Operating Expenses	56,033	56,501	29,251	28,172
NET INCOME BEFORE INCOME TAX	12,713	26,946	(241)	13,959
TAX EXPENSE	8,461	6,806	4,261	3,566
NET INCOME AFTER TAX	P 4,252	P 20,140	P (4,502)	P 10,393
Attributable To:				
Equity holders of the parent	P 4,287	P 20,152	P (4,479)	P 10,389
Non-Controlling Interest	(35)	(12)	(23)	4
	P 4,252	P 20,140	P (4,502)	P 10,393
Earnings Per Share:				
Basic	0.90	4.53	(1.02)	2.37
Diluted	0.90	4.53	(1.02)	2.36

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 six-month period ending		For the Quarter ending	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
NET PROFIT	P 4,252	P 20,140	P (4,502)	P 10,393
OTHER COMPREHENSIVE INCOME(LOSS)				
Items that are or will be reclassified subsequently to profit or loss:				
Net unrealized gains (losses) on debt investments at FVOCI, net of tax	2,945	6,051	6,405	2,247
Transfer of realized gains on disposed debt investments at FVOCI to statements of income, net of tax	101	49	(2)	9
Impairment losses on debt investments at FVOCI	(11)	18	(11)	10
Total gains (losses) on FVOCI securities, net of tax	3,035	6,118	6,392	2,266
Translation adjustment related to foreign operations	(25)	(8)	(22)	(21)
	3,010	6,110	6,370	2,245
Items that will not be reclassified to profit or loss:				
Remeasurement on life insurance reserves	(5,794)	(3,195)	(5,281)	(868)
Unrealized gains (losses) on equity investments at FVOCI, net of tax	(844)	631	909	127
	(6,638)	(2,564)	(4,372)	(741)
Share in other comprehensive income (loss) of associates accounted for under equity method	(8)	0	0	(1)
Other Comprehensive Income (Loss), net of tax	(3,636)	3,546	1,998	1,503
TOTAL COMPREHENSIVE INCOME	P 616	P 23,686	P (2,504)	P 11,896
Attributable To:				
Shareholders of the Parent Bank	P 640	P 23,672	P (2,501)	P 11,879
Non-controlling Interest	(24)	14	(3)	17
	P 616	P 23,686	P (2,504)	P 11,896

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED JUNE 30, 2020 AND 2019
(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 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 1, 2020	43,814	5,150	124,049	18,362	12	192,333	(1,741)	(11,224)	955	(2,789)	11	-	368,932	1,655	370,587
Transactions with owners															
Issuance of primary shares	20		196	(1,289)									216		216
Options transferred during the year				316									(1,289)		(1,289)
Options expensed during the year													316		316
Cash Dividends	20	-	196	(973)	-	(2,969)	-	-	-	-	-	-	(2,969)	-	(2,969)
Total transactions with owners													(3,726)	-	(3,726)
Total comprehensive income (loss)						4,287	2,179			(5,794)	(24)	(8)	640	(24)	616
Transfer to/(from) Surplus Free															
Trust reserves				49		(49)							-		-
Reversal of appropriation of excess GLLP over ECL				(454)		454							-		-
Other Reserves				83		(83)							-		-
	-	-	-	(322)	-	322	-	-	-	-	-	-	-	-	-
Disposals of Equity Securities classified as FVOCI						(926)	931						5		5
Balance at June 30, 2020	43,834	5,150	124,245	17,067	12	193,047	1,369	(11,224)	955	(8,583)	(13)	(8)	365,851	1,631	367,482
Balance at January 1, 2019	43,740	5,150	123,377	14,788	9	156,327	(10,390)	(8,893)	1,008	2,257	13	(14)	327,372	777	328,149
Transactions with owners															
Issuance of primary shares	32		286										318		318
Cash Dividends						(2,965)							(2,965)		(2,965)
Total transactions with owners	32	-	286	-	-	(2,965)	-	-	-	-	-	-	(2,647)	-	(2,647)
Total comprehensive income						20,152	6,723			(3,195)	(8)		23,672	14	23,686
Transfer to/(from) Surplus Free															
Trust reserves				83		(83)							-		-
Appropriation of excess GLLP over ECL				390		(390)							-		-
Other Reserves				4		(4)							-		-
	-	-	-	477	-	(477)	-	-	-	-	-	-	-	-	-
Disposals of Equity Securities classified as FVOCI						(440)	451						11		11
Other Adjustments															
Change in ownership interest in subsidiaries	-	-	-	-	3	690	58	16	-	-	-	-	767	870	1,637
					3	690	58	16	-	-	-	-	767	870	1,637
Balance at June 30, 2019	43,772	5,150	123,663	15,265	12	173,287	(3,159)	(8,877)	1,008	(938)	5	(14)	349,175	1,661	350,836

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019
(Amounts in Millions of Pesos)

Page 5

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 12,713	P 26,946
Adjustments for:		
Interest income	(80,889)	(79,423)
Interest received	74,560	79,029
Interest expense	14,494	22,497
Interest paid	(18,086)	(23,701)
Impairment losses	22,434	2,988
Depreciation and amortization	4,138	3,140
Share in (profit)loss of associates	(276)	(327)
Fair value loss (gain)	2,846	(85)
Operating profit before changes in operating resources and liabilities	31,934	31,064
Decrease (increase) in financial assets at FVTPL	(3,232)	(6,523)
Decrease (increase) in loans and other receivables	(45,591)	(26,252)
Decrease (increase) in investment properties	(250)	(850)
Increase (decrease) in other resources	481	(5,825)
Increase (decrease) in deposit liabilities	123,200	(20,026)
Increase (decrease) in insurance contract liabilities	2,531	4,455
Increase (decrease) in other liabilities	5,711	15,614
Cash generated from (used in) operations	114,784	(8,343)
Cash paid for income tax	(8,214)	(6,607)
Net Cash From (Used in) Operating Activities	106,570	(14,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(1,007)	(2,000)
Proceeds from disposals of premises, furniture, fixture and equipment	766	90
Acquisition of investment securities at amortized cost	(56,788)	(58,929)
Maturities of investment securities at amortized cost	78,208	56,362
Proceeds from disposal of financial assets at FVOCI	40,471	20,839
Acquisition of financial assets at FVOCI	(41,102)	(40,596)
Net Cash From (Used in) Investing Activities	20,548	(24,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	216	318
Proceeds from bills payable	149,905	158,071
Payments of bills payable	(135,630)	(134,154)
Redemption of subordinated notes payable	(10,000)	-
Payments of lease liabilities	(1,323)	(6)
Dividends paid	(2,969)	(2,965)
Net Cash From (Used in) Financing Activities	199	21,264
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P 127,317	P (17,920)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	64,140	53,749
Due from Bangko Sentral ng Pilipinas	309,040	354,132
Due from other banks	38,956	55,292
Investment Securities at Amortized Cost	308	9,168
SPURRA	-	22,009
Interbank Loans Receivable	31,277	42,214
FCNC	5,345	4,828
	449,066	541,392
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	69,846	44,718
Due from Bangko Sentral ng Pilipinas	387,342	332,955
Due from other banks	58,833	37,319
Investment Securities at Amortized Cost	7,165	15,754
SPURRA	10,172	31,501
Interbank Loans Receivable	38,263	57,419
FCNC	4,762	3,806
	P 576,383	P 523,472

CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIBANK, INC.

For the six months ended: June 30, 2020

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.

The significant accounting policies in the Bank's interim financial statements are consistent with those applied in its annual financial statements as of and for the year ended December 31, 2019.

- 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 3, 2020, the Bank issued P40.1 billion fixed rate bonds to diversify funding sources and support its lending activities.

On March 10, 2020, the Bank redeemed its P10.0 billion Unsecured Subordinated Notes in accordance with the instrument's optional redemption date.

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

On February 1, 2020, 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 February 21, 2020.

On February 27, 2020, the Board of Directors approved the declaration of cash dividends for the first quarter of 2020, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on March 27, 2020.

On May 30, 2020, the Board of Directors approved the declaration of cash dividends for the second quarter of 2020, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on June 29, 2020.

- 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.

On July 3, 2020, the Bank issued P36.0 billion in Fixed Rate Peso Bonds to diversify its funding sources and support its lending activities.

On July 13, 2020, the Bank issued \$600 million in Fixed Rate Senior Notes to tap longer-term funding sources to support dollar-denominated projects.

- 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 January 27, 2020, the Bank announced that it had entered into an agreement to sell a controlling stake in its publicly-listed subsidiary, BDO Leasing and Finance (BDOLF), to a third party as part of the Bank's restructuring of its leasing business. The sale transaction is subject to closing conditions, including approval by regulatory authorities.

On June 23, the Bank announced an agreement on fundamental principles to buy out Nomura Holdings, Inc.'s (Nomura) entire holdings in the joint venture arrangement under BDO Nomura Securities, Inc. (BDO Nomura). BDO currently owns 51% of BDO Nomura, with Nomura (through Nomura Asia Investment (Singapore) Pte. Ltd.) holding the remaining 49%. The transaction will enable BDO to consolidate its securities brokerage business into BDO Securities, which is being reorganized into a full service brokerage firm with an expanded product offering to include non-equity securities. The transaction is subject to final agreements in addition to any required corporate and regulatory approvals.



7.j Changes in contingent liabilities or contingent assets from December 31, 2019.

- Total Contingent Accounts increased 3% to P2.2 trillion with material movements from the following accounts:
 - Trust Department Accounts inched up 2% to P1.4 trillion on higher level of assets managed.
 - Unused L/Cs and Outstanding Guarantees Issued dropped 17% apiece to P44.3 billion and P2.5 billion, respectively, owing to lower volume of trade transactions and other guarantees issued as of the first half of the year.
 - Late Deposits and Payments Received, likewise, declined 25% to P2.4 billion, as of the cut-off date.
 - Treasury activities yielded the following:
 - Spot Exchange Bought and Sold went down 23% and 44% to P7.5 billion and P11.3 billion, respectively.
 - Forward Exchange Sold increased 14% to P159.9 billion.
 - Interest Rate Swap Receivable and Payable both dropped 10% to P13.9 billion.
 - Other Contingent Accounts grew 7% to P442.9 billion due to expansion in Committed Credit Lines.



BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of June 30, 2020
(Amounts in Millions of Pesos)

Revenues

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
From external customer							
Interest income	P 78,558	P 8	P 616	P 796	P 908	P 3	P 80,889
Interest expense	(13,951)	-	(129)	(369)	(45)	-	(14,494)
Net interest income	64,607	8	487	427	863	3	66,395
Intersegment revenue							
Interest income	107	7	-	-	11	1	126
Interest expense	(24)	(38)	(4)	(24)	(4)	(46)	(140)
Net interest income	83	(31)	(4)	(24)	7	(45)	(14)
Other operating income							
Investment banking fees	-	460	-	-	-	-	460
Others	18,464	85	744	542	4,584	294	24,713
	18,464	545	744	542	4,584	294	25,173
Total net revenues	83,154	522	1,227	945	5,454	252	91,554

Expenses

Other operating expenses							
Depreciation and amortization	3,670	56	33	359	50	42	4,210
Impairment losses	22,285	-	1	144	5	(1)	22,434
Others	45,722	414	618	277	5,252	156	52,439
	71,677	470	652	780	5,307	197	79,083
Segment operating income	11,477	52	575	165	147	55	12,471
Tax expense	7,278	70	142	84	878	9	8,461
Segment net income	P 4,199	P (18)	P 433	P 81	P (731)	P 46	P 4,010

Statement of Financial Position

Total resources							
Segment assets	P 3,203,351	P 15,920	P 36,768	P 26,717	P 61,440	P 5,252	P 3,349,448
Deferred tax assets (Liabilities) - net	8,680	(155)	24	134	49	(2)	8,730
Intangible assets	5,462	135	17	1	51	1	5,667
	P 3,217,493	P 15,900	P 36,809	P 26,852	P 61,540	P 5,251	P 3,363,845
Total liabilities	P 2,845,339	P 11,905	P 30,767	P 21,099	P 57,436	P 2,080	P 2,968,626
Other Segment Information							
Capital expenditures	P 2,925	P 5	P 3	P 133	P 4	P 1	P 3,071
Investment in associates under equity method	P -	P -	P -	P -	P -	P 4,953	P 4,953
Share in the profit of associates	P -	P -	P -	P -	P -	P 276	P 276

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of June 30, 2019
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
Revenues							
From external customer							
Interest income	P 76,873	P 13	P 747	P 1,009	P 776	P 5	P 79,423
Interest expense	(21,326)	(2)	(376)	(749)	(43)	(1)	(22,497)
Net interest income	55,547	11	371	260	733	4	56,926
Intersegment revenue							
Interest income	139	23	-	-	23	31	216
Interest expense	(46)	(36)	(21)	(82)	(4)	(37)	(226)
Net interest income	93	(13)	(21)	(82)	19	(6)	(10)
Other operating income							
Investment banking fees	-	477	-	-	-	-	477
Others	21,749	200	913	535	8,919	297	32,613
	21,749	677	913	535	8,919	297	33,090
Total net revenues	77,389	675	1,263	713	9,671	295	90,006
Expenses							
Other operating expenses							
Depreciation and amortization	2,627	45	32	405	46	43	3,198
Impairment losses	3,001	(2)	2	(16)	3	-	2,988
Others	45,189	393	636	341	7,095	170	53,824
	50,817	436	670	730	7,144	213	60,010
Segment operating income	26,572	239	593	(17)	2,527	82	29,996
Tax expense	6,269	74	95	12	331	25	6,806
Segment net income	P 20,303	P 165	P 498	P (29)	P 2,196	P 57	P 23,190
Statement of Financial Position							
Total resources							
Segment assets	P 2,943,593	P 10,756	P 45,136	P 35,514	P 52,366	P 5,502	P 3,092,867
Deferred tax assets (Liabilities) - net	8,232	(184)	27	126	31	(15)	8,217
Intangible assets	5,140	211	21	8	52	1	5,433
	2,956,965	10,783	45,184	35,648	52,449	5,488	3,106,517
Total liabilities							
	P 2,601,535	P 6,910	P 39,057	P 30,193	P 42,652	P 2,329	P 2,722,676
Other Segment Information							
Capital expenditures	P 3,172	P 14	P 17	P 247	P 12	P 7	P 3,469
Investment in associates under equity method	-	-	-	194	-	4,910	5,104
Share in the profit of associates	-	-	-	(41)	-	368	327

BDO Unibank, Inc. and Subsidiaries
Reconciliation
As of June 30, 2020 and 2019
(Amounts in Millions of Pesos)

	<u>2020</u>	<u>2019</u>
Revenue		
Total segment net revenues	P 91,554	P 90,006
Elimination of intersegment revenues	(374)	(3,571)
Net revenues as reported in profit or loss	<u>P 91,180</u>	<u>P 86,435</u>
Profit or loss		
Total segment net income	P 4,010	P 23,190
Elimination of intersegment profit	242	(3,050)
Net profit as reported in profit or loss	<u>P 4,252</u>	<u>P 20,140</u>
Resources		
Total segment resources	P 3,363,845	P 3,106,517
Elimination of intersegment assets	(46,100)	(41,231)
Total resources	<u>P 3,317,745</u>	<u>P 3,065,286</u>
Liabilities		
Total segment liabilities	P 2,968,626	P 2,722,676
Elimination of intersegment liabilities	(18,363)	(8,226)
Total Liabilities	<u>P 2,950,263</u>	<u>P 2,714,450</u>

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 2020 vs. December 2019

- Cash and Other Cash Items as well as Due from BSP grew 9% and 25% to P69.8 billion and P387.3 billion, respectively, following deposit growth and a move to invest in more liquid assets.
- Due from Other Banks hiked 51% to P58.8 billion owing to higher placements and working balances with correspondent banks.
- Net Loans and Other Receivables inched up 2% to P2.3 trillion coming from increases in Customer Loans, Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements (SPURRA).
- Other Resources dropped 22% to P29.4 billion primarily due to lower volumes of outstanding credit card transactions as of the cut-off date.
- Total Deposits went up 5% to P2.6 trillion as Demand and Savings deposits hiked 18% and 9%, respectively. Time deposits, on the other hand, went down 10%.
- Bills Payable increased 7% to P179.3 billion following the issuance of the P40.1 billion fixed rate bonds in February 2020.
- The Bank redeemed its P10.0 billion Subordinated Notes Payable in March 2020.
- Insurance Contract Liabilities climbed 20% to P50.8 billion due to remeasurement of life insurance reserves given the decline in interest rates and higher BDO Life business volumes.

1.b Balance Sheet – June 2020 vs. June 2019

- Total Resources hiked 8% year-on-year period to P3.3 trillion as liquid assets and Customer Loans expanded, funded by deposits, the bond issuance and capital.
- Cash and Other Cash Items as well as BSP climbed 56% and 16%, year-on-year, from deposit growth and investments in more liquid assets.
- Due from Other Banks surged 58% owing to higher levels of placements and working balances with correspondent banks.
- Net Loans and Other Receivables increased 7% due to an 11% year-on-year growth in Customer Loans to P2.3 trillion.
- Bank Premises and Net Finance Lease climbed 33% to P44.9 billion due to reclassifications from Investment Properties as well as the full implementation of the new PFRS 16 lease accounting standard.
- Consequently, Investment Properties declined 16% to P16.7 billion.
- Deferred Tax Assets increased 6% to P8.7 billion arising from the Bank's retirement obligation.
- Other Resources dropped 18% mainly due to lower outstanding credit card transactions and a temporary float item as of the cut-off date.
- Deposit Liabilities hiked 9% year-on-year, as Demand and Savings deposits jumped 44% and 16%, respectively. Time deposits, on the other hand, dropped by 16%, partially offsetting the growth.

- Bills Payable went up 8% from the issuance of the P40.1 billion fixed rate bonds in February 2020.
- The Bank redeemed its P10.0 billion Subordinated Notes Payable in March 2020.
- Insurance Contract Liabilities surged 40% following remeasurement of life insurance reserves and higher BDO Life business volumes.
- Other Liabilities rose 11% to P112.8 billion due to the full recognition of Finance Lease Payment Payable from the implementation of the PFRS 16 lease accounting standard.
- Total Equity went up 5% to P367.5 billion from continued profitable operations.

1.c Income Statement – June 2020 vs. June 2019

- The Bank reported a Net Income attributable to Equity holders of the Parent Company of P4.3 billion, a 79% decline from the P20.1 billion for the same period last year. This, however, includes a P22.4 billion upfront Provision for Impairment Losses in anticipation of a possible increase in the Bank's non-performing loans, due to the COVID-19 pandemic and the resulting Enhanced and General Community Quarantine (ECQ / GCQ) imposed across the country.
- Pre-provision Operating Income, however, remained strong growing at 17% to P35.1 billion year-on-year, as the Bank's core business exhibited resilience despite the pandemic.
- Net Interest Income expanded 17% to P66.4 billion from higher margins and a growth in the Bank's interest-earning assets.
- Other income declined 16% to P24.8 billion owing to the following:
 - Trading Gain went down 10% to P1.8 billion due to volatile market conditions.
 - Trust Fees rose 6% to P1.8 billion on higher level of funds managed.
 - Foreign Exchange (FX) Gain slid 62% to P606 million on lower transaction volumes due to the pandemic.
 - Service Charges and Fees as well as Other Income dropped 22% and 19% to P11.6 billion and P1.9 billion, respectively, on scaled down business operations due to the ECQ / GCQ brought about by the COVID-19 pandemic.
- Operating Expenses slightly declined by 1% to P56.0 billion due to the following:
 - Employee Benefits grew 11% from a higher manpower count as well as allowances and benefits to employees during the ECQ /GCQ period.
 - Occupancy expenses dropped 14% following the newly implemented lease accounting standard.
 - Litigation/Assets Acquired expenses rose 11% from higher costs relating to litigation and maintenance of acquired assets.
 - Policy Reserves were 53% lower from the revaluation of BDO Life's unit-linked funds following adverse market movements.
 - Insurance Benefits and Claims climbed 58% from higher BDO Life business volumes.
- Tax Expense hiked 24% to P8.5 billion on a higher taxable income base.

1.d Comprehensive Income – June 2020 vs. June 2019

- From a Net Income of P4.3 billion, Total Comprehensive Income for the first half of 2020 stood at P616 million, comprised of a P3.0 billion improvement in gains on FVOCI Securities, a negative P25 million translation adjustment related to foreign operations, a negative P5.8 billion remeasurement on life insurance reserves, an P844 million drop in unrealized gain on equity investments at FVOCI as well as a negative P8 million share in Other Comprehensive Income (OCI) of affiliates.
- This represents a 97% drop from the Total Comprehensive Income of P23.7 billion for the same period last year, inclusive of a P20.1 billion Net Income, a P6.1 billion increase in gains on FVOCI Securities, a negative P8 million translation adjustment, a negative P3.2 billion remeasurement on life insurance reserves and a P631 million increase in unrealized gain on equity investments at FVOCI.

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 2020	6M 2019	12M 2019
Return on Average Common Equity (%)	2.27%	12.00%	12.75%
Return on Average Assets(%)	0.26%	1.33%	1.44%
Net Interest Margin	4.36%	3.99%	4.15%
Liquidity Ratio	30.01%	30.57%	27.80%
Debt to Equity	802.83%	773.71%	760.49%
Asset to Equity	902.83%	873.71%	860.49%
Interest Rate Coverage	187.71%	219.78%	245.49%
Profit Margin	4.02%	18.49%	19.97%
Capital Adequacy Ratio	13.82%	14.22%	14.26%
Basic Earnings per Share	0.90	4.53	10.02

- Return on Average Common Equity and Return on Average Assets dropped to 2.27% and 0.26%, respectively, on lower bottomline profits as a result of the P22.4 billion upfront provisions booked in the first half of the year.
- Net Interest Margin climbed to 4.36% from growth in interest-earning assets and an improvement in funding mix.
- Liquidity Ratio declined, year-on-year, to 30.01% owing to customer loan growth.
- Debt to Equity and Assets to Equity went up to 802.83% and 902.83%, respectively, as both growth in liabilities and total assets outpaced the increase in total equity.
- Interest Rate Coverage and Profit Margin went down to 187.71% and 4.02%, respectively, from lower Net Income.
- Capital Adequacy Ratio, covering credit, market and operations risk went down to 13.82% as growth in risk-weighted assets outpaced the increase in total qualified capital.
- Basic earnings per share slid to P0.90 for the first half on lower 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.

The Bank has experienced scaled down business operations due to the ECQ / GCQ brought about by the COVID-19 pandemic. However, as the government gradually relaxes the quarantine measures, a gradual pick-up in business activity is expected.

- 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 2020 vs. December 2019

Remarks: NONE



II. Balance Sheet – June 2020 vs. June 2019

- Time deposits to Total Deposits dropped 6.9% to 22.8% owing to strong growth in lower-cost Demand and Savings deposits.

III. Income Statement – June 2020 vs. June 2019

- Interest Expense on Deposit Liabilities as a percentage of Total Interest Expense dropped 11.3% to 71.3%, due to lower interest rates and levels of high-cost Time deposits.
- Interest Expense on Bills Payable went up 8.8% to 26.2% of Total Interest Expense as a result of the bond issuance.
- Insurance Premiums as a percentage of Other Operating Income rose 5.1% to 28.4% due to the decline in other non-interest income.
- Provision for Impairment Losses went up 28.5% to 33.8% of Net Interest Income due to the upfront provisions of P20.0 billion booked in the second quarter of the year in anticipation of an increase in delinquencies due to the impact of COVID-19.
- Income Tax increased to 66.6% of Pre-tax Income, on 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 June 30, 2020

(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 45,680 P	0 P	0 P	0 P	0 P	45,680
B. LOANS AND RECEIVABLES	P 2,195,034 P	36,721 P	7,013 P	5,506 P	30,135 P	2,274,409
Loans & Discounts	1,925,850	33,075	5,700	4,069	21,855	1,990,549
Agri - Agra Loans	97,046	1,712	5	68	1,137	99,968
Bills Purchased	11,565	0	0	0	26	11,591
Customers Liability on Draft under LC/TR	49,790	13	0	0	566	50,369
Customers Liability for this Bank's Acceptances	3,865	0	0	0	0	3,865
Credit Card Receivables	76,646	1,180	1,146	1,226	3,876	84,074
Restructured Loans	34	4	5	6	1,119	1,168
Reverse Repurchase Agreement	10,172	0	0	0	0	10,172
Other Loans & Receivables	20,066	737	157	137	1,556	22,653
C. ACCOUNTS RECEIVABLE	P 4,032 P	925 P	306 P	357 P	1,772 P	7,392
TOTAL	P 2,244,746 P	37,646 P	7,319 P	5,863 P	31,907 P	2,327,481