

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Angela Pilar Maramag

Contact Person

(632) 8246-5902

Company Telephone Number

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Month Day
Fiscal Year

1	7	-	Q	
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FORM TYPE

0	4	2	3
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Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

12,334

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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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 JUNE 30, 2020

(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 **June 30, 2020**
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
Common	4,513,100,378
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
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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
JUNE 30, 2020 AND DECEMBER 31, 2019
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	JUNE 30, 2020	DECEMBER 31, 2019
<u>RESOURCES</u>		
Cash and Other Cash Items	30,085,554	47,255,919
Due from Bangko Sentral ng Pilipinas	295,342,295	207,844,843
Due from Other Banks	17,620,156	22,355,684
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	33,212,727	22,570,243
Financial Assets at Fair Value through Profit or Loss	28,794,021	24,105,045
Financial Assets at Fair Value through OCI	119,140,871	53,905,155
Financial Assets at Amortized Cost	213,979,664	275,104,674
Loans and Advances, net	1,434,393,283	1,475,335,682
Assets Held for Sale, net	3,130,686	3,155,423
Bank Premises, Furniture, Fixtures and Equipment, net	23,169,221	23,747,669
Investments in Subsidiaries and Associates, net	6,824,406	6,746,187
Assets Attributable to Insurance Operations	17,691,935	17,790,295
Deferred Income Tax Assets, net	13,954,193	9,705,875
Other Resources, net	24,694,923	15,407,517
TOTAL RESOURCES	2,262,033,936	2,205,030,211
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	301,498,817	272,020,111
Savings	964,389,418	899,180,873
Time	496,427,330	524,142,227
Sub-total	1,762,315,566	1,695,343,211
Derivative Financial Liabilities	5,900,622	2,876,986
Other Borrowed Funds	137,042,074	150,836,526
Due to Bangko Sentral ng Pilipinas and Other Banks	1,787,150	2,946,281
Manager's Checks and Demand Drafts Outstanding	6,160,973	8,298,692
Accrued Taxes, Interest and Other Expenses	9,831,096	9,865,338
Liabilities Attributable to Insurance Operations	13,643,050	14,060,941
Deferred Credits and Other Liabilities	42,907,237	47,768,697
TOTAL LIABILITIES	1,979,587,768	1,931,996,672
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	45,021,634	44,999,079
Share Premium	74,602,885	74,449,140
Reserves	5,130,903	5,107,288
Surplus	155,078,158	147,460,021
Accumulated Other Comprehensive Income/ (Loss)	(1,027,635)	(2,439,160)
	278,805,946	269,576,368
NON-CONTROLLING INTERESTS	3,640,222	3,457,171
TOTAL CAPITAL FUNDS	282,446,168	273,033,538
TOTAL LIABILITIES AND CAPITAL FUNDS	2,262,033,936	2,205,030,211

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended June 30, 2020 and 2019
(In Thousands of Pesos)

	<u>2020</u>	<u>2019</u>
INTEREST INCOME		
On loans and advances	21,553,947	22,244,060
On FA at amortized cost	2,222,225	2,559,355
On FA at FV through OCI	846,775	434,570
On deposits with BSP and other banks	471,732	349,102
On FA at FV through profit or loss	41,043	96,856
	<u>25,135,723</u>	<u>25,683,944</u>
INTEREST EXPENSE		
On Deposits	5,523,414	7,595,549
On Bills Payable and other borrowings	1,346,347	1,779,740
	<u>6,869,761</u>	<u>9,375,289</u>
NET INTEREST INCOME	<u>18,265,961</u>	<u>16,308,655</u>
IMPAIRMENT LOSSES	<u>10,783,294</u>	<u>1,679,108</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>7,482,667</u>	<u>14,629,547</u>
OTHER INCOME		
Fees and commissions	1,781,925	2,289,560
Income from foreign exchange trading	556,616	616,502
Trading gain (loss) on securities	4,065,278	826,032
Income attributable to insurance operations	787,950	375,114
Other operating income	1,977,524	2,700,895
	<u>9,169,293</u>	<u>6,808,103</u>
OTHER EXPENSES		
Compensation and fringe benefits	4,680,905	4,549,118
Occupancy and equipment-related expenses	3,654,509	3,605,239
Other operating expenses	3,328,355	4,054,454
	<u>11,663,769</u>	<u>12,208,811</u>
INCOME BEFORE INCOME TAX	<u>4,988,191</u>	<u>9,228,838</u>
PROVISION FOR INCOME TAX		
Current	2,558,889	2,739,418
Deferred	(2,946,292)	(586,403)
	<u>(387,403)</u>	<u>2,153,016</u>
NET INCOME FOR THE QUARTER	<u>5,375,594</u>	<u>7,075,822</u>
Attributable to:		
Equity holders of BPI	<u>5,291,623</u>	<u>7,014,512</u>
Non-controlling interest	<u>83,971</u>	<u>61,310</u>
	<u>5,375,594</u>	<u>7,075,822</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended June 30, 2020 and 2019
(In Thousands of Pesos)

	<u>2020</u>	<u>2019</u>
NET INCOME BEFORE MINORITY INTEREST	5,375,594	7,075,822
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	3,947,028	(560,246)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	351,389	118,221
Share in other comprehensive income of associates	939,720	254,653
Currency translation differences	(86,035)	(111,384)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(1,329)	49,351
Share in other comprehensive income gain (loss) of associates	(248,223)	13,013
Total Other Comprehensive Income (Loss), net of tax effect	4,902,550	(236,392)
Total Comprehensive Income for the Year	10,278,144	6,839,430
Attributable to:		
Equity holders of BPI	10,067,697	6,733,850
Non-Controlling Interest	210,446	105,580
	10,278,144	6,839,430

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of Pesos)

	Unaudited 2020	Unaudited 2019
INTEREST INCOME		
On loans and advances	43,433,543	43,924,159
On FA at amortized cost	4,628,563	4,982,114
On FA at FV through OCI	1,463,002	605,997
On deposits with BSP and other banks	853,721	802,999
On FA at FV through profit or loss	161,549	188,118
	50,540,377	50,503,386
INTEREST EXPENSE		
On Deposits	11,442,711	14,542,366
On Bills Payable and other borrowings	2,695,559	3,599,095
	14,138,270	18,141,461
NET INTEREST INCOME	36,402,107	32,361,925
IMPAIRMENT LOSSES	15,008,952	3,482,080
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	21,393,155	28,879,845
OTHER INCOME		
Fees and commissions	4,046,617	4,358,155
Income from foreign exchange trading	1,104,362	1,164,986
Trading gain (loss) on securities	5,641,630	1,317,780
Income attributable to insurance operations	720,534	726,645
Other operating income	4,777,489	5,972,071
	16,290,631	13,539,636
OTHER EXPENSES		
Compensation and fringe benefits	9,253,421	8,603,459
Occupancy and equipment-related expenses	7,376,207	7,927,212
Other operating expenses	7,562,191	7,746,046
	24,191,819	24,276,716
INCOME BEFORE INCOME TAX	13,491,967	18,142,765
PROVISION FOR INCOME TAX		
Current	5,668,338	4,716,155
Deferred	(3,933,292)	(436,255)
	1,735,046	4,279,900
NET INCOME FOR THE PERIOD	11,756,921	13,862,865
Attributable to:		
Equity holders of BPI	11,676,659	13,737,084
Non-controlling interest	80,262	125,781
	11,756,921	13,862,865

Earnings per share:

Based on 4,513,100,378 shares as of June 30, 2020
and 4,506,944,439 shares in 2019

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BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of Pesos)

	Unaudited 2020	Unaudited 2019
NET INCOME BEFORE MINORITY INTEREST	11,756,921	13,862,865
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	1,802,924	261,133
Fair value reserve on investments of insurance subsidiaries, net of tax effect	279,591	409,715
Share in other comprehensive income of associates	544,511	1,007,819
Currency translation differences	(277,455)	(77,572)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(4,037)	40,876
Share in other comprehensive income gain (loss) of associates	(831,845)	(2,657)
Total Other Comprehensive Income (Loss), net of tax effect	1,513,689	1,639,314
Total Comprehensive Income for the Year	13,270,610	15,502,179
Attributable to:		
Equity holders of BPI	13,088,184	15,253,593
Non-Controlling Interest	182,426	248,586
	13,270,610	15,502,179

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED JUNE 30, 2020 & JUNE 30, 2019
(In Thousands of Pesos)

	Consolidated							
	Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2019	44,999,079	74,449,140	5,107,288	147,460,021	(2,439,160)	269,576,368	3,457,171	273,033,538
Comprehensive Income								
Net Income for the year				11,676,659		11,676,659	80,262	11,756,921
Other Comprehensive Income for the year					1,411,525	1,411,525	102,164	1,513,689
Total Comprehensive Income for the year	-	-	-	11,676,659	1,411,525	13,088,184	182,426	13,270,610
Transactions with owners								
Executive Stock Plan amortization	22,555	153,746	23,615	-	-	199,916	-	199,916
Cash Dividends	-	-	-	(4,061,790)	-	(4,061,790)	-	(4,061,790)
Total transactions with owners	22,555	153,746	23,615	(4,061,790)	-	(3,861,874)	-	(3,861,874)
Other movements								
Others	-	-	-	3,269	-	3,269	625	3,894
Total other movements	-	-	-	3,269	-	3,269	625	3,894
Balance, JUNE 30, 2020	45,021,634	74,602,885	5,130,903	155,078,158	(1,027,635)	278,805,946	3,640,222	282,446,168

	Consolidated							
	Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2018	44,961,078	74,180,826	4,095,256	127,459,401	(2,175,676)	248,520,884.89	3,017,017	251,537,902.28
Comprehensive Income								
Net Income for the year				13,737,084		13,737,084	125,781	13,862,865
Other Comprehensive Income for the year					1,516,508	1,516,508	122,805	1,639,314
Total Comprehensive Income for the year	-	-	-	13,737,084	1,516,508	15,253,593	248,586	15,502,179
Transactions with owners								
Proceeds from the stock rights offering	-	-				-		-
Executive Stock Plan amortization	18,057	126,501	20,738			165,296		165,296
Cash Dividends				(4,056,251)		(4,056,251)		(4,056,251)
Total Transactions with owners	18,057	126,501	20,738	(4,056,251)	-	(3,890,955)	-	(3,890,955)
Other movements								
Prior Period Adjustment			-	223,267	(228,973)	(5,705)	(993)	(6,698)
Reversal of Excess Surplus Reserves			(442,332)	442,332		-	-	-
Transfer from Surplus Free to Reserves			55,673	(55,673)		-	-	-
Others	-	-	-	-	-	-	-	-
Total other movements	-	-	(386,658)	609,926	(228,973)	(5,705)	(993)	(6,698)
Balance, JUNE 30, 2019	44,979,135	74,307,326	3,729,336	137,750,160	(888,140)	259,877,817	3,264,611	263,142,428

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2020 AND JUNE 30, 2019
(In Thousands of Pesos)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	4,988,191	9,228,838
Adjustments for:		
Impairment losses	10,783,294	1,679,108
Depreciation and amortization	1,790,710	1,307,421
Share in net income of associates	(226,618)	(124,066)
Share based compensation	12,544	10,788
Dividend income	(4,717)	(8,215)
Interest income	(25,135,723)	(26,565,453)
Interest expense	6,869,761	9,375,289
Operating income before changes in operating assets and liabilities	(922,557)	(5,096,290)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	0	0
Interbank loans receivable and securities purchased under agreements to resell	218,173	(219,763)
FA at Fair Value through Profit or Loss	(13,699,415)	(6,338,853)
Loans and advances	4,915,742	(6,090,332)
Assets held for sale	144,396	101,591
Assets attributable to insurance operations	379,412	313,223
Other resources	(3,603,843)	(12,484,912)
Increase (decrease) in:		
Deposit liabilities	85,048,613	50,119,077
Due to Bangko Sentral ng Pilipinas and other banks	(97,344)	(110,382)
Manager's checks demand drafts outstanding	(919,893)	(255,933)
Accrued taxes, interest and other expenses	964,415	(332,269)
Liabilities attributable to insurance operations	(451,723)	(423,864)
Derivative financial instrument	(45,886)	359,392
Deferred credits and other liabilities	(12,486,863)	7,856,565
Net cash from (used in) operations	59,443,229	27,397,248
Income taxes paid	(5,053,563)	(2,543,685)
Interest paid	(6,327,455)	(8,834,015)
Interest received	22,797,732	24,035,844
Net cash from (used in) operating activities	70,859,943	40,055,393
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
FA at Fair Value through OCI	(34,618,648)	(46,579,243)
FA at Amortized Cost	34,908,487	4,527,860
Bank, premises, furniture, fixtures and equipment	(1,743,958)	(1,115,577)
Equity investments	298,732	11,036
Assets attributable to insurance operations	(542,387)	(249,094)
Investment property	(864)	-
Proceeds from sale of investments	0	0
Dividends received	4,717	8,215
Net cash from (used in) investing activities	(1,693,923)	(43,396,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(4,061,790)	(12,160,660)
Collection on stock subscriptions	82,802	71,204
Increase (decrease) in bills payable	(7,498,884)	(2,189,513)
Net cash from (used in) financing activities	(11,477,873)	(14,278,970)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,688,148	(17,620,380)
CASH AND CASH EQUIVALENTS		
April 1	318,650,887	303,286,669
June 30	376,339,035	285,666,289

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
(In Thousands of Pesos)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	13,491,967	18,142,765
Adjustments for:		
Impairment losses	15,008,952	3,482,080
Depreciation and amortization	3,589,288	2,616,478
Share in net income of associates	(362,348)	(152,628)
Share based compensation	23,615	20,738
Dividend income	(6,123)	(21,888)
Interest income	(50,540,377)	(52,247,425)
Interest expense	14,138,270	18,141,461
Operating income before changes in operating assets and liabilities	(4,656,755)	(10,018,419)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	0	0
Interbank loans receivable and securities purchased under agreements to resell	934,747	1,098,402
FA at Fair Value through Profit or Loss	(1,742,779)	(18,762,706)
Loans and advances	27,420,287	(1,792,729)
Assets held for sale	38,647	6,599
Assets attributable to insurance operations	410,592	833,195
Other resources	(11,484,775)	(12,601,784)
Increase (decrease) in:		
Deposit liabilities	66,970,938	72,704,200
Due to Bangko Sentral ng Pilipinas and other banks	(1,159,132)	(864,319)
Manager's checks demand drafts outstanding	(2,137,719)	447,325
Accrued taxes, interest and other expenses	207,802	419,238
Liabilities attributable to insurance operations	(417,891)	(834,417)
Derivative financial instrument	(75,569)	294,823
Deferred credits and other liabilities	(4,863,243)	285,352
Net cash from (used in) operations	69,445,149	31,214,759
Income taxes paid	(5,828,679)	(4,505,224)
Interest paid	(14,535,027)	(17,381,095)
Interest received	51,498,813	50,309,134
Net cash from (used in) operating activities	100,580,256	59,637,574
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
FA at Fair Value through OCI	(63,358,841)	(38,702,359)
FA at Amortized Cost	60,070,514	(7,953,001)
Bank, premises, furniture, fixtures and equipment	(2,289,124)	(1,974,615)
Investment in subsidiaries and associates, net	154,651	251,469
Assets attributable to insurance operations	(210,945)	(594,003)
Investment property, net	(1,729)	(2,185)
Proceeds from sale of investments	0	0
Dividends received	6,123	21,888
Net cash from (used in) investing activities	(5,629,350)	(48,952,807)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(4,061,790)	(8,108,456)
Collection on stock subscriptions	176,301	144,558
Increase (decrease) in bills payable	(13,794,452)	(30,324,376)
Net cash from (used in) financing activities	(17,679,942)	(38,288,274)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	77,270,964	(27,603,508)
CASH AND CASH EQUIVALENTS		
January 1	299,068,070	313,269,796
June 30	376,339,035	285,666,288

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at June 30, 2020 and 2019

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	55.8	52.9
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	49.2	52.6
Asset-to-equity ratio	Total assets divided by total equity	811.3	821.4
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	220.8	214.4
Return on equity	Net income divided by average equity	8.6	10.7
Return on assets	Net income divided by average assets	1.1	1.3
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.6	3.4
Average assets to average equity	Average assets divided by average equity	795.4	796.7
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.4	3.2
Cost to income ratio	Total operating expense divided by total income (revenues)	45.9	52.9
Cost to asset ratio	Total operating expense divided by average asset	2.2	2.4
Capital to assets ratio	Total equity divided by total assets	12.3	12.2

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2019 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
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
• Issuances, repurchases, and repayments of debt and equity securities	• On August 7, 2020, the Bank raised P21.5 billion from the country's first COVID Action Response Bonds (CARE Bonds), which have a tenor of 1.75 years and an interest rate of 3.05% p.a., paid quarterly in arrear. The overwhelming reception of investors to the CARE Bonds, subscriptions reaching seven times more than the initial planned issue size of P3 billion, highlights the potential of the social bond market which the SEC has put forward as a funding source for projects to address the devastating impact of the global health crisis. Last month, the SEC encouraged issuers to explore the social bond market to help the country recover from the pandemic, and confirmed that the BPI CARE Bonds qualify as Social Bonds under the ASEAN Social Bonds Standards.
• 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	• Nothing to report
• The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal	• Nothing to report

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
of subsidiaries and long-term investments, restructurings, and discontinuing operations.	
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 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 (RMC). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to support the RMC in identifying, measuring, controlling, and reporting the Bank's financial and non-financial risks. 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 IT risks within the RMC-approved risk appetite (BPI subsidiary Board-level RMCs in the case of key

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
	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 in 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. The Bank has also implemented 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 the impact of COVID-19, 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 risk and maintain asset quality for the period, 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).

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
	The Bank's NPL ratio calculated with the adjustment under the Bayanihan Act in compliance with BSP's guidelines was at 1.83% as of June 2020. 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. In view of the COVID-19 pandemic, the Bank has revised its macroeconomic forecasts and used these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. The updated models were implemented starting May 2020 after RMC approval, which resulted in higher required ECL. • 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 second quarter 2020, the Bank's VaR is well within the RMC-approved limit. Philippine Government Securities (GS) yields declined sharply in the second quarter amid strong

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
	demand as investors continue to look for safer investments amidst uncertainties brought about by the COVID-19 pandemic. • The Bank conducts regular price stress tests that measure the potential impact of 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 results of the second quarter 2020 price stress test on both the trading and banking book, which already includes COVID-19 stress scenario, revealed that the Bank's post-shock CAR and CET1 levels are still well within 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 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 second quarter of 2020, BPI Group's BSVaR and EaR levels are well within the RMC-approved limits despite the declining interest rates due to COVID-19. • 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
	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 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 the LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the second quarter of 2020, BPI Group's MCLG is well within the RMC-approved floors while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. Recent liquidity stress tests incorporating the COVID-19 stress scenario show that the Bank maintains excess liquidity despite assuming an increase in past due and non-performing loans due to the COVID-19 pandemic crisis. • 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 second quarter of 2020, 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
	appetite, and are generally attributed to 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. COVID-19 and the resulting community quarantines declared by the national government and/or imposed by local municipalities continue to pose a challenge to the Bank, insofar as ensuring personnel health and safety, and in continuing operations with a significant portion of the workforce on work-from-home arrangements. Nevertheless, the Bank's strategic initiatives on digitalization, improvements on IT infrastructure and cybersecurity technology, and availability of business recovery sites enabled the continued delivery of the Bank's products and services to its customers. The Bank remains operational as it implemented split operations to ensure containment in the event of infection; identification of skeletal workforce, activation of alternate work sites and/or mobility areas to improve accessibility of the Bank's employees to office premises, adjustment of working hours and work-from-home arrangements. The Bank had also launched the mobility program for certain employees equipped with adequate tools to allow work outside of Bank premises. These allowed the Bank to lessen the density in the corporate offices and fully comply with the employee/social distancing rules. For personnel safety and welfare, the Bank fully complied with health and medical guidelines from the DOH and DOLE. Additional

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE
	precautionary measures are being implemented that include providing transportation for employees, enforcing virtual meetings and limiting movements of personnel within and across its business offices. COVID-19 rapid testing for all employees and maintenance personnel were likewise carried out. While additional expenses are expected due to the COVID-19 situation, the Bank is sufficiently capitalized and has more than adequate revenues and reserves for operational risk events.
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, 2019.
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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

SEC REQUIREMENT	DISCLOSURE									
	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>June 30, 2020 (unaudited)</td><td>213,980</td><td>224,983</td></tr><tr><td>Dec 31, 2019 (audited)</td><td>275,105</td><td>276,454</td></tr></table>		Carrying Amount	Fair Value	June 30, 2020 (unaudited)	213,980	224,983	Dec 31, 2019 (audited)	275,105	276,454
	Carrying Amount	Fair Value								
June 30, 2020 (unaudited)	213,980	224,983								
Dec 31, 2019 (audited)	275,105	276,454								

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ended June 30, 2020

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	11,057	5,954	2,095	(840)	18,266
Impairment charge	2,305	8,254	208	15	10,783
Net interest income after impairment charge	8,752	(2,300)	1,887	(855)	7,483
Fees and commission	1,396	273	240	23	1,932
Other income	909	659	5,407	874	7,849
GRT	(218)	(60)	(364)	31	(612)
Other Income, net	2,087	872	5,283	928	9,169
Compensation and fringe benefits	3,817	645	250	(31)	4,681
Occupancy and equipment- related expenses	2,300	492	85	778	3,655
Other operating expenses	3,585	805	351	(1,413)	3,328
Total operating expenses	9,702	1,942	686	(667)	11,664
Operating profit	1,137	(3,371)	6,484	740	4,988
Share in net income of associates					337
Provision for Income Tax					(387)
Total Assets	453,758	1,188,777	575,566	43,932	2,262,034
Total Liabilities	1,237,279	584,956	135,028	22,325	1,979,588

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Six Months Ended June 30, 2020

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	22,282	11,046	4,933	(1,859)	36,402
Impairment charge	5,309	9,478	207	15	15,009
Net interest income after impairment charge	16,973	1,568	4,726	(1,874)	21,393
Fees and commission	3,337	627	455	(33)	4,386
Other income	2,574	1,411	8,060	918	12,963
GRT	(397)	(72)	(472)	(118)	(1,059)
Other Income, net	5,515	1,966	8,043	767	16,291
Compensation and fringe benefits	7,660	1,427	533	(366)	9,253
Occupancy and equipment- related expenses	4,738	1,021	151	1,466	7,376
Other operating expenses	7,681	1,751	852	(2,721)	7,562
Total operating expenses	20,078	4,199	1,536	(1,621)	24,192
Operating profit	2,410	(665)	11,234	514	13,492
Share in net income of associates					277
Provision for Income Tax					1,735
Total Assets	453,758	1,188,777	575,566	43,932	2,262,034
Total Liabilities	1,237,279	584,956	135,028	22,325	1,979,588

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

Financial Condition as of June 30, 2020 versus as of December 31, 2019

Total resources increased P57.00 billion, or 2.6%, to end at P2.26 trillion, despite the decline in **Loans and advances, net** of P40.94 billion, or 2.8%, to end at P1.43 trillion. Significant upward movements driving the overall increase in total resources were as follows:

- **Due from Bangko Sentral ng Pilipinas** at P295.34 billion, grew P87.50 billion, or 42.1%, due to higher volume of placement in BSP deposits and reserves;
- **Financial assets at fair value through OCI** at P119.14 billion, was higher by P65.25 billion, or 121.0%, due to the net effect of the increase in the Bank's various holdings in hold to collect and sell debt securities;
- **Interbank loans receivable and securities purchased under agreements to resell** at P33.21 billion, increased P10.64 billion, or 47.2%, due to higher volume of loans granted to foreign financial institutions governed by existing rules;
- **Other resources, net** at P24.69 billion, climbed P9.29 billion, or 60.3%, primarily from the increase in miscellaneous assets;
- **Financial assets at fair value through profit or loss** at P28.79 billion, increased P4.69 billion, or 19.5%, due to increase in holdings of securities intended for trading;
- **Deferred Income Tax Assets, net** at P13.95 billion, increased P4.25 billion, or 43.8%, on account of the impairment losses setup for the period.

Meanwhile, notable downward movements partly offset the above increases:

- **Financial assets at amortized cost** at P213.98 billion, down P61.13 billion, or 22.2%, due to various maturities and sales from hold to collect debt securities;
- **Cash and other cash items** at P30.09 billion, dropped P17.17 billion, or 36.3%, on account of lower cash placements this period as compared to year end 2019;
- **Due from other banks** at P17.62 billion, decreased P4.74 billion, or 21.2%, due to the net increase in account balances with various banks.

Total liabilities ended at P1.98 trillion, increased P47.59 billion, or 2.5%, on the back of the P66.97 billion, or 4.0%, increase in **total deposits**, as the Bank's CASA deposits ended at P1.27 trillion, increased P94.69 billion, or 8.1%. **Derivative financial liabilities** at P5.90 billion, which also increased by P3.02 billion, or 105.1%.

These increases were partially tempered by the following:

- **Other borrowed funds** at P137.04 billion, decreased P13.79 billion, or 9.1%, due to the decline in deposit substitutes and borrowings from foreign banks;
- **Deferred credits and other liabilities** at P42.91 billion, decreased P4.86 billion, or 10.2%, primarily from the decrease in other liabilities;
- **Manager's checks and demand drafts outstanding** at P6.16 billion, declined P2.14 billion, or 25.8%, on account of lower volume of manager's checks issued;

- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.79 billion, lower by P1.16 billion, or 39.3%, on account of lower tax collected for the Bureau of Internal Revenues (BIR).

Total capital at P278.81 billion, increased P9.23 billion, or 3.4%, due to the P7.62 billion increase in **surplus**, though partly offset by the P1.41 billion decrease in **accumulated other comprehensive loss**, mainly from cumulative unrealized losses on certain financial assets at fair value through other comprehensive income.

RESULTS OF OPERATIONS

For the Quarters ended June 30, 2020 and 2019

Net income for the second quarter of 2020 at P5.29 billion, decreased P1.72 billion, or 24.6%, from the profit earned in the same period of 2019. Impacting the bottom line was the increase in **impairment losses** at P10.78 billion, up 542.2%, as the Bank booked higher provisions in anticipation of potentially higher NPLs due to COVID-19 pandemic. However, pre-provision operating profit grew 44.6%, owing to the combination of higher **total revenues** at P27.43 billion, up P4.32 billion, or 18.7%, and slight decrease in **operating expenses** at P11.66 billion, down P545.04 million, or 4.5%.

Net interest income at P18.27 billion, increased P1.96 billion, or 12.0%, on account of the P166.05 billion expansion in average asset base and 13-basis point increase in spreads.

Interest income, net of GRT stood at P25.14 billion, down P548.22 million, or 2.1%, which was driven by the decrease in interest income in the following:

- **on loans and advances** at P21.55 billion, down P690.11 million, or 3.1%, due to the decline in asset yield despite higher average asset volume;
- **on FA at amortized cost** at P2.22 billion, down P337.13 million, or 13.2%, due to the decline in average asset volume despite higher asset yield;
- **on FA at fair value through profit and loss** at P41.04 million, down P55.81 million, or 57.6%, due to lower average asset volume and asset yield.

However, these decreases were partially tempered by the following increase in interest income:

- **on FA at fair value through other comprehensive income** at P846.78 million, up P412.21 million, or 94.9%, due to the higher average asset volume despite decline in asset yield;
- **on deposits with BSP and other banks** at P471.73 million, up P122.63 million, or 35.1%, due to higher average asset volume and asset yield.

Interest expense at P6.87 billion, decreased P2.51 billion, or 26.7%, due to the overall decrease in interest expense in the following:

- **on deposits** at P5.52 billion, down by P2.07 billion, or 27.3%, primarily from the lower cost of time deposits despite the expansion in average volume;
- **on bills payable and other borrowings** at P1.35 billion, declined P433.39 million, or 24.4%, from the decline in both average volume and cost of borrowings.

Other income, net of GRT at P9.17 billion, increased P2.36 billion, or 34.7%, on the back of the following notable increases and decreases:

- **Trading gain on securities** at P4.07 billion, jumped P3.24 billion, or 392.1%, due to realized gains from various sales of financial assets at FVOCI and hold to collect debt securities;
- **Income attributable to insurance operations** at 787.96 million, increased P412.84 million, or 110.1%, due to the higher income contribution of the bancassurance affiliates;
- **Other operating income** at P1.98 billion, decreased P723.37 million, or 26.8%, due to lower income in credit card and rental businesses;
- **Fees and commissions** at P1.78 billion, decreased P507.64 million, or 22.2%, primarily from lower service charges;
- **Income from foreign exchange trading** at P556.62 million, declined P59.89 million, or 9.7%, due to market volatility;

Other expenses at P11.66 billion, declined P545.04 million, or 4.5%, mainly from the decrease in **other operating expenses** by P726.10 million, or 17.9%, on the back of the decreases in all other expenses categories.

Provision for income tax at (P387.40) million, decreased P2.54 billion, or 118.0%, composed of the movements in:

- **Current income tax** at P2.56 billion, decreased P180.53 million, or 6.6%, on account of lower taxable income subject to regular corporate income tax;
- **Deferred income tax** at (P2.95) billion higher than last year's (P586.40) million, on account of higher provisioning versus 2019.

Income attributable to non-controlling interest at 83.97 million, increased P22.66 million, or 37.0%, largely attributable to the higher income contribution from the bancassurance affiliates.

Total comprehensive income at P10.28 billion, increased P3.44 billion, or 50.3%, due to higher **total other comprehensive loss, net of tax effect** by P5.14 billion, compared from the same period last year. This increase was partially tempered by the decrease in **net income before minority interest** of P1.70 billion, or 24.0%.

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

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P3.95 billion, increased P4.51 billion, or 804.5%, on account of higher market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at P939.72 million, increased P686.07 million, or 269.0%, due to the higher market valuation of the investments of the Bank's life insurance affiliate;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P351.39 million, increased P233.17 million, or 197.2%, as a result of higher market valuation of the non-life insurance affiliates' investment funds;

- **Currency translation differences** at (P86.04) million, increased P25.35 million, or 22.8%, due to the strengthening of the Euro currency;

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

- **Actuarial gains (losses) on defined benefit plan net of tax effect** at (P1.33) million, decreased P50.68 million, or 102.7%, due to the actuarial valuation of the Bank's contribution to the retirement fund;
- **Share in other comprehensive loss of associates** at (P248.22) million, decreased P261.24 million, on account of the lower market valuation of the life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P210.45 million, increased P104.87 million, or 99.3%, due to higher market valuation of the insurance subsidiaries' investment funds.

For the Six Months ended June 30, 2020 and 2019

Net income in the first half of 2020 was P11.68 billion, down 15.0% from P13.74 billion registered in the same period last year. The decrease was mainly from the higher **impairment losses** at 15.01 billion, up P11.53 billion, or 4.3x, compared to the same period last year, in anticipation of potentially higher NPLs due to COVID-19 pandemic. However, pre-provision operating profit increased P6.88 billion, or 31.8%, owing to the combination of higher **total revenues** at P52.69 billion, up P6.79 billion, or 14.8%, and moderation in **operating expenses** at P24.19 billion, down P84.90 million.

Net interest income stood at P32.40 billion, increased P4.04 billion or 12.5%, on account of the P122.42 billion, or 5.9%, expansion in average asset base, and 19-basis point expansion in yields.

Interest income, net of GRT stood at P50.54 billion, up P36.99 million, on the back of the increases and decreases in interest income of the following:

- **on FA at FV through OCI** at P1.46 billion, up P857.01 million, or 141.4%, due to higher average asset volume despite lower asset yields;
- **on deposits with BSP and other banks** at P853.72 million, up P50.72 million, or 6.3%, due to higher average asset volume and yields;
- **on FA at FV through profit or loss** at P161.55 million, down P26.57 million, or 14.1%, and **on FA at amortized cost** at P4.63 billion, down P353.55 million, or 7.1%, both due to lower average asset volume despite higher yields;

Interest expense at P14.14 billion, decreased P4.00 billion, or 22.1%, driven by the decreases in both interest expense **on deposits** at P11.44 billion, down P3.10 billion, or 21.3%, and **on bills payable and other borrowings** at P2.70 billion, down P903.54 million, or 25.1%, both due to lower interest cost.

Other income, net of GRT at P16.29 billion, up P2.75 billion, or 20.3%, higher than the P13.54 billion earned in the same period of 2019, primarily from the **trading gain on securities** at P5.64 billion, which increased P4.32 billion, or 328.1%, due to realized gains from various sales of financial

assets at FVOCI and hold to collect debt securities. Other movements that partially tempered this increase were:

- **Other operating income** at P4.78 billion, declined P1.19 billion, or 20.0%, due to lower income from asset sales and credit card business;
- **Fees and commissions** at 4.05 billion, down P311.54 million, or 7.1%, due to decline in service charges;
- **Income from foreign exchange trading** at P1.10 billion, decreased P60.62 million, or 5.2%, due to market volatility;

Other expenses at P24.19 billion, down P84.90 million, or 0.3%, due to the moderation in spending of the following:

- **Occupancy and equipment-related expenses** at P7.38 billion, lower by P551.01 million, or 7.0%, on account of lower contractual and outsourced services costs;
- **Compensation and Fringe Benefits** at P9.25 billion, up P649.96 million, or 7.6%, on account of higher manpower compensation.

Provision for income tax at P1.74 billion, decreased P2.54 billion, or 59.5%, mainly due to higher **deferred income tax** at (P3.93) billion, (P3.50) billion difference from last year's (P436.26) million, due to the higher provisioning set-up for the period. **Current income tax** at P5.67 billion, up P952.18 million, or 20.2%, due to higher income subject to regular corporate income tax.

Income attributable to non-controlling interest at P80.26 million, decreased P45.52 million, or 36.2%, largely attributable to lower income contribution from the bancassurance business.

Total comprehensive income at P13.27 billion, decreased P2.23 billion, or 14.4%, due to the decreases in both **net income before minority interest** by P2.11 billion, or 15.2%, and **total other comprehensive income, net of tax effect** by P125.63 million, or 7.7%.

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

- **Share in other comprehensive income of associates** at P544.51 million, declined (P463.31) million, 46.0%, on lower valuation of the bancassurance affiliate's investments relative to last year;
- **Currency translation differences** at (P277.46) million, decreased P199.88 million, on account of the net effect from cash flow hedging;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P279.59 million, decreased P130.12 million, or 31.8%, as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P1.80 billion, increased P1.54 billion, or 590.4%, on account of higher market valuation of the Bank's investment securities.

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

- **Share in other comprehensive loss of associates** at (P831.85) million, declined P829.19 million, on account of the lower market valuation of the life insurance affiliate's investment securities;
- **Actuarial losses on defined benefit plan, net of tax effect** at (P4.04) million, decreased P44.91 million, or 109.9%, due to the decrease in actuarial valuation of the Bank's non-life insurance contribution to the retirement fund.

Income attributable to non-controlling interest at P182.43 million, decreased P66.16 million, or 26.6%, due to lower income contribution by the bancassurance business.

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:

	June 30, 2019	June 30, 2020
Return on Equity (%)	10.7	8.6
Return on Assets (%)	1.3	1.1
Net Interest Margin (%)	3.4	3.6
Operating Efficiency Ratio (%)	52.9	45.9
Capital Adequacy Ratio (%) - Basel III	16.4	16.6

Return on equity (ROE), the ratio of net income to average equity, was lower at 8.6%, compared to last year's 10.7%, due to the decline in net income of 15.0% compared to the growth in average equity of 6.1%.

Return on assets (ROA), the ratio of net income to average assets, was lower at 1.1%, versus 1.3% last year, also due to the decline in net income of 15.0% compared to the expansion in average asset base of 5.9%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, at 3.6% was higher by 19 basis points than the 3.4% in 2019 on lower cost of funds.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, improved to 45.9% from 52.9% in the same period last year, as the growth in revenues of 14.8% outpaced the increase in operating expenses.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 16.6%, higher versus the prior year's 16.4%, as the growth in qualifying capital outpaced the growth in risk-weighted assets. The CET 1 ratio at 15.7%, was also higher than the 15.6% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

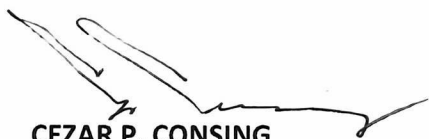
Other than the disclosures enumerated above, the Bank has nothing to report on the following:

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



CEZAR P. CONSING
President &
Chief Executive Officer

Date: August 13, 2020



MARIA THERESA MARCIAL JAVIER
Executive Vice President &
Chief Finance Officer

Date: August 13, 2020

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
June 30, 2020

No. of Days Outstanding		Amount (In Thousands)
	0-90	P 2,020,094
	91-180	375,421
	181-360	329,692
	Over 360	825,384
Total		3,550,592
Less : Allow. For Probable Losses		538,776
Net of Allowance	P	3,011,816

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