

COVER SHEET

				P	W	-	1	2	1
--	--	--	--	---	---	---	---	---	---

S.E.C. Registration Number

B	A	N	K		O	F		T	H	E		P	H	I	L	I	P	P	I	N	E		I	S	L	A	N	D	S
---	---	---	---	--	---	---	--	---	---	---	--	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

A	Y	A	L	A		N	O	R	T	H		E	X	C	H	A	N	G	E	,		T	O	W	E	R		1	
---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	--	---	--

A	Y	A	L	A		A	V	E	.		C	O	R	N	E	R		S	A	L	C	E	D	O		S	T	.	
---	---	---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	---	--	---	---	---	--

L	E	G	A	S	P	I		V	I	L	L	A	G	E	,		M	A	K	A	T	I		C	I	T	Y		
---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	--	--

Atty. Maria Lourdes P. Gatmaytan

Contact Person

(632) 8246-5902

Company Telephone Number

0	3	3	1
---	---	---	---

Month Day
Fiscal Year

1	7	-	Q	
---	---	---	---	--

FORM TYPE

0	4	2	7
---	---	---	---

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

11,081

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

**STANDARD DOCUMENT COVER SHEET
FOR SEC FILINGS**

All documents should be submitted under a cover page which clearly identifies the company and the specific document form as follows:

SEC Number PW-121

File Number

**BANK OF THE PHILIPPINE ISLANDS
AYALA NORTH EXCHANGE TOWER 1, AYALA AVE. CORNER SALCEDO ST.,
LEGASPI VILLAGE, MAKATI CITY, METRO MANILA
(632) 8246-5902**

FISCAL YEAR ENDING DECEMBER 31

(indicate if anything above is new and the date it was changed)

**SEC FORM 17-Q QUARTERLY REPORT
AMENDMENT DESIGNATION (if applicable)**

PERIOD-ENDED MARCH 31, 2023

(if a report, financial statement, GIS, or related amendment or show-cause filing)

NONE

EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER

(state "NONE" if that is the case)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **MARCH 31, 2023**
2. Commission identification number **PW-121**
3. BIR Tax Identification No. - **TIN: 000-438-366-000**
4. **BANK OF THE PHILIPPINE ISLANDS**
Exact name of registrant as specified in its chart
5. **Manila, Philippines**
Province, country or other jurisdiction of incorporation
6. Industry Classification Code: (SEC Use Only)
7. **AYALA NORTH EXCHANGE TOWER 1**
Ayala Avenue corner Salcedo St., Legaspi Village
Makati City (current business address) **ZIP Code 1229**
Address of principal office Postal Code
8. **(632) 8246-5902**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	4,531,250,405
11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes [x] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	Common
----------------------------------	---------------

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 Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports) Yes ☒ No ☐

(b) Has been subject to such filing requirements for the last 90 days Yes ☒ No ☐

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF CONDITION
MARCH 31, 2023 AND DECEMBER 31, 2022
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	MARCH 31, 2023	DECEMBER 31, 2022
<u>RESOURCES</u>		
Cash and Other Cash Items	30,193,335	39,612,640
Due from Bangko Sentral ng Pilipinas	213,582,123	182,868,712
Due from Other Banks	58,112,265	45,189,696
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	31,928,758	12,382,307
Financial Assets at Fair Value through Profit or Loss	38,761,430	22,133,451
Financial Assets at Fair Value through OCI	156,087,772	95,267,132
Financial Assets at Amortized Cost	397,114,184	420,532,932
Loans and Advances, net	1,661,128,268	1,702,989,582
Assets Held for Sale, net	3,899,110	3,760,190
Bank Premises, Furniture, Fixtures and Equipment, net	19,142,686	19,354,739
Investments in Subsidiaries and Associates, net	7,636,187	7,227,391
Assets Attributable to Insurance Operations	17,792,352	19,059,843
Deferred Income Tax Assets, net	16,573,309	16,752,267
Other Resources, net	22,249,660	16,829,629
TOTAL RESOURCES	2,674,201,440	2,603,960,512
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	373,985,684	376,336,642
Savings	1,136,400,066	1,182,071,199
Time	638,300,995	537,593,171
Sub-total	2,148,686,745	2,096,001,013
Derivative Financial Liabilities	4,240,872	4,297,073
Other Borrowed Funds	99,657,630	97,503,041
Due to Bangko Sentral ng Pilipinas and Other Banks	2,443,406	2,886,714
Manager's Checks and Demand Drafts Outstanding	6,867,870	6,755,330
Accrued Taxes, Interest and Other Expenses	12,158,263	10,587,188
Liabilities Attributable to Insurance Operations	13,827,890	14,919,142
Deferred Credits and Other Liabilities	52,479,593	51,207,241
TOTAL LIABILITIES	2,340,362,269	2,284,156,742
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	49,268,139	49,193,075
Share Premium	104,155,108	104,122,939
Treasury Shares Dividends Distributable - Property Dividends	42,364,498	-
Reserves	639,220	643,848
Surplus	180,820,806	211,060,930
Accumulated Other Comprehensive Income/ (Loss)	(12,555,370)	(14,256,290)
Treasury Shares	(33,042,684)	(33,042,684)
	331,649,717	317,721,818
NON-CONTROLLING INTERESTS	2,189,454	2,081,952
TOTAL CAPITAL FUNDS	333,839,171	319,803,770
TOTAL LIABILITIES AND CAPITAL FUNDS	2,674,201,440	2,603,960,512

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of Pesos)

	Unaudited 2023	Audited 2022
INTEREST INCOME		
On loans and advances	26,603,948	18,481,914
On FA at amortized cost	3,781,103	3,049,814
On FA at FV through OCI	1,121,478	494,356
On deposits with BSP and other banks	764,537	332,213
On FA at FV through profit or loss	157,741	52,262
	32,428,806	22,410,559
INTEREST EXPENSE		
On Deposits	7,100,599	2,479,546
On Bills Payable and other borrowings	1,168,882	940,148
	8,269,482	3,419,694
NET INTEREST INCOME	24,159,324	18,990,865
IMPAIRMENT LOSSES	1,000,000	2,500,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	23,159,324	16,490,865
OTHER INCOME		
Fees and commissions	3,077,124	2,410,263
Income from foreign exchange trading	518,906	702,056
Trading gain (loss) on securities	725,485	196,106
Income attributable to insurance operations	180,350	446,704
Other operating income	3,053,023	2,613,861
	7,554,888	6,368,991
OTHER EXPENSES		
Compensation and fringe benefits	5,462,050	4,719,840
Occupancy and equipment-related expenses	4,824,624	3,804,860
Other operating expenses	4,777,614	4,060,780
	15,064,289	12,585,480
INCOME BEFORE INCOME TAX	15,649,924	10,274,375
PROVISION FOR INCOME TAX		
Current	3,287,582	2,362,379
Deferred	157,938	(144,541)
	3,445,520	2,217,838
NET INCOME FOR THE PERIOD	12,204,404	8,056,537
Attributable to:		
Equity holders of BPI	12,133,815	7,983,584
Non-controlling interest	70,589	72,954
	12,204,404	8,056,537
Earnings per share:		
Based on 4,531,250,405 shares as of March 2023 and 4,513,128,255 shares in 2022	P 2.68	P 1.77

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of Pesos)

	Unaudited 2023	Audited 2022
NET INCOME BEFORE MINORITY INTEREST	12,204,404	8,056,537
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	1,426,008	(1,404,551)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	63,784	(75,934)
Share in other comprehensive income of associates	279,272	(430,341)
Currency translation differences	(212,773)	(79,133)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	31,264	761,770
Share in other comprehensive gain (loss) of associates	150,278	98,765
Total Other Comprehensive Income (Loss), net of tax effect	1,737,833	(1,129,424)
Total Comprehensive Income for the Year	13,942,237	6,927,113
Attributable to:		
Equity holders of BPI	13,834,735	6,870,005
Non-Controlling Interest	107,502	57,108
	13,942,237	6,927,113

BANK OF THE PHILIPPINE ISLANDS-UNIBANK
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED MARCH 31, 2023 & MARCH 31, 2022
(In Thousand Pesos)

	Consolidated									
	Attributable to equity holders of BPI									
	Share Capital	Share Premium	Treasury Shares Dividends Distributable - Property Dividends	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total	Non-controlling Interest	Total
Balance, December 31, 2022	49,193,075	104,122,939	-	643,848	211,060,930	(14,256,290)	(33,042,684)	317,721,818	2,081,952	319,803,770
Comprehensive Income										
Net Income for the year	-	-	-		12,133,815	-	-	12,133,815	70,589	12,204,404
Other Comprehensive Income for the year	-	-	-		-	1,700,920	-	1,700,920	36,913	1,737,833
Total Comprehensive Income for the year	-	-	-	-	12,133,815	1,700,920	-	13,834,735	107,502	13,942,237
Transactions with owners										
Executive Stock Plan amortization	75,063	32,169	-	(17,931)	-	-	-	89,301	-	89,301
Dividend Declared	-	-	42,364,498		(42,364,498)	-	-	-	-	-
Total transactions with owners	75,063	32,169	42,364,498	(17,931)	(42,364,498)	-	-	89,301	-	89,301
Other movements										
Transfer from Reserve to Surplus	-	-	-		(13,251)	-	-	(13,251)	-	(13,251)
Transfer from Surplus to Reserves	-	-	-	13,251	-	-	-	13,251	-	13,251
Others	-	-	-	52	3,810	-	-	3,862	0	3,862
Total other movements	-	-	-	13,303	(9,441)	-	-	3,862	0	3,862
Balance, March 31, 2023	49,268,139	104,155,108	42,364,498	639,220	180,820,806	(12,555,370)	(33,042,684)	331,649,717	2,189,454	333,839,171

	Consolidated									
	Attributable to equity holders of BPI									
	Share Capital	Share Premium	Property Dividends Distributable	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total	Non-controlling Interest	Total
Balance, December 31, 2021	45,131,283	74,934,116	-	564,120	181,100,635	(8,670,465)	-	293,059,688	2,096,124	295,155,812
Comprehensive Income										
Net Income for the year	-	-	-	-	7,983,584	-	-	7,983,584	72,954	8,056,537
Other Comprehensive Income for the year	-	-	-	-	-	(1,113,579)	-	(1,113,579)	(15,846)	(1,129,424)
Total Comprehensive Income for the year	-	-	-	-	7,983,584	(1,113,579)	-	6,870,005	57,108	6,927,113
Transactions with owners										
Issuance of Shares - BPI & BFB Merger	4,061,793	28,980,891	-		-	-	(33,042,684)	-	-	-
Executive Stock Plan amortization	-	52,691	-	727	-	-	-	53,418	-	53,418
Total transactions with owners	4,061,793	29,033,582	-	727	-	-	(33,042,684)	53,418	-	53,418
Other movements										
Transfer from Reserve to Surplus	-	-	-	(2,175)	-	-	-	(2,175)	-	(2,175)
Transfer from Surplus to Reserves	-	-	-	-	2,175	-	-	2,175	-	2,175
Others	-	-	-	(22,621)	15,768	-	-	(6,853)	(0)	(6,853)
Total other movements	-	-	-	(24,796)	17,942	-	-	(6,853)	(0)	(6,853)
Balance, March 31, 2022	49,193,075	103,967,698	-	540,052	189,102,161	(9,784,044)	(33,042,684)	299,976,258	2,153,232	302,129,489

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For the Quarter Ended March 31, 2023 And March 31, 2022
In Millions of PHP

	March 2023	March 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	15,650	10,274
Discontinued Operations	-	-
Adjustments for:		
Impairment losses	1,000	2,500
Depreciation and amortization	1,448	1,194
Share in net income of associates	75	(230)
Dividend and other income	(12)	(12)
Share based compensation	(18)	1
Profit from asset sold	(7)	-
Realized gain or sale on investment securities	(553)	-
Interest income	(32,429)	(22,411)
Interest received	33,291	21,585
Interest expense	8,357	3,489
Interest paid	(7,829)	(4,084)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	5,577	2,481
Financial Assets at FVTPL	(16,605)	(10,504)
Loans and advances, net	40,022	12,572
Assets held for sale	(100)	(189)
Assets attributable to Insurance operations	1,379	(1,397)
Other assets	(6,245)	4,638
Increase (decrease) in:		
Deposit liabilities	52,686	(64,051)
Due to Bangko Sentral ng Pilipinas and other banks	(977)	721
Manager's checks demand drafts outstanding	113	657
Accrued taxes, interest and other expenses	(1,156)	(436)
Liabilities attributable to insurance operations	(1,069)	1,441
Derivative financial instruments	(56)	(417)
Deferred credits and other liabilities	2,021	(1,982)
Net cash from (used in) operations	94,563	(44,158)
Income taxes paid	(1,067)	(927)
Net cash from (used in) operating activities	93,496	(45,086)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment Securities, net	(103,970)	(71,642)
Bank, premises, furniture, fixtures and equipment	(855)	(266)
Disposals of:		
Investment Securities, net	68,500	27,085
Bank, premises, furniture, fixtures and equipment	67	48
Investment properties, net	-	(0)
(Increase) decrease in:		
Investment in subsidiaries and associates, net	(50)	(834)
Assets, attributable to insurance operations	47	(167)
Dividends received	12	12
Net cash used in investing activities	(36,249)	(45,764)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	-	-
Proceeds from issuance	107	53
(Decrease) Increase in bills payable and other bc	2,155	13,257
Payments for principal portion of lease liabilities	(468)	(368)
Net cash used in financing activities	1,794	12,942
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,041	(77,908)
CASH AND CASH EQUIVALENTS		
January 1	273,119	365,953
March 31	332,160	288,045

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at March 31, 2023 and 2022

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	49.41	46.87
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	30.05	36.10
Asset-to-equity ratio	Total assets divided by total equity	806.33	792.81
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	306.76	435.35
Return on equity	Net income divided by average equity	15.36	11.02
Return on assets	Net income divided by average assets	1.88	1.36
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.94	3.42
Average assets to average equity	Average assets divided by average equity	816.08	809.03
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.75	3.24
Cost to income ratio	Total operating expense divided by total income (revenues)	47.50	49.63
Cost to asset ratio	Total operating expense divided by average asset	2.34	2.15
Capital to assets ratio	Total equity divided by total assets	12.40	12.61

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	The Bank's interim financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, Philippine Accounting Standards (PAS), and interpretations approved by the Financial Reporting Standards Council (FRSC).
The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:	
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 Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2022 which was in accordance with the PFRS adopted by the SEC.
Explanatory comments about the seasonality or cyclicity of interim operations	Nothing to report
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	Nothing to report
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.	Nothing to report

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
• Issuances, repurchases, and repayments of debt and equity securities	• On January 6, BPI priced its 1.5 year fixed-rate peso bonds, called BPI Reinforcing Inclusive Support for MSMEs Bonds (“BPI RISE Bonds”), at 5.75% per annum to raise at least P5 billion to boost its lending portfolio. On January 30, 2023, the final issue size of the BPI RISE Bonds was increased to over four times the initial target of P5 billion to meet strong investor demand. The Bank decided to cut short the offering period to between Jan 9 to 13 instead of the previously announced Jan 9 to 20.
• Dividends paid (aggregate per share) separately for ordinary shares and other shares	• Nothing to report
• 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).	• Attached
• Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	• On 15 March 2023, the Board of Directors (“Board”) of BPI approved the declaration of property dividends consisting of 406,179,276 common shares of BPI held in treasury, to be distributed to all eligible stockholders of BPI as of record date of March 29, 2023, which property dividends shall be paid at a future date to be determined by the management of BPI, subject to regulatory approvals. The property dividend shall be paid at an entitlement ratio of 0.0896395563 common share for every one (1) common share of BPI held by the stockholder. Any resulting fractional share shall be paid in cash.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	- On 15 February 2023, the Board approved the appointment of Ms. Janet Guat Har Ang as Interim Chairman of the Risk Management Committee (RMC) for the remainder of the current board term 2022-2023 replacing Mr. Octavio Victor R. Espiritu. The Board likewise approved the update of the composition of RMC from the current five (5), to three (3) board members, composed of Independent Director Janet Guat Har Ang, Independent Director Cesar V. Purisima and Non-Executive Director Octavio R. Espiritu. The Board also noted the appointment of Mr. Lance Y. Gokongwei to the Advisory Council. - At the Special Stockholders' meeting held on 17 January 2023, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and RCBC, with BPI as the surviving bank.
The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.	Nothing to report
Changes in contingent liabilities or contingent assets since the last annual balance sheet date	Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/contingent liabilities.
Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.	Nothing to report

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same;	- The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational and IT risks. The Bank is exposed to these financial risks primarily through lending activities, trading and investment in securities, currencies, financial derivatives and structured investment products, and engaging in operating activities, infrastructure and technology to support the Bank's day-to-day business. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs) and metrics, risk appetite and limits, and management triggers defined and set by the Board through its Risk Management Committee (RMCom). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to support the RMCom in identifying, measuring, controlling, monitoring, and reporting the Bank's financial and non-financial risks exposures. The Bank has established risk management policies and standards ensuring that controls are generally in place and working effectively. These allow the Bank and its key subsidiaries to manage credit, market and liquidity, operational and information technology (IT) risks, as well as emerging risks such as environmental and social risks, within the RMCom-approved risk appetite (BPI subsidiary Board-level RMComs in the case of key BPI subsidiaries). Dedicated and skilled risk managers, including business risk and subsidiary risk officers, fully support the Bank's three lines-of-defense (3LoD) risk organization. - The ongoing uncertainties observed in the global and local financial markets have resulted in more active risk management strategies in the

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	Bank. Sensitivity analyses, forward-looking simulations and stress testing, regular risk monitoring and escalation procedures, risk MIS reporting and in-depth discussions involving business units, Senior Management, and the Board of Directors, are measures to strengthen the effectiveness of the Bank's enterprise risk management (ERM) framework. The Bank continues to implement a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating forward-looking macroeconomic assumptions and scenarios on economic landscape, particularly rising interest and inflation rates, Peso depreciation, and geopolitical events, and remaining industry recoveries from pandemic, the Bank's capital position on both consolidated and solo bases will remain strong and well within the regulatory minimum CAR and CET1 ratios. The levels of risk limits and exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy. • The Bank is able to manage overall credit risks and maintain asset quality for the period, evidenced by generally acceptable non-performing loan (NPL) ratios relative to the Bank's total loan portfolio, diversified portfolio across key industries, adequate loan loss provisioning, and general compliance to BSP guidelines and regulatory ceilings on credit risk (including single borrower's limit and related party transactions). The Bank's NPL ratio was at 1.82% as of March 2023. Review of credit portfolios, products and programs, internal and

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	regulatory credit stress tests, and risk reporting to Senior Management and the RMCom are regularly conducted to ensure that the Bank practices sound credit risk management. Since January 2018, the Bank adopted the accounting standards on classification and measurement under PFRS 9 guidelines. The Bank began recognizing credit losses upon initial recognition of its assets through the Expected Credit Loss (ECL) models. The Bank also complies with BSP's requirement of maintaining 1% general loan loss provisions for Stage 1 loans as prescribed by BSP 1011. In view of the lingering COVID-19 pandemic and recent economic developments, the Bank regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. Industry risk assessments, proactive collection and loan restructuring measures, and disciplined loan loss provisioning are being strictly observed to mitigate lagged the effects of the COVID-19 pandemic, credit vulnerabilities due to recent macroeconomic developments, and industry risks on the Bank's borrowing accounts. • The Bank closely monitors the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk exposures are measured using the historical simulation Value-at-Risk (VaR) model complemented by several risk metrics such as Stop Loss and DV01. For the first quarter of 2023, the Philippine Government Securities (GS)/PHP BVAL rates and US treasury rates were lower by an average of around 8 bps

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	and 20 bps across the curve year-to-date on expectations of a possible slower pace in interest rate hikes amidst lower growth prospects and other observed market developments for the quarter such as the failure of some US regional banks as well as with the takeover/merger of Credit Suisse and UBS. With elevated levels of inflation as well as continued geopolitical uncertainties globally, heightened market volatility may still persist which may have an adverse impact on the Bank's trading and securities/investment portfolios. Given the uncertainties, the Bank prudently manages its trading positions and ensures that its activities are within its set risk appetite, with its trading VaR levels well within the RMCom-approved limits as of end of the first quarter of 2023. • The Bank also conducts regular price stress tests that measure the potential impact of adverse movements in interest rates and other risk factors on the Bank's trading and banking books, and the corresponding impact to the Bank's CAR and CET1 ratios. The stress-testing activities are useful to help better assess how extreme yet plausible conditions and external events may potentially affect the Bank's resilience and financial condition. The results of the first quarter 2023 price stress test on both the trading and banking books showed that the Bank's post-shock CAR and CET1 levels are expected to be well above the minimum regulatory requirement given adverse movements in risk factors. • Interest rate risk exposures arising from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	short- to medium- term horizon (i.e., those occurring in the next one to three years) due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates. As of the first quarter of 2023, BPI Group's BSVaR and EaR levels are well within the RMCom-approved limits. • The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold an adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the first quarter of 2023, BPI Group's MCLG is well above the RMCom-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. • The Bank regularly reviews its risk models and assumptions to assess performance, accuracy and/or effectiveness, from which recalibration or update is conducted, as necessary. Model

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	validation is performed by a team independent of development, guided by an established framework and standards. Independent validation reports are presented to the Bank's RCom and action items are subject to monitoring and review. Enterprise risk systems are continuously enhanced and/or upgraded in light of increasing regulatory expectations and the Bank's risk data aggregation initiatives towards the completeness, accuracy, timeliness and quality of risk data, dashboards, and reporting. • On the Bank's management of operational and IT risks, for the first quarter of 2023, the Bank has maintained estimated operational and IT losses related to the Bank's operating activities to less than 1% of gross income. Such minimal losses are well within the Senior Management and Board/RCom's conservative and prudent risk appetite, and are generally attributed to inherent risks in executing the Bank's day-to-day business operations. The RCom is regularly apprised of operational and IT risks through comprehensive reporting and discussions during monthly meetings, and is continually briefed on current cybercrime landscapes, emerging risks, and industry trends, as well as mitigating measures implemented by the Bank. • The acceleration of digitalization, use of cloud-based services, remote work, and the ever-evolving cyber threat landscape expose the Bank to increased risk of cyber-attacks. Investment in technology-based defenses thus remains to be a core cyber security strategy. The 24/7 Cyber Security Operations Center enables the Bank to detect and respond to threats when these happen. Technical tools continue to be

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE
	deployed and upgraded to protect against email, network, and cloud attacks. The Bank also relies on robust threat intelligence feeds that provide visibility into ongoing threats and emerging cyber-attacks and inform its defense posture accordingly. A Third-party and Vendor Risk Management Program addresses supply chain risk through a stringent vetting process of service providers and IT suppliers. • The Bank puts a premium on building and maintaining a cyber-aware organization. The Bank has invested accordingly in an Information Security Awareness Program to ensure that employees are adequately trained and equipped in protecting information. Similarly, awareness campaigns are conducted for clients to combat rising fraud due to the increased adoption of online services by the public. These have been intensified with sustained engagements in social media, BPI websites, press releases, e-mail bulletins, and media outings. • Considering the Bank's operational-related risk losses, both actual and hypothetical losses from the scenario analysis exercise, the Bank is sufficiently capitalized to cover both the expected and unexpected operational related losses.
• The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.	• The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2022.
• A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of	The BPI Group classifies its financial assets in the following measurement categories: at Fair Value through Profit and Loss (FVTPL), Fair Value through Other Comprehensive Income (FVOCI), and at amortized cost. The recognition of each

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

SEC REQUIREMENT	DISCLOSURE									
gain/loss recognized for each of the said periods	category’s fair values and gain(s)/loss(es) for the relevant periods are detailed below. FVTPL: A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of income within “Securities trading gain” in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately. FVOCI: Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Amortized Cost: carrying amount and fair value are summarized in the following table. <table><tr><th>In P Million</th><th>Carrying Amount</th><th>Fair Value</th></tr><tr><td>March 31, 2023 (unaudited)</td><td>397,114</td><td>385,923</td></tr><tr><td>Dec 31, 2022 (audited)</td><td>420,533</td><td>391,540</td></tr></table> The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured.	In P Million	Carrying Amount	Fair Value	March 31, 2023 (unaudited)	397,114	385,923	Dec 31, 2022 (audited)	420,533	391,540
In P Million	Carrying Amount	Fair Value								
March 31, 2023 (unaudited)	397,114	385,923								
Dec 31, 2022 (audited)	420,533	391,540								

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Three Months Ended March 31, 2023					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	13,953	6,856	4,363	(1,013)	24,159
Impairment charge	1,078	(58)	(21)	0	1,000
Net interest income after impairment charge	12,875	6,914	4,383	(1,013)	23,159
Fees and commission	2,354	459	532	(41)	3,304
Other income	2,333	258	1,966	332	4,890
GRT	(315)	(53)	(229)	(41)	(639)
Other Income, net	4,371	664	2,270	250	7,555
Compensation and fringe benefits	3,371	658	390	1,044	5,462
Occupancy and equipment- related expenses	1,375	19	136	3,295	4,825
Other operating expenses	6,512	953	347	(3,035)	4,778
Total operating expenses	11,258	1,630	873	1,304	15,064
Operating Profit	5,988	5,949	5,780	(2,067)	15,650
Provision for Income Tax					3,446
Share in net income of associates					(74)
Total Assets	577,189	1,348,433	733,572	15,008	2,674,201
Total Liabilities	1,564,301	636,534	147,260	(7,733)	2,340,362

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition as of March 31, 2023 versus as of December 31, 2022

Total resources at P2.67 trillion, up P70.24 billion, or 2.7%, led by the increase in **financial assets at fair value through OCI** of P60.82 billion, or 63.8%, ending at P156.09 billion, due to purchase of local government securities, partially offset by securities sold for the quarter. Other material increases are as follows:

- **Due from Bangko Sentral ng Pilipinas** at P213.58 billion, up P30.71 billion, or 16.8%, due to higher placement in BSP.
- **Interbank loans receivable and securities purchased under agreements to resell** at P31.93 billion, up P19.55 billion, or 157.9%, due to higher volume of interbank loans booked;
- **Financial assets at fair value through profit or loss** at P38.76 billion, up P16.63 billion, or 75.1%, due to placements in BSP securities facility but partially offset by maturities of securities;
- **Due from other banks** at P58.11 billion, up P12.92 billion, or 28.6%, due to increased placements in foreign banks.
- **Other Resources, net** at P22.25 billion, up 5.42 billion, or 32.2%, on account of increases in accounts receivable and miscellaneous assets;
- **Investments in subsidiaries and associates, net** at P7.64 billion, up P408.80 million, or 5.7%, as a result of higher equity income from insurance affiliate.

The above increases were tempered by decline in the following accounts:

- **Loans and advances, net** at P1.66 Tn, decreased P41.86 Bn, or 2.5%, on account of lower loan balances as compared to year-end 2022, on seasonal dips;
- **Financial assets at fair value at amortized cost** at P397.11 billion, down P23.42 billion, or 5.6%, due to lower valuation in February, maturities of repurchase in February and net effect from higher sales than purchases of hold to collect debt securities;
- **Cash and other cash items** at P30.19 billion, decreased P9.42 billion, or 23.8%, on account of lower cash placements as compared to year-end 2022;
- **Assets attributable to insurance operations**, at P17.79 billion, down P1.27 billion, or 6.7%, due to lower insurance balances receivables of the Bank's non-life insurance affiliate.

Total liabilities at P2.34 trillion, increased P56.21 billion, or 2.5%, primarily from the P52.69 billion, or 2.5%, increase in **total deposits**, ending at P2.15 trillion, on account of higher Time deposits. **Accrued taxes, interest and other expenses** at P12.16 billion, also rose by P1.57 billion, or 14.8%, on higher accruals on other expense payable.

The above increases were partly tempered by decline in the following accounts:

- **Liabilities attributable to insurance operations** at P13.83 billion, down P1.09 billion, or 7.3% owing to lower reserves and other balances of the Bank's non-life insurance affiliate.
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P2.44 billion, down P443.31 million, or 15.4%, on account of lower marginal cash deposits.

Total capital at P331.65 billion, increased P13.93 billion, or 4.4%, mainly due to income accretion. **Accumulated other comprehensive loss** at P12.55 billion was also lower by P1.70 billion, or 11.93%, on lower cumulative unrealized loss from change in fair value of securities.

RESULTS OF OPERATIONS

For the Quarters ended March 31, 2023 and March 31, 2022

Net income of P12.20 billion for the first quarter of 2023 was up 51.5%, due to higher **revenue** at P31.71 billion, up 25.1%, on the back of double-digit growth from **net interest income and non-interest income**. Lower **impairment losses**, down 60%, also contributed to the increase in income.

Net interest income at P24.16 billion, was up P5.17 billion, or 27.2%, as net interest margin (NIM) expanded 52 basis points (bps), driven by recovery of asset yields.

Interest income, net of GRT stood at P32.43 billion, up P10.02 billion, or 44.7%, on the back of the following increases in interest income on:

- **Loans and advances** at P26.60 billion, up P8.12 billion, or 43.9%, on higher average asset volume and yields;
- **FA at FV at amortized cost** at P3.78 billion, up 24.0%, on account of higher average asset volume and yields;
- **FA at FV through OCI** at P1.12 billion, up 126.9%, due to higher average asset volume and yields;
- **Deposits with BSP and other banks** at P764.54 million, up 130.1%, on higher yields despite lower average asset volume;
- **FA at FV through profit or loss** at P157.74 million, up 201.8%, on account of higher average asset volume and yields.

Interest expense at P8.27 billion, up P4.85 billion, or 141.8%, mainly due to the increase in interest expense **on deposits** at P7.10 billion, up P4.62 billion, due to higher average volume and cost. Interest expense **on bills payable and other borrowings** at P1.17 billion, was also up by P228.73 million or 24.3%, due to higher average volume and cost.

Other income, net of GRT at P7.55 billion, up P1.19 billion, or 18.6%. **Fees and commissions** at P3.08 billion, was up P666.86 million, or 27.7%, on higher underwriting fees and service charges. Other material movements are:

- **Trading gain on securities** at P725.49 million, up P529.38 million, due to sale of FVOCI securities.
- **Other operating income**, at P3.05 billion, up P439.16 million or 16.8%, on higher credit card income.

- **Income from foreign exchange trading**, at P518.91 million, down P183.15 million, or 26.1%, due to unfavorable trading opportunities and on translation losses from change in functional currency of BPI Europe.
- **Income attributable to insurance operations**, at P180.35 million, declined by P266.35 million, or 59.6%, due to increase in actuarial reserve liabilities of the Bank's insurance affiliate.

Other expenses at P15.06 billion, up P2.48 billion, or 19.7%, due to the increases in the following:

- **Occupancy and equipment-related expenses** at P4.82 billion, up P1.02 billion, or 26.8%, due to increase in technology spend, contractual services, and premises depreciation and repairs.
- **Compensation and fringe benefits** at P5.46 billion, up P742.21 million, or 15.7%, attributable to annual salary increases and performance bonuses.
- **Other operating expenses** at P4.78 billion, up P717 million, or 17.7%, on account of higher operations and marketing costs.

Impairment losses at P1.00 billion, lower by P1.50 billion, or 60.0%, coming from the P2.50 billion level in 2022, on improved asset quality and macroeconomic environment.

Provision for income tax at P3.45 billion, up P1.23 billion, or 55.4%, due to higher **current income tax** at P3.29 billion, up P925.20 million, on higher taxable revenue. **Deferred income tax** also higher by P302.48 million, or 209.3%, due to the impact of last year's higher loss provisioning.

Income attributable to non-controlling interest at P70.59 million, down P2.36 million, attributable to lower income contribution from the Bank's non-life insurance affiliate.

Total comprehensive income at P13.94 billion, up P7.02 billion, due to higher **net income before minority interest** at P12.20 billion, up P4.15 billion, or 51.5%. **Total other comprehensive income, net of tax effect** at P1.74 billion, was also up by P2.87 billion, compared to previous year's P1.13 billion loss. Material movements as follows:

For items that may be reclassified subsequently to profit and loss:

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P1.43 billion, increased P2.83 billion, or 201.53% from last year's loss, on account of higher market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at P279.27 million, up P709.61 million, or 164.9%, from last year's loss, on account of the higher valuation of the Bank's life insurance affiliates' investment securities compared to last year;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P63.78 million, increased P139.72 million, or 184.0%, from last year's loss, as a result of higher market valuation of the Bank's life insurance affiliates' investment funds;

- **Currency translation differences** at P212.27 million loss, higher by P133.64 million from last year's P79.12 million loss, due to the weakening of the Euro and Hongkong Dollar currencies.

For items that will not be reclassified to profit and loss:

- **Share in other comprehensive gain of associates** at P150.28 million, up P51.51 million, or 52.2%, on higher valuation of the life insurance affiliate's investments compared to last year's movement.
- **Actuarial gains on defined benefit plan, net of tax effect** at P31.26 million, down P730.51 million, on account of lower valuation of the affiliates' contribution to the retirement fund;

Income attributable to non-controlling interest at P107.50 million, up P50.39 million, on higher fair value reserve on investments of the Bank's non-life insurance affiliate.

Key Performance Indicators

The following ratios, applied on a consolidated basis, are used to assess the performance of the Bank and its majority owned subsidiaries:

	March 31, 2023	March 31, 2022
Return on Equity (%)	15.36	11.02
Return on Assets (%)	1.88	1.36
Net Interest Margin (%)	3.94	3.42
Operating Efficiency Ratio (%)	47.50	49.63
Capital Adequacy Ratio (%) – Basel III	16.58	17.14

Return on equity (ROE), the ratio of net income to average equity, was at 15.36%, higher compared to last year's 11.02%, as the growth in net income outpaced the expansion of average equity.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.88%, compared to last year's 1.36%, as the growth in net income outpaced the expansion of average assets.

Net interest margin (NIM), net interest income divided by average interest-bearing assets, higher at 3.94%, driven by the recovery of asset yields.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, lower at 47.50%, as the growth in revenues outpaced the growth of operating expenses.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 16.58%, lower versus prior year's 17.14%, as the growth in risk-weighted assets outpaced the growth in qualifying capital. The CET 1 ratio at 15.70%, was also lower than the 16.26% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

Other than the disclosures enumerated above, the Bank has nothing to report on the following:

1. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
2. Any events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.
3. Other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditures.
5. 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.
6. Any significant elements of income or loss that did not arise from the Bank's continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

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 hereunto duly authorized.

BANK OF THE PHILIPPINE ISLANDS

Issuer



JOSE TEODORO K. LIMCAOCO
President &
Chief Executive Officer

Date: May 12, 2023



ERIC ROBERTO M. LUCHANGCO
Senior Vice President &
Chief Finance Officer

Date: May 12, 2023

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
MARCH 31, 2023

No. of Days Outstanding		Amount (In Thousands)	
	0-90	P	8,870,766
	91-180		57,441
	181-360		113,978
	Over 360		663,459
Total			9,705,644
Less : Allow. For Probable Losses			1,005,137
Net of Allowance		P	8,700,507