

# 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 34520  
Company Telephone Number

0 6 3 0  
Month Day

S E C 1 7 - Q  
Form Type

Every last Friday of the month of May

Annual Meeting

Secondary License type, if applicable

C F D  
Dept. Requiring this Doc.

Amended Articles Number/Section

12,411  
Total No. of Stockholders

Total Amount of Borrowings  
  Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

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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, 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
<b>Common stock</b>	<b>4,384,837,215</b>	

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 CODY**  
EVP/COMPTROLLER 

Date.....

**August 2, 2021**

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

**LUCY CODY**

Signature and Title.....

  
EVP/COMPTROLLER 

Date.....

**August 2, 2021**

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

	As of June 30, 2021	Audited as of December 31, 2020
<b><u>RESOURCES</u></b>		
CASH AND OTHER CASH ITEMS	P 55,608	P 74,851
DUE FROM BANGKO SENTRAL NG PILIPINAS	363,414	308,636
DUE FROM OTHER BANKS	55,670	65,289
TRADING AND INVESTMENT SECURITIES		
Financial Assets at FVTPL	44,722	37,110
Financial Assets at FVOCI	180,696	184,881
Investment Securities at Amortized Cost - Net	354,189	286,819
LOANS AND OTHER RECEIVABLES – Net	2,299,452	2,301,981
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – Net	43,782	44,330
INVESTMENT PROPERTIES	15,298	15,851
EQUITY INVESTMENTS – Net	4,971	4,862
DEFERRED TAX ASSETS	7,624	7,911
OTHER RESOURCES – Net	37,073	42,379
<b>TOTAL RESOURCES</b>	<b>P 3,462,499</b>	<b>P 3,374,900</b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>		
<b>LIABILITIES</b>		
DEPOSIT LIABILITIES		
Demand	P 363,578	P 314,256
Savings	1,901,134	1,810,164
Time	416,472	485,731
Total Deposit Liabilities	2,681,184	2,610,151
BILLS PAYABLE	204,018	209,744
INSURANCE CONTRACT LIABILITIES	60,770	58,410
OTHER LIABILITIES	103,858	103,574
Total Liabilities	3,049,830	2,981,879
<b>EQUITY</b>		
Attributable to Shareholders of the Parent Company	411,042	391,423
Non-Controlling Interest	1,627	1,598
Total Equity	412,669	393,021
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 3,462,499</b>	<b>P 3,374,900</b>
<b><u>CONTINGENT</u></b>		
Trust department accounts	P 1,688,416	P 1,629,129
Unused commercial letters of credit	69,389	52,029
Outstanding guarantees issued	4,064	3,469
Export L/Cs Confirmed	6,030	6,293
Bills for collection	17,341	14,625
Late deposits/payment received	935	1,262
Spot Exchange Bought	5,358	3,973
Spot Exchange Sold	16,304	15,368
Forward Exchange Bought	175,758	155,430
Forward Exchange Sold	190,769	166,992
Interest Rate Futures Sold	120	240
Interest Rate Swap Receivable	7,543	7,956
Interest Rate Swap Payable	7,543	7,956
Other Contingent Accounts	437,729	436,216
<b>TOTAL CONTINGENT ACCOUNTS</b>	<b>P 2,627,299</b>	<b>P 2,500,938</b>

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)*

	<u>For the six-month period ending</u>		<u>For the quarter ending</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
INTEREST INCOME ON				
Loans and Other Receivables	P 61,851	P 71,622	P 30,959	P 35,552
Trading and Investment Securities	8,549	8,127	4,459	4,022
Due from BSP and Other Banks	940	1,119	459	594
Others	32	21	16	9
Total Interest Income	71,372	80,889	35,893	40,177
INTEREST EXPENSE ON				
Deposit Liabilities	3,572	10,331	1,781	4,746
Bills Payable and Other Borrowings	2,948	3,799	1,469	1,856
Finance Lease Liabilities	408	364	220	157
Total Interest Expense	6,928	14,494	3,470	6,759
NET INTEREST INCOME	64,444	66,395	32,423	33,418
IMPAIRMENT LOSSES	6,781	22,434	3,850	20,174
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	57,663	43,961	28,573	13,244
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	13,945	11,610	6,931	4,453
Trading Gain(Loss) - Net	579	4,185	511	5,032
Trust Fees	2,132	1,811	1,034	889
Foreign Exchange Gain	1,437	606	736	315
Insurance Premiums	9,232	7,031	4,156	3,156
Miscellaneous – net	2,356	1,932	943	597
Total Other Operating Income	29,681	27,175	14,311	14,442
OTHER OPERATING EXPENSES				
Compensation and Benefits	19,241	17,633	11,031	10,132
Occupancy	4,703	4,415	2,263	2,196
Taxes and licenses	5,647	6,809	2,517	3,186
Security, Clerical, Messengerial and Janitorial	1,915	1,914	972	881
Insurance	2,848	2,668	1,429	1,333
Advertising	1,406	2,321	616	1,155
Litigation on Assets Acquired	399	294	194	109
Policy Reserves	4,635	4,524	1,637	2,302
Insurance Benefits and Claims	3,253	1,605	2,005	809
Miscellaneous	16,902	16,240	7,216	5,824
Total Other Operating Expenses	60,949	58,423	29,880	27,927
NET INCOME BEFORE INCOME TAX	26,395	12,713	13,004	(241)
TAX EXPENSE	4,944	8,461	1,961	4,261
<b>NET INCOME AFTER TAX</b>	<b>P 21,451</b>	<b>P 4,252</b>	<b>P 11,043</b>	<b>P (4,502)</b>
Attributable To:				
Equity holders of the parent	P 21,421	P 4,287	P 11,031	P (4,479)
Non-Controlling Interest	30	(35)	12	(23)
	<b>P 21,451</b>	<b>P 4,252</b>	<b>P 11,043</b>	<b>P (4,502)</b>
<b>Earnings Per Share:</b>				
Basic	4.81	0.90	2.52	(1.02)
Diluted	4.81	0.90	2.50	(1.02)

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, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>NET PROFIT</b>	<b>P 21,451</b>	<b>P 4,252</b>	<b>P 11,043</b>	<b>P (4,502)</b>
<b>OTHER COMPREHENSIVE INCOME(LOSS)</b>				
<b>Items that are or will be reclassified subsequently to profit or loss:</b>				
Net unrealized losses on debt investments at fair value through other comprehensive income (FVOCI), net of tax	(2,337)	2,945	1,340	6,405
Transfer of realized losses (gains) on disposed debt investments at FVOCI to statements of income, net of tax	(291)	101	(26)	(2)
Impairment losses on debt investments at FVOCI	(76)	(11)	(70)	(11)
Net losses on FVOCI securities, net of tax	(2,704)	3,035	1,244	6,392
Translation adjustment related to foreign operations	47	(25)	(1)	(22)
	(2,657)	3,010	1,243	6,370
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurement on life insurance reserves	3,542	(5,794)	149	(5,281)
Actuarial gains (losses) on remeasurement of retirement benefit obligation, net of tax	(12)	0	(12)	0
Unrealized losses on equity investments at FVOCI, net of tax	134	(844)	574	909
	3,664	(6,638)	711	(4,372)
<b>Share in other comprehensive income (loss) of associates accounted for under equity method</b>	(6)	(8)	(2)	0
<b>Other Comprehensive Income (Loss), net of tax</b>	<b>1,001</b>	<b>(3,636)</b>	<b>1,952</b>	<b>1,998</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P 22,452</b>	<b>P 616</b>	<b>P 12,995</b>	<b>P (2,504)</b>
<b>Attributable To:</b>				
Shareholders of the Parent Bank	P 22,422	P 640	P 12,980	P (2,501)
Non-controlling Interest	30	(24)	15	(3)
	<b>P 22,452</b>	<b>P 616</b>	<b>P 12,995</b>	<b>P (2,504)</b>



	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain / (Losses) on FVOCI	Accumulated Actuarial Gains/ (Losses)	Revaluation Increment	Remeasurement on Life Insurance Reserves	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income/(Loss) of Associates	Total Attributable to Shareholders of the Parent Bank	Non-Controlling Interest	Total Equity
Balance at January 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 1,588	P 393,021
Transactions with owners															
Issuance of primary shares	6		55	36									61		61
Options transferred during the year				73									36		36
Options expensed during the year						(2,971)							73		73
Cash Dividends	6	-	55	109	-	(2,971)	-	-	-	-	-	-	(2,971)	(1)	(2,972)
Total transactions with owners													(2,801)	(1)	(2,802)
Total comprehensive income (loss)						21,421	(2,569)	(12)		3,542	46	(6)	22,422	30	22,452
Transfer to/(from) Surplus Free															
Appropriation of excess GLLP over ECL				129		(129)							-		-
Other Reserves	-	-	-	24		(24)							-		-
				153	-	(153)	-	-	-	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI						187	(190)						(3)		(3)
Other adjustments															
Change in ownership interest in subsidiaries	-	-	-	-	1	-	-	-	-	-	-	-	1	-	1
					1	-	-	-	-	-	-	-	1	-	1
<b>Balance at June 30, 2021</b>	<b>P 43,848</b>	<b>P 5,150</b>	<b>P 124,382</b>	<b>P 18,226</b>	<b>P 30</b>	<b>P 233,009</b>	<b>P 1,249</b>	<b>P (10,471)</b>	<b>P 955</b>	<b>P (5,317)</b>	<b>P (3)</b>	<b>P (16)</b>	<b>P 411,042</b>	<b>P 1,627</b>	<b>P 412,669</b>
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 388,932	P 1,655	P 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						(2,969)							316		316
Cash Dividends	20	-	196	(973)	-	(2,969)	-	-	-	-	-	-	(2,969)	-	(2,969)
Total transactions with owners													(3,726)	-	(3,726)
Total comprehensive income						4,287	2,179			(5,794)	(24)	(8)	640	(24)	616
Transfer to/(from) Surplus Free															
Trust reserves				49		(49)							-		-
Reversal of appropriation				(5)		5							-		-
Reversal of appropriation of excess GLLP over ECL				(450)		450							-		-
Other Reserves	-	-	-	84		(84)							-		-
				(322)	-	322	-	-	-	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI						(926)	931						5		5
<b>Balance at June 30, 2020</b>	<b>P 43,834</b>	<b>P 5,150</b>	<b>P 124,245</b>	<b>P 17,067</b>	<b>P 12</b>	<b>P 193,047</b>	<b>P 1,369</b>	<b>P (11,224)</b>	<b>P 955</b>	<b>P (8,583)</b>	<b>P (13)</b>	<b>P (8)</b>	<b>P 365,851</b>	<b>P 1,631</b>	<b>P 367,482</b>



**BDO UNIBANK, INC. & SUBSIDIARIES**  
**CASH FLOW STATEMENTS**  
**FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020**  
*(Amounts in Millions of Pesos)*

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	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 26,395	P 12,713
Adjustments for:		
Interest income	(71,372)	(80,889)
Interest received	74,962	72,948
Interest expense	6,928	14,494
Interest paid	(3,113)	(18,086)
(Gain) loss from disposal of FVOCI	(300)	(417)
(Gain) loss from disposal of Investment securities at amortized cost	(152)	(3,580)
Impairment losses	6,781	22,434
Depreciation and amortization	4,604	4,138
Share in (profit)loss of associates	(338)	(276)
Fair value loss (gain)	(54)	520
Foreign exchange (gain)/loss unrealized	(3,281)	3,631
Operating profit before changes in operating resources and liabilities	41,060	27,630
Increase in financial assets at FVTPL	(7,437)	(906)
Decrease (increase) in loans and other receivables	11,456	(45,591)
Increase in investment properties	(137)	(250)
Increase in other resources	(3,016)	503
Increase (decrease) in deposit liabilities	71,118	123,200
Increase in insurance contract liabilities	5,902	2,531
Increase in other liabilities	6,738	6,405
Cash generated from (used in) operations	125,684	113,522
Cash paid for income tax	(7,188)	(8,214)
Net Cash From (Used in) Operating Activities	<u>118,496</u>	<u>105,308</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of premises, furniture, fixture and equipment	(1,522)	(1,007)
Proceeds from disposals of premises, furniture, fixture and equipment	69	72
Acquisition of investment securities at amortized cost	(105,194)	(56,788)
Maturities of investment securities at amortized cost	40,253	73,334
Proceeds from disposal of financial assets at FVOCI	329,243	40,341
Acquisition of financial assets at FVOCI	(326,278)	(41,102)
Net Cash From (Used in) Investing Activities	<u>(63,429)</u>	<u>14,850</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock	61	216
Proceeds from bills payable	73,194	149,905
Payments of bills payable	(82,701)	(135,630)
Redemption of subordinated notes payable	-	(10,000)
Payments of lease liabilities	(1,560)	(1,323)
Dividends paid	(2,972)	(2,969)
Net Cash From (Used in) Financing Activities	<u>(13,978)</u>	<u>199</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P 41,089</b>	<b>P 120,357</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
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>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and other cash items	55,608	69,846
Due from Bangko Sentral ng Pilipinas	363,414	387,342
Due from other banks	55,670	58,833
Investment Securities at Amortized Cost	127	205
SPURRA	16,918	10,172
Interbank Loans Receivable	76,350	38,263
FCNC	4,349	4,762
	<b>P 572,436</b>	<b>P 569,423</b>

CHECKLIST OF REQUIRED DISCLOSURES  
BDO UNIBANK, INC.  
For the six months ended: June 30, 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.



On May 29, 2021, the Board of Directors approved the declaration of cash dividends for the second quarter of 2021, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on June 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 went up 5% to P2.6 trillion with material movements from the following accounts:
  - Unused L/Cs and Outstanding Guarantees Issued increased 33% and 17% to P69.4 billion and P4.1 billion, respectively, owing to higher volume of trade transactions.
  - Bills for Collection was higher by 19% at P17.3 billion, as of the first half of the year.
  - Late Deposits and Payments Received, were lower by 26% at P935 million on fewer outstanding transactions as of the cut-off date.
  - Treasury activities yielded the following:
    - Spot Exchange Bought and Sold grew 35% and 6% to P5.4 billion and P16.3 billion, respectively.
    - Forward Exchange Bought and Sold, likewise, climbed 13% and 14% to P175.8 billion and P190.8 billion, respectively.
    - Interest Rate Swap Receivable and Payable both declined 5% to P7.5 billion while Interest Rate Futures Sold were lower by 50% at P120 million.

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**BDO Unibank, Inc. & Subsidiaries**  
**Balances by Segment**  
**As of June 30, 2021**  
**(Amounts in Millions of Pesos)**

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
<b>Revenues</b>							
From external customer							
Interest income	P 69,483	P 5	P 559	P -	P 1,026	P 299	P 71,372
Interest expense	(6,717)	-	(42)	-	(33)	(136)	(6,928)
Net interest income	62,766	5	517	-	993	163	64,444
Intersegment revenue							
Interest income	67	1	-	-	1	-	69
Interest expense	(8)	(24)	(2)	-	(4)	(54)	(92)
Net interest income	59	(23)	(2)	-	(3)	(54)	(23)
Other operating income							
Investment banking fees	-	725	-	-	-	-	725
Others	20,272	142	846	33	10,214	681	32,188
	20,272	867	846	33	10,214	681	32,913
<b>Total net revenues</b>	83,097	849	1,361	33	11,204	790	97,334
<b>Expenses</b>							
Other operating expenses							
Depreciation and amortization	4,218	44	36	-	53	323	4,674
Impairment losses	6,839	9	(16)	-	(23)	(28)	6,781
Others	46,085	349	622	10	9,650	325	57,041
	57,142	402	642	10	9,680	620	68,496
Segment operating income	25,955	447	719	23	1,524	170	28,838
Tax expense	4,422	88	109	(6)	309	22	4,944
<b>Segment net income</b>	<b>P 21,533</b>	<b>P 359</b>	<b>P 610</b>	<b>P 29</b>	<b>P 1,215</b>	<b>P 148</b>	<b>P 23,894</b>
<b>Statement of Financial Position</b>							
Total resources							
Segment assets	P 3,347,297	P 6,312	P 38,750	P 6,019	P 75,676	P 14,837	P 3,488,891
Deferred tax assets (Liabilities) - net	7,753	(169)	7	-	33	-	7,624
Intangible assets	6,273	118	16	-	44	2	6,453
	3,361,323	6,261	38,773	6,019	75,753	14,839	3,502,968
<b>Total liabilities</b>	<b>P 2,943,390</b>	<b>P 2,928</b>	<b>P 32,097</b>	<b>P 21</b>	<b>P 67,361</b>	<b>P 11,656</b>	<b>P 3,057,453</b>
<b>Other Segment Information</b>							
Capital expenditures	P 1,814	P 16	P 6	P -	P 32	P 115	P 1,983
Investment in associates under equity method	-	-	-	-	-	5,124	5,124
Share in the profit of associates	-	-	-	-	-	338	338



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

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
<b>Revenues</b>							
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	6,974	294	27,103
	18,464	545	744	542	6,974	294	27,563
<b>Total net revenues</b>	83,154	522	1,227	945	7,844	252	93,944
<b>Expenses</b>							
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	7,642	156	54,829
	71,677	470	652	780	7,697	197	81,473
Segment operating income	11,477	52	575	165	147	55	12,471
Tax expense	7,278	70	142	84	878	9	8,461
<b>Segment net income</b>	<b>P 4,199</b>	<b>P (18)</b>	<b>P 433</b>	<b>P 81</b>	<b>P (731)</b>	<b>P 46</b>	<b>P 4,010</b>
<b>Statement of Financial Position</b>							
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
	3,217,493	15,900	36,809	26,852	61,540	5,251	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
<b>Other Segment Information</b>							
Capital expenditures	P 1,477	P 5	P 3	P 133	P 4	P 1	P 1,623
Investment in associates under equity method	-	-	-	-	-	-	-
Share in the profit of associates	-	-	-	-	-	-	-
	P -	P -	P -	P -	P -	P 276	P 276

**BDO Unibank, Inc. and Subsidiaries**  
**Reconciliation**  
**As of June 30, 2021 and 2020**  
*(Amounts in Millions of Pesos)*

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Total segment net revenues	P 97,334	P 93,944
Elimination of intersegment revenues	<u>(3,209)</u>	<u>(374)</u>
Net revenues as reported in profit or loss	<u>P 94,125</u>	<u>P 93,570</u>
<b>Profit or loss</b>		
Total segment net income	P 23,894	P 4,010
Elimination of intersegment profit	<u>(2,443)</u>	<u>242</u>
Net profit as reported in profit or loss	<u>P 21,451</u>	<u>P 4,252</u>
<b>Resources</b>		
Total segment resources	P 3,502,968	P 3,363,845
Elimination of intersegment assets	<u>(40,469)</u>	<u>(46,100)</u>
Total resources	<u>P 3,462,499</u>	<u>P 3,317,745</u>
<b>Liabilities</b>		
Total segment liabilities	P 3,057,453	P 2,968,626
Elimination of intersegment liabilities	<u>(7,623)</u>	<u>(18,363)</u>
Total Liabilities	<u>P 3,049,830</u>	<u>P 2,950,263</u>




## MANAGEMENT'S DISCUSSION &amp; 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 2021 vs. December 2020

- Total Resources went up 3% to P3.5 trillion on increases in Due from BSP and Investment Securities.
- Due from BSP grew 18% to P363.4 billion due to reserves on increased deposit levels as well as higher level of placements in BSP's short-term facilities.
- Investment Securities hiked 14% to P579.6 billion as Financial Assets at Fair Value Through Profit or Loss (FVTPL) and Investment Securities at Amortized Cost increased 21% and 23%, respectively, offsetting a 2% decrease in Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI).
- Cash and Other Cash Items slid 26% to P55.6 billion, from a high year-end 2020 level owing to deposits generated during the Christmas season.
- Due from Other Banks decreased 15% to P55.7 billion from lower working balances with correspondent banks.
- Net Loans and Other Receivables was flat at P2.3 trillion given the sluggish demand for customer loans. Meantime, Interbank Loans climbed 29% while Other Receivables dropped 32%.
- Other Resources declined 13% to P37.1 billion mainly due to lower volumes of outstanding credit card transactions as of the cut-off date.
- Total Deposits went up 3% to P2.7 trillion as Demand and Savings deposits rose 16% and 5%, respectively. Time deposits, on the other hand, slid 14%, as the Bank continued to reduce levels of expensive funds.
- Total Equity went up 5% to P412.7 billion from the Net Income for the first half of the year.

## 1.b Balance Sheet – June 2021 vs. June 2020

- Total Resources increased 4% year-on-year from growth in Investment Securities, which registered a 37% growth from year-ago levels.
  - Cash and Other Cash Items dropped 20% as the Bank shifted to higher yielding liquid securities.
  - Due from BSP declined 6% as maturities from BSP's short-term facilities were likewise shifted to Investment Securities.
  - Due from Other Banks went down 5% from lower balances with correspondent banks.
  - Net Loans and Other Receivables inched up 1% from increases in Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA) and Other Receivables.
  - Investment Properties went down 8% to P15.3 billion on lower levels of ROPA as well as reclassification of some branch sites to Bank Premises.
  - Deferred Tax Assets dropped 13% to P7.6 billion owing to amortization of past service cost.
- 



- Other Resources jumped 26% primarily due to retirement assets and increases in prepaid expenses and miscellaneous assets.
- Deposit Liabilities went up 3% on growth in Demand and Savings deposits of 33% and 9%, respectively. Time deposits dropped 30% year-on-year on reduced levels of expensive funds.
- Bills Payable increased 14% to P204.0 billion, owing to bond and note issuances in the second half of 2020.
- Insurance Contract Liabilities climbed 20% to P60.8 billion due to sustained BDO Life business volumes.
- Other Liabilities went down 8% to P103.9 billion due to a decline in accounts payable and lease and security deposits.
- Total Equity expanded 12% year-on-year from continued profitable operations.

#### 1.c Income Statement – June 2021 vs. June 2020

- The Bank reported a Net Income attributable to Equity holders of the Parent Company of P21.4 billion, a substantial improvement from the P4.3 billion for the same period last year.
- Net Interest Income slightly decreased by 3% to P64.4 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 P6.8 billion as Provision for Impairment Losses after the previous year's pre-emptive provisions of P22.4 billion.
- Other income grew 9% to P29.7 billion owing to the following:
  - The Bank recorded a normalized Trading Gain of P579 million from P4.2 billion for the same period last year.
  - Service Charges and Fees jumped 20% to P13.9 billion reflecting improving business activities year-on-year.
  - Trust Fees hiked 18% to P2.1 billion on higher volume of Assets Under Management.
  - Foreign Exchange (FX) Gain soared 137% to P1.4 billion resulting from continuing overseas remittances and customer flows.
  - Insurance Premiums climbed 31% to P9.2 billion on higher BDO Life business volumes.
  - Other Income grew 22% to P2.4 billion mainly gains from ROPA disposal.
- Operating Expenses went up 4% to P60.9 billion due to the following:
  - Employee Benefits increased 9% owing to salary increases and benefits extended due to the pandemic.
  - Occupancy expenses went up 7% from improvements and investments in the Bank's various distribution channels.
  - Taxes and Licenses declined 17% mainly due to lower Documentary Stamp Tax on Time Deposits.
  - Insurance Expenses rose 7% from higher deposit levels.
  - Advertising expenses dropped 39% on lower marketing, promotional and advertising expenditures.
  - Litigation/Assets Acquired expenses grew 36% from costs relating to litigation and maintenance of acquired assets.




- Insurance Policy Reserves, Benefits and Claims jumped 29% from higher BDO Life business volumes.
- Tax Expense slid 42% to P4.9 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 – June 2021 vs. June 2020

- From a Net Income of P21.5 billion, Total Comprehensive Income for the first half of 2021 stood at P22.5 billion, inclusive of a P2.7 billion decline in unrealized gains on debt investments at FVOCI, a P47 million translation adjustment related to foreign operations, a P12 million actuarial loss on remeasurement of retirement benefit obligation, a positive P3.5 billion re-measurement on life insurance reserves, a P134 million increase in unrealized gain on equity investments at FVOCI as well as a negative P6 million share in Other Comprehensive Income (OCI) of affiliates.
  - This represents an improvement from the Total Comprehensive Income of P616 million for the same period last year, comprised of a P4.3 billion Net Income, a P3.0 billion increase in unrealized gains on debt investments at FVOCI, a negative P25 million translation adjustment, a negative P5.8 billion re-measurement on life insurance reserves, a P844 million 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	6M 2021	6M 2020	12M 2020
Return on Average Common Equity (%)	10.75%	2.27%	7.55%
Return on Average Assets(%)	1.26%	0.26%	0.86%
Net Interest Margin	4.06%	4.36%	4.36%
Liquidity Ratio	33.41%	30.01%	30.84%
Debt to Equity	739.05%	802.83%	758.71%
Asset to Equity	839.05%	902.83%	858.71%
Interest Rate Coverage	480.99%	187.71%	297.29%
Profit Margin	21.23%	3.93%	13.31%
Capital Adequacy Ratio	14.99%	13.82%	14.37%
Basic Earnings per Share	4.81	0.90	6.37

- Return on Average Common Equity and Return on Average Assets improved to 10.75% and 1.26%, respectively, from a higher Net Income.
  - Net Interest Margin went down to 4.06% from the general decline in lending rates as well as the rate cap imposed by BSP on credit card receivables.
  - Liquidity Ratio rose to 33.41% as funds were channeled to liquid assets given the absence of substantial loan demand.
  - Debt to Equity and Assets to Equity declined to 739.05% and 839.05%, respectively, as the increase in total equity outpaced the growth in liabilities and total assets.
  - Interest Rate Coverage soared to 480.99% on higher income and lower interest expense from an improved funding mix.
  - Profit Margin hiked to 21.23% from higher bottomline profits.
- 



- Capital Adequacy Ratio, covering credit, market and operations risk rose to 14.99% as year-on-year increase in capital outpaced the growth in risk-weighted assets.
- Basic earnings per share went up to P4.81 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.

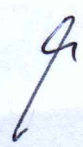
Remarks: NONE

- 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 – June 2021 vs. December 2020

Remarks: NONE

II. Balance Sheet – June 2021 vs. June 2020

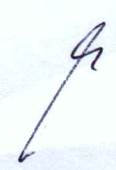
- Time deposits declined to 15.5% of Total Deposits owing to the continued drop in Time deposit levels.

III. Income Statement – June 2021 vs. June 2020

- Interest Expense on Deposit Liabilities dropped 19.7% to account for 51.6% of Total Interest Expense, owing to lower interest rates and reduced levels of high-cost Time deposits.
- Consequently, Interest Expense on Bills Payable went up to 42.6% of Total Interest Expense.
- Trading Gain accounted for 2.0% of Other Income compared to 15.4% for the same period last year.
- Insurance Premiums to Other Income rose 5.2% to 31.1% owing to higher BDO Life business volumes.
- Provision for Impairment Losses as a percentage of Net Interest Income normalized to 10.5% from the previous year's 33.8%.
- Tax Expense slid to 18.7% 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 June 30, 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
<b>A. INTERBANK LOANS RECEIVABLES</b>	P 85,647 P	0 P	0 P	0 P	0 P	85,647
<b>B. LOANS AND RECEIVABLES</b>	P 2,186,444 P	17,671 P	5,063 P	7,154 P	53,844 P	2,270,176
Loans & Discounts	1,777,939	11,622	3,151	4,055	39,109	1,835,876
Agri - Agri Loans	86,393	177	44	117	1,657	88,388
Bills Purchased	12,942	0	0	0	26	12,968
Customers Liability on Draft under LC/TR	57,225	0	0	8	588	57,821
Customers Liability for this Bank's Acceptances	11,226	0	0	0	0	11,226
Credit Card Receivables	79,794	2,513	1,020	2,145	8,263	93,735
Restructured Loans	130,762	3,033	575	651	2,561	137,582
Reverse Repurchase Agreement	16,918	0	0	0	0	16,918
Other Loans & Receivables	13,245	326	273	178	1,640	15,662
<b>C. ACCOUNTS RECEIVABLE</b>	P 4,644 P	1,059 P	250 P	243 P	1,910 P	8,106
<b>TOTAL</b>	P 2,276,735 P	18,730 P	5,313 P	7,397 P	55,754 P	2,363,929