

COVER SHEET

P W - 1 2 1

S.E.C. Registration Number

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

(Company's Full Name)

A Y A L A T R I A N G L E G A R D E N S T O W E R 2

P A S E O D E R O X A S C O R N E R M A K A T I

A V E N U E , B E L - A I R , M A K A T I C I T Y

Atty. Maria Lourdes P. Gatmaytan

Contact Person

(632) 8663-6525

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

1 7 - Q

FORM TYPE

0 4

Month

2 7

Day

Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

11,822

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
22/F – 28/F AYALA TRIANGLE GARDENS TOWER 2
PASEO DE ROXAS CORNER MAKATI AVENUE,
BEL-AIR, MAKATI CITY
POSTAL CODE 1226
(632) 8663-6525**

FISCAL YEAR ENDING DECEMBER 31

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

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

PERIOD-ENDED JUNE 30, 2023

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

NONE

EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER

(state "NONE" if that is the case)

SECURITIES AND EXCHANGE COMMISSION

**SEC FORM 17-Q QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarterly period ended **JUNE 30, 2023**
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. **22/F – 28/F Ayala Triangle Gardens Tower 2**
Paseo De Roxas corner Makati Avenue
Bel-Air, Makati City (current business address) **ZIP Code 1226**
Address of principal office Postal Code
8. **(632) 8663-6525 (Corpsec Off) / (632) 8663-6733 (IR)**
Registrant's telephone number, including area code
9. -
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
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Common	4,945,197,291
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11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes [x] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	Common
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12. Indicate by check mark whether the registrant:

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

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

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF CONDITION
JUNE 30, 2023 AND DECEMBER 31, 2022
(in Thousands of Pesos)

	UNAUDITED JUNE 30, 2023	AUDITED DECEMBER 31, 2022
<u>RESOURCES</u>		
Cash and Other Cash Items	31,982,153	39,612,640
Due from Bangko Sentral ng Pilipinas	203,721,027	182,868,712
Due from Other Banks	39,354,315	45,189,696
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	21,113,836	12,382,307
Financial Assets at Fair Value through Profit or Loss	61,201,766	22,133,451
Financial Assets at Fair Value through OCI	134,676,925	95,267,132
Financial Assets at Amortized Cost	392,733,310	420,532,932
Loans and Advances, net	1,720,527,766	1,702,989,582
Assets Held for Sale, net	4,179,321	3,760,190
Bank Premises, Furniture, Fixtures and Equipment, net	18,855,947	19,354,739
Investments in Subsidiaries and Associates, net	7,882,686	7,227,391
Assets Attributable to Insurance Operations	18,045,679	19,059,843
Deferred Income Tax Assets, net	16,875,195	16,752,267
Other Resources, net	13,520,346	16,829,629
TOTAL RESOURCES	2,684,670,271	2,603,960,512
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	374,028,581	376,336,642
Savings	1,131,716,897	1,182,071,199
Time	638,318,934	537,593,171
Sub-total	2,144,064,411	2,096,001,013
Derivative Financial Liabilities	4,644,893	4,297,073
Other Borrowed Funds	106,513,272	97,503,041
Due to Bangko Sentral ng Pilipinas and Other Banks	3,533,076	2,886,714
Manager's Checks and Demand Drafts Outstanding	7,468,542	6,755,330
Accrued Taxes, Interest and Other Expenses	13,455,002	10,587,188
Liabilities Attributable to Insurance Operations	13,926,374	14,919,142
Deferred Credits and Other Liabilities	52,998,416	51,207,241
TOTAL LIABILITIES	2,346,603,988	2,284,156,742
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	49,302,623	49,193,075
Share Premium	113,140,314	104,122,939
Reserves	639,221	643,848
Surplus	186,329,380	211,060,930
Accumulated Other Comprehensive Income/ (Loss)	(13,358,194)	(14,256,290)
Treasury Shares	-	(33,042,684)
	336,053,344	317,721,818
NON-CONTROLLING INTERESTS	2,012,939	2,081,952
TOTAL CAPITAL FUNDS	338,066,283	319,803,770
TOTAL LIABILITIES AND CAPITAL FUNDS	2,684,670,271	2,603,960,512

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended June 30, 2023 and 2022
(In Thousands of Pesos)

	<u>2023</u>	<u>2022</u>
INTEREST INCOME		
On loans and advances	29,694,978	19,593,167
On FA at amortized cost	3,688,397	3,582,339
On FA at FV through OCI	1,304,428	482,841
On deposits with BSP and other banks	697,688	265,551
On FA at FV through profit or loss	259,940	77,178
	<u>35,645,432</u>	<u>24,001,076</u>
INTEREST EXPENSE		
On Deposits	8,550,474	2,782,464
On Bills Payable and other borrowings	1,146,235	869,771
	<u>9,696,710</u>	<u>3,652,235</u>
NET INTEREST INCOME	<u>25,948,722</u>	<u>20,348,841</u>
IMPAIRMENT LOSSES	<u>1,000,000</u>	<u>2,500,000</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>24,948,722</u>	<u>17,848,841</u>
OTHER INCOME		
Fees and commissions	3,086,548	3,269,775
Income from foreign exchange trading	825,395	570,955
Trading gain (loss) on securities	185,216	84,539
Income attributable to insurance operations	273,491	114,939
Other operating income	3,554,185	7,892,382
	<u>7,924,835</u>	<u>11,932,590</u>
OTHER EXPENSES		
Compensation and fringe benefits	5,636,417	4,800,839
Occupancy and equipment-related expenses	4,842,101	4,186,763
Other operating expenses	5,848,877	4,275,634
	<u>16,327,395</u>	<u>13,263,236</u>
INCOME BEFORE INCOME TAX	<u>16,546,162</u>	<u>16,518,194</u>
PROVISION FOR INCOME TAX		
Current	3,786,262	4,511,481
Deferred	(289,071)	(499,358)
	<u>3,497,191</u>	<u>4,012,123</u>
NET INCOME FOR THE QUARTER	<u>13,048,971</u>	<u>12,506,071</u>
Attributable to:		
Equity holders of BPI	<u>13,020,406</u>	<u>12,463,468</u>
Non-controlling interest	<u>28,564</u>	<u>42,603</u>
	<u>13,048,971</u>	<u>12,506,071</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended June 30, 2023 and 2022
(In Thousands of Pesos)

	<u>2023</u>	<u>2022</u>
NET INCOME BEFORE MINORITY INTEREST	13,048,971	12,506,071
Other Comprehensive Income:		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	(886,998)	(2,418,367)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(30,915)	(86,272)
Share in other comprehensive income of associates	(12,851)	(533,164)
Currency translation differences	126,969	(45,134)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	601	(717,260)
Share in other comprehensive gain (loss) of associates	(13,468)	148,776
Total Other Comprehensive Income (Loss), net of tax effect	(816,661)	(3,651,421)
Total Comprehensive Income for the Year	12,232,309	8,854,650
Attributable to:		
Equity holders of BPI	12,217,582	8,837,059
Non-Controlling Interest	14,727	17,591
	12,232,309	8,854,650

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of Pesos)

	Unaudited 2023	Audited 2022
INTEREST INCOME		
On loans and advances	56,298,926	38,075,081
On FA at amortized cost	7,469,500	6,632,153
On FA at FV through OCI	2,425,905	977,197
On deposits with BSP and other banks	1,462,226	597,763
On FA at FV through profit or loss	417,681	129,440
	68,074,238	46,411,635
INTEREST EXPENSE		
On Deposits	15,651,074	5,262,010
On Bills Payable and other borrowings	2,315,118	1,809,919
	17,966,191	7,071,929
NET INTEREST INCOME	50,108,047	39,339,705
IMPAIRMENT LOSSES	2,000,000	5,000,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	48,108,047	34,339,705
OTHER INCOME		
Fees and commissions	6,163,672	5,680,038
Income from foreign exchange trading	1,344,300	1,273,010
Trading gain (loss) on securities	910,701	280,645
Income attributable to insurance operations	453,841	561,644
Other operating income	6,607,208	10,506,242
	15,479,723	18,301,580
OTHER EXPENSES		
Compensation and fringe benefits	11,098,467	9,520,680
Occupancy and equipment-related expenses	9,666,725	7,991,623
Other operating expenses	10,626,492	8,336,414
	31,391,684	25,848,717
INCOME BEFORE INCOME TAX	32,196,086	26,792,569
PROVISION FOR INCOME TAX		
Current	7,073,844	6,873,860
Deferred	(131,133)	(643,899)
	6,942,711	6,229,961
NET INCOME FOR THE PERIOD	25,253,375	20,562,608
Attributable to:		
Equity holders of BPI	25,154,221	20,447,052
Non-controlling interest	99,154	115,557
	25,253,375	20,447,052
Earnings per share:		
Based on 4,945,197,291 shares as of June, 2023 and 4,513,128,255 shares in 2022	P 5.09	P 4.53

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of Pesos)

	<u>Unaudited 2023</u>	<u>Audited 2022</u>
NET INCOME BEFORE MINORITY INTEREST	25,253,375	20,562,608
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	539,011	(3,822,918)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	32,869	(162,207)
Share in other comprehensive income of associates	266,421	(963,504)
Currency translation differences	(85,805)	(124,267)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	31,865	44,510
Share in other comprehensive gain (loss) of associates	136,811	247,541
Total Other Comprehensive Income (Loss), net of tax effect	921,172	(4,780,845)
Total Comprehensive Income for the Year	26,174,547	15,781,763
Attributable to:		
Equity holders of BPI	26,052,317	15,707,064
Non-Controlling Interest	122,230	74,699
	26,174,547	15,781,763

BANK OF THE PHILIPPINE ISLANDS-UNIBANK
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED JUNE 30, 2023 & JUNE 30, 2022
(In Thousand Pesos)

	Consolidated								
	Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total	Non-controlling Interest	Total
Balance, December 31, 2022	49,193,075	104,122,939	643,848	211,060,930	(14,256,290)	(33,042,684)	317,721,818	2,081,952	319,803,770
Comprehensive Income									
Net Income for the year	-	-	-	25,154,221	-	-	25,154,221	99,154	25,253,375
Other Comprehensive Income for the year	-	-	-	-	898,096	-	898,096	23,076	921,172
Total Comprehensive Income for the year	-	-	-	25,154,221	898,096	-	26,052,317	122,230	26,174,547
Transactions with owners									
Executive Stock Plan amortization	109,548	68,133	(17,931)	-	-	-	159,749	-	159,749
Dividend Declared	-	8,949,242	-	(49,990,049)	-	33,042,684	(7,998,122)	(191,242)	(8,189,364)
Total transactions with owners	109,548	9,017,375	(17,931)	(49,990,049)	-	33,042,684	(7,838,373)	(191,242)	(8,029,615)
Other movements									
Transfer from Reserve to Surplus	-	-	-	(13,251)	-	-	(13,251)	-	(13,251)
Transfer from Surplus to Reserves	-	-	13,251	-	-	-	13,251	-	13,251
Others	-	-	53	117,529	-	-	117,582	0	117,582
Total other movements	-	-	13,304	104,278	-	-	117,582	0	117,582
Balance, June 30, 2023	49,302,623	113,140,314	639,221	186,329,380	(13,358,194)	-	336,053,344	2,012,939	338,066,283

	Consolidated								
	Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total	Non-controlling Interest	Total
Balance, December 31, 2021	45,131,283	74,934,116	564,120	181,100,635	(8,670,465)	-	293,059,688	2,096,124	295,155,812
Comprehensive Income									
Net Income for the year	-	-	-	20,447,052	-	-	20,447,052	115,557	20,562,608
Other Comprehensive Income for the year	-	-	-	-	(4,739,987)	-	(4,739,987)	(40,858)	(4,780,845)
Total Comprehensive Income for the year	-	-	-	20,447,052	(4,739,987)	-	15,707,064	74,699	15,781,763
Transactions with owners									
Issuance of Shares - BPI & BFB Merger	4,061,793	28,980,891	-	-	-	(33,042,684)	-	-	-
Executive Stock Plan amortization	-	105,857	4,540	-	-	-	110,398	-	110,398
Total transactions with owners	4,061,793	29,086,748	4,540	(4,783,916)	-	(33,042,684)	(4,673,518)	-	(4,673,518)
Other movements									
Transfer from Reserve to Surplus	-	-	(2,175)	2,175	-	-	-	-	-
Transfer from Surplus to Reserves	-	-	17,810	(35,621)	-	-	(17,810)	-	(17,810)
Others	-	-	-	(401)	-	-	(401)	-	(401)
Total other movements	-	-	15,636	(33,847)	-	-	(18,211)	-	(18,211)
Balance, June 30, 2022	49,193,075	104,020,864	584,297	196,729,924	(13,410,453)	(33,042,684)	304,075,023	2,170,823	306,245,846

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For the Quarter Ended June 30, 2023 And June 30, 2022
In Millions of PHP

	June 2023	June 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	16,546	16,518
Adjustments for:		
Impairment losses	1,000	2,500
Depreciation and amortization	1,396	1,172
Share in net income of associates	(313)	(209)
Dividend and other Income	(40)	(18)
Share based compensation	-	4
Profit from asset sold	(45)	-
Realized gain or sale on investment securities	(199)	-
Interest income	(35,645)	(24,001)
Interest received	34,914	23,432
Interest expense	9,764	3,583
Interest paid	(8,896)	(2,942)
(Increase) decrease in:		-
Interbank loans receivable and securities purchased under agreements to resell	402	577
Financial Assets at FVTPL	(22,435)	(182)
Loans and advances, net	(60,128)	(96,866)
Assets held for sale	(291)	(130)
Assets attributable to Insurance operations	(18)	556
Other assets	7,793	1,630
Increase (decrease) in:		-
Deposit liabilities	(4,622)	101,841
Due to Bangko Sentral ng Pilipinas and other banks	1,169	1,141
Manager's checks demand drafts outstanding	601	248
Accrued taxes, interest and other expenses	825	594
Liabilities attributable to insurance operations	(93)	(941)
Derivative financial instruments	404	3,404
Deferred credits and other liabilities	1,048	1,664
Net cash from (used in) operations	(56,863)	33,579
Income taxes paid	(4,196)	(3,824)
Net cash from (used in) operating activities	(61,058)	29,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment Securities, net	(1,178)	273
Bank premises, furniture, fixtures and equipment	(1,458)	(273)
Disposals of:		
Investment Securities, net	26,787	3,225
Bank premises, furniture, fixtures and equipment	1,090	79
Investment properties, net	-	88
(Increase) decrease in:		
Investment in subsidiaries and associates, net	41	2,220
Assets attributable to insurance operations	(393)	351
Dividends received	40	18
Net cash used in investing activities	24,928	5,979
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(7,998)	(4,784)
Proceeds from issuance	70	53
(Decrease) Increase in bills payable and other borrowed funds	6,856	(28,118)
Payments for principal portion of lease liabilities	(577)	(405)
Net cash used in financing activities	(1,650)	(33,255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,780)	2,479
CASH AND CASH EQUIVALENTS		
April 1	332,160	288,045
June 30	294,380	290,524

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For The Six Months Ended June 30, 2023 and June 30, 2022
In Millions of PHP

	June 2023	June 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	32,196	26,793
Adjustments for:		
Impairment losses	2,000	5,000
Depreciation and amortization	2,844	2,365
Share in net income of associates	(238)	(439)
Dividend and other Income	(52)	(30)
Share based compensation	(18)	5
Profit from asset sold	(51)	-
Realized gain or sale on investment securities	(752)	-
Interest income	(68,074)	(46,412)
Interest received	68,205	45,018
Interest expense	18,121	7,072
Interest paid	(16,725)	(7,026)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	5,980	3,058
Financial Assets at FVTPL	(39,040)	(10,686)
Loans and advances, net	(20,106)	(84,294)
Assets held for sale	(391)	(319)
Assets attributable to Insurance operations	1,361	(841)
Other assets	1,548	6,268
Increase (decrease) in:		
Deposit liabilities	48,063	37,790
Due to Bangko Sentral ng Pilipinas and other banks	192	1,862
Manager's checks demand drafts outstanding	713	906
Accrued taxes, interest and other expenses	(331)	159
Liabilities attributable to insurance operations	(1,161)	501
Derivative financial instruments	348	2,988
Deferred credits and other liabilities	3,069	(317)
Net cash from (used in) operations	37,700	(10,580)
Income taxes paid	(5,263)	(4,752)
Net cash from (used in) operating activities	32,437	(15,331)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment Securities, net	(105,148)	(71,369)
Bank premises, furniture, fixtures and equipment	(2,312)	(539)
Disposals of:		
Investment Securities, net	95,287	30,309
Bank premises, furniture, fixtures and equipment	1,157	126
Investment properties, net	-	88
(Increase) decrease in:		
Investment in subsidiaries and associates, net	(9)	1,386
Assets attributable to insurance operations	(347)	183
Dividends received	52	30
Net cash used in investing activities	(11,321)	(39,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(7,998)	(4,784)
Proceeds from issuance	178	106
(Decrease) Increase in bills payable and other borrowed funds	9,010	(14,861)
Payments for principal portion of lease liabilities	(1,046)	(774)
Net cash used in financing activities	144	(20,313)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,261	(75,429)
CASH AND CASH EQUIVALENTS		
January 1	273,119	365,953
June 30	294,380	290,524

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at June 30, 2023 and 2022

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	48.35	47.50
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	31.70	26.37
Asset-to-equity ratio	Total assets divided by total equity	798.88	810.44
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	295.03	512.31
Return on equity	Net income divided by average equity	15.53	13.98
Return on assets	Net income divided by average assets	1.92	1.71
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	4.03	3.46
Average assets to average equity	Average assets divided by average equity	808.37	819.28
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.83	3.28
Cost to income ratio	Total operating expense divided by total income (revenues)	47.86	44.84
Cost to asset ratio	Total operating expense divided by average asset	2.40	2.16
Capital to assets ratio	Total equity divided by total assets	12.52	12.34

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, Philippine Accounting Standards (PAS), and interpretations approved by the Financial Reporting Standards Council (FRSC).
<ul style="list-style-type: none"> The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report: 	
<ul style="list-style-type: none"> A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change. 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2022 which was in accordance with the PFRS adopted by the SEC.
<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period. 	<ul style="list-style-type: none"> Nothing to report

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Dividends paid (aggregate per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • At the regular meeting of the Board of Directors (“Board”) held on 17 May 2023, said Board declared cash dividend of One Peso and Sixty-Eight Centavos (Php 1.68) per share for the first semester of 2023. • The Board of Directors of the Bank of the Philippine Islands (“BPI”) approved on 15 March 2023 the declaration of property dividends consisting of 406,179,276 BPI common shares held in treasury (the “Property Dividend”) to be distributed to all eligible stockholders of BPI as of record date of 29 March 2023 (the “Record Date,” and the eligible stockholders, the “Stockholders”) at an entitlement ratio of 0.0896395563 common share for every one (1) common share of BPI held by the Stockholder. The payment of the Property Dividend was carried out on 16 June 2023 (the “Payment Date”), and June 21 (the “Distribution Date”) following BPI’s receipt of the Certificate of Filing the Notice of Property Dividend Declaration issued by the Securities and Exchange Commission last 13 June 2023. The Cross Price for the transfer of the Property Dividend through the Exchange is Php105.00 per share. The Property Dividend shares was recorded in the name of PCD Nominee Corp. for the account of the Stockholders in the books of BPI on Payment Date. Following such payment, the total outstanding shares of BPI changed from 4,539,018,015 to 4,945,197,291 common shares as of 16 June 2023.
<ul style="list-style-type: none"> • Segment revenue and segment result for business segments or geographical 	<ul style="list-style-type: none"> • Attached

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
<p>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).</p>	
<ul style="list-style-type: none"> Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> Pursuant to the provision of Article Seven of its Articles of Incorporation allocating one and one-percent (1 ½%) of its total Authorized Common Stock for an Executive Stock Option Plan (ESOP) and another one and one-half percent (1 ½%) of said Authorized Common Stock for Executive Stock Purchase Plan (ESPP), the Bank has approved the 2023 BPI Executive Stock Purchase (the "BPI ESPP" or "Program") for qualified participants. The grant date of the Program is on April 26, 2023.
<ul style="list-style-type: none"> The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/contingent liabilities.
<ul style="list-style-type: none"> Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, 	<ul style="list-style-type: none"> The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational risks. The Bank is

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 corporate and consumer 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 businesses. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs), risk appetite, limits, and metrics defined and set by the Board through its Risk Management Committee (RMCom). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to support the RMCom in identifying, measuring, controlling, monitoring, and reporting the Bank's financial and non-financial risks exposures. 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 risks, as well as emerging risks such as environmental and social risks, within the RMCom-approved risk appetite (BPI subsidiary Board-level RMComs in the case of key BPI subsidiaries). Dedicated and skilled risk managers, including business risk and subsidiary risk officers, fully support the Bank's three lines-of-defense (3LoD) risk organization.</p> <ul style="list-style-type: none"> • The ongoing uncertainties observed in the global and local financial markets 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>the effectiveness of the Bank's enterprise risk management (ERM) framework. The Bank continues to implement a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating forward-looking macroeconomic assumptions and scenarios on economic landscape, particularly rising interest and inflation rates, Peso depreciation, and geopolitical events, and remaining industry recoveries from pandemic, 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"> • The ongoing uncertainties observed in the global and local financial markets 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 continues to implement a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating forward-

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>looking macroeconomic assumptions and scenarios on economic landscape, particularly rising interest and inflation rates, Peso depreciation, and geopolitical events, and remaining industry recoveries from pandemic, 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"> • The Bank is able to manage overall credit risks and maintain asset quality for the period, evidenced by generally acceptable non-performing loan (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 credit risk management system is governed by stringent credit underwriting policies and risk rating parameters (e.g. internal credit risk rating systems and credit scorecards), as well as lending procedures and standards which are regularly reviewed and updated given regulatory requirements and market developments. The Bank's NPL ratio was at 1.88% as of June 2023. Review of credit portfolios, products and programs, internal and regulatory credit stress tests, and risk reporting to Senior Management and the RMCom are regularly conducted to ensure that the Bank adheres to sound credit risk management best practices. Since January 2018, the Bank adopted the accounting standards on classification and measurement under PFRS 9 guidelines. The

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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	<p>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 lingering effects of the COVID-19 pandemic and recent economic developments, the Bank regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. Industry risk assessments, proactive collection and loan restructuring measures, and disciplined loan loss provisioning are being strictly observed to mitigate the lagged effects of the COVID-19 pandemic, credit vulnerabilities due to recent macroeconomic developments (e.g., depreciating Peso and rising inflation and interest rates), and industry risks on the Bank's borrowing accounts.</p> <ul style="list-style-type: none"> • 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) model complemented by several risk metrics such as Stop Loss and DV01. For the second quarter of 2023, the Philippine Government Securities (GS)/PHP BVAL rates and US treasury rates were higher by an average of around 24 bps and 50 bps across the curve year-to-date on continued monetary policy tightening globally. The continued geopolitical uncertainties and persistently high levels of inflation may lead to heightened market

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>volatility which could potentially have an impact on the Bank's trading and securities/investment portfolios. Despite the challenges, the Bank prudently manages its trading positions and ensures that its activities are within its set risk appetite, with its trading VaR levels well within the RMCom-approved limits as of end of the second quarter of 2023.</p> <ul style="list-style-type: none"> • The Bank also conducts regular price stress tests that measure the potential impact of adverse movements in interest rates and other risk factors on the Bank's trading and banking books, and the corresponding impact to the Bank's CAR and CET1 ratios. The stress-testing activities are useful to help better assess how extreme yet plausible conditions and external events may potentially affect the Bank's resilience and financial condition. The results of the second quarter 2023 price stress test on both the trading and banking books showed that the Bank's post-shock CAR and CET1 levels are expected to be well above the minimum regulatory requirement given adverse movements in risk factors. • Interest rate risk exposures arising from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the short- to medium- term horizon (i.e., those occurring in the next one to three years) due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of future cash flows in the banking book due to changes in interest rates. As of the second quarter of 2023, BPI Group's BSVaR and EaR levels are well within the RMCom-approved limits.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> • The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold an adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the second quarter of 2023, BPI Group's MCLG is well above the RCom-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. • The Bank regularly reviews its risk models and assumptions to assess performance, accuracy and/or effectiveness, from which recalibration or update is conducted, as necessary. Model validation is performed by a team independent of development, guided by an established framework and standards. Independent validation reports are presented to the Bank's RCom and action items are subject to monitoring and review. Enterprise risk systems are continuously enhanced and/or upgraded in light of increasing regulatory expectations and the Bank's risk data aggregation initiatives

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>towards the completeness, accuracy, timeliness and quality of risk data, dashboards, and reporting.</p> <ul style="list-style-type: none"> • On the Bank's management of operational risks as of May 2023, the Bank has maintained estimated operational losses related to the Bank's operating activities, excluding Agri-Agra penalties, to less than 1% of gross income. Such minimal losses are well within the Senior Management and Board/RMCom's conservative and prudent risk appetite, and are generally attributed to inherent risks in executing the Bank's day-to-day business operations. The RMCom is regularly apprised of operational risks through comprehensive reporting and discussions during monthly meetings, and is continually briefed on current cybercrime landscapes, emerging risks, and industry trends, as well as mitigating measures implemented by the Bank. • The acceleration of digitalization, use of cloud-based services, remote work, and the ever-evolving cyber threat landscape expose the Bank to increased risk of cyber-attacks. Investment in technology-based defenses thus remains to be a core cyber security strategy. The 24/7 Cyber Security Operations Center enables the Bank to detect and respond to threats when these happen. Technical tools continue to be deployed and upgraded to protect against email, network, and cloud attacks. The Bank also relies on robust threat intelligence feeds that provide visibility into ongoing threats and emerging cyber-attacks and inform its defense posture accordingly. A Third-party and Vendor Risk Management Program addresses supply

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>chain risk through a stringent vetting process of service providers and IT suppliers.</p> <ul style="list-style-type: none"> • The Bank puts a premium on building and maintaining a cyber-aware organization. The Bank has invested accordingly in an Information Security Awareness Program to ensure that employees are adequately trained and equipped in protecting information. Similarly, awareness campaigns are conducted for clients to combat rising fraud due to the increased adoption of online services by the public. These have been intensified with sustained engagements in social media, BPI websites, press releases, e-mail bulletins, and media outings. • Considering the Bank's operational-related risk losses, both actual and hypothetical losses from the scenario analysis exercise, the Bank is sufficiently capitalized to cover both the expected and unexpected operational related losses.
<ul style="list-style-type: none"> • The significant judgments made in classifying a particular financial instrument in the fair value hierarchy. 	<ul style="list-style-type: none"> • The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2022.
<ul style="list-style-type: none"> • A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods 	<p>The BPI Group classifies its financial assets in the following measurement categories: at Fair Value through Profit and Loss (FVTPL), Fair Value through Other Comprehensive Income (FVOCI), and at amortized cost. The recognition of each category's fair values and gain(s)/loss(es) for the relevant periods are detailed below.</p> <ul style="list-style-type: none"> • FVTPL: A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part

NOTES TO FINANCIAL STATEMENTS
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SEC REQUIREMENT	DISCLOSURE									
	<p>of a hedging relationship is recognized in profit or loss and presented in the statements of income within “Securities trading gain” in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately.</p> <ul style="list-style-type: none"> FVOCI: Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Amortized Cost: carrying amount and fair value are summarized in the following table. <table border="1" data-bbox="821 1171 1490 1339"> <thead> <tr> <th>In P Million</th> <th>Carrying Amount</th> <th>Fair Value</th> </tr> </thead> <tbody> <tr> <td>June 30, 2023 (unaudited)</td> <td>392,733</td> <td>380,518</td> </tr> <tr> <td>Dec 31, 2022 (audited)</td> <td>420,533</td> <td>391,540</td> </tr> </tbody> </table> <p>The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured.</p>	In P Million	Carrying Amount	Fair Value	June 30, 2023 (unaudited)	392,733	380,518	Dec 31, 2022 (audited)	420,533	391,540
In P Million	Carrying Amount	Fair Value								
June 30, 2023 (unaudited)	392,733	380,518								
Dec 31, 2022 (audited)	420,533	391,540								

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ended June 30, 2023

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	15,975	6,684	4,319	(1,029)	25,949
Impairment charge	1,738	(724)	2	(16)	1,000
Net interest income after impairment charge	14,237	7,408	4,317	(1,013)	24,949
Fees and commission	2,687	443	332	(169)	3,293
Other income	2,666	225	1,855	331	5,077
GRT	(357)	(38)	(18)	(33)	(446)
Other Income, net	4,996	630	2,170	129	7,925
Compensation and fringe benefits	4,778	776	435	(353)	5,636
Occupancy and equipment- related expenses	1,440	159	127	3,116	4,842
Other operating expenses	7,381	901	580	(3,014)	5,849
Total operating expenses	13,599	1,837	1,142	(251)	16,327
Operating Profit	5,634	6,201	5,345	(633)	16,547
Provision for Income Tax					3,497
Share in net income of associates					311
Total Assets	606,673	1,380,528	661,169	36,301	2,684,670
Total Liabilities	1,587,477	621,709	129,817	7,601	2,346,604

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Six Months Ended June 30, 2023					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	29,928	13,540	8,681	(2,042)	50,108
Impairment charge	2,816	(781)	(19)	(16)	2,000
Net interest income after impairment charge	27,112	14,321	8,700	(2,026)	48,108
Fees and commission	5,041	902	865	(211)	6,597
Other income	4,999	484	3,821	663	9,967
GRT	(672)	(91)	(247)	(73)	(1,084)
Other Income, net	9,367	1,294	4,439	379	15,480
Compensation and fringe benefits	8,149	1,434	825	691	11,098
Occupancy and equipment-related expenses	2,815	178	264	6,410	9,667
Other operating expenses	13,894	1,855	926	(6,048)	10,626
Total operating expenses	24,857	3,466	2,015	1,053	31,392
Operating Profit	11,622	12,149	11,125	(2,700)	32,196
Provision for Income Tax					6,943
Share in net income of associates					238
Total Assets	606,673	1,380,528	661,169	36,301	2,684,670
Total Liabilities	1,587,477	621,709	129,817	7,601	2,346,604

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

Financial Condition as of June 30, 2023 versus as of December 31, 2022

Total resources at P2.68 trillion, up P80.71 billion, or 3.1%, led by the increase in **financial assets at fair value through OCI** of P39.41 billion, or 41.4%, ending at P134.68 billion, due to purchase of securities. **Financial assets at Fair Value through Profit or Loss** at P61.20 billion, was also up P39.07 billion, or 176.5%, due to increase in holdings of securities intended for trading.

Other material increases are as follows:

- **Due from Bangko Sentral ng Pilipinas** at P203.72 billion, up P20.85 billion, or 11.4%, due to higher placement in BSP.
- **Loans and advances, net** at P1.72 Tn, up P17.54 Bn, or 1.0%, on notable growth in the consumer portfolio.
- **Interbank loans receivable and securities purchased under agreements to resell** at P21.11 billion, up P8.73 billion, or 70.5%, due to higher volume of interbank loans booked;
- **Investments in subsidiaries and associates, net** at P7.88 billion, up P655.30 million, or 9.1%, mostly from higher equity income from the Bank's life insurance affiliate.
- **Assets held for sale, net** at P4.18 billion, up P419.13 million, or 11.1%, due to the increase in foreclosed properties.

The above increases were tempered by decline in the following accounts:

- **Financial assets at fair value at amortized cost** at P392.73 billion, down P27.80 billion, or 6.6%, due to maturities and higher sales of hold to collect debt securities.
- **Cash and other cash items** at P31.98 billion, down P7.63 billion, or 19.3%, on account of lower cash placements as compared to year-end 2022;
- **Due from other banks** at P39.35 billion, down P5.84 billion, or 12.9%, due to lower balances maintained with other local banks.
- **Other Resources, net** at P13.52 billion, down 3.31 billion, or 19.7%, on account of decline in accounts receivable;
- **Assets attributable to insurance operations**, at P18.05 billion, down P1.01 billion, or 5.3%, due to lower insurance balances receivables of the Bank's non-life insurance affiliate.

Total liabilities at P2.35 trillion, increased P62.45 billion, or 2.7%, primarily from the P48.06 billion, or 2.3%, increase in **total deposits**, ending at P2.14 trillion, on account of higher Time deposits.

Other material increases are as follows:

- **Other borrowed funds** at P106.51 billion, up P9.01 billion, or 9.2%, due to issuance of bonds.
- **Accrued taxes, interest and other expenses** at P13.46 billion, up P2.87 billion, or 27.1%, on higher interest payable accruals on time certificate of deposits, bonds and income taxes.
- **Manager's Checks and Demand Drafts Outstanding** at P7.47 billion, up P713.21 million or 10.6%, on account of higher volume of manager's checks issued.
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P3.53 billion, up P646.36 million or 22.4%, due to higher outstanding balance collected for the Bureau of Internal Revenue and other foreign banks.

- **Derivative financial liabilities** at P4.64 billion, up P347.82 million or 8.1% owing to the increase in certain derivative positions.

The above increases were partly tempered by decline in **Liabilities attributable to insurance operations** at P13.93 billion, down P992.77 million, or 6.7% owing to lower reserves and other balances of the Bank's insurance affiliate.

Total capital at P336.05 billion, increased P18.33 billion, or 5.8%. **Treasury shares** was up P33.04 billion or 100% on distribution of common shares as property dividends. **Share premium** at P113.14 billion was up P9.02 billion due to the excess over the market price of the treasury shares cost distributed as property dividend. **Accumulated other comprehensive loss** at P13.36 billion was better by P898.10 million, or 6.3%, due to the improvement of the fair value of the FVOCI securities. **Surplus** of P186.33 billion was P24.73 billion or 11.7% lower, due to the declaration of property and cash dividends but tempered by the cumulative net income for six months.

RESULTS OF OPERATIONS

For the Quarters ended June 30, 2023 and June 30, 2022

Net income of P13.02 billion for the second quarter of 2023 was up 4.5%, mainly on the back of double-digit growth from **net interest income**. Lower **impairment losses**, down 60%, also contributed to the increase in income. Excluding the gain from the asset sale last year, net income would have been 49.3% higher than same period last year.

Net interest income at P25.95 billion, was up P5.60 billion, or 27.5%, as net interest margin (NIM) expanded 60 basis points (bps), driven by recovery of asset yields.

Interest income, net of GRT stood at P35.65 billion, up P11.64 billion, or 48.5%, on the back of the following increases in interest income on:

- **Loans and advances** at P29.69 billion, up P10.10 billion or 51.6%, on higher yields coupled with higher average asset volume;
- **FA at FV through OCI** at P1.30 billion, up P821.59 million or 170.2%, on higher yields with higher average asset volume;
- **Deposits with BSP and other banks** at P697.69 million, up P432.14 million or 162.7%, on higher yields despite lower average asset volume;
- **FA at FV through profit or loss** at P259.94 million, up P182.76 million or 236.8%, on account of higher yields and average asset volume.

Interest expense at P9.70 billion, up P6.04 billion, or 165.5%, mostly due to the increase in interest expense **on deposits** at P8.55 billion, up P5.77 billion, or 207.3%, due to higher cost and average volume. Interest expense **on bills payable and other borrowings** at P1.15 billion, was also up by P276.46 million or 31.8%, due to higher cost and higher average volume.

Other income, net of GRT at P7.92 billion, lower by P4.01 billion, or 33.6% due to last year's one-off sale of property. Netting of this one-off, **Other income, net of GRT** would have been P980.53

million or 14.1% higher. **Other operating income**, at P3.55 billion, lower by P4.34 billion or 55.0%, mainly on last quarter's one-off property sale. Other operating income would have been P650.09 million or 22.4% higher if we net off last year's one-off property sale, on higher credit card, trust and insurance income.

Other material movements are:

- **Fees and commissions** at P3.09 billion, declined by P183.23 million, or 5.6%, mainly from lower underwriting fees.
- **Trading gain on securities** at P185.22 million, up P100.68 million or 119.1%, due to sale of FVOCI securities.
- **Income attributable to insurance operations**, at P273.49 million, up by P158.55 million, or 137.9%, on higher investment income of the Bank's insurance affiliates.
- **Income from foreign exchange trading** at P825.39 million, up P254.44 million or 44.6%, on higher volume of remittances.

Other expenses at P16.33 billion, up P3.06 billion, or 23.1%, due to the increases in the following:

- **Other operating expenses** at P5.85 billion, up P1.57 billion, or 36.8%, on account of higher marketing and transaction servicing costs.
- **Compensation and fringe benefits** at P5.64 billion, up P835.58 million, or 17.4%, attributable to annual salary increases and performance bonuses.
- **Occupancy and equipment-related expenses** at P4.84 billion, up P655.34 million, or 15.7%, due to increase in technology spend, premises depreciation and contractual services.

Impairment losses at P1.00 billion, lower by P1.50 billion, or 60.0%, coming from the P2.50 billion level in 2022.

Provision for income tax at P3.50 billion, lower by 514.93 million, or 12.8%, due to lower **current income tax** at P3.79 billion, down P725.22 million or 16.1%, owing to last year's tax on one-off sale. **Deferred income tax**, however, was higher by P210.29 million, or 42.1%, due to the impact of last year's higher loss provisioning.

Income attributable to non-controlling interest at P28.56 million, down P14.04 million, attributable to lower income contribution from the Bank's non-life insurance affiliate.

Total comprehensive income at P12.23 billion, up P3.38 billion, mainly on lower **total other comprehensive loss**. **Total other comprehensive loss, net of tax effect** at P816.66 million, was lower by P2.28 billion, compared to same quarter last year's P3.65 billion loss. Material movements as follows:

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

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P887.00 million loss, improved by P1.53 billion or 63.3% from last year's P2.42 billion loss on account of higher market valuation of the Bank's investment securities.

- **Share in other comprehensive loss of associates** at P12.85 million, improved by P520.31 million, or 97.6%, from last year's P533.16 million loss, on account of the higher valuation of the Bank's life insurance affiliates' investment securities compared to same quarter last year.
- **Currency translation differences** at P126.97 million, higher by P172.10 million from last year's P45.13 million loss, due to the strengthening of the US dollar.
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P30.92 million loss, improved by P55.36 million, or 64.2%, from last year P86.27 million loss, as a result of higher market valuation of investment funds of the Bank's insurance affiliates.

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

- **Actuarial gains on defined benefit plan, net of tax effect** at P601 thousand, up P717.86 million, on gains this year versus recognition of loss last year.
- **Share in other comprehensive loss of associates** at P13.47 million, down P162.24 million, on lower valuation of the life insurance affiliates' investments compared to last year's movement.

Income attributable to non-controlling interest at P14.73 million, down P2.86 million, on lower fair value reserve on investments of the Bank's non-life insurance affiliate.

For the Six Months ended June 30, 2023 and June 30, 2022

Net income of P25.15 billion for the first semester of 2023 was up 23.0%, driven by strong **net interest income** and lower **impairment losses**. Excluding the impact of the sale of a property last year, net income would have been 50.6% higher than last year.

Net interest income at P50.11 billion, was up P10.77 billion, or 27.4%, with the average earning asset base growing 9.6% and net interest margin (NIM) expanding by 56 basis points (bps).

Interest income, net of GRT stood at P68.07 billion, up P21.66 billion or 46.7%, on the back of the following increases in interest income on:

- **Loans and advances** at P56.30 billion, up P18.22 billion or 47.9%, on higher yields and average asset volume;
- **FA at FV through OCI** at P2.43 billion, up P1.45 billion or 148.3%, due to higher yields and average asset volume;
- **Deposits with BSP and other banks** at P1.46 billion, up P864.46 million or 144.6%, on higher yields despite lower average asset volume;
- **FA at FV at amortized cost** at P7.47 billion, up P837.35 million or 12.6%, on account of higher yields and average asset volume;
- **FA at FV through profit or loss** at P417.68 million, up P288.24 million or 222.7%, on higher yields and average asset volume.

Interest expense at P17.97 billion, up P10.89 billion, or 154.0%, mostly due to the increase in interest expense **on deposits** at P15.65 billion, up P10.39 billion or 197.4%, due to higher cost and higher average volume. Interest expense **on bills payable and other borrowings** at P2.32 billion, was up by P505.20 million or 27.9%, also due to higher cost and average volume.

Other income, net of GRT at P15.48 billion, lower by P2.82 billion, or 15.4%. Netting of last year's one-off, **other income, net of GRT** would have been higher by P2.17 billion or 16.3%. **Other operating income** at P6.61 billion was lower by P3.90 billion mainly on last year's one-off sale of property. Excluding last year's one-off sale, **other operating income** would have been higher by P1.09 billion or 19.7% on higher credit card income and trust fees. Other material movements are:

- **Income attributable to insurance operations**, at P453.84 million, declined by P107.80 million, or 19.2%, due to increase in actuarial reserve liabilities of the Bank's insurance affiliate.
- **Income from foreign exchange trading**, at P1.34 billion, up P71.29 million, or 5.6%, on higher volume of remittances.
- **Fees and commissions**, at P6.16 billion, up P483.63 million or 8.5%, on higher service charges.
- **Trading gain on securities** at P910.70 million, up P630.06 million, due to sale of FVOCI securities.

Other expenses at P31.39 billion, up P5.54 billion, or 21.4%, due to the increases in the following:

- **Other operating expenses** at P10.63 billion, up P2.29 billion, or 27.5%, on account of higher marketing and operations costs.
- **Occupancy and equipment-related expenses** at P9.67 billion, up P1.68 billion, or 21.0%, due to increase in technology spend, premises depreciation and repairs and contractual services.
- **Compensation and fringe benefits** at P11.10 billion, up P1.58 billion, or 16.6%, attributable to annual salary increases and performance bonuses.

Impairment losses at P2.00 billion, lower by P3.00 billion, or 60.0%, coming from the P5.00 billion level in 2022.

Provision for income tax at P6.94 billion, up P712.75 million, or 11.4%, due to higher **current income tax** at P7.07 billion, up P199.98 million, on higher taxable revenue. **Deferred income tax** also higher by P512.77 million, or 79.6%, due to the impact of last year's higher loss provisioning.

Income attributable to non-controlling interest at P99.15 million, down P16.40 million, attributable to lower income contribution from the Bank's non-life insurance affiliate.

Total comprehensive income at P26.17 billion, up P10.39 billion, due to higher **net income before minority interest** at P25.25 billion, up P4.69 billion, or 22.8%. **Total other comprehensive income, net of tax effect** at P921.17 million, was also up by P5.70 billion, compared to previous year's P4.78 billion loss. Material movements as follows:

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

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P539.01 million, increased P4.36 billion, or 114.1% from last year's loss, on account of higher market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at P266.42 million, up P1.23 billion, or 127.7%, from last year's loss, on account of the higher valuation of the Bank's life insurance affiliates' investment securities compared to last year;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P32.87 million, increased by P195.08 million, or 120.3%, from last year's loss, as a result of higher market valuation of the Bank's insurance affiliates' investment funds;
- **Currency translation differences** at P85.80 million loss, higher by P38.46 million from last year's P124.27 million loss, due to the strengthening of the US Dollar.

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

- **Share in other comprehensive gain of associates** at P136.81 million, declined P110.73 million, or 44.7%, on lower remeasurement liabilities of the Bank's life insurance affiliate.
- **Actuarial gains on defined benefit plan, net of tax effect** at P31.87 million, down P12.65 million, on account of lower valuation of the affiliates' contribution to the retirement plan.

Income attributable to non-controlling interest at P122.23 million, up P47.53 million, on higher fair value reserve on investments of the Bank's non-life insurance affiliate.

Key Performance Indicators

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

	June 30, 2023	June 30, 2022
Return on Equity (%)	15.53	13.98
Return on Assets (%)	1.92	1.71
Net Interest Margin (%)	4.03	3.46
Operating Efficiency Ratio (%)	47.86	44.84
Capital Adequacy Ratio (%) - Basel III	16.46	16.80

Return on equity (ROE), the ratio of net income to average equity at 15.53%, was higher compared to last year's 13.98%, as the growth in net income outpaced the expansion of average equity.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.92%, compared to last year's 1.71%, as the growth in net income outpaced the expansion of average assets.

Net interest margin (NIM), net interest income divided by average interest-bearing assets, higher at 4.03%, as the growth in net interest income outpaced the expansion in average earning assets.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, higher at 47.86%, as the growth in operating expenses outpaced the growth of revenues.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 16.46%, lower versus prior year's 16.80%. The CET 1 ratio at 15.58%, was also lower than the 15.91% from the same period last year. The decline in capital ratios is due to the growth in risk-weighted assets which outpaced the growth in qualifying capital, and the increase in dividends paid. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

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


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

SIGNATURES

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

BANK OF THE PHILIPPINE ISLANDS

Issuer



JOSE TEODORO K. LIMCAOCO
President &
Chief Executive Officer

Date: August 9, 2023



ERIC ROBERTO M. LUCHANGCO
Senior Vice President &
Chief Finance Officer

Date: August 9, 2023

**BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2023**

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,190,943
91-180	153,069
181-360	113,381
Over 360	697,662
Total	2,155,055
Less : Allow. For Probable Losses	923,273
Net of Allowance	P 1,231,782