



111122019001415



SECURITIES AND EXCHANGE COMMISSION

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Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. PW00000121
Company Name BANK OF THE PHIL. ISLANDS
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111122019001415
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2019
No. of Days Late 0
Department CFD
Remarks

**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 SEPTEMBER 30, 2019

(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 **September 30, 2019**
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 **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
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Common	4,506,945,108
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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
SEPTEMBER 30, 2019 AND DECEMBER 31, 2018
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	SEPTEMBER 30, 2019	DECEMBER 31, 2018
<u>RESOURCES</u>		
Cash and Other Cash Items	28,728,544	43,535,901
Due from Bangko Sentral ng Pilipinas	196,224,685	225,906,630
Due from Other Banks	13,785,815	12,477,144
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	40,142,356	34,323,163
Financial Assets at Fair Value through Profit or Loss	29,624,868	16,721,273
Financial Assets at Fair Value through OCI	78,642,296	37,206,323
Financial Assets at Amortized Cost	287,846,780	287,570,984
Loans and Advances, net	1,371,671,115	1,354,895,821
Assets Held for Sale, net	3,325,046	3,363,158
Bank Premises, Furniture, Fixtures and Equipment, net	23,152,923	16,252,495
Investments in Subsidiaries and Associates, net	6,582,664	5,658,998
Assets Attributable to Insurance Operations	16,806,868	16,581,610
Deferred Income Tax Assets, net	8,848,165	8,535,578
Other Resources, net	20,398,521	22,199,024
TOTAL RESOURCES	2,125,780,647	2,085,228,103
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	264,116,265	256,279,413
Savings	855,447,487	883,650,416
Time	500,336,745	445,816,430
Sub-total	1,619,900,497	1,585,746,258
Derivative Financial Liabilities	3,040,728	3,890,829
Other Borrowed Funds	154,922,877	166,901,167
Due to Bangko Sentral ng Pilipinas and Other Banks	1,473,175	3,987,619
Manager's Checks and Demand Drafts Outstanding	6,110,306	6,930,687
Accrued Taxes, Interest and Other Expenses	10,509,624	9,056,726
Liabilities Attributable to Insurance Operations	13,215,246	14,056,333
Deferred Credits and Other Liabilities	45,398,287	43,120,583
TOTAL LIABILITIES	1,854,570,741	1,833,690,201
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	44,989,354	44,961,078
Share Premium	74,378,796	74,180,826
Reserves	3,740,063	4,095,256
Surplus	146,061,914	127,459,401
Accumulated Other Comprehensive Income/ (Loss)	(1,315,418)	(2,175,676)
	267,854,707	248,520,885
NON-CONTROLLING INTERESTS	3,355,198	3,017,017
TOTAL CAPITAL FUNDS	271,209,906	251,537,902
TOTAL LIABILITIES AND CAPITAL FUNDS	2,125,780,647	2,085,228,103

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended September 30, 2019 and 2018
(In Thousands of Pesos)

	<u>2019</u>	<u>2018</u>
INTEREST INCOME		
On loans and advances	21,595,873	17,704,962
On FA at amortized cost	2,802,073	2,247,673
On FA at FV through OCI	767,648	59,467
On deposits with BSP and other banks	464,008	310,696
On FA at FV through profit or loss	121,004	67,257
	<u>25,750,606</u>	<u>20,390,055</u>
INTEREST EXPENSE		
On Deposits	7,780,130	5,216,789
On Bills Payable and other borrowings	1,667,525	611,093
	<u>9,447,655</u>	<u>5,827,882</u>
NET INTEREST INCOME	<u>16,302,951</u>	<u>14,562,173</u>
IMPAIRMENT LOSSES	<u>1,093,271</u>	<u>930,964</u>
NET INTEREST INCOME AFTER IMPAIRMENT		
LOSSES	<u>15,209,680</u>	<u>13,631,209</u>
OTHER INCOME		
Fees and commissions	2,350,075	1,796,233
Income from foreign exchange trading	360,361	491,809
Trading gain (loss) on securities	2,741,371	70,718
Income attributable to insurance operations	326,432	257,640
Other operating income	3,018,841	2,487,689
	<u>8,797,079</u>	<u>5,104,090</u>
OTHER EXPENSES		
Compensation and fringe benefits	4,275,960	3,839,977
Occupancy and equipment-related expenses	4,107,746	3,401,774
Other operating expenses	4,428,143	3,622,617
	<u>12,811,849</u>	<u>10,864,368</u>
INCOME BEFORE INCOME TAX	<u>11,194,911</u>	<u>7,870,931</u>
PROVISION FOR INCOME TAX		
Current	2,839,716	1,967,104
Deferred	3,716	(141,472)
	<u>2,843,432</u>	<u>1,825,631</u>
NET INCOME FOR THE QUARTER	<u>8,351,479</u>	<u>6,045,299</u>
Attributable to:		
Equity holders of BPI	<u>8,293,465</u>	<u>5,983,682</u>
Non-controlling interest	<u>58,014</u>	<u>61,617</u>
	<u>8,351,479</u>	<u>6,045,299</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended September 30, 2019 and 2018
(In Thousands of Pesos)

	<u>2019</u>	<u>2018</u>
NET INCOME BEFORE MINORITY INTEREST	8,351,479	6,045,299
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	(550,066)	(40,440)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	86,012	(64,564)
Share in other comprehensive income of associates	191,200	(305,101)
Currency translation differences	(86,115)	(60,897)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(2,596)	130,666
Share in other comprehensive gain (loss) of associates	(33,140)	238,641
Total Other Comprehensive Income (Loss), net of tax effect	(394,705)	(101,695)
Total Comprehensive Income for the Year	7,956,774	5,943,604
Attributable to:		
Equity holders of BPI	7,866,187	5,929,452
Non-Controlling Interest	90,588	14,152
	7,956,774	5,943,604

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Nine Months Ended September 30, 2019 and 2018
(In Thousands of Pesos)

	Unaudited 2019	Unaudited 2018
INTEREST INCOME		
On loans and advances	65,520,032	49,480,102
On FA at amortized cost	7,784,187	6,645,306
On FA at FV through OCI	1,373,645	170,885
On deposits with BSP and other banks	1,267,007	840,591
On FA at FV through profit or loss	309,122	201,130
	76,253,992	57,338,014
INTEREST EXPENSE		
On Deposits	22,322,496	15,220,685
On Bills Payable and other borrowings	5,266,620	1,481,910
	27,589,116	16,702,595
NET INTEREST INCOME	48,664,876	40,635,419
IMPAIRMENT LOSSES	4,575,351	2,844,409
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	44,089,525	37,791,009
OTHER INCOME		
Fees and commissions	6,708,229	5,513,075
Income from foreign exchange trading	1,525,347	1,551,946
Trading gain (loss) on securities	4,059,151	637,449
Income attributable to insurance operations	1,053,077	859,307
Other operating income	8,990,912	7,688,885
	22,336,716	16,250,663
OTHER EXPENSES		
Compensation and fringe benefits	12,879,419	11,434,528
Occupancy and equipment-related expenses	12,034,957	10,009,996
Other operating expenses	12,174,189	10,639,472
	37,088,565	32,083,996
INCOME BEFORE INCOME TAX	29,337,676	21,957,676
PROVISION FOR INCOME TAX		
Current	7,555,871	5,210,135
Deferred	(432,539)	(417,810)
	7,123,331	4,792,326
NET INCOME FOR THE PERIOD	22,214,345	17,165,351
Attributable to:		
Equity holders of BPI	22,030,549	17,009,946
Non-controlling interest	183,795	155,405
	22,214,345	17,165,351
 Earnings per share:		
Based on 4,506,945,108 shares as of September 30, 2019	P 4.89	P 3.78
and 4,502,449,501 shares in 2018		

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2019 and 2018
(In Thousands of Pesos)

	Unaudited 2019	Unaudited 2018
NET INCOME BEFORE MINORITY INTEREST	22,214,345	17,165,351
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	(288,933)	(830,563)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	495,726	(434,404)
Share in other comprehensive income of associates	1,199,019	(1,313,883)
Currency translation differences	(163,687)	113,806
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	38,280	125,726
Share in other comprehensive gain (loss) of associates	(35,797)	524,987
Total Other Comprehensive Income (Loss), net of tax effect	1,244,608	(1,814,331)
Total Comprehensive Income for the Year	23,458,953	15,351,020
Attributable to:		
Equity holders of BPI	23,119,779	15,299,787
Non-Controlling Interest	339,174	51,233
	23,458,953	15,351,020

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019 & SEPTEMBER 30, 2018
(In Thousands of Pesos)

	Consolidated							
	Attributable to equity holders of BPI					Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)			
Balance, December 31, 2018	44,961,078	74,180,826	4,095,256	127,459,401	(2,175,676)	248,520,885	3,017,017	251,537,902
Comprehensive Income								
Net Income for the year				22,030,549		22,030,549	183,795	22,214,345
Other Comprehensive Income for the year					1,089,230	1,089,230	155,378	1,244,608
Total Comprehensive Income for the year	-	-	-	22,030,549	1,089,230	23,119,779	339,174	23,458,953
Transactions with owners								
Executive Stock Plan amortization	28,276	197,970	31,465	-	-	257,711	-	257,711
Cash Dividends	-	-	-	(4,056,251)	-	(4,056,251)	-	(4,056,251)
Total transactions with owners	28,276	197,970	31,465	(4,056,251)	-	(3,798,540)	-	(3,798,540)
Other movements								
Reversal of Excess Surplus Reserves	-	-	(519,698)	519,698	-	-	-	-
Transfer from Surplus Free to Reserves	-	-	133,039	(133,039)	-	-	-	-
Others	-	-	-	241,556	(228,973)	12,583	(993)	11,591
Total other movements	-	-	(386,658)	628,214	(228,973)	12,583	(993)	11,591
Balance, September 30, 2019	44,989,354	74,378,796	3,740,063	146,061,914	(1,315,418)	267,854,707	3,355,198	271,209,906

	Consolidated							
	Attributable to equity holders of BPI					Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)			
Balance, December 31, 2017	39,336,269	29,770,688	254,371	116,415,390	(5,087,969)	180,688,750	2,862,296	183,551,046
Impact of PFRS 9 adoption	-	-	-	(61,498)	4,112,742	4,051,244	(7,895)	4,043,350
Restated balance, January 1, 2018	39,336,269	29,770,688	254,371	116,353,892	(975,227)	184,739,994	2,854,402	187,594,396
Comprehensive Income								
Net Income for the year				17,009,946		17,009,946	155,405	17,165,351
Other Comprehensive Income for the year					(1,710,159)	(1,710,159)	(104,172)	(1,814,331)
Total Comprehensive Income for the year	-	-	-	17,009,946	(1,710,159)	15,299,787	51,233	15,351,020
Transactions with owners								
Proceeds from the stock rights offering	5,586,592	44,120,215				49,706,808		49,706,808
Executive Stock Plan amortization	30,153	233,385	(37,324)			226,214		226,214
Cash Dividends Adjustment				(4,052,206)		(4,052,206)		(4,052,206)
Total Transactions with owners	5,616,745	44,353,601	(37,324)	(4,052,206)	-	45,880,816	-	45,880,816
Other movements								
Transfer from Surplus Free to Surplus Reserves			200	(200)	-	-	-	-
Transfer from Surplus Reserves to Surplus Free			-	-	-	-	-	-
Others	-	-	-	(1,256)	-	(1,256)	-	(1,256)
Total other movements	-	-	200	(1,456)	-	(1,256)	-	(1,256)
Balance, September 30, 2018	44,953,015	74,124,289	217,247	129,310,176	(2,685,386)	245,919,341	2,905,635	248,824,976

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30, 2018
(In Thousands of Pesos)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	11,194,911	7,870,931
Adjustments for:		
Impairment losses	1,093,271	930,964
Depreciation and amortization	2,468,532	1,224,441
Share in net income of associates	(166,192)	(118,704)
Share based compensation	10,727	11,589
Dividend income	(22,673)	(17,690)
Interest income	(24,006,567)	(19,026,336)
Interest expense	9,447,655	5,827,882
Others	14,760	-
Operating income before changes in operating assets and liabilities	34,423	(3,296,925)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	-	-
Interbank loans receivable and securities purchased under agreements to resell	1,618,617	1,709,435
FA at Fair Value through Profit or Loss	5,004,271	(11,949,814)
Loans and advances	(19,672,921)	(45,265,082)
Assets held for sale	99,293	175,139
Assets attributable to insurance operations	355,033	1,633,321
Other resources	13,351,899	645,569
Increase (decrease) in:		
Deposit liabilities	(38,549,048)	7,496,647
Due to Bangko Sentral ng Pilipinas and other banks	(1,650,124)	(324,284)
Manager's checks demand drafts outstanding	(1,267,706)	552,171
Accrued taxes, interest and other expenses	(65,317)	810,638
Liabilities attributable to insurance operations	(6,670)	(1,726,018)
Derivative financial instrument	(325,516)	(144,318)
Deferred credits and other liabilities	5,982,922	1,526,827
Net cash from (used in) operations	(35,090,845)	(48,156,693)
Income taxes paid	(2,729,434)	(1,974,089)
Interest paid	(9,318,254)	(5,810,731)
Interest received	27,087,115	19,058,132
Net cash from (used in) operating activities	(20,051,419)	(36,883,381)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
FA at Fair Value through OCI	(2,690,190)	(10,177,812)
FA at Amortized Cost	6,571,934	(10,713,727)
Bank, premises, furniture, fixtures and equipment	(9,148,795)	(2,121,662)
Equity investments	637,356	(182,603)
Assets attributable to insurance operations	(673,487)	213,888
Investment property	(513)	16,654
Proceeds from sale of investments	-	-
Dividends received	22,673	17,690
Net cash from (used in) investing activities	(5,281,021)	(22,947,573)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	-	(4,052,204)
Collection on stock subscriptions	81,688	66,378
Increase (decrease) in bills payable	18,346,086	49,253,519
Net cash from (used in) financing activities	18,427,774	45,267,694
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,904,666)	(14,563,259)
CASH AND CASH EQUIVALENTS		
July 1	285,666,289	298,926,695
September 30	278,761,623	284,363,436

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30, 2018
(In Thousands of Pesos)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	29,337,676	21,957,676
Adjustments for:		
Impairment losses	4,575,351	2,844,409
Depreciation and amortization	5,085,010	3,515,604
Share in net income of associates	(318,820)	(438,622)
Share based compensation	31,465	(37,324)
Dividend income	(44,561)	(54,680)
Interest income	(76,253,992)	(57,338,014)
Interest expense	27,589,116	16,702,595
Others	14,760	-
Operating income before changes in operating assets and liabilities	(9,983,996)	(12,848,356)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	-	-
Interbank loans receivable and securities purchased under agreements to resell	2,717,019	1,789,834
FA at Fair Value through Profit or Loss	(13,758,436)	(25,170,894)
Loans and advances	(21,465,650)	(66,572,491)
Assets held for sale	105,892	382,327
Assets attributable to insurance operations	1,188,228	1,838,056
Other resources	750,115	(3,912,270)
Increase (decrease) in:		
Deposit liabilities	34,155,152	(19,728,756)
Due to Bangko Sentral ng Pilipinas and other banks	(2,514,443)	(16,400)
Manager's checks demand drafts outstanding	(820,381)	(44,294)
Accrued taxes, interest and other expenses	353,921	875,041
Liabilities attributable to insurance operations	(841,087)	(1,787,383)
Derivative financial instrument	(30,693)	(10,308)
Deferred credits and other liabilities	6,268,274	(2,299,918)
Net cash from (used in) operations	(3,876,086)	(127,505,810)
Income taxes paid	(7,234,658)	(5,214,975)
Interest paid	(26,699,350)	(16,015,960)
Interest received	77,396,249	56,222,279
Net cash from (used in) operating activities	39,586,155	(92,514,466)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
FA at Fair Value through OCI	(41,392,549)	5,010,521
FA at Amortized Cost	(1,381,067)	(6,372,383)
Bank, premises, furniture, fixtures and equipment	(11,123,410)	(3,992,281)
Investment in subsidiaries and associates, net	888,825	(400,907)
Assets attributable to insurance operations	(1,267,490)	594,897
Investment property, net	(2,698)	1,490
Proceeds from sale of investments	-	-
Dividends received	44,561	54,680
Net cash from (used in) investing activities	(54,233,828)	(5,103,983)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(8,108,456)	(7,597,675)
Collection on stock subscriptions	226,246	49,970,346
Increase (decrease) in bills payable	(11,978,290)	17,479,799
Net cash from (used in) financing activities	(19,860,500)	59,852,470
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,508,173)	(37,765,980)
CASH AND CASH EQUIVALENTS		
January 1	313,269,796	322,129,415
September 30	278,761,623	284,363,435

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As of September 30, 2019 and 2018

		2019	2018
a)	Liquidity Ratio *	53.9%	53.2%
b)	Debt to Equity Ratio **	57.8%	41.1%
c)	Asset to Equity Ratio	793.6%	797.2%
d)	Interest Rate Coverage Ratio ***	224.8%	252.5%
e)	Net Interest Margin on Average Earning Assets	3.3%	3.1%
f)	Return on Average Equity	11.3%	10.4%
g)	Return on Average Assets	1.4%	1.2%
h)	Cost to Income Ratio	52.2%	56.4%
i)	Cost to Assets Ratio	2.4%	2.3%
j)	Capital to Assets Ratio	12.6%	12.5%

* Liquid Assets over Total Deposits

** Bills Payable and Unsecured Subordinated Debt over Total Equity

*** Net Income Before Income Tax add back Interest Expense and Depreciation and Amortization over Interest Expense

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 Phil. Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Phil. Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council).
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, 2018 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
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE
Issuances, repurchases, and repayments of debt and equity securities	- On August 29, 2019, the Bank priced a CHF 100 million ASEAN Green Bond at 100.040%, with a re-offer yield of -0.020%. The bonds carry an annual coupon of 0.00% and have a final maturity date of September 24, 2021. - On September 3, 2019, the Bank priced a USD 300 million Senior Unsecured Fixed Rate ASEAN Green Bond via a drawdown under its USD 2 billion Medium Term Note Programme. The bonds were priced at 99.641 with a re-offer yield of 2.577%, carry a coupon of 2.500% p.a., payable semiannually, and have a final maturity date of September 10, 2024. - On October 25, 2019, the Bank issued over Php 3 billion of Long-Term Negotiable Certificates of Time Deposit (LTNCTDs) priced at 4.00% p.a., payable quarterly, representing a discount of 34.7 basis points from the five-year BVAL on pricing date, with a tenor of five and a half years.
Dividends paid (aggregate per share) separately for ordinary shares and other shares	- On January 29, 2019, total cash dividends paid to Common Stockholders of record as January 8, 2019 amounted to P4.1 billion. - On May 15, 2019, the Board declared a regular cash dividend of P0.90 per share on the total outstanding Common shares of the capital stock of BPI, payable to all Common stockholders of record as of May 29, 2019 and payable/distributable on June 19, 2019. Total dividends declared amounted to P4.1 billion.
Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.	Attached

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE
(This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).	
Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	Nothing to report
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
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 BPI Group measures and monitors financial risks 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 bonds, 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE
	Board through its Risk Management Committee (RMC). The Bank's Risk Management Office (RMO), led by the BPI Group Chief Risk Officer, supports the RMC in identifying, measuring, controlling, and reporting the Bank's financial and non-financial risks at the Management and business line levels. BPI has since maintained its disciplined risk appetite by establishing and implementing prudent risk management policies and standards, concentrating on sovereign-issued and investment-grade securities, and ensuring that controls are generally in place and working effectively, thus, allowing the Bank and its key subsidiaries to manage credit, market, liquidity, operational, and IT risks within the RMC approved risk-appetite (BPI subsidiary Board-level RMCs, 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 persistent challenges observed in the global and local financial markets have resulted to more active risk management strategies in the 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. Moreover, the levels of risk limits and exposures are continuously reviewed to reflect the Board's overall risk appetite and strategy. • The BPI Group is able to manage overall credit risk and maintain asset quality for the period,

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE
	evidenced by generally acceptable 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). Credit portfolio reviews, internal and regulatory credit stress tests, and regular risk reporting to Senior Management and the RMC were conducted to ensure that the Bank practices sound credit risk management. Furthermore, starting January 2018, the Bank adopted the accounting 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. • 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) models complemented by several risk metrics such as Stop Loss and DV01. As of the third quarter of 2019, the Bank's VaR is well within the RMC-approved limit. • The Bank conducts regular price stress tests that measure the potential impact of the adverse movements in interest rates on the Bank's trading and banking book and the corresponding impact on the Bank's CAR and CET1 ratios. The

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE
	results of the third quarter 2019 price stress test on both the trading and banking book revealed that the Bank's post-shock CAR and CET1 levels are well above the minimum regulatory requirement given adverse movements in risk factors. • Interest rate risk exposure arising from the core banking activities is measured by (a) earnings-at-risk (EaR), or the potential deterioration in net interest income over the next 12 months 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 third quarter of 2019, BPI Group's BSVaR and EaR levels are well below the RMC-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). The 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. The 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. Moreover, both the LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of third quarter

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE
	of 2019, BPI Group's MCLG is well above the RMC-approved floors while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. The Bank also regularly conducts liquidity stress tests which have consistently revealed ample liquidity to meet its obligations under both bank-specific and systemic crisis scenarios. • The Bank continuously improves its risk models and model assumptions and regularly conducts independent back testing to assess the accuracy and effectiveness of its models and metrics. 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 third quarter of 2019, 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/RMC's conservative and prudent risk appetite, and are generally attributed as inherent risks in executing the Bank's day-to-day business operations. The Bank is conscientiously aware of new and emerging industry-wide risks, and duly considers these in regular risk assessments and in updating the Bank's risk strategies. • The Bank, to the best of its knowledge, deems that there are no anticipated and significant changes in risk exposures that shall materially

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

SEC REQUIREMENT	DISCLOSURE									
	affect the Bank's financial condition and results of operations.									
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, 2018.									
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 gain/loss recognized for each of the said periods	- In accordance with PFRS 9, Financial Assets at Fair Value through Profit and Loss (FVPL) are marked to market as profit and loss. As such, these are reflected in Other Income – Trading gain (loss) on securities including realized gains (losses) from opportunistic sell down of inventory. - Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) are marked to market against capital funds and reflected as Accumulated Other Comprehensive Income (Loss). The movements of these accounts are recognized as Other Comprehensive Income – Net Change in Fair Value Reserve for the banking books and Fair Value Reserve on investments of insurance subsidiaries. - The table below summarizes the carrying amount and fair value of Financial Assets at Amortized Cost, net:<table><tr><td></td><td>Carrying Amount</td><td>Fair Value</td></tr><tr><td>September 30, 2019 (unaudited)</td><td>287,847</td><td>287,094</td></tr><tr><td>Dec 31, 2018 (audited)</td><td>287,571</td><td>258,652</td></tr></table>		Carrying Amount	Fair Value	September 30, 2019 (unaudited)	287,847	287,094	Dec 31, 2018 (audited)	287,571	258,652
	Carrying Amount	Fair Value								
September 30, 2019 (unaudited)	287,847	287,094								
Dec 31, 2018 (audited)	287,571	258,652								

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ended September 30, 2019

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	10,340	4,746	2,257	(1,039)	16,303
Impairment charge	883	211	(1)	0	1,093
Net interest income after impairment charge	9,456	4,535	2,258	(1,039)	15,210
Fees and commission	2,103	379	157	(76)	2,563
Other income	1,931	703	3,827	366	6,827
GRT	(258)	(39)	(251)	(45)	(593)
Other Income, net	3,777	1,043	3,733	244	8,797
Compensation and fringe benefits	3,775	711	295	(506)	4,276
Occupancy and equipment-related expenses	3,288	546	83	190	4,108
Other operating expenses	3,157	876	420	(25)	4,429
Total operating expenses	10,220	2,134	799	(341)	12,812
Operating profit	3,012	3,444	5,192	(454)	11,195
Share in net income of associates					175
Provision for Income Tax					2,843
Total Assets	483,953	1,124,151	483,208	34,469	2,125,781
Total Liabilities	1,145,327	539,422	152,359	17,462	1,854,571

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Nine Months Ended September 30, 2019

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	30,922	11,497	9,764	(3,518)	48,665
Impairment charge	2,803	1,779	(6)	(0)	4,575
Net interest income after impairment charge	28,119	9,718	9,770	(3,518)	44,090
Fees and commission income	5,865	1,075	534	(191)	7,283
Other income	5,452	1,958	7,069	2,067	16,545
GRT	(741)	(111)	(435)	(204)	(1,492)
Other Income, net	10,576	2,922	7,168	1,672	22,337
Compensation and fringe benefits	10,441	1,842	810	(214)	12,879
Occupancy and equipment-related expenses	7,281	1,610	213	2,931	12,035
Other operating expenses	10,896	2,436	1,263	(2,421)	12,174
Total operating expenses	28,618	5,888	2,286	296	37,089
Operating profit	10,077	6,752	14,652	(2,143)	29,338
Share in net income of associates					489
Provision for Income Tax					7,123
Total Assets	483,953	1,124,151	483,208	34,469	2,125,781
Total Liabilities	1,145,327	539,422	152,359	17,462	1,854,571

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

Financial Condition as of September 30, 2019 versus as of December 31, 2018

Total resources increased P40.55 billion, or 1.9%, to end at P2.13 trillion, driven by the following increases in various resources:

- **Loans and advances, net** at P1.37 trillion, surpassed year-end level of P1.35 trillion on the back of loan growth in the consumer and corporate segments;
- **Financial assets at fair value through OCI** at P78.64 billion, increased P41.44 billion, or 111.4%, due to the net effect of the increase in the Bank's various holdings in hold to collect and sell debt securities;
- **Financial assets at fair value through profit or loss** at P29.62 billion, increased P12.90 billion, or 77.2%, due to increase in holdings of securities intended for trading on outlook of lower interest rates;
- **Bank premises, furniture, fixtures and equipment, net** at P23.15 billion, increased P6.90 billion, or 42.5%, as the Bank adopted PRFS 16: Leases, entailing the recognition of Right-of-Use Asset for the Bank's leased properties and equipment;
- **Interbank loans receivable and securities purchased under agreements to resell** at P40.14 billion, increased P5.82 billion, or 17.0%, due to higher volume of placement in Reverse Repurchase Agreements (RRP) and interbank term loans;
- **Due from other banks** at P13.79 billion, increased P1.31 billion, or 10.5%, due to net increase in the account balances with various banks;
- **Investments in subsidiaries and associates, net** at P6.58 billion, increased P923.67 million, or 16.3%, as a result of higher overall equity income from the various subsidiaries and affiliates.

Notable downward movements which partly offset the above increases were the following:

- **Due from Bangko Sentral ng Pilipinas** at P196.22 billion, decreased P29.68 billion, or 13.1%, due to lower volume of placement in BSP deposits and lower reserve requirements;
- **Cash and other cash items** at P28.73 billion, decreased P14.81 billion, or 34.0%, on account of lower cash placements this period as compared to year end 2018;
- **Other resources, net** at P20.40 billion, decreased P1.80 billion, or 8.1%, primarily from the decrease in miscellaneous assets.

Total liabilities increased P20.88 billion, or 1.1%, primarily driven by the P34.15 billion, or 2.2%, increase in **total deposits**, to P1.62 trillion, mainly from the Bank's time deposits which ended at P500.34 billion for the period, up P54.52 billion, or 12.2%. Significant increases were also registered by the following:

- **Deferred credits and other liabilities** at P45.40 billion, increased P2.28 billion, or 5.3%, from the recognition of lease liabilities on office spaces as part of the Bank's adoption of PFRS 16, tempered by the decrease in dividends payable;
- **Accrued taxes, interest and other expenses** at P10.51 billion, increased P1.45 billion, or 16.0%, due to higher accrued interest payable and accrued expenses.

These increases in liabilities were partly tempered by the following:

- **Other borrowed funds** at P154.92 billion, decreased P11.98 billion, or 7.2%, on account of lower deposit substitutes and borrowings from foreign banks;
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.47 billion, decreased P2.51 billion, or 63.1%, on account of lower tax collected for the Bureau of Internal Revenues (BIR);
- **Liabilities attributable to insurance operations** at P13.21 billion, down P841.09 million, or 6.0%, owing to lower reserves and other balances of the non-life insurance affiliate;
- **Derivative financial liabilities** at P3.04 billion, down P850.10 million, or 21.8%, caused by lower negative value on certain derivative positions;
- **Manager's checks and demand drafts outstanding** at P6.11 billion, decreased P820.38 million, or 11.8%, on account of lower volume of manager's checks issued.

Total capital at P267.85 billion, increased P19.33 billion, or 7.8%, from year-end 2018 on account of the P18.60 billion increase in **surplus** as a result of accumulated profits net of cash dividend payments and lower **accumulated other comprehensive loss** at (P1.31) billion compared to (P2.18) billion in the same period last year. This was slightly tempered by the decrease in **reserves** of P355.19 million, or 8.7%, due to the movement in the amount appropriated for BSP's required 1% general loan loss provision.

RESULTS OF OPERATIONS

For the Quarters ended September 30, 2019 and 2018

Net income for the third quarter of 2019 at P8.29 billion, increased P2.31 billion, or 38.6%, from the profit earned in the same period of 2018. This was owing to the increase in total revenues of P5.43 billion, or 27.6%, to P25.10 billion, on the back of higher core income growth and trading gains. Earnings were further improved by the tempered growth in **other expenses**, up only 17.9% this quarter compared to the 47.9% recorded in the same period last year.

Net interest income at P16.30 billion, increased P1.74 billion, or 12.0%, on account of the P174.93 billion expansion in average asset base and 4-basis point increase in spreads.

Interest income, net of GRT stood at P25.75 billion, up P5.36 billion, or 26.3%, on the back of across-the-board increases in all categories. Both higher average asset volume and asset yield, boosted the interest income in the following, unless otherwise specified:

- **on loans and advances** at P21.60 billion, up P3.89 billion, or 22.0%;
- **on FA at fair value through OCI** at P767.65 million, up P708.18 million, or 1,190.9%;
- **on FA at amortized cost** at P2.80 billion, up P554.40 million, or 24.7%;
- **on deposits with BSP and other banks** at P464.01 million, up P153.31 million, or 49.3%, on higher asset yield despite the drop in average asset volume;
- **on FA at fair value through profit and loss** at P121.00 million, up P53.75 million, or 79.9%.

Interest expense at P9.45 billion, increased P3.62 billion, or 62.1%, attributable to increases in both interest expense:

- **on deposits** at P7.78 billion, which rose P2.56 billion, or 49.1%, mainly driven by the increase in the average volume and cost of time deposits, and;
- **on bills payable and other borrowings** at P1.67 billion, which climbed P1.06 billion, or 172.9%, largely from higher average volume and cost of local and foreign currency borrowings, and bonds payable.

Other income, net of GRT at P8.80 billion, was up P3.69 billion, or 72.4%, boosted by higher **trading gain on securities** at P2.74 billion, which increased a significant amount of P2.67 billion, due to profit taking on favorable trading opportunities. Other significant movements for the quarter were:

- **Fees and commissions** at P2.35 billion, increased P553.84 million, or 30.8%, mainly from the higher transaction-based service charges;
- **Other operating income** at P3.02 billion, increased P531.15 million, or 21.4%, primarily from higher credit card income and various recoveries and incentives;
- **Income attributable to insurance operations** at P326.43 million, increased P68.79 million, or 26.7%, due to the higher income contribution of the bancassurance affiliates;
- **Income from foreign exchange trading** at P360.36 million, decreased P131.45 million, or 26.7%, mainly on lower volume from the flows business.

Other expenses at P12.81 billion, increased P1.95 billion, or 17.9%, due to increased spending on the following:

- **Other operating expenses** at P4.43 billion, increased P805.52 million, or 22.2%, due to higher transaction servicing and marketing costs;
- **Occupancy and equipment-related expenses** at P4.11 billion, increased P705.97 million, or 20.8%, primarily from the one time transition adjustment of adopting PRFS 16, as well as higher software maintenance and contractual services costs;
- **Compensation and fringe benefits** at P4.28 billion, up P435.98 million, or 11.4%, on the back of higher salaries and wages due to increased headcount.

Impairment losses at P1.09 billion, increased P162.31 million, or 17.4%, on regular provisioning.

Provision for income tax at P2.84 billion, increased P1.02 billion, or 55.8%, composed of the movements in:

- **Current income tax** at P2.84 billion, increased P872.61 million, or 44.4%, on account of higher taxable income subject to regular corporate income tax;
- **Deferred income tax** at P3.72 million higher than last year's (P141.47) million, on account of lower provisioning versus 2018.

Income attributable to non-controlling interest at P58.01 million, decreased P3.60 million, or 5.8%, due to lower income contribution of the Bank's leasing business.

Total comprehensive income at P7.96 billion, increased P2.01 billion, or 33.9%, due to the increase in **net income before minority interest** of P2.31 billion, or 38.1%, and tempered by the decrease in **total other comprehensive loss, net of tax effect** of P293.01 million, or 288.1%.

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

- **Share in other comprehensive income of associates** at P191.20 million, increased P496.30 million, or 162.7%, due to the upward market valuation of the investments of the bancassurance affiliate;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P86.01 million, increased P150.58 million, or 233.2%, as a result of higher market valuation of the non-life insurance affiliate's investment funds;
- **Currency translation differences** at (P86.11) million, decreased P25.22 million, or 41.4%, due to the fluctuation in value of the Bank's foreign currency holdings;
- **Net change in fair value reserve on FVOCI securities, net of tax effect** at (P550.07) million, dropped P509.63 million, or 1,260.2%, on account of lower market valuation of the Bank's investment securities.

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

- **Actuarial gains (losses) on defined benefit plan net of tax effect**, at (P2.60) million, decreased P133.26 million, or 102.0%, due to the adjustments in actuarial valuation of the bank contribution to the retirement fund;
- **Share in other comprehensive gain/(loss) of associates** at (P33.14) million, decreased P271.78 million, or 113.9%, on account of the lower market valuation of the life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P90.59 million, increased P76.43 million, or 540.1%, due to higher income contribution by the bancassurance affiliates.

For the Nine Months ended September 30, 2019 and 2018

Net income in the first nine months of 2019 was P22.03 billion, increased P5.02 billion, or 29.5%, from the P17.01 billion registered in the same period last year. Revenues at P71.00 billion, increased P14.12 billion, or 24.8%, partially tempered by the increases in **provisions** of P1.73 billion and **operating expenses** of P5.00 billion.

Net interest income stood at P48.66 billion, increased P8.03 billion, or 19.8%, on account of the P179.11 billion, or 9.4%, expansion in average asset base, and 26-basis point expansion in margins.

Interest income, net of GRT stood at P76.25 billion, up P18.92 billion, or 33.0%, on the back of higher interest income in all categories. Both higher average asset volume and asset yield accounted for this, unless otherwise specified in the following:

- **on loans and advances** at P65.52 billion, up P16.04 billion, or 32.4%;
- **on FA at FV through OCI** at P1.37 billion, jumped P1.20 billion, or 703.8%;
- **on FA at amortized cost** at P7.78 billion, increased P1.14 billion, or 17.1%;

- **on deposits with BSP and other banks** at P1.27 billion, increased P426.42 million, or 50.7%, owing to the increase in asset yield despite the lower average asset volume;
- **on FA at FV through profit or loss** at P309.12 million, up P107.99 million, or 53.7%.

Interest expense at P27.59 billion, increased P10.89 billion, or 65.2%, driven by the increases in both interest expense **on deposits** at P22.32 billion, up P7.10 billion, or 46.7%, and **on bills payable and other borrowings** at P5.27 billion, up P3.78 billion, or 255.4%, due to higher average volume and interest cost.

Other income, net of GRT at P22.34 billion, up P6.09 billion, or 37.5%, higher than the P16.25 billion earned in the same period of 2018 primarily from the **trading gain (loss) on securities** at P4.06 billion, which increased P3.42 billion, on account of realized gains on government securities.

Other notable movements are:

- **Other operating income** at P8.99 billion, increased P1.30 million, or 16.9%, due to increases in credit card fees, higher income from asset sales, and various recoveries and incentives;
- **Fees and commissions** at P6.71 billion, increased P1.20 billion, or 21.7%, mainly from the higher transaction-based service charges;
- **Income attributable to insurance operations** at P1.05 billion, increased P193.77 million, or 22.5%, due to higher investment income of the non-life insurance affiliates;
- **Income from foreign exchange trading** at P1.52 billion, decreased P26.60 million, or 1.7%, due to lower corporate and retail flows.

Other expenses at P37.09 billion, grew P5.00 billion, or 15.6%, due to increased spending of the following:

- **Occupancy and equipment-related expenses** at P12.03 billion, up P2.02 billion, or 20.2%, due to higher office rental from the implementation of PRFS 16, and increased software maintenance and amortization costs;
- **Compensation and fringe benefits** at P12.88 billion, up P1.44 billion, or 12.6%, on manpower complement of both the microfinance and regular branches;
- **Other operating expenses** at P12.17 billion, increased P1.53 billion, or 14.4%, due to higher costs for transaction servicing, marketing, and outsourced services.

Impairment losses stood at P4.58 billion, which includes specific reserves for Hanjin.

Provision for income tax at P7.12 billion, increased P2.33 billion, or 48.6%, resulting from the following movements in:

- **Current income tax** at P7.55 billion, up P2.34 billion, or 45.0%, on account of higher taxable income subject to regular corporate income tax;
- **Deferred income tax** at (P432.54) million, up P14.73 million, or 3.5%, on higher provisioning.

Income attributable to non-controlling interest at P183.79 million, increased P28.39 million, or 18.3%, largely attributable to higher income contribution from the bancassurance affiliates.

Total comprehensive income at P23.46 billion, increased P8.11 billion, or 52.8%, due to increases in both **net income before minority interest** by P5.05 billion, or 29.4% and **total other comprehensive income, net of tax effect** by P3.06 billion, or 168.60%.

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

- **Share in other comprehensive income of associates** at P1.20 billion, jumped P2.51 billion, or 191.3%, due to higher valuation of the life insurance affiliate's investments relative to last year;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P495.73 million, increased P930.13 million, or 214.1%, as a result of higher market valuation of the bancassurance affiliates' investment funds;
- **Net change in fair value reserve on FVOCI securities, net of tax effect** at (P288.93) million, rose P541.63 million, or 65.2%, on account of higher market valuation of the Bank's investment securities;
- **Currency translation differences** at (P163.69) million, decreased P277.49 million, or 243.8%, due to the weakening of the US Dollar and Pound Sterling currencies.

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

- **Actuarial gains (losses) on defined benefit plan net of tax effect** at P38.28 million, decreased P87.45 million, or 69.5%, on account of lower actuarial valuation of bank contribution on retirement fund compared to last year's balance;
- **Share in other comprehensive gain/(loss) of associates** at (P35.80) million, declined P560.78 million, or 106.8%, on account of the lower market valuation of the life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P339.17 million, increased P287.94 million, or 562.0%, due to higher income contribution by the bancassurance affiliates.

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:

	September 30, 2018	September 30, 2019
Return on Equity (%)	10.4	11.3
Return on Assets (%)	1.2	1.4
Net Interest Margin (%)	3.1	3.3
Operating Efficiency Ratio (%)	56.4	52.2
Capital Adequacy Ratio (%) - Basel III	17.0	16.9

Return on equity (ROE), the ratio of net income to average equity, was higher at 11.3%, compared to last year's 10.4%, on account of higher growth in net income at 29.5% outpacing the increase in average equity of 19.4%.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.4%, versus 1.2% last year, also due to the growth in net income of 29.5% outpacing the growth in average assets of 9.4%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, at 3.3% was higher by 26 basis points than the nine-month period of 2018 on account of the 89-basis point increase in loan yields, tempered by the 72-basis point increase in cost of funds.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, improved to 52.2% from 56.4%, due to increased profitability, where revenue growth of 24.8% was greater than the increase in operating expenses of 15.6%.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was sustained at 16.9%, similar to last year's 17.0%, due to the managed growth of risk-weighted assets. Similarly, the CET 1 ratio at 16.0%, was also flat to last year's 16.1%. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

The Bank has nothing to report on the following:

1. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.
2. Any events that will trigger direct or contingent financial obligation that is material to the company, 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 company with unconsolidated entities or other persons created during the reporting period other than those mentioned above.
4. 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 or revenues or income from continuing operations.
6. Events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments).
7. Any significant elements of income or loss that did not arise from the registrant's continuing operations.
8. 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



CEZAR P. CONSING
President &
Chief Executive Officer

Date: November 11, 2019



MARIA THERESA MARCIAL JAVIER *enl*
Executive Vice President &
Chief Finance Officer

Date: November 11, 2019

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
September 30, 2019

No. of Days Outstanding		Amount (In Thousands)
	0-90	P 1,691,368
	91-180	334,706
	181-360	395,369
	Over 360	686,090
	Total	3,107,533
	Less : Allow. For Probable Losses	407,101
	Net of Allowance	P 2,700,432

Ced
11/6/19
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