

# 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
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Contact Person

(632) 8246-5902
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Company Telephone Number

0	3	3	1
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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
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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

12,332
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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

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Document I.D.

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Cashier

STAMPS
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**STANDARD DOCUMENT COVER SHEET  
FOR SEC FILINGS**

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

**SEC Number PW-121**

File Number

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

**FISCAL YEAR ENDING DECEMBER 31**

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

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

**PERIOD-ENDED MARCH 31, 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 **March 31, 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
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<b>Common</b>	<b>4,513,100,378</b>
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11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes  No   
If yes, state the name of such stock exchange and the classes of securities listed therein:

**Philippine Stock Exchange**

**Common**

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports) Yes  No

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

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF CONDITION**  
**MARCH 31, 2020 AND DECEMBER 31, 2019**  
(in Thousands of Pesos)

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>MARCH 31, 2020</b>	<b>DECEMBER 31, 2019</b>
<b><u>RESOURCES</u></b>		
Cash and Other Cash Items	36,034,162	47,255,919
Due from Bangko Sentral ng Pilipinas	224,426,845	207,844,843
Due from Other Banks	40,876,682	22,355,684
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	17,420,209	22,570,243
Financial Assets at Fair Value through Profit or Loss	14,083,016	24,105,045
Financial Assets at Fair Value through OCI	80,400,705	53,905,155
Financial Assets at Amortized Cost	248,518,886	275,104,674
Loans and Advances, net	1,447,374,876	1,475,335,682
Assets Held for Sale, net	3,216,921	3,155,423
Bank Premises, Furniture, Fixtures and Equipment, net	22,844,289	23,747,669
Investments in Subsidiaries and Associates, net	5,906,291	6,746,187
Assets Attributable to Insurance Operations	17,562,798	17,790,295
Deferred Income Tax Assets, net	10,646,468	9,705,875
Other Resources, net	22,443,595	15,407,517
<b>TOTAL RESOURCES</b>	<b>2,191,755,745</b>	<b>2,205,030,211</b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>		
Deposit Liabilities		
Demand	308,351,854	272,020,111
Savings	924,471,369	899,180,873
Time	444,442,349	524,142,227
Sub-total	<b>1,677,265,571</b>	<b>1,695,343,211</b>
Derivative Financial Liabilities	4,911,210	2,876,986
Other Borrowed Funds	144,540,958	150,836,526
Due to Bangko Sentral ng Pilipinas and Other Banks	1,884,493	2,946,281
Manager's Checks and Demand Drafts Outstanding	7,080,866	8,298,692
Accrued Taxes, Interest and Other Expenses	10,457,588	9,865,338
Liabilities Attributable to Insurance Operations	14,094,773	14,060,941
Deferred Credits and Other Liabilities	55,392,119	47,768,697
<b>TOTAL LIABILITIES</b>	<b>1,915,627,578</b>	<b>1,931,996,672</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Share Capital	45,010,926	44,999,079
Share Premium	74,530,792	74,449,140
Reserves	5,118,359	5,107,288
Surplus	153,841,885	147,460,021
Accumulated Other Comprehensive Income/ (Loss)	(5,803,710)	(2,439,160)
	<b>272,698,253</b>	<b>269,576,368</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>3,429,914</b>	<b>3,457,171</b>
<b>TOTAL CAPITAL FUNDS</b>	<b>276,128,167</b>	<b>273,033,538</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>2,191,755,745</b>	<b>2,205,030,211</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
For the Three Months Ended March 31, 2020 and 2019  
(In Thousands of Pesos)

	Unaudited 2020	Unaudited 2019
<b>INTEREST INCOME</b>		
On loans and advances	21,879,596	21,680,099
On FA at amortized cost	2,406,337	2,422,758
On FA at FV through OCI	616,227	171,427
On deposits with BSP and other banks	381,989	453,897
On FA at FV through profit or loss	120,506	91,261
	<b>25,404,654</b>	<b>24,819,442</b>
<b>INTEREST EXPENSE</b>		
On Deposits	5,919,297	6,946,817
On Bills Payable and other borrowings	1,349,211	1,819,355
	<b>7,268,508</b>	<b>8,766,172</b>
<b>NET INTEREST INCOME</b>	<b>18,136,146</b>	<b>16,053,270</b>
<b>IMPAIRMENT LOSSES</b>	<b>4,225,658</b>	<b>1,802,972</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>13,910,487</b>	<b>14,250,298</b>
<b>OTHER INCOME</b>		
Fees and commissions	2,264,692	2,068,595
Income from foreign exchange trading	547,746	548,484
Trading gain (loss) on securities	1,576,353	491,748
Income attributable to insurance operations	(67,417)	351,532
Other operating income	2,799,965	3,271,175
	<b>7,121,339</b>	<b>6,731,534</b>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	4,572,516	4,054,341
Occupancy and equipment-related expenses	3,721,698	4,321,972
Other operating expenses	4,233,836	3,691,592
	<b>12,528,050</b>	<b>12,067,905</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>8,503,776</b>	<b>8,913,927</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	3,109,449	1,976,736
Deferred	(986,999)	150,147
	<b>2,122,449</b>	<b>2,126,884</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>6,381,327</b>	<b>6,787,043</b>
Attributable to:		
Equity holders of BPI	<b>6,385,036</b>	<b>6,722,572</b>
Non-controlling interest	(3,709)	64,471
	<b>6,381,327</b>	<b>6,787,043</b>
Earnings per share:		
Based on 4,513,100,378 shares as of March 31, 2020 and 4,506,944,439 shares in 2019	<b>P 1.41</b>	<b>P 1.49</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Three Months Ended March 31, 2020 and 2019**  
**(In Thousands of Pesos)**

	<u>2020</u>	<u>2019</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>6,381,327</b>	<b>6,787,043</b>
<b>Other Comprehensive Income:</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net change in fair value reserve on FVOCI securities, net of tax effect	(2,144,103)	821,379
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(71,799)	291,494
Share in other comprehensive income of associates	(395,209)	753,166
Currency translation differences	(191,420)	33,812
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(2,708)	(8,475)
Share in other comprehensive income gain (loss) of associates	(583,622)	(15,670)
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>(3,388,861)</b>	<b>1,875,706</b>
<b>Total Comprehensive Income for the Year</b>	<b>2,992,466</b>	<b>8,662,748</b>
<b>Attributable to:</b>		
Equity holders of BPI	3,020,487	8,519,742
Non-Controlling Interest	(28,020)	143,006
	<b>2,992,466</b>	<b>8,662,748</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**STATEMENT OF CHANGES IN CAPITAL FUNDS**  
**FOR THE PERIOD ENDED MARCH 31, 2020 & MARCH 31, 2019**  
(In Thousands of Pesos)

	<b>Consolidated</b>							
	Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2019</b>	<b>44,999,079</b>	<b>74,449,140</b>	<b>5,107,288</b>	<b>147,460,021</b>	<b>(2,439,160)</b>	<b>269,576,368</b>	<b>3,457,171</b>	<b>273,033,538</b>
<b>Comprehensive Income</b>								
Net Income for the year				6,385,036		6,385,036	(3,709)	6,381,327
Other Comprehensive Income for the year					(3,364,549)	(3,364,549)	(24,312)	(3,388,861)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,385,036</b>	<b>(3,364,549)</b>	<b>3,020,487</b>	<b>(28,020)</b>	<b>2,992,466</b>
<b>Transactions with owners</b>								
Executive Stock Plan amortization	11,847	81,652	11,071	-	-	104,570	-	104,570
Cash Dividends	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>11,847</b>	<b>81,652</b>	<b>11,071</b>	<b>-</b>	<b>-</b>	<b>104,570</b>	<b>-</b>	<b>104,570</b>
<b>Other movements</b>								
Transfer from Reserve to Surplus	-	-	-	-	-	-	-	-
Transfer from Surplus to Reserves	-	-	-	-	-	-	-	-
Others	-	-	-	(3,172)	-	(3,172)	763	-
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,172)</b>	<b>-</b>	<b>(3,172)</b>	<b>763</b>	<b>(2,408)</b>
<b>Balance, MARCH 31, 2020</b>	<b>45,010,926</b>	<b>74,530,792</b>	<b>5,118,359</b>	<b>153,841,885</b>	<b>(5,803,710)</b>	<b>272,698,253</b>	<b>3,429,914</b>	<b>276,128,167</b>

	<b>Consolidated</b>							
	Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2018</b>	<b>44,961,078</b>	<b>74,180,826</b>	<b>4,095,256</b>	<b>127,459,401</b>	<b>(2,175,676)</b>	<b>248,520,884.89</b>	<b>3,017,017</b>	<b>251,537,902.28</b>
<b>Comprehensive Income</b>								
Net Income for the year				6,722,572		6,722,572	64,471	6,787,043
Other Comprehensive Income for the year					1,797,171	1,797,171	78,535	1,875,706
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,722,572</b>	<b>1,797,171</b>	<b>8,519,743</b>	<b>143,006</b>	<b>8,662,749</b>
<b>Transactions with owners</b>								
Proceeds from the stock rights offering	-	-	-	-	-	-	-	-
Executive Stock Plan amortization	9,154	64,200	9,950	-	-	83,304	-	83,304
Cash Dividends	-	-	-	-	-	-	-	-
<b>Total Transactions with owners</b>	<b>9,154</b>	<b>64,200</b>	<b>9,950</b>	<b>-</b>	<b>-</b>	<b>83,304</b>	<b>-</b>	<b>83,304</b>
<b>Other movements</b>								
Prior Period Adjustment	-	-	-	215,609	(228,973)	(13,364)	(993)	(14,357)
Reversal of Excess Surplus Reserves	-	-	(160,890)	160,890	-	-	-	-
Others	-	-	-	(3,082)	-	(3,082)	(4,589)	(7,671)
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>(160,890)</b>	<b>373,416</b>	<b>(228,973)</b>	<b>(16,446)</b>	<b>(5,582)</b>	<b>(22,028)</b>
<b>Balance, MARCH 31, 2019</b>	<b>44,970,232</b>	<b>74,245,026</b>	<b>3,944,317</b>	<b>134,555,389</b>	<b>(607,478)</b>	<b>257,107,486</b>	<b>3,154,442</b>	<b>260,261,927</b>



**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019**  
**(In Thousands of Pesos)**

	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	8,503,776	8,913,927
Adjustments for:		
Impairment losses	4,225,658	1,802,972
Depreciation and amortization	1,798,578	1,309,057
Share in net income of associates	(135,730)	(28,562)
Share based compensation	11,071	9,950
Dividend income	(1,406)	(13,672)
Interest income	(25,404,654)	(25,681,972)
Interest expense	7,268,508	8,766,172
Others	(97,360)	-
Operating income before changes in operating assets and liabilities	(3,831,558)	(4,922,129)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	-	-
Interbank loans receivable and securities purchased under agreements to resell	716,573	1,318,166
FA at Fair Value through Profit or Loss	11,956,635	(12,423,853)
Loans and advances	22,504,545	4,297,603
Assets held for sale	(105,749)	(94,992)
Assets attributable to insurance operations	31,181	519,972
Other resources	(7,880,932)	(116,872)
Increase (decrease) in:		
Deposit liabilities	(18,077,676)	22,585,123
Due to Bangko Sentral ng Pilipinas and other banks	(1,061,788)	(753,937)
Manager's checks demand drafts outstanding	(1,217,826)	703,258
Accrued taxes, interest and other expenses	(756,613)	751,508
Liabilities attributable to insurance operations	33,831	(410,553)
Derivative financial instrument	67,677	(64,569)
Deferred credits and other liabilities	<b>7,623,620</b>	<b>(7,571,213)</b>
Net cash from (used in) operations	10,001,920	3,817,511
Income taxes paid	(775,116)	(1,961,539)
Interest paid	(8,207,572)	(8,547,081)
Interest received	<b>28,701,081</b>	26,273,290
Net cash from (used in) operating activities	29,720,314	19,582,181
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
FA at Fair Value through OCI	(28,740,193)	7,876,884
FA at Amortized Cost	25,162,028	(12,480,861)
Bank, premises, furniture, fixtures and equipment	(545,166)	(859,038)
Investment in subsidiaries and associates, net	(144,080)	240,433
Assets attributable to insurance operations	331,442	(344,909)
Investment property, net	(864)	(2,185)
Proceeds from sale of investments	-	-
Dividends received	1,406	13,672
Net cash from (used in) investing activities	(3,935,427)	(5,556,004)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	-	4,052,205
Collection on stock subscriptions	93,499	73,354
Increase (decrease) in bills payable	(6,295,568)	(28,134,863)
Net cash from (used in) financing activities	(6,202,069)	(24,009,304)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	19,582,816	(9,983,128)
<b>CASH AND CASH EQUIVALENTS</b>		
January 1	299,068,070	313,269,796
March 31	<b>318,650,887</b>	<b>303,286,668</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**Financial Indicators**  
**As at March 31, 2020 and 2019**

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	52.5	54.5
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	53.0	54.0
Asset-to-equity ratio	Total assets divided by total equity	803.7	810.8
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	241.7	216.6
Return on equity	Net income divided by average equity	9.4	10.7
Return on assets	Net income divided by average assets	1.2	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	777.2	797.7
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)	49.6	53.0
Cost to asset ratio	Total operating expense divided by average asset	2.4	2.4
Capital to assets ratio	Total equity divided by total assets	12.4	12.3

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> <li>Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<ul style="list-style-type: none"> <li>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:</li> </ul>	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<ul style="list-style-type: none"> <li>Explanatory comments about the seasonality or cyclicity of interim operations</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> <li>• Issuances, repurchases, and repayments of debt and equity securities</li> </ul>	<ul style="list-style-type: none"> <li>• On January 13, 2020, the Bank raised P15.3 billion from a peso bond issuance priced at 4.2423% p.a., payable quarterly, with a tenor of 2 years.</li> <li>• On March 27, 2020, the Bank raised P33.9 billion from a peso bond issuance priced at 4.05% p.a., payable quarterly, with a tenor of 1.5 years.</li> </ul>
<ul style="list-style-type: none"> <li>• Dividends paid (aggregate per share) separately for ordinary shares and other shares</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• 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).</li> </ul>	<ul style="list-style-type: none"> <li>• Attached</li> </ul>
<ul style="list-style-type: none"> <li>• Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• Changes in contingent liabilities or contingent assets since the last annual balance sheet date</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> <li>Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>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;</li> </ul>	<ul style="list-style-type: none"> <li>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 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.</li> <li>The persistent challenges observed in the global and local financial markets have resulted in more active risk management strategies in the</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>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. The levels of risk limits and exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy.</p> <ul style="list-style-type: none"> <li>• 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). 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</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>provisions for Stage 1 loans as prescribed by BSP 1011.</p> <ul style="list-style-type: none"> <li>• 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 first quarter of 2020, the Bank's VaR is well within the RMC-approved limit given the size of the Bank's trading book. The Philippine Government Securities (GS) prices declined sharply as local and foreign market players were seen unloading positions in an already illiquid market.</li> <li>• The Bank conducts regular price stress tests that measure the potential impact of the adverse movements in interest rates on the Bank's trading and banking book and the corresponding impact on the Bank's CAR and CET1 ratios. The results of the first quarter 2020 price stress test on both the trading and banking book revealed that the Bank's post-shock CAR and CET1 levels are well above the minimum regulatory requirement given adverse movements in risk factors.</li> <li>• Interest rate risk exposure arising from the core banking activities is measured by (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the next 12 months due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>flows in the banking book due to changes in interest rates. As of the first quarter of 2020, BPI Group's BSVaR and EaR levels are well below the RMC-approved limits.</p> <ul style="list-style-type: none"> <li>• The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. The LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold 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 first quarter of 2020, BPI Group's MCLG is well above the RMC-approved floors while actual LCR and NSFR figures exceeds the prescribed minimum requirement set by the BSP. Recent liquidity stress tests incorporating the COVID-19 stress scenario show that the Bank can generate excess liquidity despite implementing a 30-day grace period on all loan payments falling due within the Enhanced Community Quarantine (ECQ) period.</li> <li>• The Bank continuously improves its risk models and model assumptions and regularly conducts independent back-testing to assess the accuracy</li> </ul>



**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>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.</p> <ul style="list-style-type: none"> <li>• On the Bank's management of operational and IT risks, for the first 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 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.</li> </ul> <p>COVID-19 and the resulting ECQ pose a challenge to the Bank, both in ensuring personnel health and safety and in continuing the Bank's operations. 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, though on a scaled-down level. Though additional expenses are expected due to the COVID-19 situation, the Bank is sufficiently capitalized and has more than adequate reserves for operational risk losses.</p>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

SEC REQUIREMENT	DISCLOSURE									
<ul style="list-style-type: none"> <li>The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>									
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The table below summarizes the carrying amount and fair value of Financial Assets at Amortized Cost, net: <table border="1" data-bbox="873 1373 1438 1568"> <thead> <tr> <th></th> <th>Carrying Amount</th> <th>Fair Value</th> </tr> </thead> <tbody> <tr> <td>March 31, 2020 (unaudited)</td> <td>248,519</td> <td>242,426</td> </tr> <tr> <td>Dec 31, 2019 (audited)</td> <td>275,105</td> <td>276,454</td> </tr> </tbody> </table> </li> </ul>		Carrying Amount	Fair Value	March 31, 2020 (unaudited)	248,519	242,426	Dec 31, 2019 (audited)	275,105	276,454
	Carrying Amount	Fair Value								
March 31, 2020 (unaudited)	248,519	242,426								
Dec 31, 2019 (audited)	275,105	276,454								

BANK OF THE PHILIPPINE ISLANDS  
SEGMENT REPORT  
For the Three Months Ended March 31, 2020

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	11,225	5,092	2,838	(1,019)	18,136
Impairment charge	3,004	1,223	(1)	0	4,226
Net interest income after impairment charge	8,221	3,869	2,839	(1,019)	13,910
Fees and commission	1,941	354	215	(56)	2,454
Other income	1,665	752	2,653	44	5,114
GRT	(178)	(12)	(107)	(150)	(447)
Other Income, net	3,428	1,094	2,761	(161)	7,121
Compensation and fringe benefits	3,843	782	283	(335)	4,573
Occupancy and equipment- related expenses	2,438	529	66	689	3,722
Other operating expenses	4,096	946	501	(1,309)	4,234
Total operating expenses	10,376	2,257	850	(955)	12,528
Operating profit	1,273	2,706	4,750	(226)	8,503
Share in net income of associates					(59)
Provision for Income Tax					2,122
Total Assets	475,386	1,190,309	490,131	35,928	2,191,756
Total Liabilities	1,186,307	544,479	155,487	29,355	1,915,628

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

### Financial Condition as of March 31, 2020 versus as of December 31, 2019

**Total resources** decreased P13.27 billion, or 0.6%, to end at P2.19 trillion, as **Loans and advances, net** also decreased P27.96 billion, or 1.9%, to end at P1.45 trillion. Other significant decreases impacting total resources were as follows:

- **Financial assets at amortized cost** at P248.52 billion, was lower by P26.58 billion, or 9.7%, due to various maturities and sales from hold to collect debt securities;
- **Cash and other cash items** at P36.03 billion, dropped P11.22 billion, or 23.7%, on account of lower cash placements this period as compared to year end 2019;
- **Financial assets at fair value through profit or loss** at P14.08 billion, declined P10.02 billion, or 41.6%, due to decrease in holdings of securities intended for trading;
- **Interbank loans receivable and securities purchased under agreements to resell** at P17.42 billion, was down by P5.15 billion, or 22.8%, due to lower volume of placement in Reverse Repurchase Agreements (RRP) and interbank term loans;
- **Investments in subsidiaries and associates, net** at P5.91 billion, slid P839.90 million, or 12.4%, as a result of lower equity income from the bancassurance affiliates.

Meanwhile, the following notable upward movements partly offset the above decreases:

- **Financial assets at fair value through OCI** at P80.40 billion, was higher by P26.50 billion, or 49.2%, due to the net effect of the increase in the Bank's various holdings in hold to collect and sell debt securities;
- **Due from other banks** at P40.88 billion, jumped P18.52 billion, or 82.8%, due to the net increase in account balances with various banks;
- **Due from Bangko Sentral ng Pilipinas** at P224.43 billion, grew P16.58 billion, or 8.0%, due to higher volume of placement in BSP deposits and reserves;
- **Other resources, net** at P22.44 billion, climbed P7.04 billion, or 45.7%, primarily from the increase in miscellaneous assets;
- **Deferred Income Tax Assets, net** at P10.65 billion, increased P940.59 million, or 9.7%, on account of the impairment losses setup for the period.

**Total liabilities** decreased P16.37 billion, or 0.8%, to end at P1.91 trillion, on the back of the P18.08 billion, or 1.1%, decrease in **total deposits**, ending at P1.68 trillion. The decline in the Bank's time deposits of P79.70 billion, or 15.2%, outpaced the increases in demand and savings deposits of P36.33 billion and P25.29 billion, respectively. Other major decreases were noted in the following:

- **Manager's checks and demand drafts outstanding** at P7.08 billion, declined P1.22 billion, or 14.7%, attributable to the lower volume of manager's checks issued;
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.88 billion, lower by P1.06 billion, or 36.0%, as a result of lower tax collected for the Bureau of Internal Revenues (BIR).

Partially tempering these decreases were the substantial increases in the following:

- **Deferred credits and other liabilities** at P55.39 billion, increased P7.62 billion, or 16.0%, primarily from the increase in miscellaneous liabilities;
- **Derivative financial liabilities** at P4.91 billion, up P2.03 billion, or 70.7%, owing to increases in certain derivative positions;
- **Accrued taxes, interest and other expenses** at P10.46 billion, rose P592.25 million, or 6.0%, due to higher income tax accruals;

**Total capital** at P272.70 billion, increased P3.12 billion, or 1.2%, due to the P6.38 billion increase in **surplus**, though partly offset by the P3.36 billion increase in **accumulated other comprehensive loss**, coming from unrealized losses on certain financial assets at fair value through other comprehensive income.

## RESULTS OF OPERATIONS

### For the Quarters ended March 31, 2020 and 2019

**Net income** for the first quarter of 2020 at P6.39 billion, decreased P337.54 million, or 5.0%, from the profit earned in the same period of 2019. Impacting the bottom line was the Bank's aggressive provisioning in anticipation of higher forthcoming NPLs due to COVID-19 and the ECQ, as **impairment losses** increased P2.42 billion, or 134.4%, ending at P4.22 billion versus P1.80 billion from the same period last year. Otherwise, pre-provision operating profit (total revenues less other expenses) grew 18.8%, reflecting a largely business-as-usual performance for the Bank in the first three months of the year.

**Net interest income** at P18.14 billion, increased P2.08 billion, or 13.0%, on account of the P87.65 billion expansion in average asset base and 24-basis point increase in spreads.

**Interest income, net of GRT** stood at P25.40 billion, up P585.21 million, or 2.4%, which was driven by the increase in interest income in the following:

- **on FA at fair value through OCI** at P616.23 million, up P444.80 million, or 259.5%, due to higher average asset volume and asset yield;
- **on FA at fair value through profit and loss** at P120.51 million, up P29.24 million, or 32.0%, on higher asset yield despite the drop in average asset volume.

However, **interest income on deposits with BSP and other banks** at P381.99 million, was down P71.91 million, or 15.8%, mainly from the decline in average asset volume despite a higher yield.

**Interest expense** at P7.27 billion, decreased P1.50 billion, or 17.1%, due to the overall decrease in interest expense of the following:

- **on deposits** at P5.92 billion, declined P1.03 billion, or 14.8%, primarily from the lower cost of time deposits despite the expansion in average volume;
- **on bills payable and other borrowings** at P1.35 billion, down by P470.14 million, or 25.8%, from both a lower average volume and cost of borrowings.

**Other income, net of GRT** at P7.12 billion, rose P389.80 million, or 5.8%, on the back of the following notable increases and decreases:

- **Trading gain on securities** at P1.58 billion, jumped P1.08 billion, or 220.6%, due to trading gains generated mainly from financial assets at FVOCI;
- **Fees and commissions** at P2.26 billion, increased P196.10 million, or 9.5%, on higher service charges;
- **Income attributable to insurance operations** was P351.53 million in 2019, declined P418.95 million, or 119.2%, to (P67.42) million, due to the lower income contribution of the bancassurance affiliates;
- **Other operating income** at P2.80 billion, decreased P471.21 million, or 14.4%, from lower asset sales though partly tempered by increases in income from the credit card and trust businesses.

**Other expenses** at P12.53 billion, increased P460.14 million, or 3.8%, due to the following movements:

- **Other operating expenses** at P4.23 billion, increased P542.24 million, or 14.7%, due to higher regulatory and operational costs;
- **Compensation and fringe benefits** at P4.57 billion, up P518.17 million, or 12.8%, on the back of increased headcount for manning both regular and microfinance branches;
- **Occupancy and equipment-related expenses** at P3.72 billion, decreased P600.27 million, or 13.9%, due to lower outsourced technology services expenses.

**Provision for income tax** was almost flat year-on-year owing to the offsetting movements of the increase in **current income tax** and set up of **deferred income tax**, as a result of higher provisioning.

**Income attributable to non-controlling interest** at (P3.71) million, decreased P68.18 million, or 105.8%, largely attributable to the lower income contribution from the bancassurance affiliates.

**Total comprehensive income** at P2.99 billion, decreased P5.67 billion, or 65.5%, due to the decreases in **total other comprehensive loss, net of tax effect** of P5.26 million, or 280.7%, and **net income before minority interest** of P405.72 million, or 6.0%.

**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 (P2.14) billion, dropped P2.96 billion, or 361.0%, on account of lower market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at (P395.21) million, decreased P1.15 billion, or 152.5%, due to the downward 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 (P71.80) million, decreased P363.29 million, or 124.6%, as a result of lower market valuation of the non-life insurance affiliates' investment funds;
- **Currency translation differences** at (P191.42) million, decreased P225.23 million, or 666.1%, on account of the net effect from cash flow hedging.

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

- **Actuarial gains (losses) on defined benefit plan net of tax effect** at (P2.71) million, increased P5.77 million, or 68.0%, due to the decrease in actuarial valuation of the Bank's non-life insurance contribution to the retirement fund;
- **Share in other comprehensive loss of associates** at (P583.62) million, decreased P567.95 million, or 3,624.5%, on account of the lower market valuation of the life insurance affiliate's investment securities.

**Income attributable to non-controlling interest** at (P28.02) million, decreased P171.03 million, or 119.6%, due to lower market valuation of the insurance subsidiaries' investment funds.

**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:

	<b>March 31, 2019</b>	<b>March 31, 2020</b>
Return on Equity (%)	10.7	9.4
Return on Assets (%)	1.3	1.2
Net Interest Margin (%)	3.4	3.6
Operating Efficiency Ratio (%)	53.0	49.6
Capital Adequacy Ratio (%) - Basel III	16.6	16.3

**Return on equity (ROE)**, the ratio of net income to average equity, was lower at 9.4%, compared to last year's 10.7%, due to the decline in net income of 5.0% compared to the growth in average equity of 7.1%.

**Return on assets (ROA)**, the ratio of net income to average assets, was lower at 1.2%, versus 1.3% last year, also due to the decline in net income of 5.0% compared to the expansion in average asset base of 4.3%.

**Net interest margin (NIM)**, net interest income divided by average interest bearing assets, at 3.6% was higher by 24 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 49.6% from 53.0% in the same period last year, as the growth in revenues outpaced the increase in operating expenses.

**Capital adequacy ratio (CAR)**, the ratio of total qualifying capital to total risk-weighted assets, was at 16.3%, lower versus the prior year's 16.6%, as the growth in risk-weighted assets outpaced the growth in income. The CET 1 ratio at 15.4%, was also lower than the 15.7% as of March 31, 2019. 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: May 14, 2020



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

Date: May 14, 2020

**BPI UNIBANK**  
**CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE**  
**March 31, 2020**

<b>No. of Days Outstanding</b>	<b>Amount (In Thousands)</b>
0-90	<b>P</b> 1,125,852
91-180	706,827
181-360	177,141
Over 360	721,341
<b>Total</b>	<b>2,731,161</b>
<b>Less : Allow. For Probable Losses</b>	<b>408,796</b>
<b>Net of Allowance</b>	<b>P 2,322,365</b>