

COVER SHEET

3 4 0 0 1
S.E.C. Registration Number

B D O U N I B A N K , I N C .

(COMPANY'S FULL NAME)

B D O C O R P O R A T E C E N T E R , 7 8 9 9

M A K A T I A V E N U E , M A K A T I C I T Y

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

RHODA P. LAZARO
Contact Person

8878-4520/8840-7000 loc 4520
Company Telephone Number

0 9 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

12,453
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended September 30, 2020.

2. Commission identification number 34001.

3. BIR Tax Identification No. 000-708-174-000.

BDO UNIBANK, INC.

4. Exact name of issuer as specified in its charter

Makati City, Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code (For SEC Use Only)

BDO Corporate Center, 7899 Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

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	4,383,989,715	

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 26, 2020

Principal Financial /Accounting
Officer/Comptroller..... LUCY CO DY

Signature and Title.....

LUCY CO DY
EVP/COMPTROLLER

Date..... October 26, 2020

Table of Contents

Part 1. Financial Statements

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

Part 2. Disclosures

Notes to Interim Financial Statement	Page 6 - 11
Management Discussion and Analysis	Page 12 - 16
Aging of Loans and Accounts Receivables	Page 17

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

		<u>As of</u> <u>September 30, 2020</u>		<u>Audited As of</u> <u>December 31, 2019</u>
<u>RESOURCES</u>				
CASH AND OTHER CASH ITEMS	P	49,027	P	64,140
DUE FROM BANGKO SENTRAL NG PILIPINAS		369,467		309,040
DUE FROM OTHER BANKS		74,370		38,956
TRADING AND INVESTMENT SECURITIES				
Financial Assets at FVTPL		30,815		27,081
Financial Assets at FVOCI		156,151		145,239
Investment Securities at Amortized Cost - Net		278,020		263,585
LOANS AND OTHER RECEIVABLES – Net		2,241,697		2,225,777
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – Net		44,943		46,551
INVESTMENT PROPERTIES		16,185		16,911
EQUITY INVESTMENTS – Net		4,754		4,890
DEFERRED TAX ASSETS		8,520		8,927
OTHER RESOURCES – Net		34,498		37,761
TOTAL RESOURCES	P	<u>3,308,447</u>	P	<u>3,188,858</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>				
DEPOSIT LIABILITIES				
Demand	P	287,120	P	232,995
Savings		1,738,809		1,589,639
Time		548,704		662,594
Total Deposit Liabilities		<u>2,574,633</u>		<u>2,485,228</u>
BILLS PAYABLE		196,278		167,524
SUBORDINATED NOTES PAYABLE		-		10,030
INSURANCE CONTRACT LIABILITIES		52,757		42,473
OTHER LIABILITIES		106,135		113,016
Total Liabilities		<u>2,929,803</u>		<u>2,818,271</u>
EQUITY				
Attributable to Shareholders of the Parent Company		377,011		368,932
Non-Controlling Interest		1,633		1,655
Total Equity		<u>378,644</u>		<u>370,587</u>
TOTAL LIABILITIES AND EQUITY	P	<u>3,308,447</u>	P	<u>3,188,858</u>
<u>CONTINGENT</u>				
Trust department accounts	P	1,417,574	P	1,336,368
Unused commercial letters of credit		50,748		53,703
Outstanding guarantees issued		3,519		2,942
Export L/Cs Confirmed		5,159		7,868
Bills for collection		12,453		10,846
Late deposits/payment received		2,948		3,174
Spot Exchange Bought		7,027		9,764
Spot Exchange Sold		13,048		20,148
Forward Exchange Bought		152,679		141,969
Forward Exchange Sold		163,594		140,128
Interest Rate Swap Receivable		12,436		15,446
Interest Rate Swap Payable		12,436		15,446
Other Contingent Accounts		431,575		415,591
TOTAL CONTINGENT ACCOUNTS	P	<u>2,285,196</u>	P	<u>2,173,393</u>

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, 2020	September 30, 2019	September 30, 2020	September 30, 2019
INTEREST INCOME ON				
Loans and Other Receivables	P 105,594	P 107,191	P 33,972	P 36,245
Trading and Investment Securities	11,987	12,087	3,860	4,179
Due from BSP and Other Banks	1,772	913	653	380
Others	30	50	9	14
Total Interest Income	119,383	120,241	38,494	40,818
INTEREST EXPENSE ON				
Deposit Liabilities	13,494	25,941	3,163	7,355
Bills Payable and Other Borrowings	5,597	5,838	1,798	1,928
Finance Lease Liabilities	467	1	103	-
Total Interest Expense	19,558	31,780	5,064	9,283
NET INTEREST INCOME	99,825	88,461	33,430	31,535
IMPAIRMENT LOSSES	23,826	4,246	1,392	1,258
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	75,999	84,215	32,038	30,277
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	17,400	22,833	5,790	7,854
Trading Gain(Loss) - Net	2,011	1,796	216	(194)
Trust Fees	2,761	2,607	950	905
Foreign Exchange Gain	971	2,485	365	883
Insurance Premiums	10,851	10,763	3,820	3,910
Miscellaneous – net	2,778	3,639	846	1,256
Total Other Operating Income	36,772	44,123	11,987	14,614
OTHER OPERATING EXPENSES				
Compensation and Benefits	25,547	24,201	7,914	8,285
Occupancy	6,428	7,775	2,013	2,631
Taxes and licenses	9,722	10,530	2,913	3,449
Security, Clerical, Messengerial and Janitorial	2,838	2,986	924	1,042
Insurance	4,080	3,908	1,412	1,302
Advertising	2,968	3,537	647	1,140
Litigation on Assets Acquired	383	393	89	128
Policy Reserves	4,367	6,361	2,233	1,775
Insurance Benefits and Claims	2,400	1,725	795	710
Miscellaneous	24,906	24,419	8,666	8,872
Total Other Operating Expenses	83,639	85,835	27,606	29,334
NET INCOME BEFORE INCOME TAX	29,132	42,503	16,419	15,557
TAX EXPENSE	12,534	10,396	4,073	3,590
NET INCOME AFTER TAX	P 16,598	P 32,107	P 12,346	P 11,967
Attributable To:				
Equity holders of the parent	P 16,620	P 32,107	P 12,333	P 11,955
Non-Controlling Interest	(22)	-	13	12
	P 16,598	P 32,107	P 12,346	P 11,967
Earnings Per Share:				
Basic	3.71	7.26	2.81	2.73
Diluted	3.71	7.26	2.78	2.72

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, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	P	P	P	P
NET PROFIT	16,598	32,107	12,346	11,967
OTHER COMPREHENSIVE INCOME(LOSS)				
Items that are or will be reclassified subsequently to profit or loss:				
Net unrealized gains (losses) on debt investments at FVOCI, net of tax	3,129	7,773	184	1,722
Transfer of realized gains on disposed debt investments at FVOCI to statements of income, net of tax	61	128	(40)	79
Impairment losses on debt investments at FVOCI	35	23	46	5
Total gains (losses) on FVOCI securities, net of tax	3,225	7,924	190	1,806
Translation adjustment related to foreign operations	(48)	(2)	(23)	6
	<u>3,177</u>	<u>7,922</u>	<u>167</u>	<u>1,812</u>
Items that will not be reclassified to profit or loss:				
Remeasurement on life insurance reserves	(5,561)	(3,466)	233	(271)
Unrealized gains (losses) on equity investments at FVOCI, net of tax	(414)	(62)	430	(693)
	<u>(5,975)</u>	<u>(3,528)</u>	<u>663</u>	<u>(964)</u>
Share in other comprehensive income (loss) of associates accounted for under equity method	(10)	5	(2)	5
Other Comprehensive Income (Loss), net of tax	<u>(2,808)</u>	<u>4,399</u>	<u>828</u>	<u>853</u>
TOTAL COMPREHENSIVE INCOME	13,790	36,506	13,174	12,820
Attributable To:				
Shareholders of the Parent Bank	13,812	36,468	13,172	12,796
Non-controlling interest	(22)	38	2	24
	<u>13,790</u>	<u>36,506</u>	<u>13,174</u>	<u>12,820</u>

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

STATEMENTS OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free on FVOCI	Net Unrealized Fair Value Gain / (Losses)	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, 2020	43,814	5,150	124,049	18,362	12	192,333	(1,741)	(11,224)	955	(2,789)	11	-	368,932	1,655	370,587
Transactions with owners															
Issuance of primary shares	26		256	(2,052)									282		282
Options transferred during the year				316									(2,052)		(2,052)
Options expensed during the year													316		316
Cash Dividends						(4,284)							(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				(1,145)		1,145									
Other Reserves				30		(30)									
				(1,066)		1,066									
Disposals of Equity Securities classified as FVOCI						(1,100)	1,105						5		5
Balance at September 30, 2020	43,840	5,150	124,305	15,560	12	204,635	2,174	(11,224)	955	(8,350)	(36)	(10)	377,011	1,633	378,644
Balance at January 1, 2019	43,740	5,150	123,377	14,788	9	156,327	(10,390)	(8,893)	1,008	2,257	13	(14)	327,372	777	328,149
Transactions with owners															
Issuance of primary shares	60		544	740									604		604
Options transferred during the year				647									740		740
Options expensed during the year													647		647
Cash Dividends						(4,278)							(4,278)		(4,278)
Total transactions with owners	60		544	1,387		(4,278)							(2,287)		(2,287)
Total comprehensive income						32,107	7,824			(3,466)	(2)	5	36,468	38	36,506
Transfer to/(from) Surplus Free Appropriation of excess GLLP over ECL				813		(813)									
Trust reserves				83		(83)									
Other Reserves				3		(3)									
				899		(899)									
Disposals of Equity Securities classified as FVOCI						(702)	712						10		10
Other Adjustments															
Disposal of properties				76					(53)				23		23
Change in ownership interest in subsidiaries				689	3	58		16					766	869	1,635
					3	58		16					789	869	1,658
						765									
Balance at September 30, 2019	43,800	5,150	123,921	17,074	12	183,320	(1,796)	(8,877)	955	(1,209)	11	(9)	362,352	1,684	364,036

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 29,132	P 42,503
Adjustments for:		
Interest income	(119,383)	(120,241)
Interest received	118,629	122,029
Interest expense	19,558	31,780
Interest paid	(26,201)	(30,416)
Impairment losses	23,826	4,246
Depreciation and amortization	6,053	4,732
Share in (profit)loss of associates	(363)	(549)
Fair value loss (gain)	2,888	430
Operating profit before changes in operating resources and liabilities	54,139	54,514
Increase in financial assets at FVTPL	(6,565)	(7,822)
Decrease (increase) in loans and other receivables	5,973	(52,168)
Increase in investment properties	(308)	(638)
Increase in other resources	(5,501)	(6,083)
Increase (decrease) in deposit liabilities	90,452	(10,271)
Increase in insurance contract liabilities	4,723	6,434
Increase in other liabilities	1,465	19,785
Cash generated from (used in) operations	144,378	3,751
Cash paid for income tax	(11,966)	(9,663)
Net Cash From (Used in) Operating Activities	132,412	(5,912)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of premises, furniture, fixture and equipment	(1,932)	(2,799)
Proceeds from disposals of premises, furniture, fixture and equipment	1,161	253
Acquisition of investment securities at amortized cost	(98,474)	(63,815)
Maturities of investment securities at amortized cost	93,956	43,620
Proceeds from disposal of financial assets at FVOCI	52,969	29,825
Acquisition of financial assets at FVOCI	(61,370)	(55,208)
Net Cash From (Used in) Investing Activities	(13,690)	(48,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	282	604
Proceeds from bills payable	267,670	228,231
Payments of bills payable	(233,273)	(205,516)
Redemption of subordinated notes payable	(10,000)	-
Payments of lease liabilities	(2,174)	(9)
Dividends paid	(4,284)	(4,278)
Net Cash From (Used in) Financing Activities	18,221	19,032
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	P 136,943	P (35,004)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	64,140	53,749
Due from Bangko Sentral ng Pilipinas	309,040	354,132
Due from other banks	38,956	55,292
Investment Securities at Amortized Cost	308	9,168
SPURRA	-	22,009
Interbank Loans Receivable	31,277	42,214
FCNC	5,345	4,828
	449,066	541,392
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	49,027	47,818
Due from Bangko Sentral ng Pilipinas	369,467	321,903
Due from other banks	74,370	41,038
Investment Securities at Amortized Cost	11,547	4,973
SPURRA	16,119	21,802
Interbank Loans Receivable	57,969	65,356
FCNC	7,510	3,498
	P 586,009	P 506,388

CHECKLIST OF REQUIRED DISCLOSURES
BANCO DE ORO UNIBANK, INC.
For the nine months ended: September 30, 2020

FINANCIAL INFORMATION

6. Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles.

The Bank's interim financial statements are in compliance with Philippine Financial Reporting Standards.

- 7.a A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.

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

- 7.b Explanatory comments about the seasonality or cyclicity of interim operations.

Remarks: There is no seasonality or cyclicity in the Bank's operations.

- 7.c The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

Remarks: NONE

- 7.d The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

Remarks: NONE

- 7.e Issuances, repurchases, and repayments of debt and equity securities.

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

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

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

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

On August 11, 2020, the Bank repaid upon maturity its P35.0 billion Senior Debt, which was issued on February 11, 2019

On September 12 2020, the Bank repaid upon maturity its P5.0 billion 7-year Long-Term Negotiable Certificate of Deposit (LTNCD)

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

On February 1, 2020, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. The dividends were paid on February 21, 2020.

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

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

On August 29, 2020, the Board of Directors approved the declaration of cash dividends for the third quarter of 2020, in the amount of P0.30 per common share for a total of P1.3 billion. The dividends were paid on September 28, 2020.

7.g Segment revenue and segment result for business segments or geographical segments whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).

The Bank's comparative revenues and expenses by business segment are included as an attachment to this report.

7.h Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Remarks: NONE

7.i The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

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



On June 23, 2020 the Bank announced an agreement on fundamental principles to buy out Nomura Holdings, Inc.'s (Nomura) entire holdings in the joint venture arrangement under BDO Nomura Securities, Inc. (BDO Nomura). BDO currently owns 51% of BDO Nomura, with Nomura (through Nomura Asia Investment (Singapore) Pte. Ltd.) holding the remaining 49%. The transaction will enable BDO to consolidate its securities brokerage business into BDO Securities, which is being reorganized into a full service brokerage firm with an expanded product offering to include non-equity securities. The transaction is subject to final agreements in addition to any required corporate and regulatory approvals.

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

- Total Contingent Accounts grew 5% to P2.3 trillion with material movements from the following accounts:
 - Trust Department Accounts increased 6% to P1.4 trillion on higher level of assets managed.
 - Outstanding Guarantees Issued expanded 20% to P3.5 billion on higher volume of trade transactions and guarantees issued.
 - Bills for Collection was higher by 15% at P12.5 billion, as of the third quarter of the year.
 - Unused L/Cs, Export L/Cs Confirmed, as well as Late Deposits and Payments Received, were lower by 6%, 34% and 7% at P50.7 billion, P5.2 billion and P2.9 billion, respectively, on lower outstanding transactions as of the cut-off date.
 - Treasury activities were affected by the lockdown and subsequent slowdown in business activity, resulting in the following:
 - Spot Exchange Bought and Sold dropped 28% and 35% to P7.0 billion and P13.0 billion, respectively.
 - Forward Exchange Bought and Sold increased 8% and 17% to P152.7 billion and P163.6 billion, respectively.
 - Interest Rate Swap Receivable and Payable both dropped 19% to P12.4 billion.



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 1,388	P 4	P 119,383
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	8,367	422	37,884
	26,664	855	1,176	1,067	8,367	422	38,551
Total net revenues	123,931	819	1,913	1,635	9,695	363	138,356
Expenses							
Other operating expenses	5,371	82	50	522	75	62	6,162
Depreciation and amortization	23,327	1	7	450	42	(1)	23,826
Impairment losses	67,372	610	911	396	9,008	228	78,525
Others	96,070	693	968	1,368	9,125	289	108,513
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	16,884	35	733	134	(537)	60	17,309
Statement of Financial Position							
Total resources	P 3,198,949	P 9,544	P 41,716	P 14,236	P 63,247	P 5,311	P 3,333,003
Segment assets	8,565	(155)	22	41	49	(2)	8,520
Deferred tax assets (Liabilities) - net	5,542	132	16	1	49	1	5,741
Intangible assets	3,213,056	9,521	41,754	14,278	63,345	5,310	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. & Subsidiaries
Balances by Segment
As of September 30, 2019
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Financing	Insurance	Others	Total
Revenues							
From external customer							
Interest income	P 116,380	P 21	P 1,125	P 1,508	P 1,200	P 7	P 120,241
Interest expense	(30,112)	(3)	(535)	(1,064)	(65)	(1)	(31,780)
Net interest income	86,268	18	590	444	1,135	6	88,461
Intersegment revenue							
Interest income	184	30	-	-	30	41	285
Interest expense	(60)	(54)	(25)	(94)	(4)	(61)	(298)
Net interest income	124	(24)	(25)	(94)	26	(20)	(13)
Other operating income							
Investment banking fees	-	678	-	-	-	-	678
Others	32,784	294	1,350	757	12,892	447	48,524
	32,784	972	1,350	757	12,892	447	49,202
Total net revenues	119,176	966	1,915	1,107	14,053	433	137,650
Expenses							
Other operating expenses	3,959	78	49	602	59	64	4,811
Depreciation and amortization	4,230	(2)	4	9	6	(1)	4,246
Impairment losses	69,155	591	968	516	10,388	251	81,869
Others	77,344	667	1,021	1,127	10,453	314	90,926
Segment operating income	41,832	299	894	(20)	3,600	119	46,724
Tax expense	9,387	97	157	18	701	36	10,396
Segment net income	32,445	202	737	(38)	2,899	83	36,328
Statement of Financial Position							
Total resources							
Segment assets	P 2,978,530	P 10,859	P 42,764	P 32,304	P 55,841	P 5,362	P 3,125,660
Deferred tax assets (Liabilities) - net	8,181	(185)	24	129	31	(13)	8,167
Intangible assets	5,194	209	19	5	53	1	5,481
	2,991,905	10,883	42,807	32,438	55,925	5,350	3,139,308
Total liabilities	P 2,623,089	P 6,932	P 36,248	P 26,917	P 45,135	P 2,187	P 2,740,508
Other Segment Information							
Capital expenditures	4,363	20	18	349	14	13	4,777
Investment in associates under equity method	-	-	-	-	-	4,850	4,850
Share in the profit of associates	-	-	-	-	-	549	549

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

	<u>2020</u>	<u>2019</u>
Revenue		
Total segment net revenues	P 138,356	P 137,650
Elimination of intersegment revenues	<u>(1,759)</u>	<u>(5,066)</u>
Net revenues as reported in profit or loss	<u>P 136,597</u>	<u>P 132,584</u>
Profit or loss		
Total segment net income	P 17,309	P 36,328
Elimination of intersegment profit	<u>(711)</u>	<u>(4,221)</u>
Net profit as reported in profit or loss	<u>P 16,598</u>	<u>P 32,107</u>
Resources		
Total segment resources	P 3,347,264	P 3,139,308
Elimination of intersegment assets	<u>(38,817)</u>	<u>(47,128)</u>
Total resources	<u>P 3,308,447</u>	<u>P 3,092,180</u>
Liabilities		
Total segment liabilities	P 2,941,156	P 2,740,508
Elimination of intersegment liabilities	<u>(11,353)</u>	<u>(12,364)</u>
Total Liabilities	<u>P 2,929,803</u>	<u>P 2,728,144</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 2020 vs. December 2019

- Cash and Other Cash Items went down 24% to P49.0 billion as the year-end 2019 level included deposits generated during the Christmas season.
- Due from BSP expanded 20% to P369.5 billion due to higher reserves from deposit growth and increased placements in BSP's short-term facilities.
- Due from Other Banks surged 91% to P74.4 billion owing to higher placements and working balances with correspondent banks.
- Investment Securities increased 7% to P465.0 billion as funds were channeled to the securities book in the absence of substantial loan demand.
- Net Loans and Other Receivables inched up 1% to P2.2 trillion due to a 66% growth in Interbank Loans as well as a P16.1 billion investment in Securities Purchased Under Reverse Repurchase Agreements. Customer Loans remained steady from year-end 2019.
- Deferred Tax Assets went down 5% to P8.5 billion owing to the amortization of past service cost.
- Other Resources declined 9% to P34.5 billion primarily due to lower volumes of outstanding credit card transactions as of the cut-off date.
- Total Deposits went up 4% to P2.6 trillion as Demand and Savings deposits hiked 23% and 9%, respectively. Time deposits, on the other hand, went down 17%, as the Bank reduced levels of expensive funds.
- Bills Payable jumped 17% to P196.3 billion following the peso bond and USD Fixed Rate Senior Notes issuances.
- The Bank redeemed its P10.0 billion Subordinated Notes Payable in March 2020.
- Insurance Contract Liabilities hiked 24% to P52.8 billion due to re-measurement of life insurance reserves given the decline in interest rates as well as higher BDO Life business volumes.
- Other Liabilities went down 6% to P106.1 billion from reduced Accounts Payable and Bills Purchased contra account as of the cut-off date.

- 1.b Balance Sheet – September 2020 vs. September 2019

- Total Resources went up 7% year-on-year to P3.3 trillion from growth in liquid assets and Customer Loans, funded by deposits, bond issuances and capital.
- Cash and Other Cash Items as well as Due from BSP increased 3% and 15%, year-on-year, owing to deposit expansion.
- Due from Other Banks jumped 81% owing to higher levels of placements and working balances with correspondent banks.
- Investment Securities increased 5% year-on-year as funds were channeled to the securities book given the absence of substantial loan demand.



- Net Loans and Other Receivables rose 5% coming from a 6% growth in Customer Loans and a 54% increase in Other Receivables. Tempering the growth was a drop in Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements (SPURRA) of 11% and 26%, respectively.
- Bank Premises and Net Finance Lease hiked 29% to P44.9 billion due to reclassifications from Investment Properties as well as the full implementation of the new PFRS 16 lease accounting standard.
- Consequently, Investment Properties declined 9% to P16.2 billion.
- Deposit Liabilities expanded 7% year-on-year, owing to a jump in Demand and Savings deposits of 33% and 14%, respectively. Time deposits declined by 17%, partially offsetting the growth.
- Bills Payable climbed 17% from the peso bond and USD Fixed Rate Senior Notes issuances during the year.
- The Bank redeemed its P10.0 billion Subordinated Notes Payable in March 2020.
- Insurance Contract Liabilities surged 37% following remeasurement of life insurance reserves and higher BDO Life business volumes.
- Total Equity went up 4% to P378.6 billion from continued profitable operations.

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

- The Bank reported a Net Income attributable to Equity holders of the Parent Company of P16.6 billion, a 48% drop from the P32.1 billion for the same period last year. This was due to the P23.8 billion Provision for Impairment Losses, the bulk of which was set aside in the second quarter in anticipation of a possible increase in non-performing loans due to the COVID-19 pandemic and the resulting Enhanced and General Community Quarantine (ECQ / GCQ) imposed across the country.
- Pre-provision Operating Income, however, remained robust, growing by 13% year-on-year to P53.0 billion, as the Bank's intermediation business exhibited resilience despite the pandemic.
- Net Interest Income hiked 13% to P99.8 billion from higher margins and a growth in the Bank's interest-earning assets.
- Other income dropped 17% to P36.8 billion due to the pandemic and resulting slowdown in business activity:
 - Trading Gain went up 12% to P2.0 billion as the Bank realized gains on some of its investment positions.
 - Trust Fees grew 6% to P2.8 billion on higher volume of Assets Under Management.
 - Foreign Exchange (FX) Gain slid 61% to P971 million on lower transaction volumes.
 - Service Charges and Fees as well as Other Income dropped 24% apiece to P17.4 billion and P2.8 billion, respectively.
- Operating Expenses went down 3% to P83.6 billion due to the following:
 - Employee Benefits increased 6% from a higher manpower count as well as allowances and benefits to employees during the ECQ /GCQ period.
 - Occupancy expenses declined 17% following the full implementation of PFRS 16, Leases.
 - Taxes and Licenses dropped 8% to P9.7 billion primarily from lower Documentary Stamp Tax on reduced Time Deposit levels.

- Advertising expenses declined 16% on lower marketing, promotional and advertising expenditures.
- Security, Clerical and Janitorial went down 5% from scaled down business operations in the second quarter of the year.
- Policy Reserves slid 31% owing to the revaluation of BDO Life's unit-linked funds following adverse market movements.
- Insurance Benefits and Claims jumped 39% from higher BDO Life business volumes.
- Tax Expense climbed 21% to P12.5 billion on a higher taxable income base.

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

- From a Net Income of P16.6 billion, Total Comprehensive Income for the three quarters of 2020 stood at P13.8 billion, inclusive of a P3.2 billion improvement in gains on debt investments at FVOCI, a negative P48 million translation adjustment related to foreign operations, a negative P5.6 billion re-measurement on life insurance reserves, a P414 million drop in unrealized gain on equity investments at FVOCI as well as a negative P10 million share in Other Comprehensive Income (OCI) of affiliates.
- This represents a 62% drop from the Total Comprehensive Income of P36.5 billion for the same period last year, comprised of a P32.1 billion Net Income, a P7.9 billion increase in gains on debt investments at FVOCI, a negative P2 million translation adjustment, a negative P3.5 billion re-measurement on life insurance reserves, a P62 million drop in unrealized gain on equity investments at FVOCI, and a P5 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 2020	9M 2019	12M 2019
Return on Average Common Equity (%)	5.97%	12.53%	12.75%
Return on Average Assets(%)	0.68%	1.40%	1.44%
Net Interest Margin	4.36%	4.12%	4.15%
Liquidity Ratio	31.38%	30.59%	27.80%
Debt to Equity	773.76%	749.42%	760.49%
Asset to Equity	873.76%	849.42%	860.49%
Interest Rate Coverage	248.95%	233.74%	245.49%
Profit Margin	10.63%	19.53%	19.97%
Capital Adequacy Ratio	14.35%	14.63%	14.26%
Basic Earnings per Share	3.71	7.26	10.02

- Return on Average Common Equity and Return on Average Assets dropped to 5.97% and 0.68%, respectively, on lower Net Income resulting from upfront provisions booked in the second quarter.
- Net Interest Margin improved to 4.36% from growth in interest-earning assets and an improvement in funding mix.
- Liquidity Ratio went up to 31.38% owing to an increase in liquid assets and slower loan growth.

- Debt to Equity and Assets to Equity went up to 773.76% and 873.76%, respectively, as both growth in liabilities and total assets outpaced the increase in total equity.
 - Interest Rate Coverage improved to 248.95% due to a decline in interest rates.
 - Profit Margin slid to 10.63% from lower bottomline profits.
 - Capital Adequacy Ratio, covering credit, market and operations risk went down to 14.35% as year-on-year growth in risk-weighted assets outpaced the increase in total qualified capital.
 - Basic earnings per share fell to P3.71 on lower Net Income.
3. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

3.a Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Remarks: NONE

3.b Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Remarks: NONE

3.c Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Remarks: NONE

3.d Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

Remarks: NONE

3.e Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

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

3.f Any significant elements of income or loss that did not arise from the issuer's continuing operations.

Remarks: NONE



- 3.g The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item;

The term "material" in this section shall refer to changes of items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Vertical Analysis-Material Changes

I. Balance Sheet – September 2020 vs. December 2019

- Time deposits as a percentage of Total Deposits dropped 5.3% to 21.3% owing to strong growth in lower-cost Demand and Savings deposits as well as a reduction in Time deposit levels.

II. Balance Sheet – September 2020 vs. September 2019

- Time deposits to Total Deposits declined 6.3% owing to growth in lower-cost Demand and Savings deposits as well as a drop in Time deposit levels.

III. Income Statement – September 2020 vs. September 2019

- Interest Expense on Deposit Liabilities dropped 12.6% to account for 69.0% of Total Interest Expense, owing to lower interest rates and reduced levels of high-cost Time deposits.
- Interest Expense on Bills Payable to Total Interest Expense went up 10.2% to 28.6% as a result of the bond issuances.
- Insurance Premiums as a percentage of Other Operating Income rose 5.1% to 29.5% due to the decline in other non-interest income.
- Provision for Impairment Losses jumped 19.1% to 23.9% of Net Interest Income owing to the provisions booked in anticipation of a possible increase in delinquencies due to the impact of COVID-19.
- Income Tax increased to 18.6% to 43.0% of Pre-tax Income, on higher taxable income base.

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

Remarks: NONE



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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of September 30, 2020
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	Current		90 DAYS OR LESS		91 - 120 DAYS		121 - 180 DAYS		181 DAYS AND OVER		TOTAL	
	P	P	P	P	P	P	P	P	P	P		
A. INTERBANK LOANS RECEIVABLES	P	64,175	P	0	P	0	P	0	P	0	P	64,175
B. LOANS AND RECEIVABLES	P	2,140,306	P	36,819	P	1,071	P	6,767	P	36,327	P	2,221,290
Loans & Discounts		1,812,999		28,530		979		5,989		27,250		1,875,747
Agri - Agra Loans		88,117		951		18		57		1,202		90,345
Bills Purchased		11,342		0		0		0		26		11,368
Customers Liability on Draft under LC/TR		49,226		252		0		0		563		50,041
Customers Liability for this Bank's Acceptances		6,257		0		0		0		0		6,257
Credit Card Receivables		73,946		6,198		22		614		4,943		85,723
Restructured Loans		66,834		163		2		2		1,119		68,120
Reverse Repurchase Agreement		16,119		0		0		0		0		16,119
Other Loans & Receivables		15,466		725		50		105		1,224		17,570
C. ACCOUNTS RECEIVABLE	P	6,035	P	1,037	P	200	P	284	P	1,976	P	9,532
TOTAL	P	2,210,516	P	37,856	P	1,271	P	7,051	P	38,303	P	2,294,997