

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 9

Month

3 0

Day

S E C 1 7 - Q

Form Type

Every last Friday of the month of May

Annual Meeting

Secondary License type, if applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

12,400

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND BRC RULES 17 (2) (b) THEREUNDER

1. For the quarter ended September 30, 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	4,385,165,415	

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.....

October 25, 2021

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

LUCY CO DY

Signature and Title.....


EVP/COMPTROLLER

Date.....

October 25, 2021

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

	As of September 30, 2021	Audited as of December 31, 2020
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 54,821	P 74,851
DUE FROM BANGKO SENTRAL NG PILIPINAS	340,467	308,636
DUE FROM OTHER BANKS	68,820	65,289
TRADING AND INVESTMENT SECURITIES		
Financial Assets at FVTPL	45,661	37,110
Financial Assets at FVOCI	172,468	184,881
Investment Securities at Amortized Cost - Net	384,951	286,819
LOANS AND OTHER RECEIVABLES – Net	2,365,447	2,301,981
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – Net	43,935	44,330
INVESTMENT PROPERTIES	15,295	15,851
EQUITY INVESTMENTS – Net	4,971	4,862
DEFERRED TAX ASSETS	7,131	7,911
OTHER RESOURCES – Net	40,166	42,379
TOTAL RESOURCES	P 3,544,133	P 3,374,900
<u>LIABILITIES AND EQUITY</u>		
LIABILITIES		
DEPOSIT LIABILITIES		
Demand	P 374,212	P 314,256
Savings	1,939,440	1,810,164
Time	421,234	485,731
Total Deposit Liabilities	2,734,886	2,610,151
BILLS PAYABLE	208,245	209,744
INSURANCE CONTRACT LIABILITIES	61,901	58,410
OTHER LIABILITIES	116,772	103,574
Total Liabilities	3,121,804	2,981,879
EQUITY		
Attributable to:		
Shareholders of the Parent Bank	420,698	391,423
Non-controlling Interests	1,631	1,598
	422,329	393,021
TOTAL LIABILITIES AND EQUITY	P 3,544,133	P 3,374,900
<u>CONTINGENT</u>		
Trust department accounts	P 1,723,815	P 1,629,129
Unused commercial letters of credit	59,563	52,029
Outstanding guarantees issued	3,972	3,469
Export L/Cs Confirmed	4,837	6,293
Bills for collection	15,051	14,625
Late deposits/payment received	1,236	1,262
Spot Exchange Bought	15,354	3,973
Spot Exchange Sold	23,994	15,368
Forward Exchange Bought	177,030	155,430
Forward Exchange Sold	191,005	166,992
Interest Rate Futures Sold	-	240
Interest Rate Swap Receivable	7,593	7,956
Interest Rate Swap Payable	7,593	7,956
Other Contingent Accounts	430,402	436,216
	P 2,661,445	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 nine-month period ending		For the quarter ending	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
INTEREST INCOME ON				
Loans and Other Receivables	P 93,043	P 105,594	P 31,192	P 33,972
Trading and Investment Securities	13,616	11,987	5,067	3,860
Due from BSP and Other Banks	1,225	1,772	285	653
Others	46	30	14	9
Total Interest Income	107,930	119,383	36,558	38,494
INTEREST EXPENSE ON				
Deposit Liabilities	5,358	13,494	1,786	3,163
Bills Payable and Other Borrowings	4,420	5,597	1,472	1,798
Finance Lease Liabilities	600	467	192	103
Total Interest Expense	10,378	19,558	3,450	5,064
NET INTEREST INCOME	97,552	99,825	33,108	33,430
IMPAIRMENT LOSSES	10,440	23,826	3,659	1,392
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	87,112	75,999	29,449	32,038
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	21,331	17,400	7,386	5,790
Trading Gain(Loss) - Net	(124)	4,746	(703)	561
Trust Fees	3,209	2,761	1,077	950
Foreign Exchange Gain	2,952	971	1,515	365
Insurance Premiums	13,678	10,851	4,446	3,820
Miscellaneous – net	3,413	2,778	1,057	846
Total Other Operating Income	44,459	39,507	14,778	12,332
OTHER OPERATING EXPENSES				
Compensation and Benefits	28,811	25,547	9,570	7,914
Occupancy	6,900	6,428	2,197	2,013
Taxes and licenses	8,299	9,722	2,652	2,913
Security, Clerical, Messengerial and Janitorial	2,865	2,838	950	924
Insurance	4,328	4,080	1,480	1,412
Advertising	2,034	2,968	628	647
Litigation on Assets Acquired	569	383	170	89
Policy Reserves	6,726	7,102	2,091	2,578
Insurance Benefits and Claims	4,914	2,400	1,661	795
Miscellaneous	25,417	24,906	8,515	8,666
Total Other Operating Expenses	90,863	86,374	29,914	27,951
PROFIT BEFORE TAX	40,708	29,132	14,313	16,419
TAX EXPENSE	8,224	12,534	3,280	4,073
NET PROFIT	P 32,484	P 16,598	P 11,033	P 12,346
Attributable to:				
Shareholders of the Parent Bank	P 32,439	P 16,620	P 11,018	P 12,333
Non-controlling Interests	45	(22)	15	13
	P 32,484	P 16,598	P 11,033	P 12,346
Earnings Per Share:				
Basic	7.32	3.71	2.51	2.81
Diluted	7.32	3.71	2.49	2.78

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 nine-month period ending		For the quarter ending	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
NET PROFIT	P 32,484	P 16,598	P 11,033	P 12,346
OTHER COMPREHENSIVE INCOME(LOSS)				
Items that are or will be reclassified subsequently to profit or loss:				
Net unrealized gains (losses) on debt investments at fair value through other comprehensive income (FVOCI), net of tax	(4,028)	3,129	(1,691)	184
Transfer of realized losses (gains) on disposed debt investments at FVOCI to statements of income, net of tax	(322)	61	(31)	(40)
Impairment losses on debt investments at FVOCI	(79)	35	(3)	46
Net gains (losses) on FVOCI securities, net of tax	(4,429)	3,225	(1,725)	190
Translation adjustment related to foreign operations	82	(48)	35	(23)
	<u>(4,347)</u>	<u>3,177</u>	<u>(1,690)</u>	<u>167</u>
Items that will not be reclassified to profit or loss:				
Remeasurement on life insurance reserves	5,508	(5,561)	1,966	233
Actuarial gains (losses) on remeasurement of retirement benefit obligation, net of tax	(12)	0	0	0
Unrealized gains (losses) on equity investments at FVOCI, net of tax	86	(414)	(48)	430
	<u>5,582</u>	<u>(5,975)</u>	<u>1,918</u>	<u>663</u>
Share in other comprehensive income (loss) of associates accounted for under equity method	<u>(7)</u>	<u>(10)</u>	<u>(1)</u>	<u>(2)</u>
Other Comprehensive Income (Loss), net of tax	<u>1,228</u>	<u>(2,808)</u>	<u>227</u>	<u>828</u>
TOTAL COMPREHENSIVE INCOME	P 33,712	P 13,790	P 11,260	P 13,174
Attributable To:				
Shareholders of the Parent Bank	P 33,678	P 13,812	P 11,256	P 13,172
Non-controlling Interest	<u>34</u>	<u>(22)</u>	<u>4</u>	<u>2</u>
	<u>P 33,712</u>	<u>P 13,790</u>	<u>P 11,260</u>	<u>P 13,174</u>

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gain / (Losses) on FVOCI	Accumulated Actuarial Gains/ (Losses)	Revaluation Increment	Remeasurement on Life Insurance Reserves	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income/(Loss) of Associates	Total Attributable to Shareholders of the Parent Bank	Non-Controlling Interest	Total Equity
Balance at January 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	10		86	45									96		96
Options transferred during the year				109									45		45
Options exercised during the year													109		109
Cash Dividends													(1)		(4,288)
Total transactions with owners	10		86	154									(4,037)		(4,039)
Total comprehensive income (loss)						32,439	(4,331)	(12)		5,508	81	(7)	33,678	34	33,712
Transfer to/(from) Surplus Free															
Appropriation of excess GLLP over ECL				632		(632)									
Other Reserves				35		(35)									
				667		(667)									
Disposals of equity securities classified as FVOCI						(331)	(26)						(367)		(367)
Other adjustments															
Change in ownership interest in subsidiaries					1								1		1
Balance at September 30, 2021	P 43,852	P 5,150	P 124,413	P 18,785	P 30	P 241,679	P (359)	P (10,471)	P 955	P (3,351)	P 32	P (17)	P 420,698	P 1,631	P 422,329
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 368,932	P 1,655	P 370,587
Transactions with owners															
Issuance of primary shares	26		256	(2,052)									282		282
Options transferred during the year				316									(2,052)		(2,052)
Options exercised during the year													316		316
Cash Dividends													(4,284)		(4,284)
Total transactions with owners	26		256	(1,736)		(4,284)							(5,738)		(5,738)
Total comprehensive income (loss)						16,620	2,810			(5,561)	(47)	(10)	13,812	(22)	13,790
Transfer to/(from) Surplus Free															
Trust reserves				49		(49)									
Reversal of appropriation				(205)		205									
Reversal of appropriation of excess GLLP over ECL				(1,005)		1,005									
Other Reserves				95		(95)									
				(1,066)		1,066									
Disposals of equity securities classified as FVOCI															
						(1,100)	1,105						5		5
Balance at September 30, 2020	P 43,840	P 5,150	P 124,305	P 15,560	P 12	P 204,635	P 2,174	P (11,224)	P 955	P (8,350)	P (35)	P (10)	P 377,011	P 1,633	P 378,644

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

Page 5

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 40,708	P 29,132
Adjustments for:		
Interest income	(107,930)	(119,383)
Interest received	111,773	116,129
Interest expense	10,378	19,558
Interest paid	(3,905)	(25,551)
(Gain) loss from disposal of FVOCI	(336)	(504)
(Gain) loss from disposal of Investment securities at amortized cost	(155)	(3,580)
Impairment losses	10,440	23,826
Depreciation and amortization	6,750	6,053
Share in (profit)loss of associates	(592)	(363)
Fair value loss (gain)	(318)	(209)
Foreign exchange (gain)/loss unrealized	(14,119)	9,789
Operating profit before changes in operating resources and liabilities	52,694	54,897
Increase in financial assets at FVTPL	(8,007)	(3,468)
Decrease (increase) in loans and other receivables	(50,636)	5,973
Increase in investment properties	(418)	(308)
Increase in other resources	(7,881)	(5,502)
Increase (decrease) in deposit liabilities	124,662	90,452
Increase in insurance contract liabilities	8,999	4,723
Increase in other liabilities	22,237	2,526
Cash generated from (used in) operations	141,650	149,293
Cash paid for income tax	(10,405)	(11,966)
Net Cash From (Used in) Operating Activities	<u>131,245</u>	<u>137,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(2,630)	(1,932)
Proceeds from disposals of premises, furniture, fixture and equipment	138	100
Acquisition of investment securities at amortized cost	(136,690)	(98,474)
Maturities of investment securities at amortized cost	48,103	81,346
Proceeds from disposal of financial assets at FVOCI	479,198	51,230
Acquisition of financial assets at FVOCI	(465,785)	(61,371)
Net Cash From (Used in) Investing Activities	<u>(77,666)</u>	<u>(29,101)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	96	282
Proceeds from bills payable	93,300	267,029
Payments of bills payable	(100,977)	(233,282)
Redemption of subordinated notes payable	-	(10,000)
Payments of lease liabilities	(2,353)	(2,174)
Dividends paid	(4,288)	(4,284)
Net Cash From (Used in) Financing Activities	<u>(14,222)</u>	<u>17,571</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P 39,357	P 125,797
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	54,821	49,027
Due from Bangko Sentral ng Pilipinas	340,467	369,467
Due from other banks	68,820	74,370
Investment Securities at Amortized Cost	563	401
SPURRA	22,092	16,119
Interbank Loans Receivable	79,196	57,969
FCNC	4,745	7,510
	P 570,704	P 574,863

CHECKLIST OF REQUIRED DISCLOSURES
BDO UNIBANK, INC.
For the nine months ended: September 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.

On August 27, 2021, the Board of Directors approved the declaration of cash dividends for the third quarter of 2021, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on September 24, 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 grew 6% to P2.7 trillion with material movements from the following accounts:
 - Trust Department Accounts increased 6% to P1.7 trillion from a larger portfolio of assets managed.
 - Unused L/Cs and Outstanding Guarantees Issued climbed 14% and 15% to P59.6 billion and P4.0 billion, respectively, owing to higher volume of trade transactions.
 - Export L/Cs confirmed, were lower by 23% at P4.8 billion on fewer outstanding transactions as of the cut-off date.
 - Treasury activities yielded the following:
 - Spot Exchange Bought and Sold hiked 286% and 56% to P15.4 billion and P24.0 billion, respectively.
 - Forward Exchange Bought and Sold, likewise, grew 14% apiece to P177.0 billion and P191.0 billion, respectively.

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

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
Revenues							
From external customer							
Interest income	P 105,046	P 5	P 830	P -	P 1,582	P 467	P 107,930
Interest expense	(10,077)	-	(57)	-	(50)	(194)	(10,378)
Net interest income	94,969	5	773	-	1,532	273	97,552
Intersegment revenue							
Interest income	94	1	-	-	2	-	97
Interest expense	(12)	(35)	(2)	-	(6)	(75)	(130)
Net interest income	82	(34)	(2)	-	(4)	(75)	(33)
Other operating income							
Investment banking fees	-	1,114	-	-	-	-	1,114
Others	30,563	220	1,101	47	15,252	980	48,163
	30,563	1,334	1,101	47	15,252	980	49,277
Total net revenues	125,614	1,305	1,872	47	16,780	1,178	146,796
Expenses							
Other operating expenses							
Depreciation and amortization	6,183	64	54	-	80	473	6,854
Impairment losses	10,487	12	(17)	-	(16)	(26)	10,440
Others	68,971	540	919	13	14,232	497	85,172
	85,641	616	956	13	14,296	944	102,466
Segment operating income	39,973	689	916	34	2,484	234	44,330
Tax expense	7,357	144	188	(6)	500	41	8,224
Segment net income	P 32,616	P 545	P 728	P 40	P 1,984	P 193	P 36,106
Statement of Financial Position							
Total resources							
Segment assets	P 3,429,753	P 8,801	P 38,096	P 6,022	P 78,599	P 14,810	P 3,576,081
Deferred tax assets (Liabilities) - net	7,259	(168)	7	-	32	1	7,131
Intangible assets	6,463	115	23	-	56	1	6,658
	P 3,443,475	P 8,748	P 38,126	P 6,022	P 78,687	P 14,812	P 3,589,870
Total liabilities	P 3,015,890	P 5,220	P 32,156	P 14	P 68,183	P 11,626	P 3,133,089
Other Segment Information							
Capital expenditures	P 3,306	P 24	P 8	-	P 33	P 165	P 3,536
Investment in associates under equity method	P -	P -	P -	-	P -	P 5,124	P 5,124
Share in the profit of associates	P -	P -	P -	-	P -	P 592	P 592

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

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
Revenues							
From external customer							
Interest income	P 115,992	P 12	P 907	P 1,080	P 1,368	P 4	P 119,363
Interest expense	(18,849)	-	(165)	(478)	(66)	-	(19,558)
Net interest income	97,143	12	742	602	1,322	4	99,825
Intersegment revenue							
Interest income	153	9	-	1	12	1	176
Interest expense	(29)	(57)	(5)	(35)	(6)	(64)	(196)
Net interest income	124	(48)	(5)	(34)	6	(63)	(20)
Other operating income							
Investment banking fees	-	667	-	-	-	-	667
Others	26,664	188	1,176	1,067	11,102	422	40,619
	26,664	855	1,176	1,067	11,102	422	41,286
Total net revenues	123,931	819	1,913	1,635	12,430	363	141,091
Expenses							
Other operating expenses							
Depreciation and amortization	5,371	82	50	522	75	62	6,162
Impairment losses	23,327	1	7	450	42	(1)	23,826
Others	67,372	610	911	396	11,743	228	81,260
	96,070	693	968	1,368	11,860	289	111,248
Segment operating income	27,861	126	945	267	570	74	29,843
Tax expense	10,977	91	212	133	1,107	14	12,534
Segment net income	P 16,884	P 35	P 733	P 134	P (537)	P 60	P 17,309
Statement of Financial Position							
Total resources							
Segment assets	P 3,198,949	P 9,544	P 41,716	P 14,236	P 63,247	P 5,311	P 3,333,003
Deferred tax assets (Liabilities) - net	8,565	(155)	22	41	49	(2)	8,520
Intangible assets	5,542	132	16	1	49	1	5,741
	P 3,213,056	P 9,521	P 41,754	P 14,278	P 63,345	P 5,310	P 3,347,264
Total liabilities	P 2,829,397	P 5,699	P 36,038	P 8,483	P 59,382	P 2,157	P 2,941,156
Other Segment Information							
Capital expenditures	P 2,515	P 9	P 5	P 262	P 18	P 3	P 2,812
Investment in associates under equity method	P -	P -	P -	P -	P -	P 4,912	P 4,912
Share in the profit of associates	P -	P -	P -	P -	P -	P 363	P 363

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

	<u>2021</u>	<u>2020</u>
Revenue		
Total segment net revenues	P 146,796	P 141,091
Elimination of intersegment revenues	<u>(4,785)</u>	<u>(1,759)</u>
Net revenues as reported in profit or loss	<u>P 142,011</u>	<u>P 139,332</u>
Profit or loss		
Total segment net income	P 36,106	P 17,309
Elimination of intersegment profit	<u>(3,622)</u>	<u>(711)</u>
Net profit as reported in profit or loss	<u>P 32,484</u>	<u>P 16,598</u>
Resources		
Total segment resources	P 3,589,870	P 3,347,264
Elimination of intersegment assets	<u>(45,737)</u>	<u>(38,817)</u>
Total resources	<u>P 3,544,133</u>	<u>P 3,308,447</u>
Liabilities		
Total segment liabilities	P 3,133,089	P 2,941,156
Elimination of intersegment liabilities	<u>(11,285)</u>	<u>(11,353)</u>
Total Liabilities	<u>P 3,121,804</u>	<u>P 2,929,803</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 – September 2021 vs. December 2020


- Total Resources went up 5% to P3.5 trillion primarily on increases in Due from BSP, Investment Securities as well as Net Loans and Other Receivables.
- Due from BSP went up 10% to P340.5 billion owing to reserves on higher deposit levels as well as increased placements in BSP's short-term facilities.
- Investment Securities hiked 19% to P603.1 billion as part of the Bank's excess funds were channeled to fixed income securities. Financial Assets at Fair Value Through Profit or Loss (FVTPL) and Investment Securities at Amortized Cost increased 23% and 34%, respectively, offsetting a 7% decline in Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI).
- Net Loans and Other Receivables moved up 3% to P2.4 trillion as customer loans started to trickle in. Meanwhile, Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements (SPURRA) jumped 33% and 32%, respectively, while Other Receivables dropped 29%.
- Cash and Other Cash Items slid 27% to P54.8 billion, from a high year-end 2020 level on account of deposits generated during the Christmas season.
- Due from Other Banks increased 5% to P68.8 billion from higher working balances with correspondent banks.
- Deferred Tax Assets went down 10% to P7.1 billion mainly due to loan write-offs.
- Other Resources declined 5% to P40.2 billion on lower volumes of credit card transactions.
- Total Deposits increased 5% to P2.7 trillion as Demand and Savings deposits grew 19% and 7%, respectively. Time deposits, on the other hand, declined 13%, as the Bank continued to reduce levels of high-cost funding.
- Insurance Contract Liabilities rose 6% to P61.9 billion resulting from sustained BDO Life business volumes.
- Other Liabilities climbed 13% to P116.8 billion on increased levels of accrued expenses and trade-related outstanding acceptances as of the cut-off date.
- Total Equity went up 7% to P422.3 billion from the Bank's nine-month Net Income.

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

- Total Resources expanded 7% year-on-year from a 30% growth in Investment Securities as well as a 6% increase in Net Loans and Other Receivables.
 - Cash and Other Cash Items rose 12% supported by higher deposit levels.
 - Due from BSP went down 8% as maturities from BSP's short-term facilities were shifted to Investment Securities.
 - Due from Other Banks declined 7% from lower balances with correspondent banks.
- 

- Net Loans and Other Receivables increased 6% as customer loans, Interbank Loans and SPURRA grew 5%, 38% and 37%, respectively offsetting a 13% decline in Other Receivables.
- Investment Properties dropped 5% to P15.3 billion on lower levels of ROPA as well as reclassification of some properties to Bank Premises.
- Deferred Tax Assets slid 16% owing to loan write-offs and amortization of past service cost.
- Other Resources hiked 16% primarily due to increases in retirement assets, prepaid expenses and miscellaneous assets.
- Deposit Liabilities grew 6% resulting from year-on-year increases in Demand and Savings deposits of 30% and 12%, respectively. Time deposits dropped 23% on reduced levels of expensive funds.
- Bills Payable went up 6% to P208.2 billion on higher interbank borrowings.
- Insurance Contract Liabilities climbed 17% billion owing to sustained BDO Life business volumes.
- Other Liabilities rose 10% on account of increased levels of outstanding checks, bills purchased contra-account and trade-related outstanding acceptances as of the cut-off date.
- Total Equity expanded 12% year-on-year from continued profitable operations.

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

- The Bank reported a Net Income attributable to Equity holders of the Parent Company of P32.4 billion, a significant improvement from the P16.6 billion for the same period last year.
 - Net Interest Income slightly dipped by 2% to P97.6 billion due 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 position, setting aside P10.4 billion as Provisions for Impairment Losses in addition to the previous year's pre-emptive provisions of P23.8 billion.
 - Other income increased 13% to P44.5 billion due to the following:
 - The Bank recorded a Trading Loss of P124 million from P4.7 billion owing to adverse market movements.
 - Service Charges and Fees jumped 23% to P21.3 billion on improvement across the Bank's business lines, reflecting recovering business activities year-on-year.
 - Trust Fees climbed 16% to P3.2 billion on higher volume of Assets Under Management.
 - Foreign Exchange (FX) Gain soared 204% to P3.0 billion primarily from continuing overseas remittances and customer flows.
 - Insurance Premiums climbed 26% to P13.7 billion on higher BDO Life business volumes.
 - Other Income went up 23% to P3.4 billion mainly gains from ROPA disposal.
 - Operating Expenses rose 5% to P90.9 billion due to the following:
 - Employee Benefits hiked 13% owing to salary increases and benefits extended due to the pandemic.
 - Occupancy expenses increased 7% from improvements and investments in the Bank's various distribution channels.
- 

- Taxes and Licenses dropped 15% primarily due to lower Documentary Stamp Tax on Time Deposits.
- Insurance Expenses went up 6% from higher deposit levels.
- Advertising expenses slid 31% on lower marketing, promotional and advertising expenditures.
- Litigation/Assets Acquired expenses jumped 49% from costs relating to litigation and maintenance of acquired assets.
- Insurance Policy Reserves, Benefits and Claims went up 23% from higher BDO Life business volumes.
- Tax Expense dropped 34% to P8.2 billion on lower taxable income and lower tax rates owing to the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE).

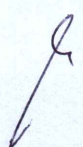
1.d Comprehensive Income – September 2021 vs. September 2020

- From a Net Income of P32.5 billion, Total Comprehensive Income for the three quarters of 2021 registered at P33.7 billion, inclusive of a P4.4 billion decline in unrealized gains on debt investments at FVOCI, an P82 million translation adjustment related to foreign operations, a P12 million actuarial loss on remeasurement of retirement benefit obligation, a positive P5.5 billion re-measurement on life insurance reserves, an P86 million increase in unrealized gain on equity investments at FVOCI as well as a negative P7 million share in Other Comprehensive Income (OCI) of affiliates.
- This represents an almost 2.5 times increase from the Total Comprehensive Income of P13.8 billion for the same period last year, comprised of a P16.6 billion Net Income, a P3.2 billion increase in unrealized gains on debt investments at FVOCI, a negative P48 million translation adjustment, a negative P5.6 billion re-measurement on life insurance reserves, a P414 million drop in unrealized gain on equity investments at FVOCI, and a negative P10 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	9M 2021	9M 2020	12M 2020
Return on Average Common Equity (%)	10.72%	5.97%	7.55%
Return on Average Assets(%)	1.26%	0.68%	0.86%
Net Interest Margin	4.05%	4.36%	4.36%
Liquidity Ratio	33.23%	31.38%	30.84%
Debt to Equity	739.19%	773.76%	758.71%
Asset to Equity	839.19%	873.76%	858.71%
Interest Rate Coverage	492.25%	248.95%	297.29%
Profit Margin	21.32%	10.45%	13.31%
Capital Adequacy Ratio	14.87%	14.34%	14.37%
Basic Earnings per Share	7.32	3.71	6.37

- Return on Average Common Equity and Return on Average Assets improved to 10.72% and 1.26%, respectively, owing to a higher Net Income.
 - Net Interest Margin was lower at 4.05% from the general decline in lending rates as well as the rate cap imposed by BSP on credit card receivables.
 - Liquidity Ratio rose to 33.23% as funds were channeled to liquid assets given the absence of substantial loan demand.
 - Debt to Equity and Assets to Equity went down to 739.19% and 839.19%, respectively, as the growth in total equity outpaced the increases in liabilities and total assets.
 - Interest Rate Coverage soared to 492.25% on higher profits and lower interest expense from an improved funding mix.
 - Profit Margin rose to 21.32% from higher bottomline profits.
 - Capital Adequacy Ratio, covering credit, market and operations risk rose to 14.87% as year-on-year increase in capital outpaced the growth in risk-weighted assets.
 - Basic earnings per share went up to P7.32 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 – September 2021 vs. December 2020

Remarks: NONE

II. Balance Sheet – September 2021 vs. September 2020

- Time deposits declined to 15.4% of Total Deposits owing to the continued drop in Time deposit levels.

III. Income Statement – September 2021 vs. September 2020

- Interest Expense on Deposit Liabilities dropped 17.4% to account for 51.6% of Total Interest Expense, resulting from 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 Loss was -0.3% of Other Income compared to Trading Gain accounting for 12.0% of Other Income for the same period last year.
- Provision for Impairment Losses as a percentage of Net Interest Income normalized to 10.7% from the previous year's 23.9%.
- Tax Expense dropped to 20.2% 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 September 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
A. INTERBANK LOANS RECEIVABLES	P 88,563 P	0 P	0 P	0 P	0 P	88,563
B. LOANS AND RECEIVABLES	P 2,254,238 P	13,794 P	2,928 P	7,321 P	56,899 P	2,335,180
Loans & Discounts	1,823,672	8,551	1,535	4,286	40,136	1,878,180
Agri - Agri Loans	94,347	52	53	100	1,789	96,341
Bills Purchased	11,510	0	0	0	26	11,536
Customers Liability on Draft under LC/TR	62,816	303	0	0	594	63,713
Customers Liability for this Bank's Acceptances	13,389	0	0	0	0	13,389
Credit Card Receivables	81,462	2,169	802	1,388	8,901	94,722
Restructured Loans	131,658	2,481	455	1,400	3,695	139,689
Reverse Repurchase Agreement	22,092	0	0	0	0	22,092
Other Loans & Receivables	13,292	238	83	147	1,758	15,518
C. ACCOUNTS RECEIVABLE	P 4,565 P	1,074 P	124 P	338 P	1,952 P	8,053
TOTAL	P 2,347,366 P	14,868 P	3,052 P	7,659 P	58,851 P	2,431,796