

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 9

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

11,785

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 SEPTEMBER 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 **SEPTEMBER 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
SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	SEPTEMBER 30, 2023	DECEMBER 31, 2022
<u>RESOURCES</u>		
Cash and Other Cash Items	31,686,779	39,612,640
Due from Bangko Sentral ng Pilipinas	188,013,946	182,868,712
Due from Other Banks	42,392,439	45,189,696
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	24,946,608	12,382,307
Financial Assets at Fair Value through Profit or Loss	47,103,021	22,133,451
Financial Assets at Fair Value through OCI	176,080,243	95,267,132
Financial Assets at Amortized Cost	378,338,981	420,532,932
Loans and Advances, net	1,741,092,892	1,702,989,582
Assets Held for Sale, net	4,458,857	3,760,190
Bank Premises, Furniture, Fixtures and Equipment, net	18,539,365	19,354,739
Investments in Subsidiaries and Associates, net	7,600,404	7,227,391
Assets Attributable to Insurance Operations	17,340,853	19,059,843
Deferred Income Tax Assets, net	17,153,674	16,752,267
Other Resources, net	15,190,728	16,829,629
TOTAL RESOURCES	2,709,938,789	2,603,960,512
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	382,795,572	376,336,642
Savings	1,122,008,334	1,182,071,199
Time	666,367,114	537,593,171
Sub-total	2,171,171,021	2,096,001,013
Derivative Financial Liabilities	3,747,881	4,297,073
Other Borrowed Funds	101,603,002	97,503,041
Due to Bangko Sentral ng Pilipinas and Other Banks	3,069,939	2,886,714
Manager's Checks and Demand Drafts Outstanding	7,537,372	6,755,330
Accrued Taxes, Interest and Other Expenses	14,992,906	10,587,188
Liabilities Attributable to Insurance Operations	13,219,745	14,919,142
Deferred Credits and Other Liabilities	42,925,763	51,207,241
TOTAL LIABILITIES	2,358,267,629	2,284,156,742
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	49,302,623	49,193,075
Share Premium	113,171,637	104,122,939
Reserves	579,866	643,848
Surplus	200,209,119	211,060,930
Accumulated Other Comprehensive Income/ (Loss)	(13,649,992)	(14,256,290)
Treasury Shares	-	(33,042,684)
	349,613,253	317,721,818
NON-CONTROLLING INTERESTS	2,057,907	2,081,952
TOTAL CAPITAL FUNDS	351,671,160	319,803,770
TOTAL LIABILITIES AND CAPITAL FUNDS	2,709,938,789	2,603,960,512

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

	<u>2023</u>	<u>2022</u>
INTEREST INCOME		
On loans and advances	31,377,104	21,993,585
On FA at amortized cost	3,633,201	3,903,606
On FA at FV through OCI	1,652,187	478,792
On deposits with BSP and other banks	746,550	334,232
On FA at FV through profit or loss	224,512	82,032
	37,633,552	26,792,247
INTEREST EXPENSE		
On Deposits	9,693,539	3,718,262
On Bills Payable and other borrowings	1,271,736	767,702
	10,965,274	4,485,964
NET INTEREST INCOME	26,668,278	22,306,283
IMPAIRMENT LOSSES	1,000,000	2,500,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	25,668,278	19,806,283
OTHER INCOME		
Fees and commissions	3,218,086	2,796,907
Income from foreign exchange trading	1,028,390	693,720
Trading gain (loss) on securities	171,004	564,999
Income attributable to insurance operations	790,749	316,419
Other operating income	3,409,027	3,138,131
	8,617,258	7,510,177
OTHER EXPENSES		
Compensation and fringe benefits	5,770,360	4,833,335
Occupancy and equipment-related expenses	5,526,164	4,617,384
Other operating expenses	5,935,715	4,791,046
	17,232,239	14,241,766
INCOME BEFORE INCOME TAX	17,053,297	13,074,694
PROVISION FOR INCOME TAX		
Current	3,806,473	2,688,667
Deferred	(266,079)	246,646
	3,540,394	2,935,313
NET INCOME FOR THE QUARTER	13,512,903	10,139,381
Attributable to:		
Equity holders of BPI	13,465,812	10,099,440
Non-controlling interest	47,091	39,941
	13,512,903	10,139,381

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
NET INCOME BEFORE MINORITY INTEREST	13,512,903	10,139,381
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	(316,367)	(900,161)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(8,742)	(44,257)
Share in other comprehensive income of associates	(128,275)	(130,629)
Currency translation differences	207,471	(45,384)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	0	1,842
Share in other comprehensive gain (loss) of associates	(48,006)	208,141
Total Other Comprehensive Income (Loss), net of tax effect	(293,920)	(910,448)
Total Comprehensive Income for the Year	13,218,982	9,228,933
Attributable to:		
Equity holders of BPI	13,174,015	9,207,322
Non-Controlling Interest	44,968	21,611
	13,218,982	9,228,933

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

	<u>Unaudited 2023</u>	<u>Audited 2022</u>
INTEREST INCOME		
On loans and advances	87,676,029	60,068,666
On FA at amortized cost	11,102,701	10,535,759
On FA at FV through OCI	4,078,092	1,455,989
On deposits with BSP and other banks	2,208,775	931,995
On FA at FV through profit or loss	642,193	211,473
	<u>105,707,790</u>	<u>73,203,882</u>
INTEREST EXPENSE		
On Deposits	25,344,612	8,980,272
On Bills Payable and other borrowings	3,586,853	2,577,622
	<u>28,931,466</u>	<u>11,557,893</u>
NET INTEREST INCOME	<u>76,776,324</u>	<u>61,645,989</u>
IMPAIRMENT LOSSES	<u>3,000,000</u>	<u>7,500,000</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>73,776,324</u>	<u>54,145,989</u>
OTHER INCOME		
Fees and commissions	9,381,759	8,476,945
Income from foreign exchange trading	2,372,691	1,966,731
Trading gain (loss) on securities	1,081,705	845,644
Income attributable to insurance operations	1,244,591	878,063
Other operating income	10,016,235	13,644,374
	<u>24,096,981</u>	<u>25,811,757</u>
OTHER EXPENSES		
Compensation and fringe benefits	16,868,827	14,354,015
Occupancy and equipment-related expenses	15,192,890	12,609,008
Other operating expenses	16,562,207	13,127,460
	<u>48,623,923</u>	<u>40,090,483</u>
INCOME BEFORE INCOME TAX	<u>49,249,383</u>	<u>39,867,263</u>
PROVISION FOR INCOME TAX		
Current	10,880,318	9,562,527
Deferred	(397,212)	(397,253)
	<u>10,483,105</u>	<u>9,165,274</u>
NET INCOME FOR THE PERIOD	<u>38,766,277</u>	<u>30,701,989</u>
Attributable to:		
Equity holders of BPI	<u>38,620,033</u>	<u>30,546,491</u>
Non-controlling interest	<u>146,244</u>	<u>155,497</u>
	<u>38,766,277</u>	<u>30,701,989</u>
Earnings per share:		
Based on 4,945,197,291 shares as of September 2023	P 7.81	P 6.77
and 4,513,128,255 shares in 2022		

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

	<u>Unaudited 2023</u>	<u>Audited 2022</u>
NET INCOME BEFORE MINORITY INTEREST	38,766,277	30,701,989
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	222,644	(4,723,079)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	24,127	(206,464)
Share in other comprehensive income of associates	138,146	(1,094,133)
Currency translation differences	121,666	(169,651)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	31,865	46,353
Share in other comprehensive gain (loss) of associates	88,804	455,682
Total Other Comprehensive Income (Loss), net of tax effect	627,252	(5,691,293)
Total Comprehensive Income for the Year	39,393,529	25,010,696
Attributable to:		
Equity holders of BPI	39,226,332	24,914,386
Non-Controlling Interest	167,197	96,310
	39,393,529	25,010,696

BANK OF THE PHILIPPINE ISLANDS-UNIBANK
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 & SEPTEMBER 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	-	-	-	38,620,033	-	-	38,620,033	146,244	38,766,277
Other Comprehensive Income for the year	-	-	-	-	606,299	-	606,299	20,953	627,252
Total Comprehensive Income for the year	-	-	-	38,620,033	606,299	-	39,226,332	167,197	39,393,529
Transactions with owners									
Executive Stock Plan amortization	109,548	99,511	(77,286)	-	-	-	131,772	-	131,772
Dividends Declared	-	8,949,187	-	(49,990,049)	-	33,042,684	(7,998,177)	(191,242)	(8,189,419)
Total transactions with owners	109,548	9,048,698	(77,286)	(49,990,049)	-	33,042,684	(7,866,405)	(191,242)	(8,057,647)
Other movements									
Transfer from Surplus to Reserves	-	-	13,251	(13,251)	-	-	-	-	-
Others	-	-	53	531,456	-	-	531,509	-	531,509
Total other movements	-	-	13,304	518,205	-	-	531,509	-	531,509
Balance, September 30, 2023	49,302,623	113,171,637	579,866	200,209,119	(13,649,992)	-	349,613,253	2,057,907	351,671,160

	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	-	-	-	30,546,491	-	-	30,546,491	155,497	30,701,989
Other Comprehensive Income for the year	-	-	-	-	(5,632,106)	-	(5,632,106)	(59,188)	(5,691,293)
Total Comprehensive Income for the year	-	-	-	30,546,491	(5,632,106)	-	24,914,386	96,310	25,010,696
Transactions with owners									
Issuance of Shares - BPI & BFB Merger	4,061,793	28,980,891	-	-	-	(33,042,684)	-	-	-
Executive Stock Plan amortization	-	158,733	10,175	-	-	-	168,908	-	168,908
Cash Dividends Declared	-	-	-	(4,783,916)	-	-	(4,783,916)	(177,188)	(4,961,104)
Total transactions with owners	4,061,793	29,139,624	10,175	(4,783,916)	-	(33,042,684)	(4,615,008)	(177,188)	(4,792,196)
Other movements									
Transfer from Reserve to Surplus	-	-	(2,175)	2,175	-	-	-	-	-
Transfer from Surplus to Reserves	-	-	72,570	(72,570)	-	-	-	-	-
Others	-	-	17,810	(3,573)	-	-	14,238	-	14,238
Total other movements	-	-	88,206	(73,968)	-	-	14,238	-	14,238
Balance, September 30, 2022	49,193,075	104,073,739	662,501	206,789,242	(14,302,571)	(33,042,684)	313,373,303	2,015,246	315,388,549

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For the Quarter Ended September 30, 2023 And September 30, 2022
(In Millions of Pesos)

	September 2023	September 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	17,053	13,075
Adjustments for:		
Impairment losses	1,000	2,500
Depreciation and amortization	1,747	1,268
Share in net income of associates	(740)	(321)
Dividend and other Income	(2)	(6)
Share based compensation	(59)	6
Profit from asset sold	(18)	(11)
Realized gain or sale on investment securities	(42)	(15)
Interest income	(37,634)	(26,792)
Interest received	35,278	26,033
Interest expense	11,047	4,678
Interest paid	(10,547)	(4,669)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	471	(1,076)
Financial Assets at FVTPL	14,103	(18,420)
Loans and advances, net	(19,765)	(45,399)
Assets held for sale	(43)	(228)
Assets attributable to insurance operations	510	734
Other assets	(3,039)	(6,972)
Increase (decrease) in:		
Deposit liabilities	27,099	40,997
Due to Bangko Sentral ng Pilipinas and other banks	(203)	1,438
Manager's checks demand drafts outstanding	69	(319)
Accrued taxes, interest and other expenses	991	329
Liabilities attributable to insurance operations	(515)	(679)
Derivative financial instruments	(897)	3,030
Deferred credits and other liabilities	(9,769)	8,528
Net cash from (used in) operations	26,093	(2,290)
Income taxes paid	(3,771)	(4,587)
Net cash from (used in) operating activities	22,322	(6,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment Securities, net	(66,005)	(33,058)
Bank, premises, furniture, fixtures and equipment	(1,171)	(553)
Proceeds from:		
Disposal of investment securities	39,561	15,216
Disposal of bank, premises, furniture, fixtures and equipment	591	227
Disposal of investment properties	0	3
(Increase) decrease in:		
Investment in subsidiaries and associates, net	847	(692)
Assets, attributable to insurance operations	178	29
Dividends received	2	6
Net cash used in investing activities	(25,996)	(18,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(191)	0
Proceeds from issuance	31	53
(Decrease) Increase in bills payable and other borrowed funds	(4,910)	3,977
Payments for principal portion of lease liabilities	(379)	(409)
Net cash used in financing activities	(5,449)	3,620
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,123)	(22,078)
CASH AND CASH EQUIVALENTS		
July 1	294,380	290,524
September 30	285,257	268,446

Bank of the Philippine Islands
Consolidated Cash Flows Statement
For the Nine Months Ended September 30, 2023 And September 30, 2022
(In Millions of Pesos)

	September 2023	September 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	49,249	39,867
Adjustments for:		
Impairment losses	3,000	7,500
Depreciation and amortization	4,591	3,634
Share in net income of associates	(978)	(760)
Dividend and other Income	(54)	(36)
Share based compensation	(77)	10
Profit from asset sold	(70)	(5,390)
Realized gain or sale on investment securities	(793)	(263)
Interest income	(105,708)	(73,204)
Interest received	103,483	71,050
Interest expense	29,168	11,750
Interest paid	(27,273)	(11,695)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	6,451	1,982
Financial Assets at FVTPL	(24,938)	(29,105)
Loans and advances, net	(39,871)	(129,692)
Assets held for sale	(434)	(547)
Assets attributable to Insurance operations	1,871	(107)
Other assets	(1,356)	(703)
Increase (decrease) in:		
Deposit liabilities	75,162	78,787
Due to Bangko Sentral ng Pilipinas and other banks	(11)	3,301
Manager's checks demand drafts outstanding	782	586
Accrued taxes, interest and other expenses	660	488
Liabilities attributable to insurance operations	(1,677)	(178)
Derivative financial instruments	(549)	6,017
Deferred credits and other liabilities	(6,701)	8,210
Net cash from (used in) operations	63,928	(18,497)
Income taxes paid	(9,034)	(9,338)
Net cash from (used in) operating activities	54,894	(27,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment Securities, net	(171,153)	(104,179)
Bank, premises, furniture, fixtures and equipment	(3,483)	(1,092)
Proceeds from:		
Disposal of investment securities	134,848	45,525
Disposal of bank, premises, furniture, fixtures and equipment	1,613	1,095
Disposal of investment properties	0	4,729
(Increase) decrease in:		
Investment in subsidiaries and associates, net	839	694
Assets, attributable to insurance operations	(169)	212
Dividends received	54	36
Net cash used in investing activities	(37,451)	(52,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(8,189)	(4,784)
Proceeds from issuance	209	159
(Decrease) Increase in bills payable and other borrowed funds	4,100	(10,884)
Payments for principal portion of lease liabilities	(1,424)	(1,183)
Net cash used in financing activities	(5,305)	(16,693)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,138	(97,507)
CASH AND CASH EQUIVALENTS		
January 1	273,119	365,953
September 30	285,257	268,446

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

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	46.91	47.51
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	29.06	26.85
Asset-to-equity ratio	Total assets divided by total equity	775.12	806.78
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	286.10	476.37
Return on equity	Net income divided by average equity	15.56	13.73
Return on assets	Net income divided by average assets	1.95	1.66
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	4.07	3.53
Average assets to average equity	Average assets divided by average equity	799.75	825.46
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.87	3.36
Cost to income ratio	Total operating expense divided by total income (revenues)	48.20	45.84
Cost to asset ratio	Total operating expense divided by average asset	2.45	2.18
Capital to assets ratio	Total equity divided by total assets	12.90	12.40

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 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
SEPTEMBER 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"> • On 25 September 2023, BPI announces upcoming bond issuance.
<ul style="list-style-type: none"> • Dividends paid (aggregate per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements). 	<ul style="list-style-type: none"> • Attached
<ul style="list-style-type: none"> • Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> • The Bank has signed a facility agreement for a 3-year syndicated term loan facility of US\$ 300 million (the "Facility"), from the original US\$ 200 million, with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and Standard Chartered Bank ("SC") as Mandated Lead Arrangers, Bookrunners and Underwriters ("MLABU"). Proceeds from the Facility will be used to partly refinance BPI's existing US\$ 600 million bond due September 2023, as well as for general corporate purposes. • The International Finance Corporation (IFC) has agreed to invest \$250 million in a green bond to be issued by the Bank. Proceeds will be used to finance eligible green assets in the Philippines. IFC is the sole subscriber of the bond, which will be aligned with the International Capital Market Association's Green Bond Principles. • Mr. Romeo L. Bernardo has tendered his resignation as director of the Bank effective 12 September 12, 2023, in view of his appointment to the Monetary Board.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> On 20 September 2023, the Board of Directors (the “Board”) of BPI elected Mr. Fernando Zobel de Ayala (“Mr. Zobel”) as Director vice Mr. Romeo L. Bernardo (“Mr. Bernardo”) who had resigned effective 12 September 2023 in view of his appointment to the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). Mr. Zobel was also appointed as member of the Executive Committee and Personnel and Compensation Committee vice Mr. Bernardo. Mr. Zobel’s election to the BPI Board is subject to confirmation/approval of the Monetary Board. With his election to the Board of Directors, Mr. Zobel will no longer be a member of BPI’s Advisory Council.
<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"> On 13 September 2023, the Philippine Competition Commission released to BPI the signed decision clearing the proposed merger between BPI and RBC. Pursuant to the comments of the BSP, the word “substantially” was deleted under the Special Provisions section of the Plan of Merger and replaced with “approved by at least a majority of”. The word “substantially” was likewise deleted under Article I of the Articles of Merger. The principal business address of BPI and the date of execution of the Plan of Merger and Articles of Merger were likewise updated. In its meeting on 30 September 2022, the Board of Directors of BPI approved the proposed merger between RBC and BPI, with BPI as the surviving bank, subject to shareholders and regulatory approvals. JG Summit Capital Services Corp. (JGCAP) and Robinsons Retail Holdings, Inc. (RRHI) currently own

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	approximately 99.9984% of the outstanding capital stock of RBC.
<ul style="list-style-type: none"> Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/contingent liabilities.
<ul style="list-style-type: none"> Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same; 	<ul style="list-style-type: none"> The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational risks. The Bank is 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>(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 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. • The Bank is able to manage overall credit risks and maintain asset quality for the period, evidenced by generally acceptable non-

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>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 1.97% as of September 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 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</p>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>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 third quarter of 2023, the Philippine Government Securities (GS)/PHP BVAL rates and US treasury rates were higher by an average of around 40 bps and 85 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 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 third quarter of 2023. • 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>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 third 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.</p> <ul style="list-style-type: none"> • 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 third quarter of 2023, BPI Group's BSVaR and EaR levels are well within the RMCom-approved limits. • 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile 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 2023, BPI Group's MCLG is well above the RMCom-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP.</p> <ul style="list-style-type: none"> • 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 RMCom and action items are subject to monitoring and review. Enterprise risk systems are continuously enhanced and/or upgraded considering increasing regulatory expectations and the Bank's risk data aggregation initiatives towards the completeness, accuracy, timeliness and quality of risk data, dashboards, and reporting. • The Bank has maintained the operational-related risk losses to less than 1% of gross income as of September 2023. These 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>briefed on current cybercrime landscapes, emerging risks, and industry trends, as well as mitigating measures implemented by the Bank.</p> <ul style="list-style-type: none"> • 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 (e.g., ransomware, supply chain 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 chain risk through a stringent vetting process of service providers and IT suppliers. • To build and maintain a cyber-aware organization, the Bank has invested in an Information Security Awareness Program to ensure that employees are adequately trained and equipped in protecting information. To validate the effectiveness of the Awareness Program, a quarterly simulation of phishing attacks on employees is conducted with the results reported to Senior Management and the Board. • 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE
	<p>sustained engagements in social media, BPI websites, press releases, e-mail bulletins, and media outings.</p> <ul style="list-style-type: none"> • 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 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. • 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SEC REQUIREMENT	DISCLOSURE									
	<p>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.</p> <ul style="list-style-type: none"> • Amortized Cost: carrying amount and fair value are summarized in the following table. <table border="1" data-bbox="821 627 1490 793"> <thead> <tr> <th data-bbox="821 627 1081 659">In P Million</th> <th data-bbox="1081 627 1308 659">Carrying Amount</th> <th data-bbox="1308 627 1490 659">Fair Value</th> </tr> </thead> <tbody> <tr> <td data-bbox="821 659 1081 726">September 30, 2023 (unaudited)</td> <td data-bbox="1081 659 1308 726">378,339</td> <td data-bbox="1308 659 1490 726">366,557</td> </tr> <tr> <td data-bbox="821 726 1081 793">Dec 31, 2022 (audited)</td> <td data-bbox="1081 726 1308 793">420,533</td> <td data-bbox="1308 726 1490 793">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	September 30, 2023 (unaudited)	378,339	366,557	Dec 31, 2022 (audited)	420,533	391,540
In P Million	Carrying Amount	Fair Value								
September 30, 2023 (unaudited)	378,339	366,557								
Dec 31, 2022 (audited)	420,533	391,540								

BANK OF THE PHILIPPINE ISLANDS						
SEGMENT REPORT						
For the Quarter Ended September 30, 2023						
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL	
Net interest income	17,051	6,661	4,133	(1,176)	26,668	
Impairment charge	1,455	(555)	95	5	1,000	
Net interest income after impairment charge	15,597	7,216	4,037	(1,182)	25,668	
Fees and commission	2,834	482	184	(28)	3,471	
Other income	2,605	323	1,703	968	5,598	
GRT	(358)	(51)	(6)	(37)	(452)	
Other Income, net	5,081	753	1,881	902	8,617	
Compensation and fringe benefits	4,085	701	418	566	5,770	
Occupancy and equipment- related expenses	1,515	156	228	3,628	5,526	
Other operating expenses	5,547	912	397	(921)	5,936	
Total operating expenses	11,148	1,769	1,042	3,273	17,232	
Operating Profit	9,530	6,200	4,876	(3,552)	17,053	
Provision for Income Tax					3,540	
Share in net income of associates					740	
Total Assets	599,214	1,375,973	702,763	31,989	2,709,939	
Total Liabilities	1,605,637	621,979	127,670	2,981	2,358,268	

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Nine Months Ended September 30, 2023					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING/ FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	46,980	20,201	12,814	(3,218)	76,776
Impairment charge	4,271	(1,337)	76	(10)	3,000
Net interest income after impairment charge	42,709	21,537	12,738	(3,208)	73,776
Fees and commission	7,875	1,383	1,048	(240)	10,067
Other income	7,603	807	5,525	1,631	15,565
GRT	(1,030)	(142)	(253)	(110)	(1,536)
Other Income, net	14,448	2,048	6,320	1,281	24,097
Compensation and fringe benefits	12,234	2,135	1,242	1,257	16,869
Occupancy and equipment-related expenses	4,330	333	491	10,039	15,193
Other operating expenses	19,441	2,767	1,323	(6,969)	16,562
Total operating expenses	36,005	5,236	3,057	4,327	48,624
Operating Profit	21,152	18,349	16,001	(6,253)	49,249
Provision for Income Tax					10,483
Share in net income of associates					978
Total Assets	599,214	1,375,973	702,763	31,989	2,709,939
Total Liabilities	1,605,637	621,979	127,670	2,981	2,358,268

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

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

Total resources at P2.71 trillion, was up P105.98 billion, or 4.1%, led by the increase in **financial assets at fair value through OCI** by P80.81 billion, or 84.8%, ending at P176.08 billion, due to purchase of securities. **Loans and advances, net**, at P1.74 trillion, was also up P38.10 Bn, or 2.2%, on notable growth in the consumer portfolio.

Other material increases are as follows:

- **Financial assets at Fair Value through Profit or Loss** at P47.10 billion, was also up P24.97 billion, or 112.8%, due to increase in holdings of securities intended for trading.
- **Interbank loans receivable and securities purchased under agreements to resell** at P24.95 billion, up P12.56 billion, or 101.5%, due to higher volume of interbank loans booked;
- **Assets held for sale, net** at P4.46 billion, up P698.67 million, or 18.6%, due to the increase in foreclosed properties.
- **Investments in subsidiaries and associates, net** at P7.60 billion, up P373.01 million, or 5.2%, mostly from higher equity income from the Bank's life insurance affiliate.

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

- **Financial assets at amortized cost** at P378.34 billion, down P42.19 billion, or 10.0%, due to maturities.
- **Cash and other cash items** at P31.69 billion, down P7.93 billion, or 20.0%, on account of lower cash placements as compared to year-end 2022;
- **Due from other banks** at P42.39 billion, down P2.80 billion, or 6.2%, due to lower balances maintained with other local banks.
- **Assets attributable to insurance operations**, at P17.34 billion, down P1.72 billion, or 9.0%, due to lower insurance balances receivables of the Bank's insurance subsidiaries.
- **Other Resources, net** at P15.19 billion, down P1.64 billion, or 9.7%, on account of decline in accounts receivable;

Total liabilities at P2.36 trillion, increased P74.11 billion, or 3.2%, mainly from the P75.17 billion, or 3.6%, increase in **total deposits**, ending at P2.17 trillion, on account of higher Time deposits.

Other material increases are as follows:

- **Accrued taxes, interest and other expenses** at P14.99 billion, up P4.41 billion, or 41.6%, on higher interest payable accrual on time certificate of deposits and income taxes.
- **Manager's Checks and Demand Drafts Outstanding** at P7.54 billion, up P782.04 million or 11.6%, on account of higher volume of manager's checks issued.
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P3.07 billion, up P183.23 million or 6.3%, due to higher outstanding balance collected for the Bureau of Internal Revenue.

The above increases were partly tempered by declines in the following:

- **Deferred credits and other liabilities** at P42.93 billion, declined by P8.28 billion, or 16.2%, on lower domestic bills purchased, acceptances outstanding and miscellaneous liabilities versus year-end.

- **Liabilities attributable to insurance operations** at P13.22 billion, down P1.70 billion, or 11.4% owing to lower reserves and other balances of the Bank's insurance subsidiaries.
- **Derivative financial liabilities** at P3.75 billion, was P549.19 million or 12.8% lower, as a result of favorable opportunity on FX Swaps compared last year.

Total capital at P349.61 billion, increased P31.89 billion, or 10.0%. **Treasury shares** was up P33.04 billion or 100% on distribution of common shares as property dividends. **Share premium** at P113.17 billion was up P9.05 billion due to the excess over the market price of the treasury shares cost distributed as property dividend. **Surplus** of P200.21 billion was P10.85 billion or 5.1% lower, due to the declaration of property and cash dividends but tempered by the cumulative net income for six months. **Reserves** of P579.87 million declined P63.98 million or 9.9% on payment of Employee Stock Option Plan (ESOP).

RESULTS OF OPERATIONS

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

Net income of P13.47 billion for the third quarter of 2023 was up P3.37 billion or 33.3%, on the back of double-digit growth of both **net interest income** and **non-interest income**. Lower **impairment losses**, down 60%, also contributed to the increase in income.

Net interest income at P26.67 billion, was up P4.36 billion, or 19.6%, as net interest margin (NIM) expanded 50 basis points (bps), driven by recovery of asset yields.

Interest income, net of GRT stood at P37.63 billion, up P10.84 billion, or 40.5%, on the back of the following increases in interest income on:

- **Loans and advances** at P31.38 billion, up P9.38 billion or 42.7%, on higher yields coupled with higher average asset volume;
- **FA at FV through OCI** at P1.65 billion, up P1.17 billion or 245.1%, on higher yields with higher average asset volume;
- **Deposits with BSP and other banks** at P746.55 million, up P412.32 million or 123.4%, on higher yields despite lower average asset volume;
- **FA at FV through profit or loss** at P224.51 million, up P142.48 million or 173.7%, on account of higher yields and average asset volume.

Above increases were partly tempered by the decline in interest income on **FA at amortized cost**, at P3.63 billion was P270.41 million or 6.9% lower, on lower volume despite higher yields.

Interest expense at P10.97 billion, up P6.48 billion, or 144.4%, mostly due to the increase in interest expense **on deposits** at P9.69 billion, up P5.98 billion, or 160.7%, due to higher cost and average volume. Interest expense **on bills payable and other borrowings** at P1.27 billion, was also up by P504.03 million or 65.7%, due to higher cost and higher average volume.

Other income, net of GRT at P8.62 billion, was P1.11 billion or 14.7% higher versus same period last year due to the following movements:

- **Income attributable to insurance operations** at P790.75 million was P474.33 million or 149.9% up on higher investment income of the Bank's insurance affiliate and subsidiaries.
- **Fees and commissions** at P3.22 billion, up P421.18 million, or 15.1%, on higher service charges and bank commissions.
- **Income from foreign exchange trading** at P1.03 billion, up P334.67 million or 48.2% on favorable opportunities on FX SWAP trading from same period last year.
- **Other operating income** at P3.41 billion, up P270.90 million or 8.6%, on higher credit card income.
- **Trading gain on securities** at P171.00 million, down P393.99 million or 69.7%, on losses incurred due to choppy and volatile US rates.

Other expenses at P17.23 billion, up P2.99 billion, or 21.0%, due to the increases in the following:

- **Other operating expenses** at P5.94 billion, up P1.14 billion, or 23.9%, on account of higher marketing and transaction servicing costs.
- **Compensation and fringe benefits** at P5.77 billion, up P937.02 million, or 19.4%, attributable to annual salary increases and performance bonuses.
- **Occupancy and equipment-related expenses** at P5.53 billion, up P908.78 million, or 19.7%, due to increase in technology spend.

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 P3.54 billion, up 605.08 million or 20.6%, due to higher **current income tax** at P3.81 billion, up P1.12 billion or 41.6%, on higher taxable revenue. **Deferred income tax**, however, was lower by P512.73 million, or 207.9%, as there was a deferred income tax reversal during the third quarter of 2022.

Income attributable to non-controlling interest at P47.09 million, up P7.15 million, attributable to higher income contribution from the Bank's insurance subsidiaries.

Total comprehensive income at P13.22 billion, up P3.99 billion, on higher **net income before minority interest**. **Total other comprehensive loss, net of tax effect** at P293.92 million, was lower by P616.53 million, compared to same quarter last year's P910.45 million 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 P316.37 million loss, improved by P583.79 million or 64.9% from last year's P900.16 million loss on account of higher market valuation of the Bank's investment securities.
- **Currency translation differences** at P207.47 million, higher by P252.85 million from last year's P45.38 million loss, due to the strengthening of the US Dollar.

- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P8.74 million loss, improved by P35.51 million, or 80.2%, from last year P44.26 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:

- **Share in other comprehensive loss of associates** at P48.01 million, down P256.15 million, from last year's income of P208.14 million, on lower valuation of the life insurance affiliate's investments compared to last year's movement.
- **Actuarial gains on defined benefit plan, net of tax effect** declined by P1.84 million as there were no equity take-up for actuarial in this quarter as they were all booked in the first half of 2023.

Income attributable to non-controlling interest at P44.97 million, up P23.36 million, on higher fair value reserve on investments of the Bank's insurance subsidiaries.

For the Nine Months ended September 30, 2023 and September 30, 2022

Net income of P38.62 billion for the nine months of 2023 was up P8.07 billion or 26.4%, 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 44.1% higher than last year.

Net interest income at P76.78 billion, was up P15.13 billion, or 24.5%, with the average earning asset base growing 8.1% and net interest margin (NIM) expanding by 54 basis points (bps).

Interest income, net of GRT stood at P105.71 billion, up P32.50 billion or 44.4%, on the back of the following increases in interest income on:

- **Loans and advances** at P87.68 billion, up P27.61 billion or 46.0%, on higher yields and average asset volume;
- **FA at FV through OCI** at P4.08 billion, up P2.62 billion or 180.1%, due to higher yields and average asset volume;
- **Deposits with BSP and other banks** at P2.21 billion, up P1.28 billion or 137.0%, on higher yields despite lower average asset volume;
- **FA at FV at amortized cost** at P11.10 billion, up P566.94 million or 5.4%, on account of higher yields despite lower average asset volume;
- **FA at FV through profit or loss** at P642.19 million, up P430.72 million or 203.7%, on higher yields and average asset volume.

Interest expense at P28.93 billion, up P17.37 billion, or 150.3%, mostly due to the increase in interest expense **on deposits** at P25.34 billion, up P16.36 billion or 182.2%, due to higher cost and higher average volume. Interest expense **on bills payable and other borrowings** at P3.59 billion, was up by P1.01 billion or 39.2%, also due to higher cost and average volume.

Other income, net of GRT at P24.10 billion, lower by P1.71 billion, or 6.6%. Netting of last year's one-off, **other income, net of GRT** would have been higher by P3.27 billion or 15.7%. **Other operating income** at P10.02 billion was lower by P3.63 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 P1.36 billion or 15.7% on higher credit card income and trust fees. Other material movements are:

- **Fees and commissions**, at P9.38 billion, up P904.81 million or 10.7%, on higher service charges.
- **Income from foreign exchange trading**, at P2.37 billion, up P405.96 million, or 20.6% as there are favorable opportunities on FX SWAP trading.
- **Income attributable to insurance operations**, at P1.24 billion, up P366.53 million, or 41.7%, due to increase in investment income of the Bank's insurance affiliate and subsidiaries.
- **Trading gain on securities** at P1.08 billion, up P236.06 million or 27.9%, due to sale of FVOCI securities.

Other expenses at P48.62 billion, up P8.53 billion, or 21.3%, due to the increases in the following:

- **Other operating expenses** at P16.56 billion, up P3.43 billion, or 26.2%, on account of higher marketing and transaction servicing expenses.
- **Occupancy and equipment-related expenses** at P15.19 billion, up P2.58 billion, or 20.5%, due to increase in technology spend.
- **Compensation and fringe benefits** at P16.87 billion, up P2.51 billion, or 17.5%, attributable to annual salary increases and performance bonuses.

Impairment losses at P3.00 billion, lower by P4.50 billion, or 60.0%, coming from the P7.50 billion level in 2022.

Provision for income tax at P10.48 billion, up P1.32 billion, or 14.4%, due to higher **current income tax** at P10.88 billion, up P1.32 billion or 13.8%, on higher taxable revenue.

Income attributable to non-controlling interest at P146.24 million, down P9.25 million, attributable to lower income contribution from the Bank's non-life insurance subsidiary.

Total comprehensive income at P39.39 billion, up P14.38 billion, due to higher **net income before minority interest** at P38.77 billion, up P8.06 billion, or 26.3%. **Total other comprehensive income, net of tax effect** at P627.25 million, was also up by P6.32 billion, compared to previous year's P5.69 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 P222.64 million, increased P4.95 billion, or 104.7% 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 P138.15 million, up P1.23 billion, or 112.6%, from last year's loss, on account of the higher valuation of the Bank's life insurance affiliate's investment securities compared to last year;

- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P24.13 million, increased by P230.59 million, or 111.7%, from last year's loss, as a result of higher market valuation of the Bank's insurance subsidiaries' investment funds;
- **Currency translation differences** at P121.67 million, higher by P291.32 million from last year's P169.65 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 P88.80 million, declined P366.88 million, or 80.5%, on lower gains of the Bank's life insurance affiliate.
- **Actuarial gains on defined benefit plan, net of tax effect** at P31.87 million, down P14.49 million, mainly as there were no changes in the balance reserves for remeasurement of retirement benefit of the Bank's insurance affiliate.

Income attributable to non-controlling interest at P167.20 million, up P70.89 million or 73.6%, on higher fair value reserve on investments of the Bank's insurance subsidiaries.

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:

	September 30, 2023	September 30, 2022
Return on Equity (%)	15.56	13.73
Return on Assets (%)	1.95	1.66
Net Interest Margin (%)	4.07	3.53
Operating Efficiency Ratio (%)	48.20	45.84
Capital Adequacy Ratio (%) - Basel III	16.98	16.78

Return on equity (ROE), the ratio of net income to average equity at 15.56%, was higher compared to last year's 13.73%, 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 1.95%, compared to last year's 1.66%, 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 4.07%, 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 48.20%, 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 16.98%, higher versus prior year's 16.78%. The CET 1 ratio at 16.09%, was also higher than the 15.89% from the same period last year. The increase in capital ratios is due to the growth in

qualifying capital, slightly offset by higher cash dividend, outpacing the growth in risk weighted assets. 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: November 13, 2023



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

Date: November 13, 2023

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2023

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,580,386
91-180	128,134
181-360	121,508
Over 360	692,035
Total	2,522,062
Less : Allow. For Probable Losses	1,016,849
Net of Allowance	P 1,505,213