

# COVER SHEET

P W - 1 2 1

S.E.C. Registration Number

BANK OF THE PHILIPPINE ISLANDS

(Company's Full Name)

AYALA NORTH EXCHANGE, TOWER 1

AYALA AVE. CORNER SALCEDO ST.

LEGASPI VILLAGE, MAKATI CITY

Angela Pilar Maramag

Contact Person

(632) 8246-5902

Company Telephone Number

0 9

Month

3 0

Day

Fiscal Year

1 7 - Q

FORM TYPE

0 4

Month

2 3

Day

Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

12,325

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 SEPTEMBER 30, 2020**

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

**NONE**

**EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER**

(state "NONE" if that is the case)



12. Indicate by check mark whether the registrant:

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

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

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF CONDITION**  
**SEPTEMBER 30, 2020 AND DECEMBER 31, 2019**  
(in Thousands of Pesos)

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>September 30, 2020</b>	<b>DECEMBER 31, 2019</b>
<b><u>RESOURCES</u></b>		
Cash and Other Cash Items	26,904,067	47,255,919
Due from Bangko Sentral ng Pilipinas	238,695,478	207,844,843
Due from Other Banks	22,016,240	22,355,684
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	33,190,358	22,570,243
Financial Assets at Fair Value through Profit or Loss	33,218,491	24,105,045
Financial Assets at Fair Value through OCI	171,055,821	53,905,155
Financial Assets at Amortized Cost	207,974,541	275,104,674
Loans and Advances, net	1,383,539,273	1,475,335,682
Assets Held for Sale, net	3,042,161	3,155,423
Bank Premises, Furniture, Fixtures and Equipment, net	22,886,552	23,747,669
Investments in Subsidiaries and Associates, net	5,858,053	6,746,187
Assets Attributable to Insurance Operations	18,014,405	17,790,295
Deferred Income Tax Assets, net	15,417,649	9,705,875
Other Resources, net	21,190,854	15,407,517
<b>TOTAL RESOURCES</b>	<b>2,203,003,943</b>	<b>2,205,030,211</b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>		
Deposit Liabilities		
Demand	295,875,462	272,020,111
Savings	988,070,967	899,180,873
Time	400,791,450	524,142,227
Sub-total	<b>1,684,737,879</b>	<b>1,695,343,211</b>
Derivative Financial Liabilities	5,642,639	2,876,986
Other Borrowed Funds	154,506,467	150,836,526
Due to Bangko Sentral ng Pilipinas and Other Banks	1,818,408	2,946,281
Manager's Checks and Demand Drafts Outstanding	5,945,379	8,298,692
Accrued Taxes, Interest and Other Expenses	9,073,531	9,865,338
Liabilities Attributable to Insurance Operations	13,278,326	14,060,941
Deferred Credits and Other Liabilities	40,909,769	47,768,697
<b>TOTAL LIABILITIES</b>	<b>1,915,912,398</b>	<b>1,931,996,672</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Share Capital	45,032,879	44,999,079
Share Premium	74,678,699	74,449,140
Reserves	5,143,448	5,107,288
Surplus	160,594,595	147,460,021
Accumulated Other Comprehensive Income/ (Loss)	(2,011,402)	(2,439,160)
	<b>283,438,220</b>	<b>269,576,368</b>
NON-CONTROLLING INTERESTS	3,653,326	3,457,171
<b>TOTAL CAPITAL FUNDS</b>	<b>287,091,546</b>	<b>273,033,538</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>2,203,003,943</b>	<b>2,205,030,211</b>

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

	<u>2020</u>	<u>2019</u>
<b>INTEREST INCOME</b>		
On loans and advances	20,451,809	21,595,873
On FA at amortized cost	1,758,842	2,802,073
On FA at FV through OCI	955,326	767,648
On deposits with BSP and other banks	602,358	464,008
On FA at FV through profit or loss	54,491	121,004
	<u><b>23,822,825</b></u>	<u><b>25,750,606</b></u>
<b>INTEREST EXPENSE</b>		
On Deposits	4,439,203	7,780,130
On Bills Payable and other borrowings	1,388,629	1,667,525
	<u>5,827,832</u>	<u>9,447,655</u>
<b>NET INTEREST INCOME</b>	<u><b>17,994,994</b></u>	<u><b>16,302,951</b></u>
<b>IMPAIRMENT LOSSES</b>	<u><b>6,053,048</b></u>	<u><b>1,093,271</b></u>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<u><b>11,941,946</b></u>	<u><b>15,209,680</b></u>
<b>OTHER INCOME</b>		
Fees and commissions	2,074,052	2,350,075
Income from foreign exchange trading	601,125	360,361
Trading gain (loss) on securities	1,161,216	2,741,371
Income attributable to insurance operations	477,971	326,432
Other operating income	2,873,664	3,018,841
	<u><b>7,188,028</b></u>	<u><b>8,797,079</b></u>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	4,414,369	4,275,960
Occupancy and equipment-related expenses	4,149,853	4,107,746
Other operating expenses	3,726,374	4,428,143
	<u><b>12,290,596</b></u>	<u><b>12,811,849</b></u>
<b>INCOME BEFORE INCOME TAX</b>	<u><b>6,839,378</b></u>	<u><b>11,194,911</b></u>
<b>PROVISION FOR INCOME TAX</b>		
Current	2,929,846	2,839,716
Deferred	(1,634,363)	3,716
	<u><b>1,295,483</b></u>	<u><b>2,843,432</b></u>
<b>NET INCOME FOR THE QUARTER</b>	<u><b>5,543,895</b></u>	<u><b>8,351,479</b></u>
Attributable to:		
Equity holders of BPI	<u><b>5,495,083</b></u>	<u><b>8,293,465</b></u>
Non-controlling interest	<u><b>48,812</b></u>	<u><b>58,014</b></u>
	<u><b>5,543,895</b></u>	<u><b>8,351,479</b></u>

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

	<u>2020</u>	<u>2019</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>5,543,895</b>	<b>8,351,479</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	(566,244)	(550,066)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(83,962)	86,012
Share in other comprehensive income of associates	(127,572)	191,200
Currency translation differences	(52,788)	(86,115)
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on defined benefit plan, net of tax effect	5,112	(2,596)
Share in other comprehensive income gain (loss) of associates	(202,683)	(33,140)
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>(1,028,137)</b>	<b>(394,705)</b>
<b>Total Comprehensive Income for the Year</b>	<b>4,515,758</b>	<b>7,956,774</b>
<b>Attributable to:</b>		
Equity holders of BPI	4,501,870	7,866,187
Non-Controlling Interest	13,888	90,588
	<b>4,515,758</b>	<b>7,956,774</b>

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

	Unaudited 2020	Unaudited 2019
<b>INTEREST INCOME</b>		
On loans and advances	63,885,352	65,520,032
On FA at amortized cost	6,387,405	7,784,187
On FA at FV through OCI	2,418,328	1,373,645
On deposits with BSP and other banks	1,456,078	1,267,007
On FA at FV through profit or loss	216,039	309,122
	<b>74,363,202</b>	<b>76,253,992</b>
<b>INTEREST EXPENSE</b>		
On Deposits	15,881,913	22,322,496
On Bills Payable and other borrowings	4,084,188	5,266,620
	19,966,101	27,589,116
<b>NET INTEREST INCOME</b>	<b>54,397,101</b>	<b>48,664,876</b>
<b>IMPAIRMENT LOSSES</b>	<b>21,062,000</b>	<b>4,575,351</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>33,335,101</b>	<b>44,089,525</b>
<b>OTHER INCOME</b>		
Fees and commissions	6,120,669	6,708,229
Income from foreign exchange trading	1,705,486	1,525,347
Trading gain (loss) on securities	6,802,847	4,059,151
Income attributable to insurance operations	1,198,505	1,053,077
Other operating income	7,651,153	8,990,912
	<b>23,478,660</b>	<b>22,336,716</b>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	13,667,790	12,879,419
Occupancy and equipment-related expenses	11,526,060	12,034,957
Other operating expenses	11,288,565	12,174,189
	<b>36,482,415</b>	<b>37,088,565</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>20,331,346</b>	<b>29,337,676</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	8,598,184	7,555,871
Deferred	(5,567,655)	(432,539)
	<b>3,030,529</b>	<b>7,123,331</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>17,300,816</b>	<b>22,214,345</b>
Attributable to:		
Equity holders of BPI	17,171,742	22,030,549
Non-controlling interest	129,075	183,795
	<b>17,300,816</b>	<b>22,214,345</b>

Earnings per share:

Based on 4,513,100,378 shares as of September 30, 2020  
and 4,506,945,108 shares in 2019

P 3.80

P 4.89



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

	<b>Unaudited 2020</b>	<b>Unaudited 2019</b>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>17,300,816</b>	<b>22,214,345</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	1,236,681	(288,933)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	195,629	495,726
Share in other comprehensive income of associates	416,939	1,199,019
Currency translation differences	(330,242)	(163,687)
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on defined benefit plan, net of tax effect	1,075	38,280
Share in other comprehensive income gain (loss) of associates	(1,034,528)	(35,797)
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>485,553</b>	<b>1,244,608</b>
<b>Total Comprehensive Income for the Year</b>	<b>17,786,369</b>	<b>23,458,953</b>
<b>Attributable to:</b>		
Equity holders of BPI	17,590,054	23,119,779
Non-Controlling Interest	196,315	339,174
	<b>17,786,369</b>	<b>23,458,953</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**STATEMENT OF CHANGES IN CAPITAL FUNDS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2020 & SEPTEMBER 30, 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				17,171,742		17,171,742	129,075	17,300,816
Other Comprehensive Income for the year					418,312	418,312	67,240	485,553
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,171,742</b>	<b>418,312</b>	<b>17,590,054</b>	<b>196,315</b>	<b>17,786,369</b>
<b>Transactions with owners</b>								
Executive Stock Plan amortization	33,800	229,560	36,159	-	-	299,519	-	299,519
Cash Dividends	-	-	-	(4,061,790)	-	(4,061,790)	-	(4,061,790)
<b>Total transactions with owners</b>	<b>33,800</b>	<b>229,560</b>	<b>36,159</b>	<b>(4,061,790)</b>	<b>-</b>	<b>(3,762,271)</b>	<b>-</b>	<b>(3,762,271)</b>
<b>Other movements</b>								
Others	-	-	-	24,623	9,446	34,069	(159)	33,909
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,623</b>	<b>9,446</b>	<b>34,069</b>	<b>(159)</b>	<b>33,909</b>
<b>Balance, SEPTEMBER 30, 2020</b>	<b>45,032,879</b>	<b>74,678,699</b>	<b>5,143,448</b>	<b>160,594,595</b>	<b>(2,011,402)</b>	<b>283,438,220</b>	<b>3,653,326</b>	<b>287,091,546</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>248,520,885</b>	<b>3,017,017</b>	<b>251,537,902</b>
<b>Comprehensive Income</b>								
Net Income for the year				22,030,549		22,030,549	183,795	22,214,345
Other Comprehensive Income for the year					1,089,230	1,089,230	155,378	1,244,608
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,030,549</b>	<b>1,089,230</b>	<b>23,119,779</b>	<b>339,174</b>	<b>23,458,953</b>
<b>Transactions with owners</b>								
Proceeds from the stock rights offering	-	-	-	-	-	-	-	-
Executive Stock Plan amortization	28,276	197,970	31,465	-	-	257,711	-	257,711
Cash Dividends	-	-	-	(4,056,251)	-	(4,056,251)	-	(4,056,251)
<b>Total Transactions with owners</b>	<b>28,276</b>	<b>197,970</b>	<b>31,465</b>	<b>(4,056,251)</b>	<b>-</b>	<b>(3,798,540)</b>	<b>-</b>	<b>(3,798,540)</b>
<b>Other movements</b>								
Prior Period Adjustment	-	-	-	241,556	(228,973)	12,583	(993)	11,591
Reversal of Excess Surplus Reserves	-	-	(519,698)	519,698	-	-	-	-
Transfer from Surplus Free to Reserves	-	-	133,039	(133,039)	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>(386,658)</b>	<b>628,214</b>	<b>(228,973)</b>	<b>12,583</b>	<b>(993)</b>	<b>11,591</b>
<b>Balance, SEPTEMBER 30, 2019</b>	<b>44,989,354</b>	<b>74,378,796</b>	<b>3,740,063</b>	<b>146,061,914</b>	<b>(1,315,418)</b>	<b>267,854,707</b>	<b>3,355,198</b>	<b>271,209,906</b>

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

	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	6,839,378	11,194,911
Adjustments for:		
Impairment losses	6,053,048	1,093,271
Depreciation and amortization	1,863,420	2,468,532
Share in net income of associates	(197,856)	(166,192)
Share based compensation	12,544	10,727
Dividend income	(30,548)	(22,673)
Interest income	(23,822,825)	(24,006,567)
Interest expense	5,827,832	9,447,655
Operating income before changes in operating assets and liabilities	(3,455,007)	19,664
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	0	0
Interbank loans receivable and securities purchased under agreements to resell	143,570	1,618,617
FA at Fair Value through Profit or Loss	(4,962,094)	5,004,271
Loans and advances	42,932,924	(19,672,921)
Assets held for sale	168,019	99,293
Assets attributable to insurance operations	112,221	355,033
Other resources	2,919,229	13,351,899
Increase (decrease) in:		
Deposit liabilities	(77,578,455)	(38,549,048)
Due to Bangko Sentral ng Pilipinas and other banks	31,258	(1,650,124)
Manager's checks demand drafts outstanding	(215,594)	(1,267,706)
Accrued taxes, interest and other expenses	(60,185)	(65,317)
Liabilities attributable to insurance operations	(364,725)	(6,670)
Derivative financial instrument	274,574	(310,756)
Deferred credits and other liabilities	(1,982,911)	5,982,922
Net cash from (used in) operations	(42,037,175)	(35,090,845)
Income taxes paid	(2,582,050)	(2,729,434)
Interest paid	(6,702,101)	(9,318,254)
Interest received	26,658,215	27,087,115
Net cash from (used in) operating activities	(24,663,110)	(20,051,419)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
FA at Fair Value through OCI	(52,540,030)	(2,690,190)
FA at Amortized Cost	5,181,226	6,571,934
Bank, premises, furniture, fixtures and equipment	(1,159,544)	(9,148,795)
Equity investments	723,090	637,356
Assets attributable to insurance operations	37,335	(673,487)
Investment property	0	(513)
Proceeds from sale of investments	0	0
Dividends received	30,548	22,673
Net cash from (used in) investing activities	(47,727,375)	(5,281,021)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	0	0
Collection on stock subscriptions	87,059	81,688
Increase (decrease) in bills payable	17,464,393	18,346,086
Net cash from (used in) financing activities	17,551,452	18,427,774
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(54,839,033)	(6,904,666)
<b>CASH AND CASH EQUIVALENTS</b>		
Jul 1	376,339,035	285,666,289
<b>September 30</b>	<b>321,500,002</b>	<b>278,761,623</b>

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

	<b>2020</b>	<b>2019</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	20,331,346	29,337,676
Adjustments for:		
Impairment losses	21,062,000	4,575,351
Depreciation and amortization	5,452,709	5,085,010
Share in net income of associates	(560,204)	(318,820)
Share based compensation	36,159	31,465
Dividend income	(36,671)	(44,561)
Interest income	(74,363,202)	(76,253,992)
Interest expense	19,966,101	27,589,116
Operating income before changes in operating assets and liabilities	(8,111,763)	(9,998,756)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	0	0
Interbank loans receivable and securities purchased under agreements to resell	1,078,317	2,717,019
FA at Fair Value through Profit or Loss	(6,704,874)	(13,758,436)
Loans and advances	70,353,211	(21,465,650)
Assets held for sale	206,666	105,892
Assets attributable to insurance operations	522,814	1,188,228
Other resources	(8,565,546)	750,115
Increase (decrease) in:		
Deposit liabilities	(10,607,518)	34,155,152
Due to Bangko Sentral ng Pilipinas and other banks	(1,127,873)	(2,514,443)
Manager's checks demand drafts outstanding	(2,353,313)	(820,381)
Accrued taxes, interest and other expenses	147,617	353,921
Liabilities attributable to insurance operations	(782,616)	(841,087)
Derivative financial instrument	199,005	(15,934)
Deferred credits and other liabilities	(6,846,154)	6,268,274
Net cash from (used in) operations	27,407,975	(3,876,086)
Income taxes paid	(8,410,729)	(7,234,658)
Interest paid	(21,237,128)	(26,699,350)
Interest received	78,157,028	77,396,249
Net cash from (used in) operating activities	75,917,146	39,586,155
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
FA at Fair Value through OCI	(115,898,871)	(41,392,549)
FA at Amortized Cost	65,251,740	(1,381,067)
Bank, premises, furniture, fixtures and equipment	(3,448,668)	(11,123,410)
Investment in subsidiaries and associates, net	877,741	888,825
Assets attributable to insurance operations	(173,610)	(1,267,490)
Investment property, net	(1,729)	(2,698)
Proceeds from sale of investments	0	0
Dividends received	36,671	44,561
Net cash from (used in) investing activities	(53,356,724)	(54,233,828)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(4,061,790)	(8,108,456)
Collection on stock subscriptions	263,360	226,246
Increase (decrease) in bills payable	3,669,941	(11,978,290)
Net cash from (used in) financing activities	(128,489)	(19,860,500)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	22,431,931	(34,508,172)
<b>CASH AND CASH EQUIVALENTS</b>		
January 1	299,068,070	313,269,796
<b>September 30</b>	<b>321,500,002</b>	<b>278,761,623</b>

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

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	53.7	53.9
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	54.5	57.8
Asset-to-equity ratio	Total assets divided by total equity	777.2	793.6
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	229.1	224.8
Return on equity	Net income divided by average equity	8.3	11.3
Return on assets	Net income divided by average assets	1.0	1.4
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.5	3.3
Average assets to average equity	Average assets divided by average equity	796.3	793.6
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.3	3.1
Cost to income ratio	Total operating expense divided by total income (revenues)	46.8	52.2
Cost to asset ratio	Total operating expense divided by average asset	2.2	2.4
Capital to assets ratio	Total equity divided by total assets	12.9	12.6

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 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 cyclical nature 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**  
**SEPTEMBER 30, 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>• Nothing to report</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>
<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,</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</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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



**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating the impact of COVID-19, the Bank's capital position on both consolidated and solo bases will remain strong and well within the regulatory minimum CAR and CET1 ratios. The levels of risk limits and exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy.</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). The Bank's NPL ratio calculated with Bayanihan adjustment in compliance with BSP's guidelines was at 2.98% as of September 2020. Credit portfolio reviews, internal and regulatory credit stress tests, and regular risk reporting to Senior Management and the RMC were conducted to ensure that the Bank practices sound credit risk management. Furthermore, starting January 2018, the Bank adopted the accounting classification and measurement under PFRS 9 guidelines. The Bank began recognizing credit losses upon initial recognition of its assets through the Expected Credit Loss (ECL) models. The Bank also complies with BSP's requirement of maintaining 1% general loan loss provisions for Stage 1 loans as prescribed by BSP 1011. In view of the COVID-19 pandemic, the Bank has revised its macroeconomic forecasts</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>and used these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. The updated models were implemented starting May 2020 after RMC approval, which resulted in higher required ECL.</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 third quarter 2020, the Bank's VaR is well within the RMC-approved limit. The Philippine Government Securities (GS) yields continue to decline in the third quarter amid strong demand as investors look for safer investments amidst uncertainties brought about by the COVID-19 pandemic.</li> <li>• 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 third quarter 2020 price stress test on both the trading and banking book, revealed that the Bank's post-shock CAR and CET1 levels are still well within the minimum regulatory requirement given adverse movements in risk factors.</li> <li>• 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</li> </ul>

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates. As of the third quarter of 2020, BPI Group's BSVaR and EaR levels are well within the RMC-approved limits despite the declining interest rates due to COVID-19.</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). 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 third quarter of 2020, BPI Group's MCLG is well within the RMC-approved floors while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. Recent liquidity simulation incorporating the Bayanihan 2 show that the Bank maintains excess liquidity despite assuming an increase in past due and non-performing loans due to the COVID-19 pandemic crisis.</li> <li>• The Bank continuously improves its risk models and model assumptions and regularly conducts</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>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.</p> <ul style="list-style-type: none"> <li>On the Bank's management of operational and IT risks, for the third 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 community quarantines declared by the national government and/or imposed by local municipalities continue to pose a challenge to the Bank, insofar as ensuring personnel health and safety, and in continuing operations with a significant portion of the workforce on work-from-home arrangements. Nevertheless, the Bank's strategic initiatives on digitalization, improvements on IT infrastructure and cybersecurity technology, and availability of business recovery sites enabled the continued delivery of the Bank's products and services to its customers. The Bank remains operational as it implemented split operations to ensure containment in the event of infection;</p>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

SEC REQUIREMENT	DISCLOSURE
	<p>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> <p>For personnel safety and welfare, the Bank fully complied with health and medical guidelines from the DOH and DOLE. Additional precautionary measures are being implemented that include providing transportation for employees, enforcing virtual meetings and limiting movements of personnel within and across its business offices. COVID-19 rapid testing for all employees and maintenance personnel were likewise carried out.</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"> <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</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

SEC REQUIREMENT	DISCLOSURE									
	<p>(losses) from opportunistic sell down of inventory.</p> <ul style="list-style-type: none"> <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:</li> </ul> <table border="1" data-bbox="821 1020 1490 1220"> <thead> <tr> <th></th> <th>Carrying Amount</th> <th>Fair Value</th> </tr> </thead> <tbody> <tr> <td>September 30, 2020 (unaudited)</td> <td>207,975</td> <td>218,148</td> </tr> <tr> <td>Dec 31, 2019 (audited)</td> <td>275,105</td> <td>276,454</td> </tr> </tbody> </table>		Carrying Amount	Fair Value	September 30, 2020 (unaudited)	207,975	218,148	Dec 31, 2019 (audited)	275,105	276,454
	Carrying Amount	Fair Value								
September 30, 2020 (unaudited)	207,975	218,148								
Dec 31, 2019 (audited)	275,105	276,454								

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

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	10,635	7,535	534	(709)	17,995
Impairment charge	1,412	4,659	(18)	0	6,053
Net interest income after impairment charge	9,223	2,875	552	(709)	11,942
Fees and commission	1,713	383	264	(116)	2,244
Other income	1,770	712	2,440	535	5,457
GRT	(221)	(43)	(182)	(67)	(513)
Other Income, net	3,262	1,052	2,523	352	7,188
Compensation and fringe benefits	3,640	665	247	(139)	4,414
Occupancy and equipment- related expenses	2,172	488	87	1,403	4,150
Other operating expenses	4,070	788	346	(1,477)	3,727
Total operating expenses	9,882	1,942	680	(214)	12,291
Operating profit	2,603	1,986	2,394	(144)	6,839
Share in net income of associates					165
Provision for Income Tax					1,295
Total Assets	456,046	1,123,787	589,154	34,016	2,203,004
Total Liabilities	1,199,224	530,617	155,864	30,207	1,915,912

BANK OF THE PHILIPPINE ISLANDS  
SEGMENT REPORT  
For the Nine Months Ended September 30, 2020

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	32,918	18,581	5,467	(2,569)	54,397
Impairment charge	6,721	14,137	189	15	21,062
Net interest income after impairment charge	26,197	4,444	5,278	(2,584)	33,335
Fees and commission	5,050	1,010	720	(150)	6,630
Other income	4,344	2,122	10,500	1,453	18,419
GRT	(618)	(115)	(654)	(185)	(1,571)
Other Income, net	8,777	3,018	10,566	1,118	23,479
Compensation and fringe benefits	11,300	2,092	780	(505)	13,668
Occupancy and equipment- related expenses	6,910	1,509	238	2,869	11,526
Other operating expenses	11,750	2,539	1,197	(4,198)	11,289
Total operating expenses	29,960	6,141	2,215	(1,834)	36,482
Operating profit	5,013	1,321	13,629	369	20,331
Share in net income of associates					442
Provision for Income Tax					3,031
Total Assets	456,046	1,123,787	589,154	34,017	2,203,004
Total Liabilities	1,199,224	530,617	155,864	30,207	1,915,912



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

### Financial Condition as of September 30, 2020 versus as of December 31, 2019

**Total resources** at P2.20 trillion was flat year-to-date. Major account movements for the period were as follows:

- **Loans and advances, net** at P1.38 trillion decreased P91.80 billion, or 6.2%, due to weakened customer demand;
- **Financial assets at amortized cost** at P207.97 billion, down P67.13 billion, or 24.4%, due to decline in various maturities and sales from hold to collect debt securities;
- **Cash and other cash items** at P26.90 billion, decreased P20.35 billion, or 43.1%, on account of lower cash placements this period as compared to year end 2019;
- **Investments in subsidiaries and associates, net** at P5.86 billion, was lower by P888.13 million, or 13.2%, as a result of lower overall equity income from the various subsidiaries and affiliates;
- **Financial assets at fair value through OCI** at P171.06 billion, increased P117.15 billion, or 217.3%, as the Bank re-allocated liquidity to securities in this category;
- **Due from Bangko Sentral ng Pilipinas** at P238.70 billion, was up P30.85 billion, or 14.8%, due to higher volume of placement in BSP deposits;
- **Interbank loans receivable and securities purchased under agreements to resell** at P33.19 billion, climbed to P10.62 billion, or 47.1%, due to higher volume of placement in Reverse Repurchase Agreements (RRPs) and interbank term loans;
- **Financial assets at fair value through profit or loss** at P33.22 billion, rose P9.11 billion, or 37.8%, due to increase in holdings of securities intended for trading;
- **Other resources, net** at P21.19 billion, was higher P5.78 billion, or 37.5%, primarily from the increase in miscellaneous assets;
- **Deferred Income Tax Assets, net** at P15.42 billion, reached P5.71 billion, or 58.8%, on account of the impairment losses setup for the period.

**Total liabilities** at P1.92 trillion, decreased P16.08 billion, or 0.8%, primarily from the P10.61 billion, or 0.6%, decrease in **total deposits**, ending at P1.68 trillion. The decline in the Bank's time deposits of P123.35 billion, or 23.5%, outpaced the increase in CASA deposits of P112.75 billion, or 9.6%. Other major decreases were noted in the following:

- **Deferred credits and other liabilities** at P40.91 billion, decreased P6.86 billion, or 14.4%, primarily from the decrease in other liabilities;
- **Manager's checks and demand drafts outstanding** at P5.95 billion, declined P2.35 billion, or 28.4%, on account of lower volume of manager's checks issued;
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.82 billion, lower by P1.13 billion, or 38.3%, on account of lower taxes collected for the Bureau of Internal Revenues (BIR);
- **Accrued taxes, interest and other expenses** at P9.07 billion, down P791.81 million, or 8.0%, due to lower income tax accruals;
- **Liabilities attributable to insurance operations** at P13.28 billion, dropped P782.62 million, or 5.6%, owing to lower reserves and other balances;

These decreases were partially tempered by **derivative financial liabilities** at P5.64 billion, which increased P2.77 billion, or 96.1%, owing to increases in certain derivative positions.

**Total capital** at P283.44 billion, increased P13.86 billion, or 5.1%, due to the P13.13 billion, or 8.9%, increase in **surplus**, to end at P160.59 billion. Notably, **accumulated other comprehensive loss** at (P2.01) billion, decreased P427.76 million, or 17.5%, as a result of lower cumulative unrealized losses on certain financial assets at fair value through other comprehensive income.

## RESULTS OF OPERATIONS

### For the Quarters ended September 30, 2020 and 2019

**Net income** at P5.50 billion, decreased P2.80 billion, or 33.7%, from the profit earned in the same period of 2019. Impacting the bottom line was the increase in **impairment losses** of P4.96 billion, or 5.5x, with the booking of higher provisions as a pre-emptive move to address a potential adverse scenario. Pre-provision operating profit grew at P12.89 billion, up 4.9%, owing to the combination of higher **total revenues** at P25.18 billion, up P82.99 million, or 0.3%, and lower **operating expenses** at P12.29 billion, down P521.25 million, or 4.1%.

**Net interest income** at P17.99 billion, increased P1.69 billion, or 10.4%, on account of the P125.22 billion expansion in average asset base and 14-basis point increase in spreads.

**Interest income, net of GRT** at P23.82 billion, slid P1.93 billion, or 7.5%, driven by the decrease in interest income in the following:

- **Loans and advances** at P20.45 billion, declined P1.14 billion, or 5.3%, due to the decline in asset yield despite higher average asset volume;
- **FA at amortized cost** at P1.76 billion, falling P1.04 billion, or 37.2%, and **on FA at fair value through profit and loss** at P54.49 million, also down P66.51 million, or 55.0%, both due to the decline in average asset volume and asset yield.

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

- **FA at fair value through other comprehensive income** at P955.33 million, jumped P187.68 million, or 24.4%, due to higher average asset volume despite lower asset yield;
- **Deposits with BSP and other banks** at P602.36 million, climbed P138.35 million, or 29.8%, due to higher average asset volume and asset yield.

**Interest expense** at P5.83 billion, decreased P3.62 billion, or 38.3%, due to the overall decreases in interest expense in the following:

- **Deposits** at P4.44 billion, dropped P3.34 billion, or 42.9%, primarily from the lower cost of time deposits and wind down of average volume;
- **Bills payable and other borrowings** at P1.39 billion, declined P278.90 million, or 16.7%, due to the decline in cost of borrowings despite higher average volume.

**Other income, net of GRT** at P7.19 billion, decreased P1.61 billion, or 18.3%, on the back of the following notable decreases and increases:

- **Trading gain on securities** at P1.16 billion, declined P1.58 billion, or 57.6%, due to lower realized gains from various sales of financial assets;
- **Fees and commissions** at P2.07 billion, decreased P276.02 million, or 11.7%, primarily from lower service charges;
- **Income from foreign exchange trading** at P601.12 million, jumped P240.76 million, or 66.8%, due to favorable trading opportunities;
- **Income attributable to insurance operations** at P477.97 million, increased P151.54 million, or 46.4%, due to the higher income contribution of the Bank's non-life insurance affiliate.

**Other expenses** at P12.29 billion, declined P521.25 million, or 4.1%, mainly from the decrease in **other operating expenses** of P701.77 million, or 15.8%, due to lower discretionary costs such as marketing, advertising, and management and professional fees.

**Provision for income tax** at P1.30 billion, decreased P1.55 billion, or 54.4%, composed of the movements in:

- **Current income tax** at P2.93 billion, increased P90.13 million, or 3.2%, on account of higher taxable income subject to regular corporate income tax;
- **Deferred income tax** at (P1.63) billion compared to last year's P3.72 million, on account of higher provisioning versus 2019.

**Income attributable to non-controlling interest** at P48.81 million, decreased P9.20 million, or 15.9%, largely attributable to the lower income contribution of the Bank's leasing business.

**Total comprehensive income** at P4.52 billion, decreased P3.44 billion, or 43.2%, due to decreases in **net income before minority interest** of P2.81 billion, or 33.6%, and **total other comprehensive loss, net of tax effect** of P633.43 million, or 160.5%.

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

- **Share in other comprehensive income of associates** at (P127.57) million, decreased P318.77 million, or 166.7%, due to the lower 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 (P83.96) million, decreased P169.97 million, or 197.6%, as a result of higher market valuation of the non-life insurance affiliates' investment funds;
- **Currency translation differences** at (P52.79) million, had a movement of P33.33 million, or 38.7%, on account of the net effect from cash flow hedging.

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

- **Share in other comprehensive loss of associates** at (P202.68) million, increased P169.54 million, on account of the lower market valuation of the life insurance affiliate's investment securities;

- **Actuarial gains (losses) on defined benefit plan net of tax effect** at P5.11 million, increased P7.71 million, or 296.9%, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund.

**Income attributable to non-controlling interest** at P13.89 million, decreased P76.70 million, or 84.7%, due to lower market valuation of the Bank's leasing business.

### **For the Nine Months ended September 30, 2020 and 2019**

**Net income** at P17.17 billion, decreased 22.1% from the same period last year. The decrease was mainly from the booking of higher **impairment losses** at P21.06 billion, up P16.49 billion, or 4.6x, compared to the same period last year, in anticipation of an increase in NPL levels in light of the continued weakness in the economic landscape. However, pre-provision operating profit rose P7.48 billion, or 22.1%, owing to the combination of increased **total revenues** at P77.88 billion, up P6.87 billion, or 9.7%, and decline in **operating expenses** at P36.48 billion, down P606.15 million, or 1.6%.

**Net interest income** at P54.40 billion, increased P5.73 billion, or 11.8%, on account of the P117.94 billion, or 5.7%, expansion in average asset base, and 18-basis point expansion in yields.

**Interest income, net of GRT** stood at P74.36 billion, down P1.89 billion, or 2.5%, on the back of the increases and decreases in interest income of the following:

- **FA at amortized cost** at P6.39 billion, down P1.40 billion, or 17.9%, due to lower average asset volume despite higher yields;
- **FA at FV through profit or loss** at P216.04 million, down P93.08 million, or 30.1%, due to lower average asset volume and lower yields;
- **FA at FV through OCI** at P2.42 billion, up P1.04 billion, or 76.1%, due to higher average asset volume despite lower yields;
- **Deposits with BSP and other banks** at P1.46 billion, up P189.07 million, or 14.9%, due to higher average asset volume and yields.

**Interest expense** at P19.97 billion, decreased P7.62 billion, or 27.6%, driven by the decreases in both interest expense **on deposits** at P15.88 billion, down P6.44 billion, or 28.9%, and **on bills payable and other borrowings** at P4.08 billion, down P1.18 billion, or 22.5%, both due to lower interest cost.

**Other income, net of GRT** at P23.48 billion, grew P1.14 billion, or 5.1%, higher than the P22.34 billion earned in the same period last year, primarily from the **trading gain on securities** at P6.80 billion, which increased P2.74 billion, or 67.6%, due to realized gains from various sales of financial assets. Other notable movements are:

- **Income from foreign exchange trading** at P1.71 billion, increased P180.14 million, or 11.8%, due to favorable trading opportunities;
- **Income attributable to insurance operations** at P1.20 billion, up P 145.43 million, or 13.8%, due to the higher income contribution of the bancassurance affiliates;

- **Other operating income** at P7.65 billion, declined P1.34 billion, or 14.9%, due to lower income from asset sales and credit card business;
- **Fees and commissions** at P6.12 billion, down P587.56 million, or 8.8%, due to decline in service charges;

**Other expenses** at P36.48 billion, was down P606.15 million, or 1.6%, driven by **other operating expenses** at P11.29 billion, which dropped P885.62 million, or 7.3%, again on the back of lower discretionary costs such as marketing, advertising, and management and professional fees. Meanwhile, **compensation and fringe benefits** at P13.67 billion, up P788.37 million, or 6.1%, on account of higher manpower compensation and Bank contribution to retirement fund.

**Provision for income tax** at P3.03 billion, decreased P4.09 billion, or 57.5%, mainly due to higher **deferred income tax** at (P5.57) billion, a (P5.13) billion difference from last year's (P432.54) million, due to the higher provisioning set-up for the period. **Current income tax** at P8.60 billion, was up P1.04 billion, or 13.8%, due to higher income subject to regular corporate income tax.

**Income attributable to non-controlling interest** at P129.08 million, decreased P54.72 million, or 29.8%, largely attributable to lower income contribution from the Bank's leasing business.

**Total comprehensive income** at P17.79 billion, decreased P5.67 billion, or 24.2%, due to the decreases in both **net income before minority interest** of P4.91 billion, or 22.1%, and **total other comprehensive income, net of tax effect** of P759.06 million, or 61.0%.

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

- **Share in other comprehensive income of associates** at P416.94 million, declined P782.08 million, or 65.2%, 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 P195.63 million, decreased P300.10 million, or 60.5%, as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Currency translation differences** at (P330.24) million, fluctuated by P166.56 million, or 101.8%, on account of the net effect from cash flow hedging;
- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P1.24 billion, increased P1.53 billion, or 528.0%, on account of higher market valuation of the Bank's investment securities.

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

- **Share in other comprehensive loss of associates** at (P1.03) billion, increased P998.73 million, on account of the lower market valuation of the life insurance affiliate's investment securities;
- **Actuarial losses on defined benefit plan, net of tax effect** at P1.07 million, decreased P37.21 million, or 97.2%, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund.

**Income attributable to non-controlling interest** at P196.32 million, decreased P142.86 million, or 42.1%, due to lower income contribution by the bancassurance business.

### **Key Performance Indicators**

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

	<b>September 30, 2019</b>	<b>September 30, 2020</b>
Return on Equity (%)	11.3	8.3
Return on Assets (%)	1.4	1.0
Net Interest Margin (%)	3.3	3.5
Operating Efficiency Ratio (%)	52.2	46.8
Capital Adequacy Ratio (%)—Basel III	16.9	17.7

**Return on equity (ROE)**, the ratio of net income to average equity, and **Return on assets (ROA)**, the ratio of net income to average assets, were lower at 8.3% and 1.0%, respectively, as a result of the decline in net income of 22.1%.

**Net interest margin (NIM)**, net interest income divided by average interest bearing assets, at 3.5% was higher by 18 basis points than the 3.3% in 2019 on lower cost of funds.

**Operating efficiency (cost to income) ratio**, the ratio of operating expenses to income, improved to 46.8% from 52.2% in the same period last year, as the growth in revenues of 9.7% outpaced the increase in operating expenses.

**Capital adequacy ratio (CAR)**, the ratio of total qualifying capital to total risk-weighted assets, was at 17.7%, higher versus the prior year's 16.9%, as the growth in qualifying capital outpaced the growth in risk-weighted assets. The CET 1 ratio at 16.8%, was also higher than the 16.0% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

## **Material Events and Uncertainties**

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

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

## SIGNATURES

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

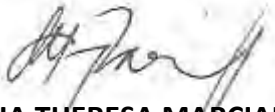
### **BANK OF THE PHILIPPINE ISLANDS**

Issuer



**CEZAR P. CONSING**  
President &  
Chief Executive Officer

Date: November 12, 2020



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

Date: November 12, 2020



**BPI UNIBANK**  
**CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE**  
**September 30, 2020**

<b>No. of Days Outstanding</b>	<b>Amount (In Thousands)</b>
0-90	<b>P</b> 1,925,288
91-180	256,635
181-360	312,403
Over 360	878,264
<b>Total</b>	<b>3,372,589</b>
<b>Less : Allow. For Probable Losses</b>	<b>869,315</b>
<b>Net of Allowance</b>	<b>P 2,503,274</b>