

COVER SHEET

P W - 1 2 1

S.E.C. Registration Number

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

(Company's Full Name)

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

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

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

Angela Pilar Maramag

Contact Person

(632) 8246-5902

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

1 7 - Q

FORM TYPE

0 4

Month

2 2

Day

Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

12,206

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**STANDARD DOCUMENT COVER SHEET
FOR SEC FILINGS**

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

SEC Number PW-121

File Number

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

FISCAL YEAR ENDING DECEMBER 31

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

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

PERIOD-ENDED JUNE 30, 2021

(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)

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, 2021 AND DECEMBER 31, 2020
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	JUNE 30, 2021	DECEMBER 31, 2020
<u>RESOURCES</u>		
Cash and Other Cash Items	29,811,720	37,176,298
Due from Bangko Sentral ng Pilipinas	216,529,237	223,989,160
Due from Other Banks	37,127,136	40,156,438
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	34,287,348	30,250,580
Financial Assets at Fair Value through Profit or Loss	60,767,785	37,210,762
Financial Assets at Fair Value through OCI	145,553,472	130,185,500
Financial Assets at Amortized Cost	217,934,012	244,652,618
Loans and Advances, net	1,360,644,828	1,407,412,561
Assets Held for Sale, net	3,096,052	2,970,584
Bank Premises, Furniture, Fixtures and Equipment, net	17,464,400	18,831,970
Investments in Subsidiaries and Associates, net	7,049,670	7,510,333
Assets Attributable to Insurance Operations	17,864,512	18,725,656
Deferred Income Tax Assets, net	15,460,809	17,524,519
Other Resources, net	15,049,258	16,846,510
TOTAL RESOURCES	2,178,640,240	2,233,443,489
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	336,290,894	314,852,798
Savings	1,065,574,623	1,051,068,661
Time	282,538,564	350,255,537
Sub-total	1,684,404,081	1,716,176,997
Derivative Financial Liabilities	3,771,211	5,656,516
Other Borrowed Funds	131,376,878	151,946,749
Due to Bangko Sentral ng Pilipinas and Other Banks	1,211,286	1,491,204
Manager's Checks and Demand Drafts Outstanding	6,783,364	7,107,705
Accrued Taxes, Interest and Other Expenses	8,267,762	8,902,289
Liabilities Attributable to Insurance Operations	12,997,876	14,346,640
Deferred Credits and Other Liabilities	41,776,298	45,858,849
TOTAL LIABILITIES	1,890,588,756	1,951,486,949
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	45,131,283	45,045,403
Share Premium	74,807,800	74,764,236
Reserves	521,430	415,532
Surplus	173,180,577	165,508,813
Accumulated Other Comprehensive Income/ (Loss)	(7,793,161)	(5,899,181)
	285,847,929	279,834,802
NON-CONTROLLING INTERESTS	2,203,555	2,121,738
TOTAL CAPITAL FUNDS	288,051,484	281,956,540
TOTAL LIABILITIES AND CAPITAL FUNDS	2,178,640,240	2,233,443,489

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended June 30, 2021 and 2020
(In Thousands of Pesos)

	<u>2021</u>	<u>2020</u>
INTEREST INCOME		
On loans and advances	17,881,739	21,353,328
On FA at amortized cost	1,762,036	2,222,036
On FA at FV through OCI	629,265	846,763
On deposits with BSP and other banks	368,448	472,026
On FA at FV through profit or loss	74,007	41,042
	<u>20,715,496</u>	<u>24,935,194</u>
INTEREST EXPENSE		
On Deposits	2,397,934	5,507,338
On Bills Payable and other borrowings	1,308,424	1,213,171
	<u>3,706,358</u>	<u>6,720,509</u>
NET INTEREST INCOME	<u>17,009,137</u>	<u>18,214,686</u>
IMPAIRMENT LOSSES	<u>2,901,462</u>	<u>10,540,315</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>14,107,675</u>	<u>7,674,371</u>
OTHER INCOME		
Fees and commissions	2,677,158	1,772,878
Income from foreign exchange trading	601,055	540,865
Trading gain (loss) on securities	179,627	4,065,278
Income attributable to insurance operations	604,638	787,950
Other operating income	2,739,825	1,522,176
	<u>6,802,303</u>	<u>8,689,147</u>
OTHER EXPENSES		
Compensation and fringe benefits	4,713,335	4,654,753
Occupancy and equipment-related expenses	3,901,892	3,323,776
Other operating expenses	3,661,681	3,307,139
	<u>12,276,907</u>	<u>11,285,668</u>
INCOME BEFORE INCOME TAX	<u>8,633,071</u>	<u>5,077,850</u>
PROVISION FOR INCOME TAX		
Current	1,998,339	2,530,640
Deferred	(265,561)	(2,875,827)
	<u>1,732,778</u>	<u>(345,187)</u>
NET INCOME FOR THE QUARTER	<u>6,900,293</u>	<u>5,423,038</u>
Attributable to:		
Equity holders of BPI	6,816,130	5,291,623
Non-controlling interest	84,163	131,415
	<u>6,900,293</u>	<u>5,423,038</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended June 30, 2021 and 2020
(In Thousands of Pesos)

	<u>2021</u>	<u>2020</u>
NET INCOME BEFORE MINORITY INTEREST	6,900,293	5,423,038
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	1,784,787	3,947,060
Fair value reserve on investments of insurance subsidiaries, net of tax effect	42,881	351,389
Share in other comprehensive income of associates	244,507	939,720
Currency translation differences	37,092	(86,035)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	8,828	(2,011)
Share in other comprehensive income gain (loss) of associates	138,349	(248,223)
Total Other Comprehensive Income (Loss), net of tax effect	2,256,443	4,901,901
Total Comprehensive Income for the Year	9,156,736	10,324,938
Attributable to:		
Equity holders of BPI	9,057,863	10,067,697
Non-Controlling Interest	98,874	257,241
	9,156,736	10,324,938

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30, 2021 and 2020
(In Thousands of Pesos)

	Unaudited 2021	Unaudited 2020
INTEREST INCOME		
On loans and advances	35,599,333	42,968,004
On FA at amortized cost	3,673,626	4,628,227
On FA at FV through OCI	1,280,529	1,462,990
On deposits with BSP and other banks	789,193	853,796
On FA at FV through profit or loss	131,077	161,548
	41,473,758	50,074,563
INTEREST EXPENSE		
On Deposits	4,965,958	11,397,394
On Bills Payable and other borrowings	2,641,273	2,428,787
	7,607,230	13,826,181
NET INTEREST INCOME	33,866,527	36,248,383
IMPAIRMENT LOSSES	6,501,489	14,662,988
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	27,365,039	21,585,394
OTHER INCOME		
Fees and commissions	5,717,000	4,059,894
Income from foreign exchange trading	917,216	1,083,705
Trading gain (loss) on securities	1,601,051	5,641,630
Income attributable to insurance operations	897,856	720,534
Other operating income	5,117,392	3,828,263
	14,250,515	15,334,026
OTHER EXPENSES		
Compensation and fringe benefits	9,116,415	9,192,734
Occupancy and equipment-related expenses	7,506,525	6,692,000
Other operating expenses	7,473,764	7,498,923
	24,096,704	23,383,657
INCOME BEFORE INCOME TAX	17,518,849	13,535,763
PROVISION FOR INCOME TAX		
Current	3,890,762	5,588,489
Deferred	1,704,813	(3,826,753)
	5,595,575	1,761,737
NET INCOME FOR THE PERIOD	11,923,274	11,774,026
Attributable to:		
Equity holders of BPI	11,817,084	11,676,659
Non-controlling interest	106,190	97,367
	11,923,274	11,774,026

Earnings per share:

Based on 4,513,128,255 shares as of June 30, 2021
and 4,513,100,378 shares in 2020

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BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2021 and 2020
(In Thousands of Pesos)

	Unaudited 2021	Unaudited 2020
NET INCOME BEFORE MINORITY INTEREST	11,923,274	11,774,026
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	(1,295,643)	1,802,957
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(69,568)	279,591
Share in other comprehensive income of associates	(473,733)	544,511
Currency translation differences	266,366	(277,455)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(423,216)	(4,718)
Share in other comprehensive income gain (loss) of associates	77,443	(831,845)
Total Other Comprehensive Income (Loss), net of tax effect	(1,918,352)	1,513,040
Total Comprehensive Income for the Year	10,004,922	13,287,066
Attributable to:		
Equity holders of BPI	9,923,105	13,088,184
Non-Controlling Interest	81,818	198,882
	10,004,922	13,287,066

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED JUNE 30, 2021 & JUNE 30, 2020
(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, 2020	45,045,403	74,764,236	415,532	165,508,813	(5,899,181)	279,834,802	2,121,738	281,956,540
Comprehensive Income								
Net Income for the year				11,817,084		11,817,084	106,190	11,923,274
Other Comprehensive Income for the year					(1,893,980)	(1,893,980)	(24,372)	(1,918,352)
Total Comprehensive Income for the year	-	-	-	11,817,084	(1,893,980)	9,923,105	81,818	10,004,922
Transactions with owners								
Executive Stock Plan amortization	85,879	43,563	21,726	-	-	151,169	-	151,169
Cash Dividends	-	-	-	(4,061,793)	-	(4,061,793)	-	(4,061,793)
Total transactions with owners	85,879	43,563	21,726	(4,061,793)	-	(3,910,624)	-	(3,910,624)
Other movements								
Transfer from Reserve to Surplus	-	-	84,172	-	-	84,172	-	84,172
Transfer from Surplus to Reserves	-	-	-	(84,172)	-	(84,172)	-	(84,172)
Others	-	-	-	646	-	646	(0)	646
Total other movements	-	-	84,172	(83,527)	-	646	(0)	646
Balance, JUNE 30, 2021	45,131,283	74,807,800	521,430	173,180,577	(7,793,161)	285,847,929	2,203,555	288,051,484

	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, 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								
Proceeds from the stock rights offering	-	-	-	-	-	-	-	-
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

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For the Quarter Ended JUNE 30, 2021 and JUNE 30, 2020
In Millions of PHP

	JUNE 2021	JUNE 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	8,633	4,988
Adjustments for:		
Impairment losses	2,901	10,783
Depreciation and amortization	1,506	1,791
Share in net income of associates	(342)	(227)
Dividend and other Income	(10)	(5)
Share based compensation	10	13
Interest income	(20,715)	(25,136)
Interest received	20,465	22,798
Interest expense	3,782	6,870
Interest paid	(3,183)	(6,327)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	434	218
Financial Assets at FVTPL	(12,830)	(13,699)
Loans and advances, net	1,254	4,916
Assets held for sale	(101)	144
Assets attributable to Insurance operations	1,658	379
Other assets	1,627	(3,604)
Increase (decrease) in:		
Deposit liabilities	12,287	85,049
Due to Bangko Sentral ng Pilipinas and other banks	(65)	(97)
Manager's checks demand drafts outstanding	698	(920)
Accrued taxes, interest and other expenses	134	964
Liabilities attributable to insurance operations	(881)	(452)
Derivative financial instruments	(256)	(46)
Deferred credits and other liabilities	(1,620)	(12,487)
Net cash from (used in) operations	15,387	75,914
Income taxes paid	(3,225)	(5,054)
Net cash from (used in) operating activities	12,162	70,860
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	24,419	290
Bank, premises, furniture, fixtures and equipment	(760)	(1,744)
Investment properties, net	1	(1)
Investment in subsidiaries and associates, net	(434)	299
Assets, attributable to insurance operations	(50)	(542)
Dividends received	10	5
Net cash used in investing activities	23,187	(1,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(4,062)	(4,062)
Proceeds from issuance	65	83
(Decrease) Increase in bills payable and other borrowed funds	136	(7,499)
Payments for principal portion of lease liabilities	(394)	-
Net cash used in financing activities	(4,255)	(11,478)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,094	57,688
CASH AND CASH EQUIVALENTS		
April 1	288,233	318,651
June 30	319,327	376,339

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For The Six Months Ended June 30, 2021 and June 30, 2020
In Millions of PHP

	JUNE 2021	JUNE 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	17,519	13,492
Adjustments for:		
Impairment losses	6,501	15,009
Depreciation and amortization	3,045	3,589
Share in net income of associates	(462)	(362)
Dividend and other Income	(19)	(6)
Share based compensation	22	24
Interest income	(41,474)	(50,540)
Interest received	43,408	51,499
Interest expense	7,764	14,138
Interest paid	(7,675)	(14,535)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	1,456	935
Financial Assets at FVTPL	(23,473)	(1,743)
Loans and advances, net	39,322	27,420
Assets held for sale	(208)	39
Assets attributable to Insurance operations	2,108	411
Other assets	1,144	(11,485)
Increase (decrease) in:		
Deposit liabilities	(31,770)	66,971
Due to Bangko Sentral ng Pilipinas and other banks	(165)	(1,159)
Manager's checks demand drafts outstanding	(324)	(2,138)
Accrued taxes, interest and other expenses	1,711	208
Liabilities attributable to insurance operations	(1,349)	(418)
Derivative financial instruments	(1,885)	(76)
Deferred credits and other liabilities	(4,049)	(4,863)
Net cash from (used in) operations	11,145	106,409
Income taxes paid	(5,966)	(5,829)
Net cash from (used in) operating activities	5,179	100,580
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	9,510	(3,288)
Bank, premises, furniture, fixtures and equipment	(1,575)	(2,289)
Investment properties, net	2	(2)
Investment in subsidiaries and associates, net	923	155
Assets, attributable to insurance operations	38	(211)
Dividends received	19	6
Net cash used in investing activities	8,917	(5,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(4,062)	(4,062)
Proceeds from issuance	129	176
(Decrease) Increase in bills payable and other borrowed funds	(20,570)	(13,794)
Payments for principal portion of lease liabilities	(854)	-
Net cash used in financing activities	(25,357)	(17,680)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,261)	77,271
CASH AND CASH EQUIVALENTS		
January 1	330,588	299,068
June 30	319,327	376,339

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at June 30, 2021 and 2020

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	53.2	55.8
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	46.0	45.0
Asset-to-equity ratio	Total assets divided by total equity	762.2	805.6
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	370.3	219.0
Return on equity	Net income divided by average equity	8.4	8.6
Return on assets	Net income divided by average assets	1.1	1.1
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.3	3.6
Average assets to average equity	Average assets divided by average equity	770.1	789.6
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.1	3.4
Cost to income ratio	Total operating expense divided by total income (revenues)	50.1	45.3
Cost to asset ratio	Total operating expense divided by average asset	2.2	2.2
Capital to assets ratio	Total equity divided by total assets	13.1	12.4

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles 	<ul style="list-style-type: none"> 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).
<ul style="list-style-type: none"> 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: 	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2020 which was in accordance with the PFRS adopted by the SEC.
<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Nothing to report

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Dividends paid (aggregate per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • On May 19, 2021, the Board declared a regular cash dividend of P0.90 per share, for the first semester of 2021 on the total outstanding common shares of the capital stock of BPI, payable to all Common stockholders of record as of June 2, 2021 and payable/distributable on June 23, 2021. Total dividends declared amounted to P4.1 billion.
<ul style="list-style-type: none"> • 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). 	<ul style="list-style-type: none"> • Attached
<ul style="list-style-type: none"> • Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> • In the Annual Shareholders Meeting on April 22, 2021, shareholders representing at least two thirds of the total outstanding shares approved the merger of BPI and BPI Family Savings Bank Inc. (BFSBI), with BPI as surviving entity, subject to regulatory approvals. The merger was approved by the Board on January 20, 2021. Subsequently, the Philippine Competition Commission, in its letter dated May 25, 2021, indicated that the BPI and BFSBI merger is exempt from compulsory notification. Moreover, the PDIC, in its letter dated July 6, 2021, has also granted its consent to the proposed merger of BPI and BFSBI, subject to certain conditions. • On June 8, 2021, BSP approved the amendment to Article Seventh of the Bank's Articles of Incorporation. The increase in the Authorized

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>Capital stock particularly the common stock from 4.9 billion to 5 billion and the corresponding amendment to the Articles of Incorporation was approved by the stockholders representing at least two-thirds of the total outstanding shares last April 22, 2021.</p>
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> 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; 	<ul style="list-style-type: none"> 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>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 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.</p> <ul style="list-style-type: none"> • 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy.</p> <ul style="list-style-type: none"> • 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). The Bank's NPL ratio was at 2.94% as of June 2021. 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 regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. • 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>measured using the historical simulation Value-at-Risk (VaR) models complemented by several risk metrics such as Stop Loss and DV01. For the second quarter of 2021, the Philippine Government Securities (GS)/PHP BVAL yields have gone down by an average of 28 bps from the previous quarter given inflation and growth expectations, as well as lower yields particularly in US interest rates, which have a positive effect on the Bank's trading and securities/investment portfolios. The Bank's risk metrics (e.g., VaR and/or stop loss) are within the RMC-approved limits as of end of the second quarter of 2021</p> <ul style="list-style-type: none"> • 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 2021 price stress test on both the trading and banking book, showed that the Bank's post-shock CAR and CET1 levels are expected to be 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 2021, BPI Group's BSVaR and EaR levels are well within the RMC-approved limits.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> • The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the second quarter of 2021, BPI Group's MCLG is well within the RMC-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. • 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 2021, the Bank has maintained estimated operational and IT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>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 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 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.</p> <ul style="list-style-type: none"> • 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, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>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 antigen testing for employees and maintenance personnel who comes to the office are likewise being carried out.</p> <p>While additional expenses are expected due to the COVID-19 situation, the Bank is sufficiently capitalized and has more than adequate reserves for operational risk events.</p>
<ul style="list-style-type: none"> The significant judgments made in classifying a particular financial instrument in the fair value hierarchy. 	<ul style="list-style-type: none"> The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2020.
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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, 2021

SEC REQUIREMENT	DISCLOSURE
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	<ul style="list-style-type: none"> The table below summarizes the carrying amount and fair value of Financial Assets at Amortized Cost, net: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;">Carrying Amount</th> <th style="text-align: center;">Fair Value</th> </tr> </thead> <tbody> <tr> <td>June 30, 2021 (unaudited)</td> <td style="text-align: center;">217,934</td> <td style="text-align: center;">221,048</td> </tr> <tr> <td>Dec 31, 2020 (audited)</td> <td style="text-align: center;">244,653</td> <td style="text-align: center;">253,097</td> </tr> </tbody> </table>		Carrying Amount	Fair Value	June 30, 2021 (unaudited)	217,934	221,048	Dec 31, 2020 (audited)	244,653	253,097
	Carrying Amount	Fair Value								
June 30, 2021 (unaudited)	217,934	221,048								
Dec 31, 2020 (audited)	244,653	253,097								

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ended June 30, 2021

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	9,127	7,035	1,798	(951)	17,009
Impairment charge	149	2,760	(8)	0	2,901
Net interest income after impairment charge	8,978	4,275	1,806	(951)	14,107
Fees and commission income	2,198	362	367	(56)	2,870
Other income	1,772	317	1,510	760	4,359
GRT	(268)	(43)	(95)	(22)	(427)
Other Income, net	3,702	637	1,783	681	6,802
Compensation and fringe benefits	3,603	561	267	282	4,713
Occupancy and equipment-related expenses	2,010	96	70	1,726	3,902
Other operating expenses	4,428	866	319	(1,950)	3,662
Total operating expenses	10,041	1,523	655	57	12,277
Operating Profit	2,639	3,389	2,933	(328)	8,633
Share in net income of associates					342
Provision for Income Tax					1,733
Total Assets	465,492	1,087,771	580,653	44,725	2,178,640
Total Liabilities	1,231,848	498,014	138,314	22,413	1,890,589

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Six Months Ended June 30, 2021

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	18,484	13,952	3,193	(1,763)	33,866
Impairment charge	222	6,334	(55)	0	6,502
Net interest income after impairment charge	18,261	7,618	3,248	(1,763)	27,365
Fees and commission income	4,779	785	712	(127)	6,148
Other income	3,361	642	4,017	956	8,975
GRT	(540)	(91)	(174)	(67)	(873)
Other Income, net	7,599	1,336	4,554	761	14,251
Compensation and fringe benefits	6,898	1,112	515	592	9,116
Occupancy and equipment-related expenses	3,954	195	118	3,239	7,507
Other operating expenses	9,102	1,693	698	(4,019)	7,474
Total operating expenses	19,954	3,000	1,331	(187)	24,097
Operating Profit	5,907	5,954	6,472	(814)	17,518
Share in net income of associates					462
Provision for Income Tax					5,596
Total Assets	465,492	1,087,771	580,653	44,725	2,178,640
Total Liabilities	1,231,848	498,014	138,314	22,413	1,890,589

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

Financial Condition as of June 30, 2021 versus as of December 31, 2020

Total resources at P2.18 trillion, decreased P54.80 billion, or 2.5%, as Loans and Advances, net at P1.36 trillion, declined P46.77 billion, or 3.3%. Major account movements for the period were as follows:

- **Financial assets at amortized cost** at P217.93 billion, decreased P26.72 billion, or 10.9%, due to various maturities and sales from hold to collect debt securities;
- **Due from Bangko Sentral ng Pilipinas** at P216.53 billion, down P7.46 billion, or 3.3%, on account of lower volume of placements in BSP deposits and reserves;
- **Cash and other cash items** at P29.81 billion, decreased P7.36 billion, or 19.8%, on account of lower cash on hand;
- **Due from Other Banks** at P37.13 billion, down P3.03 billion, or 7.5%, due to the net decrease in account balances with various banks;
- **Deferred Income Tax Assets, net** at P15.46 billion, down by P2.06 billion, or 11.8%, mainly due to the net impact of the new tax rate under the CREATE law.;
- **Other Resources, net** at P15.05 billion, down P1.80 billion, or 10.7%, primarily from the decrease in miscellaneous assets;
- **Bank Premises, Furniture, Fixtures and Equipment, net** at P17.46 billion, down P1.37 billion, or 7.3%, on account of the lower booking of right-of-use assets under PRFS 16;
- **Investments in subsidiaries and associates, net** at P7.05 billion, declined P460.66 million, or 6.1%, as a result of lower equity income from the Bank's affiliates;
- **Financial assets at fair value through profit or loss** at P60.77 billion, increased P23.56 billion, or 63.3%, due to increase in holdings of securities intended for trading;
- **Financial assets at fair value through OCI** at P145.55 billion, increased P15.37 billion, or 11.8%, as excess funds were used to purchase debt securities;
- **Interbank loans receivable and securities purchased under agreements to resell** at P34.29 billion, up P4.04 billion, or 13.3%, due to higher volume of interbank term lending.

Total liabilities at P1.89 trillion, decreased P60.90 billion, or 3.1%, primarily from the P31.77 billion, or 1.9%, decrease in **total deposits**, ending at P1.68 trillion. The decline in the Bank's time deposits of P67.72 billion, or 19.3%, contributed to the decline of total deposit liabilities. Other major decreases were noted in the following:

- **Other borrowed funds** at P131.38 billion, decreased P20.57 billion, or 13.5%, due to prepayment of outstanding bilateral loans;
- **Deferred credits and other liabilities** at P41.78 billion, decreased P4.08 billion, or 8.9%, primarily from the decrease in other liabilities;
- **Derivative financial liabilities** at P3.77 billion, declined P1.88 billion, or 33.3%, owing to decreases in certain derivative positions;
- **Liabilities attributable to insurance operations** at P13.00 billion, down P1.35 billion, or 9.4%, owing to lower reserves and other balances;
- **Accrued taxes, interest and other expenses** at P8.27 billion, down P634.53 million, or 7.1%, due to lower income tax accruals;

- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.21 billion, lower by P279.92 million, or 18.8%, on account of lower outstanding balance collected for other banks.

Total capital at P285.85 billion, increased P6.01 billion, or 2.1%, due to the P7.67 billion increase in **surplus**, ending at P173.18 billion. **Reserves** also up by P105.90 million, or 25.5%. **Accumulated other comprehensive loss** at P7.79 billion, increased P1.89 billion, or 32.1%, as a result of higher cumulative unrealized losses on certain financial assets at fair value through other comprehensive income.

RESULTS OF OPERATIONS

For the Quarters ended June 30, 2021 and 2020

Net income of P6.82 billion for the second quarter of 2021 was up 28.8%, largely due to lower impairment losses recognized at P2.90 billion, down P7.64 billion, or 72.5%.

Pre-provision operating profit at P11.53 billion, down 26.1%, on account of lower **total revenues** at P23.81 billion, down 11.5%, and higher **operating expenses** at P12.28 billion, up P991.24 million, or 8.8%, from the same period last year.

Net interest income at P17.01 billion, down 1.20 billion, or 6.6%, on account of the 74-basis point contraction in asset yields.

Interest income, net of GRT stood at P20.71 billion, down P4.22 billion, or 16.9%, on the back of the following movements in interest income:

- **Loans and advances** at P17.88 billion and **FA at amortized cost** at P1.76 billion, were down by 16.3% and 20.7%, respectively, due to decline in average asset volume and yields;
- **FA at FV through OCI** at P629.26 million, down 25.7%, on account of lower yields despite higher average asset volume;
- **Deposits with BSP and other banks** at P368.45 million, down 21.9%, also due to decline in both average asset volume and yields;
- **FA at FV through profit or loss** at P74.01 million, up 80.3%, on account of higher average asset volume despite lower yields;

Interest expense at P3.71 billion, decreased P3.01 billion, or 44.9%, driven by the decrease in interest expense **on deposits** at P2.40 billion, down P3.11 billion, or 56.5%, partially offset by an increase in **bills payable and other borrowings** at P1.31 billion, up P95.25 million, or 7.9%.

Other income, net of GRT at P6.80 billion, decreased P1.89 billion, or 21.7%, lower than the P8.69 billion earned in the same period last year, mainly from **trading gain on securities** at P179.63 million, which declined P3.89 billion, or 95.6%. This was partially offset by the increase in **other operating income** by P1.22 billion, or 80.0%, primarily from higher asset management fees. Other notable movements are:

- **Income attributable to insurance operations** at P604.64 million, down P183.31 million, or 23.3%, due to the lower income contribution of the non-life insurance affiliate;
- **Fees and commissions** at P2.68 billion, up P904.28 million, or 51.0%, mainly from higher service charges;
- **Income from foreign exchange trading** at P601.05 million, up P60.19 million, or 11.1%, due to favorable trading opportunities.

Other expenses at P12.28 billion, up P991.24 million, or 8.8%, driven by **occupancy and equipment-related expenses** at P3.90 billion, up P578.12 million, or 17.4%, on account of higher contractual and outsourced technology services costs. **Other operating expenses** at P3.66 billion, also up 10.7%, on the back of higher miscellaneous costs.

Provision for income tax at P1.73 billion, increased P2.08 billion, or 602.0%, due to lower **deferred income tax** at P265.56 million, down P2.08 billion from last year's P2.88 billion, due to lower provision for losses booked for the period. **Current income tax** at P2.00 billion, lower P532.30 million, or 21.0%, due to lower income subject to regular corporate income tax.

Income attributable to non-controlling interest at P84.16 million, down 36.0%, largely attributable to lower income contribution from the Bank's bancassurance affiliate.

Total comprehensive income at P9.16 billion, decreased P1.17 billion, or 11.3%, due to the decrease in **total other comprehensive loss, net of tax effect** of P2.26 billion, or 54.0%, detailed as follows:

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

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P1.78 billion, decreased P2.16 billion, or 54.8%, on account of lower market valuation of the Bank's investment securities;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P42.88 million, decreased P308.51 million, or 87.8%, as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Share in other comprehensive income of associates** at P244.51 million, down P695.21 million, or 74.0%, on lower valuation of the bancassurance affiliate's investments relative to last year;
- **Currency translation differences** at P37.09 million, up P123.13 million, or 143.1%, due to the strengthening of the Euro Currency.

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

- **Share in other comprehensive income of associates** at P138.35 million, increased P386.57 million, on account of the higher valuation of the life insurance affiliate's investment securities;
- **Actuarial gains on defined benefit plan, net of tax effect** at P8.83 million, increased P10.84 million, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund.

Income attributable to non-controlling interest at P98.87 million, decreased P158.37 million, or 61.6%, on account of lower income contribution from the bancassurance business.

For the Six Months ended June 30, 2021 and 2020

Net income at P11.82 billion, increased 1.2%, from the same period last year, due to lower impairment losses at P6.50 billion, down P8.16 billion, or 55.7%, less than half the amount booked from the same period a year ago. Pre-provision operating profit at P24.02 billion also declined, due to lower **total revenues** at P48.12 billion, down P3.46 billion, or 6.7%, and slightly higher **operating expenses** at P24.10 billion, up P713.05 million, or 3.0%.

Net interest income at P33.87 billion, decreased P2.38 billion, or 6.6%, on account of the 85-basis point contraction in asset yields.

Interest income, net of GRT stood at P41.47 billion, down P8.60 billion, or 17.2%, on the back of the overall decreases in interest income:

On account of the decline in average asset volume and yields:

- **Loans and advances** at P35.60 billion, down P7.37 billion, or 17.1%;
- **FA at amortized cost** at P3.67 billion, down P954.60 million, or 20.6%;

On account of the decline in yields despite higher average asset volume:

- **FA at FV through OCI** at P1.28 billion, down P182.46 million, or 12.5%;
- **Deposits with BSP and other banks** at P789.19 million, down P64.60 million, or 7.6%;
- **FA at FV through profit or loss** at P131.08 million, down P30.47 million, or 18.9%;

Interest expense at P7.61 billion, decreased P6.22 billion, or 45.0%, driven by the decrease in interest expense **on deposits** at P4.97 billion, down P6.43 billion, or 56.4%, offset by the increase **in bills payable and other borrowings** at P2.64 billion, up P212.49 million, or 8.7%.

Other income, net of GRT at P14.25 billion, declined by P1.08 billion, or 7.1%, lower than the P15.33 billion earned in the same period last year, mainly from **trading gain on securities**, which decreased P4.04 billion, or 71.6%. Contributing to the decrease is **income from foreign exchange trading** at P917.22 million, down 15.4%, due to unfavorable trading opportunities.

These decreases were partially tempered by the increases in the following:

- **Fees and commissions** at P5.72 billion, up P1.66 billion, or 40.8%, primarily from higher service charges;
- **Other operating income** at P5.12 billion, up P1.29 billion, or 33.7%, due to the higher income from the trust business;
- **Income attributable to insurance operations** at P897.86 million, up P177.32 million, or 24.6%, due to higher income contribution of the bancassurance affiliates.

Other expenses at P24.10 billion, increased P713.05 million, or 3.0%, driven by **occupancy and equipment-related expenses** at P7.51 billion, up P814.52 million, or 12.2%, on account of higher contractual services and rent depreciation expenses.

Provision for income tax at P5.60 billion, increased P3.83 billion, or 217.6%, due to higher **deferred income tax** at P1.70 billion, on account of CREATE law adjustments and the impact of last year's higher provision at P3.83 billion. **Current income tax** at P3.89 billion, lower by P1.70 billion, or 30.4%.

Income attributable to non-controlling interest at P106.19 million, up P8.82 million, or 9.1%, largely attributable to higher income contribution from the Bank's bancassurance affiliate.

Total comprehensive income at P10.00 billion, decreased P3.28 billion, or 24.7%, due to the increase in **total other comprehensive loss, net of tax effect** of P3.43 billion, or 226.8%, broken down as follows:

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

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P1.30 billion loss, from gain of P1.80 billion a year ago, on account of negative market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at P473.73 million loss, from gain of P544.511 million a year ago, on lower valuation of the bancassurance affiliate's investments relative to last year;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P69.57 million loss, from gain of P279.59 million a year ago, as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Currency translation differences** was favorable at P266.37 million, up P543.82 million, due to the strengthening of the Euro Currency.

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

- **Actuarial losses on defined benefit plan, net of tax effect** at P423.22 million, increased P418.50 million, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund;
- **Share in other comprehensive income of associates** at P77.44 million, up P909.29 million, on account of the higher valuation of the life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P81.82 million, decreased P117.06 million, or 58.9%, on account of lower income contribution from 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, 2020	June 30, 2021
Return on Equity (%)	8.6	8.4
Return on Assets (%)	1.1	1.1
Net Interest Margin (%)	3.6	3.3
Operating Efficiency Ratio (%)	45.3	50.1
Capital Adequacy Ratio (%) - Basel III	16.6	17.9

Return on equity (ROE), the ratio of net income to average equity, was at 8.4%, lower compared to last year's 8.6%, as the expansion in average equity outpaced the growth in net income.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.10%, compared to last year's 1.08%, due to the increase in net income of 1.2% compared to the expansion in average asset base of 0.3%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, at 3.3% was lower by 24 basis points than the 3.6% in 2020, due to decline in asset yields, partly tempered by the drop in cost of funds.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, increased at 50.1% from 45.3% in the same period last year, as revenues declined and operating expenses slightly increased.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 17.9%, higher versus the prior year's 16.6%, as the growth in qualifying capital outpaced the growth in risk-weighted assets. The CET 1 ratio at 17.0%, was also higher than the 15.7% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

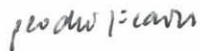
Other than the disclosures enumerated above, the Bank has nothing to report on the following:

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BANK OF THE PHILIPPINE ISLANDS
Issuer



JOSE TEODORO K. LIMCAOCO
President &
Chief Executive Officer

Date: August 12, 2021



MARIA THERESA MARCIAL JAVIER
Executive Vice President &
Chief Finance Officer

Date: August 12, 2021

**BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2021**

No. of Days Outstanding		Amount (In Thousands)
	0-90	P 1,321,300
	91-180	204,897
	181-360	204,695
	Over 360	592,840
Total		2,323,732
Less : Allow. For Probable Losses		809,930
Net of Allowance		P 1,513,802