

COVER SHEET

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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

8878-4520/8840-7000 loc 4520

Company Telephone Number

0 3

Month

3 1

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

12,413

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 March 31, 2021.
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
- 8878-4520/8840-7000 LOC 4520
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	4,384,543,615	

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. ☐

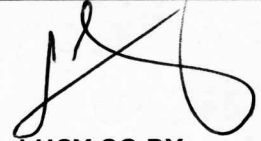
SIGNATURES

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

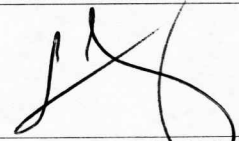
EVP/COMPTROLLER

Date.....

April 23, 2021

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

LUCY CO DY



EVP/COMPTROLLER

Signature and Title.....

Date.....

April 23, 2021

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

	As of March 31, 2021	Audited as of December 31, 2020
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 52,422	P 74,851
DUE FROM BANGKO SENTRAL NG PILIPINAS	409,718	308,636
DUE FROM OTHER BANKS	80,985	65,289
TRADING AND INVESTMENT SECURITIES		
Financial Assets at FVTPL	38,794	37,110
Financial Assets at FVOCI	145,047	184,881
Investment Securities at Amortized Cost - Net	298,190	286,819
LOANS AND OTHER RECEIVABLES – Net	2,259,505	2,301,981
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – Net	43,741	44,330
INVESTMENT PROPERTIES	15,528	15,851
EQUITY INVESTMENTS – Net	4,792	4,862
DEFERRED TAX ASSETS	7,785	7,911
OTHER RESOURCES – Net	39,921	42,379
TOTAL RESOURCES	P 3,396,428	P 3,374,900
<u>LIABILITIES AND CAPITAL FUNDS</u>		
LIABILITIES		
DEPOSIT LIABILITIES		
Demand	P 334,776	P 314,256
Savings	1,843,685	1,810,164
Time	452,965	485,731
Total Deposit Liabilities	2,631,426	2,610,151
BILLS PAYABLE	207,255	209,744
INSURANCE CONTRACT LIABILITIES	57,026	58,410
OTHER LIABILITIES	99,811	103,574
Total Liabilities	2,995,518	2,981,879
EQUITY		
Attributable to Shareholders of the Parent Company	399,297	391,423
Non-Controlling Interest	1,613	1,598
Total Equity	400,910	393,021
TOTAL LIABILITIES AND EQUITY	P 3,396,428	P 3,374,900
<u>CONTINGENT</u>		
Trust department accounts	P 1,631,023	P 1,629,129
Unused commercial letters of credit	61,035	52,029
Outstanding guarantees issued	3,343	3,469
Export L/Cs Confirmed	4,944	6,293
Bills for collection	16,483	14,625
Late deposits/payment received	662	1,262
Spot Exchange Bought	7,137	3,973
Spot Exchange Sold	24,319	15,368
Forward Exchange Bought	193,108	155,430
Forward Exchange Sold	214,492	166,992
Interest Rate Futures Sold	146	240
Interest Rate Swap Receivable	7,299	7,956
Interest Rate Swap Payable	7,299	7,956
Other Contingent Accounts	422,730	436,216
TOTAL CONTINGENT ACCOUNTS	P 2,594,020	P 2,500,938

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 three-month period ending	
	March 31, 2021	March 30, 2020
INTEREST INCOME ON		
Loans and Other Receivables	P 30,892	P 36,070
Trading and Investment Securities	4,090	4,105
Due from BSP and Other Banks	481	525
Others	16	12
Total Interest Income	35,479	40,712
INTEREST EXPENSE ON		
Deposit Liabilities	1,791	5,585
Bills Payable and Other Borrowings	1,479	1,943
Finance Lease Liabilities	188	207
Total Interest Expense	3,458	7,735
NET INTEREST INCOME	32,021	32,977
IMPAIRMENT LOSSES	2,931	2,260
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	29,090	30,717
OTHER OPERATING INCOME		
Service Charges, Fees and Commissions	7,014	7,157
Trading Gain(Loss) - Net	68	(847)
Trust Fees	1,098	922
Foreign Exchange Gain	701	291
Insurance Premiums	5,076	3,875
Miscellaneous – net	1,413	1,335
Total Other Operating Income	15,370	12,733
OTHER OPERATING EXPENSES		
Compensation and Benefits	8,210	7,501
Occupancy	2,440	2,219
Taxes and licenses	3,130	3,623
Security, Clerical, Messengerial and Janitorial	943	1,033
Insurance	1,419	1,335
Advertising	790	1,166
Litigation on Assets Acquired	205	185
Policy Reserves	2,998	2,222
Insurance Benefits and Claims	1,248	796
Miscellaneous	9,686	10,416
Total Other Operating Expenses	31,069	30,496
NET INCOME BEFORE INCOME TAX	13,391	12,954
TAX EXPENSE	2,983	4,200
NET INCOME AFTER TAX	P 10,408	P 8,754
Attributable To:		
Equity holders of the parent	P 10,390	P 8,766
Non-Controlling Interest	18	(12)
	P 10,408	P 8,754
Earnings Per Share:		
Basic	2.29	1.92
Diluted	2.29	1.92

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 three-month period ending	
	March 31, 2021	March 31, 2020
NET PROFIT	P 10,408	P 8,754

OTHER COMPREHENSIVE INCOME(LOSS)

Items that are or will be reclassified subsequently to profit or loss:

Net unrealized losses on debt investments at fair value through other comprehensive income (FVOCI), net of tax	(3,677)	(3,460)
Transfer of realized losses (gains) on disposed debt investments at FVOCI to statements of income, net of tax	(265)	103
Impairment losses on debt investments at FVOCI	(6)	0
Net losses on FVOCI securities, net of tax	(3,948)	(3,357)
Translation adjustment related to foreign operations	48	(3)
	(3,900)	(3,360)

Items that will not be reclassified to profit or loss:

Remeasurement on life insurance reserves	3,393	(513)
Unrealized losses on equity investments at FVOCI, net of tax	(440)	(1,753)
	2,953	(2,266)

Share in other comprehensive income (loss) of associates accounted for under equity method
Other Comprehensive Income (Loss), net of tax

	(4)	(8)
	(951)	(5,634)

TOTAL COMPREHENSIVE INCOME

P 9,457	P 3,120
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Attributable To:

Shareholders of the Parent Bank	P 9,442	P 3,141
Non-controlling Interest	15	(21)
	P 9,457	P 3,120

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED MARCH 31, 2021 AND 2020
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free FVOCI	Net Unrealized Fair Value Gain / (Losses) on FVOCI	Accumulated Actuarial Gains/ (Losses)	Revaluation Increment	Remeasurement on Life Insurance Reserves	Accumulated Translation Adjustment	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, 2021	P 43,842	P 5,150	P 124,327	P 17,964	P 29	P 214,525	P 4,008	P (10,459)	P 955	P (8,859)	P (49)	P (10)	P 391,423	P 1,598	P 393,021
Transactions with owners															
Issuance of primary shares	3		29	22									32		32
Options transferred during the year				36									22		22
Options expensed during the year						(1,655)							36		36
Cash Dividends	3		29	58		(1,655)							(1,656)		(1,656)
Total transactions with owners													(1,566)		(1,566)
Total comprehensive income (loss)						10,390	(4,384)			3,393	47	(4)	9,442	15	9,457
Transfer to/(from) Surplus Free				(370)		370									
Reversal of appropriation of excess GLLP over ECL				11		(11)									
Other Reserves				(359)		359									
Disposals of Equity Securities classified as FVOCI						154	(157)						(3)		(3)
Other Adjustments					1								1		1
Change in ownership interest in subsidiaries					1								1		1
Balance at March 31, 2021	P 43,845	P 5,150	P 124,356	P 17,663	P 30	P 223,772	P (633)	P (10,459)	P 955	P (5,466)	P (2)	P (14)	P 399,297	P 1,613	P 400,910
Balance at January 1, 2020	P 43,814	P 5,150	P 124,049	P 18,362	P 12	P 192,333	P (1,741)	P (11,224)	P 955	P (2,789)	P 11	P -	P 388,832	P 1,655	P 370,587
Transactions with owners															
Issuance of primary shares	12		118	(125)									130		130
Options transferred during the year				158									(125)		(125)
Options expensed during the year						(1,654)							158		158
Cash Dividends	12		118	33		(1,654)							(1,654)		(1,654)
Total transactions with owners													(1,491)		(1,491)
Total comprehensive income						8,766	(5,101)			(513)	(3)	(8)	3,141	(21)	3,120
Transfer to/(from) Surplus Free				49		(49)									
Trust reserves				505		(505)									
Appropriation of excess GLLP over ECL				9		(9)									
Other Reserves				563		(563)									
Disposals of Equity Securities classified as FVOCI						(400)									
Balance at March 31, 2020	P 43,826	P 5,150	P 124,167	P 18,958	P 12	P 198,482	P (6,442)	P (11,224)	P 955	P (3,302)	P 8	P (8)	P 370,582	P 1,634	P 372,216

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(Amounts in Millions of Pesos)

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	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 13,391	P 12,954
Adjustments for:		
Interest income	(35,479)	(40,712)
Interest received	38,839	38,489
Interest expense	3,458	7,735
Interest paid	(485)	(7,818)
(Gain) loss from disposal of FVOCI	(270)	(202)
(Gain) loss from disposal of Investment securities at amortized cost	(28)	(16)
Impairment losses	2,931	2,260
Depreciation and amortization	2,365	2,039
Share in (profit)loss of associates	(156)	(305)
Fair value loss (gain)	265	4,904
Foreign exchange (gain)/loss unrealized	(2,011)	(20)
Operating profit before changes in operating resources and liabilities	22,820	19,308
Increase in financial assets at FVTPL	(1,792)	(4,598)
Decrease (increase) in loans and other receivables	44,966	(21,757)
Increase in investment properties	(163)	(240)
Increase in other resources	(2,698)	2,393
Increase (decrease) in deposit liabilities	21,176	90,405
Increase in insurance contract liabilities	2,009	(1,284)
Increase in other liabilities	(3,337)	(13,827)
Cash generated from (used in) operations	82,981	70,400
Cash paid for income tax	(620)	(656)
Net Cash From (Used in) Operating Activities	<u>82,361</u>	<u>69,744</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(789)	(725)
Proceeds from disposals of premises, furniture, fixture and equipment	117	415
Acquisition of investment securities at amortized cost	(35,572)	(35,549)
Maturities of investment securities at amortized cost	25,610	30,197
Proceeds from disposal of financial assets at FVOCI	196,363	21,076
Acquisition of financial assets at FVOCI	(160,152)	(30,957)
Net Cash From (Used in) Investing Activities	<u>25,577</u>	<u>(15,543)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	32	130
Proceeds from bills payable	53,229	115,540
Payments of bills payable	(58,467)	(84,620)
Redemption of subordinated notes payable	-	(10,000)
Payments of lease liabilities	(757)	(818)
Dividends paid	(1,656)	(1,654)
Net Cash From (Used in) Financing Activities	<u>(7,619)</u>	<u>18,578</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P 100,319	P 72,779
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	74,851	64,140
Due from Bangko Sentral ng Pilipinas	308,636	309,040
Due from other banks	65,289	38,956
Investment Securities at Amortized Cost	164	308
SPURRA	16,729	-
Interbank Loans Receivable	57,100	31,277
FCNC	8,578	5,345
	<u>531,347</u>	<u>449,066</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	52,422	51,079
Due from Bangko Sentral ng Pilipinas	409,718	362,653
Due from other banks	80,985	43,383
Investment Securities at Amortized Cost	1,344	713
SPURRA	18,250	16,560
Interbank Loans Receivable	63,182	42,276
FCNC	5,765	5,181
	P 631,666	P 521,845

CHECKLIST OF REQUIRED DISCLOSURES
BDO UNIBANK, INC.
For the three months ended: March 31, 2021

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, 2020.

- 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.

Remarks: NONE

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

On January 30, 2021, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P340 million. The dividends were paid on February 22, 2021.

On February 24, 2021, the Board of Directors approved the declaration of cash dividends for the first quarter of 2021, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on March 25, 2021.

- 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, 2020.

- Total Contingent Accounts increased 4% to P2.6 trillion with material movements from the following accounts:
 - Unused L/Cs grew 17% to P61.0 billion on higher volume of trade transactions.
 - Bills for Collection was higher by 13% at P16.5 billion, as of the first quarter of the year.
 - Outstanding Guaranteed Issued, Export L/Cs Confirmed, as well as Late Deposits and Payments Received, were lower by 4%, 21% and 48% at P3.3 billion, P4.9 billion and P662 million, respectively, on fewer outstanding transactions as of the cut-off date.
 - Treasury activities yielded the following:
 - Spot Exchange Bought and Sold soared 80% and 58% to P7.1 billion and P24.3 billion, respectively.
 - Forward Exchange Bought and Sold, likewise, jumped 24% and 28% to P193.1 billion and P214.5 billion, respectively.
 - Interest Rate Swap Receivable and Payable both declined 8% to P7.3 billion while Interest Rate Futures Sold slid 39% to P146 million.

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of March 31, 2021
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
Revenues							
From external customer							
Interest income	P 34,536	P 4	P 286	P -	P 505	P 148	P 35,479
Interest expense	(3,352)	(1)	(24)	-	(16)	(65)	(3,458)
Net interest income	31,184	3	262	-	489	83	32,021
Intersegment revenue							
Interest income	36	1	-	-	1	-	38
Interest expense	(4)	(13)	(1)	-	(2)	(30)	(50)
Net interest income	32	(12)	(1)	-	(1)	(30)	(12)
Other operating income							
Investment banking fees	-	308	-	-	-	-	308
Others	10,254	74	495	14	5,362	355	16,554
	10,254	382	495	14	5,362	355	16,862
Total net revenues	41,470	373	756	14	5,850	408	48,871
Expenses							
Other operating expenses							
Depreciation and amortization	2,166	25	19	-	25	167	2,402
Impairment losses	2,948	8	(1)	-	4	(28)	2,931
Others	23,180	179	318	4	5,162	167	29,010
	28,294	212	336	4	5,191	306	34,343
Segment operating income	13,176	161	420	10	659	102	14,528
Tax expense	2,709	17	74	-	169	14	2,983
Segment net income	10,467	144	346	10	490	88	11,545
Statement of Financial Position							
Total resources							
Segment assets	P 3,284,630	P 6,239	P 40,145	P 5,987	P 70,872	P 14,460	P 3,422,333
Deferred tax assets (Liabilities) - net	7,897	(167)	10	-	42	3	7,785
Intangible assets	6,259	113	14	-	45	2	6,433
	3,298,786	6,185	40,169	5,987	70,959	14,465	3,436,551
Total liabilities	P 2,892,668	P 2,120	P 33,796	P 9	P 63,740	P 11,196	P 3,003,529
Other Segment Information							
Capital expenditures	P 1,006	P 26	P 3	P -	P -	P 53	P 1,088
Investment in associates under equity method	P -	P -	P -	P -	P -	P 4,945	P 4,945
Share in the profit of associates	P -	P -	P -	P -	P -	P 156	P 156

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of March 31, 2020
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
Revenues							
From external customer							
Interest income	P 39,507	P 4	P 318	P 437	P 445	P 1	P 40,712
Interest expense	(7,430)	-	(79)	(203)	(23)	-	(7,735)
Net interest income	32,077	4	239	234	422	1	32,977
Intersegment revenue							
Interest income	48	5	-	-	6	1	60
Interest expense	(15)	(19)	(2)	(6)	(1)	(23)	(66)
Net interest income	33	(14)	(2)	(6)	5	(22)	(6)
Other operating income							
Investment banking fees	-	121	-	-	-	-	121
Others	8,204	26	316	259	2,780	162	11,747
	8,204	147	316	259	2,780	162	11,868
Total net revenues	40,314	137	553	487	3,207	141	44,839
Expenses							
Other operating expenses							
Depreciation and amortization	1,800	27	17	185	25	21	2,075
Impairment losses	2,230	-	1	29	(1)	1	2,260
Others	24,156	201	313	147	3,811	83	28,711
	28,186	228	331	361	3,835	105	33,046
Segment operating income	12,128	(91)	222	126	(628)	36	11,793
Tax expense	3,392	9	70	43	681	5	4,200
Segment net income	P 8,736	P (100)	P 152	P 83	P (1,309)	P 31	P 7,593
Statement of Financial Position							
Total resources							
Segment assets	P 3,176,760	P 6,733	P 37,655	P 28,849	P 55,273	P 5,160	P 3,310,430
Deferred tax assets (Liabilities) - net	8,790	(154)	26	134	48	-	8,844
Intangible assets	5,332	137	18	1	53	1	5,542
	P 3,190,882	P 6,716	P 37,699	P 28,984	P 55,374	P 5,161	P 3,324,816
Total liabilities	P 2,814,032	P 2,746	P 32,206	P 23,336	P 49,041	P 1,998	P 2,923,359
Other Segment Information							
Capital expenditures	P 1,153	P 4	P 2	P 73	-	P 1	P 1,233
Investment in associates under equity method	-	-	-	-	-	P 4,982	P 4,982
Share in the profit of associates	-	-	-	-	-	P 305	P 305

BDO Unibank, Inc. and Subsidiaries
Reconciliation
As of March 31, 2021 and 2020
(Amounts in Millions of Pesos)

	<u>2021</u>	<u>2020</u>
Revenue		
Total segment net revenues	P 48,871	P 44,839
Elimination of intersegment revenues	<u>(1,480)</u>	<u>871</u>
Net revenues as reported in profit or loss	<u>P 47,391</u>	<u>P 45,710</u>
Profit or loss		
Total segment net income	P 11,545	P 7,593
Elimination of intersegment profit	<u>(1,137)</u>	<u>1,161</u>
Net profit as reported in profit or loss	<u>P 10,408</u>	<u>P 8,754</u>
Resources		
Total segment resources	P 3,436,551	P 3,324,816
Elimination of intersegment assets	<u>(40,123)</u>	<u>(38,006)</u>
Total resources	<u>P 3,396,428</u>	<u>P 3,286,810</u>
Liabilities		
Total segment liabilities	P 3,003,529	P 2,923,359
Elimination of intersegment liabilities	<u>(8,011)</u>	<u>(8,765)</u>
Total Liabilities	<u>P 2,995,518</u>	<u>P 2,914,594</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 – March 2021 vs. December 2020

- Cash and Other Cash Items dropped 30% to P52.4 billion, from a high year-end 2020 level owing to deposits generated during the Christmas season.
- Due from BSP surged 33% to P409.7 billion due to increased placements in BSP's short-term facilities.
- Due from Other Banks expanded 24% to P81.0 billion from higher placements and working balances with correspondent banks.
- Investment Securities decreased 5% to P482.0 billion mainly from maturities of short-term investments under Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI), which registered a 22% drop. Meantime, Financial Assets at Fair Value Through Profit or Loss (FVTPL) and Investment Securities at Amortized Cost increased 5% and 4%, respectively.
- Net Loans and Other Receivables slightly dipped by 2% to P2.3 trillion given the absence of substantial loan demand. Meantime, Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements (SPURRA) climbed 9% apiece while Other Receivables dropped 22%.
- Other Resources declined 6% to P39.9 billion primarily due to lower volumes of outstanding credit card transactions as of the cut-off date.
- Total Deposits inched up 1% to P2.6 trillion as Demand and Savings deposits rose 7% and 2%, respectively. Time deposits, on the other hand, went down 7%, as the Bank continued to reduce levels of expensive funds.

1.b Balance Sheet – March 2021 vs. March 2020

- Total Resources increased 3% year-on-year to P3.4 trillion from growth in liquid assets, given the absence of substantial loan demand.
- Due from BSP grew 13% from a higher volume of placements in BSP's short-term facilities.
- Due from Other Banks soared 87% owing to higher levels of placements and working balances with correspondent banks.
- Investment Securities went up 8% year-on-year from 44% and 11% increases in FVTPL and Investment Securities at Amortized Cost, respectively.
- Net Loans and Other Receivables slightly dipped by 1% as increases in Interbank Loans, SPURRA and Other Receivables, offset the decline in customer loans.
- Investment Properties went down 8% to P15.5 billion on lower levels of ROPA and reclassification to Bank Premises of some branch sites.
- Deferred Tax Assets declined 12% to P7.8 billion owing to amortization of past service cost.
- Other Resources jumped 25% mainly due to retirement assets and increases in intangible assets, foreign currency notes and coins, prepaid expenses and miscellaneous assets.

- Deposit Liabilities inched up 2% on growth in Demand and Savings deposits of 14% and 10%, respectively. Time deposits went down 25% year-on-year on reduced levels of expensive funds.
- Insurance Contract Liabilities hiked 37% to P57.0 billion due to sustained BDO Life business volumes.
- Total Equity went up 8% to P400.9 billion from continued profitable operations.

1.c Income Statement – March 2021 vs. March 2020

- The Bank reported a Net Income attributable to Equity holders of the Parent Company of P10.4 billion, a 19% improvement from the P8.8 billion for the same period last year.
- Net Interest Income slightly went down by 3% to P32.0 billion owing to a general decline in lending rates as well as the rate cap imposed by BSP on credit card receivables.
- The Bank continued its conservative provisioning stance, setting aside P2.9 billion as Provision for Impairment Losses, 30% higher than the previous year's P2.3 billion.
- Other income grew 21% to P15.4 billion owing to the following:
 - The Bank recorded a normalized Trading Gain of P68 million from an P847 million Trading Loss for the same period last year.
 - Service Charges and Fees dipped slightly by 2% to P7.0 billion reflecting generally slower business activities year-on-year.
 - Trust Fees jumped 19% to P1.1 billion on higher volume of Assets Under Management.
 - Foreign Exchange (FX) Gain soared 141% to P701 million resulting from continuing overseas remittances and customer flows.
 - Insurance Premiums hiked 31% to P5.1 billion on higher BDO Life business volumes.
 - Other Income rose 6% to P1.4 billion mainly higher gains on ROPA disposal.
- Operating Expenses went up 2% to P31.1 billion due to the following:
 - Employee Benefits increased 9% owing to salary increase and benefits during this year's GCQ period.
 - Occupancy expenses grew 10% from improvements and investments in the Bank's various distribution channels.
 - Taxes and Licenses slid 14% mainly due to lower Documentary Stamp Tax on reduced Time Deposit levels.
 - Insurance Expenses went up 6% from a higher deposit level.
 - Advertising expenses dropped 32% on lower marketing, promotional and advertising expenditures.
 - Litigation/Assets Acquired expenses rose 11% from higher costs relating to litigation and maintenance of acquired assets.
 - Security, Clerical and Janitorial went down 9% from lower operating volumes.
 - Policy Reserves as well as Insurance Benefits and Claims climbed 35% and 57%, respectively owing to higher BDO Life business volumes.
 - Other Expenses declined 7% on lower travelling expenses as well as volume-related fees and commissions expense.
- Tax Expense dropped 29% to P3.0 billion on lower taxable income and lower tax rates owing to the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE).

1.d Comprehensive Income – March 2021 vs. March 2020

- From a Net Income of P10.4 billion, Total Comprehensive Income for the first quarter of 2021 stood at P9.5 billion, inclusive of a P3.9 billion decline in unrealized gains on debt investments at FVOCI, a P48 million translation adjustment related to foreign operations, a positive P3.4 billion re-measurement on life insurance reserves, a P440 million decline in unrealized gain on equity investments at FVOCI as well as a negative P4 million share in Other Comprehensive Income (OCI) of affiliates.
- This represents a 203% improvement from the Total Comprehensive Income of P3.1 billion for the same period last year, comprised of a P8.8 billion Net Income, a P3.4 billion decrease in unrealized gains on debt investments at FVOCI, a negative P3 million translation adjustment, a negative P513 million re-measurement on life insurance reserves, a P1.8 billion drop in unrealized gain on equity investments at FVOCI, and a negative P8 million share in Other Comprehensive Income (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	3M 2021	3M 2020	12M 2020
Return on Average Common Equity (%)	10.56%	9.52%	7.55%
Return on Average Assets(%)	1.23%	1.08%	0.86%
Net Interest Margin	4.07%	4.36%	4.36%
Liquidity Ratio	32.86%	29.51%	30.84%
Debt to Equity	747.18%	783.04%	758.71%
Asset to Equity	847.18%	883.04%	858.71%
Interest Rate Coverage	487.25%	267.47%	297.29%
Profit Margin	20.47%	16.38%	13.31%
Capital Adequacy Ratio	14.67%	13.82%	14.37%
Basic Earnings per Share	2.29	1.92	6.37

- Return on Average Common Equity and Return on Average Assets improved to 10.56% and 1.23%, respectively, from a higher Net Income.
- Net Interest Margin declined to 4.07% from the general decline in lending rates as well as the rate cap imposed by BSP on credit card receivables.
- Liquidity Ratio rose to 32.86% as funds were channeled to liquid assets given the absence of substantial loan demand.
- Debt to Equity and Assets to Equity went down to 747.18% and 847.18%, respectively, as the increase in total equity outpaced the growth in liabilities and total assets.
- Interest Rate Coverage soared to 487.25% on higher income and lower interest expense from an improved funding mix.
- Profit Margin climbed to 20.47% from higher bottomline profits.
- Capital Adequacy Ratio, covering credit, market and operations risk rose to 14.67% as year-on-year increase in capital outpaced the growth in risk-weighted assets.
- Basic earnings per share increased to P2.29 on higher 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 – March 2021 vs. December 2020

Remarks: NONE

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II. Balance Sheet – March 2021 vs. March 2020

- Time deposits to Total Deposits declined 6.3% owing to the continued drop in Time deposit levels.

III. Income Statement – March 2021 vs. March 2020

- Interest Expense on Deposit Liabilities dropped 20.4% to account for 51.8% of Total Interest Expense, owing to lower interest rates and reduced levels of high-cost Time deposits.
- Consequently, Interest Expense on Bills Payable to Total Interest Expense went up 17.7% to 42.8%.
- Trading Gain accounted for 0.4% of Other Income compared to negative 6.7% for the same period last year.
- Service Charges and Fees as a percentage of Other Operating Income declined 10.6% to 45.6% reflecting generally slower business activities year-on-year.
- Tax Expense dropped to 10.1% to 22.3% of pre-tax income, on reduced taxable income and lower tax rates owing to the CREATE law.

- 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 March 31, 2021

(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	Current		90 DAYS OR LESS		91 - 120 DAYS		121 - 180 DAYS		181 DAYS AND OVER		TOTAL
	P	P	P	P	P	P	P	P	P	P	
A. INTERBANK LOANS RECEIVABLES	P	72,793	P	0	P	0	P	0	P	0	72,793
B. LOANS AND RECEIVABLES	P	2,160,172	P	16,775	P	2,422	P	6,696	P	52,415	2,238,480
Loans & Discounts		1,829,223		11,107		1,501		5,568		40,784	1,888,183
Agri - Agra Loans		88,153		228		5		8		1,652	90,046
Bills Purchased		11,735		0		0		0		26	11,761
Customers Liability on Draft under LC/TR		47,941		22		3		0		624	48,590
Customers Liability for this Bank's Acceptances		6,888		0		0		0		0	6,888
Credit Card Receivables		78,910		4,901		842		990		6,458	92,101
Restructured Loans		64,365		65		7		22		1,212	65,671
Reverse Repurchase Agreement		18,250		0		0		0		0	18,250
Other Loans & Receivables		14,707		452		64		108		1,659	16,990
C. ACCOUNTS RECEIVABLE	P	6,018	P	958	P	105	P	189	P	1,835	9,105
TOTAL	P	2,238,983	P	17,733	P	2,527	P	6,885	P	54,250	2,320,378