

**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 **121**  
File Number

**BANK OF THE PHILIPPINE ISLANDS  
BPI BUILDING, 6768 AYALA AVE. CORNER PASEO DE ROXAS  
MAKATI CITY, METRO MANILA  
818-55-41 to 48  
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 "A"**

**PERIOD-ENDED September 30, 2009**  
(if a report, financial statement, GIS, or related amendment or show-cause filing)

**NONE**  
EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER  
(state "NONE" if that is the case)



12. Indicate by check mark whether the registrant:

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

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

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CONDITION**  
**SEPTEMBER 30, 2009 and DECEMBER 31, 2008**  
(In Thousands of Pesos)

<b>RESOURCES</b>	<b>UNAUDITED SEPTEMBER 30, 2009</b>	<b>AUDITED DECEMBER 31, 2008</b>
Cash and Other Cash Items	11,930,841	22,365,753
Due from Bangko Sentral ng Pilipinas	62,026,455	48,421,521
Due from Other Banks	7,679,979	14,277,857
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	33,013,908	22,583,572
Derivative Financial Asset	3,575,712	2,182,189
Trading Securities	59,991,834	34,399,474
Investment Securities		
Available for Sale Securities, net	52,799,686	63,786,025
Held-to-Maturity Securities, net	74,607,152	72,884,505
Loans and Advances (Net)	291,032,707	320,216,398
Bank Premises, Furniture, Fixtures & Equipment, net	11,254,358	11,176,355
Investment Property, net	2,789,084	2,827,711
Assets Held for Sale, net	14,562,290	14,836,684
Equity Investments, net	841,693	766,354
Assets Attributable to Insurance Operations	25,475,799	22,067,607
Deferred Income Tax Assets, net	5,443,695	5,676,324
Other Resources, net	7,929,357	8,143,561
<b>TOTAL RESOURCES</b>	<b>664,954,548</b>	<b>666,611,888</b>
<b>LIABILITIES AND CAPITAL FUNDS</b>		
Deposit Liabilities		
Demand Deposits	100,857,330	92,495,804
Savings Deposits	186,729,271	162,464,637
Time Deposits	227,569,788	285,391,610
Sub-total	<b>515,156,389</b>	<b>540,352,050</b>
Derivative Financial Liability	3,019,568	2,547,377
Bills Payable	28,811,221	9,934,095
Due to Bangko Sentral ng Pilipinas and Other Banks	855,746	1,495,424
Manager's Checks and Demand Drafts Outstanding	3,110,112	2,723,323
Accrued Taxes, Interests and Other Expenses	3,357,522	4,150,277
Unsecured Subordinated Debt	5,000,000	5,000,000
Liabilities Attributable to Insurance Operations	21,468,716	18,813,090
Deferred Credits and Other Liabilities	17,727,728	17,724,629
<b>TOTAL LIABILITIES</b>	<b>598,507,002</b>	<b>602,740,265</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Capital Stock	32,464,857	32,456,097
Paid-in Surplus	1,405,385	1,374,357
Translation Adjustment	(552,723)	(691,713)
Reserves	17,486	(864,582)
Surplus	32,141,148	30,659,363
	<b>65,476,153</b>	<b>62,933,522</b>
<b>MINORITY INTEREST IN SUBSIDIARIES</b>	<b>971,393</b>	<b>938,101</b>
<b>TOTAL CAPITAL FUNDS</b>	<b>66,447,546</b>	<b>63,871,623</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>664,954,548</b>	<b>666,611,888</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
For the Quarters Ended September 30, 2009 and 2008  
(In Thousands of Pesos)

	<u>UNAUDITED</u> <u>2009</u>	<u>UNAUDITED</u> <u>2008</u>
<b>INTEREST INCOME</b>		
On loans and advances	6,012,569	6,236,038
On held-to-maturity and trading securities	1,407,370	1,010,583
On available-for-sale securities	539,664	878,885
On deposits with banks	614,699	568,718
Gross Receipts Tax	(319,664)	(337,916)
	<u><b>8,254,638</b></u>	<u><b>8,356,309</b></u>
<b>INTEREST EXPENSE</b>		
On Deposits	2,564,363	3,252,298
On Bills Payable and other borrowings	381,859	118,269
	<u>2,946,222</u>	<u>3,370,567</u>
<b>NET INTEREST INCOME</b>	<u><b>5,308,417</b></u>	<u><b>4,985,742</b></u>
<b>IMPAIRMENT LOSSES</b>	<u><b>600,000</b></u>	<u><b>678,183</b></u>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<u><b>4,708,417</b></u>	<u><b>4,307,559</b></u>
<b>OTHER INCOME</b>		
Income from foreign exchange trading and trading securities	596,687	(158,702)
Service charges and commissions	781,031	790,802
Income attributable to insurance operations	233,825	171,748
Other operating income	1,346,624	1,589,295
Gross Receipts Tax	(181,259)	(66,129)
	<u><b>2,776,908</b></u>	<u><b>2,327,013</b></u>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	2,289,019	2,010,231
Occupancy and equipment-related expenses	1,403,845	1,310,549
Other operating expenses	1,161,023	1,265,108
	<u><b>4,853,888</b></u>	<u><b>4,585,888</b></u>
<b>INCOME BEFORE INCOME TAX</b>	<u><b>2,631,437</b></u>	<u><b>2,048,684</b></u>
<b>PROVISION FOR INCOME TAX</b>		
Current	621,035	471,145
Deferred	(55,005)	50,469
	<u><b>566,030</b></u>	<u><b>521,614</b></u>
<b>NET INCOME FOR THE QUARTER</b>	<u><b>2,065,408</b></u>	<u><b>1,527,070</b></u>
Attributable to:		
Equity holders of BPI	<u><b>2,018,697</b></u>	<u><b>1,489,416</b></u>
Minority interest	<u><b>46,711</b></u>	<u><b>37,654</b></u>
	<u><b>2,065,408</b></u>	<u><b>1,527,070</b></u>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Quarters Ended September 30, 2009 and 2008**  
**(In Thousands of Pesos)**

	<u>UNAUDITED</u> <u>2009</u>	<u>UNAUDITED</u> <u>2008</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>2,065,408</b>	<b>1,527,070</b>
<b>Other Comprehensive Income:</b>		
Net change in unrealized gain/loss in available-for-sale securities	606,755	641,645
Net change in fair value reserve on investments of insurance subsidiaries	292,663	88,165
Net change in exchange differences in translating foreign operations	(84,427)	(29,810)
<b>Other Comprehensive Income for the year, net of tax</b>	<b>814,991</b>	<b>700,000</b>
<b>Total Comprehensive Income for the year</b>	<b>2,880,399</b>	<b>2,227,070</b>
<b>Total Comprehensive Income attributable to:</b>		
Equity holders of BPI	2,833,688	2,189,416
Minority Interest	46,711	37,654
	<b>2,880,399</b>	<b>2,227,070</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Nine Months Ended September 30, 2009 and 2008**  
**(In Thousands of Pesos)**

	<u>UNAUDITED</u> <u>2009</u>	<u>UNAUDITED</u> <u>2008</u>
<b>INTEREST INCOME</b>		
On loans and advances	18,808,136	17,234,546
On held-to-maturity and trading securities	4,218,969	3,176,564
On available-for-sale securities	1,490,804	2,793,575
On deposits with banks	1,755,376	1,812,584
Gross Receipts Tax	(1,009,721)	(967,819)
	<u>25,263,564</u>	<u>24,049,451</u>
<b>INTEREST EXPENSE</b>		
On Deposits	8,325,904	9,629,756
On Bills Payable and other borrowings	872,141	320,182
	<u>9,198,045</u>	<u>9,949,937</u>
<b>NET INTEREST INCOME</b>	<u>16,065,519</u>	<u>14,099,513</u>
<b>IMPAIRMENT LOSSES</b>	<u>2,100,000</u>	<u>1,552,948</u>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<u>13,965,519</u>	<u>12,546,566</u>
<b>OTHER INCOME</b>		
Income from foreign exchange trading and trading securities	2,577,955	853,609
Service charges and commissions	2,385,641	2,262,283
Income attributable to insurance operations	676,563	500,868
Other operating income	4,457,178	4,714,237
Gross Receipts Tax	(580,759)	(436,761)
	<u>9,516,579</u>	<u>7,894,235</u>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	6,628,284	5,904,550
Occupancy and equipment-related expenses	4,040,875	3,786,972
Other operating expenses	3,288,790	3,436,859
	<u>13,957,949</u>	<u>13,128,381</u>
<b>INCOME BEFORE INCOME TAX</b>	<u>9,524,149</u>	<u>7,312,419</u>
<b>PROVISION FOR INCOME TAX</b>		
Current	1,808,037	1,471,515
Deferred	265,624	415,645
	<u>2,073,661</u>	<u>1,887,160</u>
<b>NET INCOME FOR THE PERIOD</b>	<u>7,450,489</u>	<u>5,425,259</u>
Attributable to:		
Equity holders of BPI	7,325,373	5,322,762
Minority interest	125,116	102,497
	<u>7,450,489</u>	<u>5,425,259</u>
Earnings per share:		
Based on 3,246,597,327 shares as of September 30, 2009	P 2.26	P 1.64
and 3,245,726,160 shares in 2008		

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Nine Months Ended September 30, 2009 and 2008**  
(In Thousands of Pesos)

	<b>UNAUDITED 2009</b>	<b>UNAUDITED 2008</b>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>7,450,489</b>	<b>5,425,259</b>
<b>Other Comprehensive Income:</b>		
Net change in unrealized gain/loss in available-for-sale securities	282,435	(4,408,538)
Net change in fair value reserve on investments of insurance subsidiaries	658,718	(757,093)
Net change in exchange differences in translating foreign operations	138,990	206,215
<b>Other Comprehensive Income for the year, net of tax</b>	<b>1,080,144</b>	<b>(4,959,416)</b>
<b>Total Comprehensive Income for the year</b>	<b>8,530,633</b>	<b>465,843</b>
<b>Total Comprehensive Income attributable to:</b>		
Equity holders of BPI	8,405,517	363,346
Minority Interest	125,116	102,497
	<b>8,530,633</b>	<b>465,843</b>



<b>BANK OF THE PHILIPPINE ISLANDS</b>							
<b>STATEMENT OF CHANGES IN CAPITAL FUNDS</b>							
<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 &amp; SEPTEMBER 30, 2008</b>							
<b>(In Thousands of Pesos)</b>							
<b>Consolidated</b>							
<b>Attributable to equity holders of BPI</b>							
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
<b>Balance, December 31, 2008</b>	32,456,097	1,374,357	(691,713)	(864,582)	30,659,363	938,101	63,871,623
Total comprehensive income for the year			138,990	941,154	7,325,373	125,116	8,530,633
Employee stock option plan:							-
Exercise of options	8,760	31,028		(59,086)			(19,298)
Cash dividends					(5,843,083)		(5,843,083)
Adjustments				-	(505)	-	(505)
Other changes in minority interest	-	-	-	-	-	(91,823)	(91,823)
<b>Balance, September 30, 2009</b>	32,464,857	1,405,385	(552,723)	17,486	32,141,148	971,393	66,447,546
<b>Consolidated</b>							
<b>Attributable to equity holders of BPI</b>							
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
<b>Balance, December 31, 2007</b>	27,043,507	1,359,812	(579,968)	4,402,007	37,785,640	1,120,430	71,131,427
Total comprehensive income for the year			206,215	(5,165,631)	5,322,762	102,497	465,843
Employee stock option plan:							
Value of employee services				43,818			43,818
Exercise of options	3,050	14,080		(23,381)			(6,252)
Cash dividends	-				(8,060,010)		(8,060,010)
Stock dividends	5,409,408				(5,409,408)		-
Transfer / Adj to/from Surplus				78,477	(77,720)		758
Other changes in minority interest						(302,846)	(302,846)
<b>Balance, September 30, 2008</b>	32,455,965	1,373,892	(373,754)	(664,710)	29,561,265	920,080	63,272,739

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2009 AND 2008**  
(In Thousands of Pesos)

	UNAUDITED 2009	UNAUDITED 2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	2,631,437	2,048,684
Adjustments for:		
Impairment losses	600,000	678,183
Depreciation and amortization	615,265	587,740
Equity in net income of associates	(1,551)	3,508
Share based	-	15,386
Dividend income	(516)	(8,003)
Interest income	(8,574,302)	(8,694,224)
Interest received	11,965,845	9,662,408
Interest expense	2,946,222	3,370,567
Interest paid	(3,360,956)	(3,615,211)
Operating income before changes in operating assets and liabilities	6,821,444	4,049,037
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	2,533,000	555,000
Interbank loans receivable and securities purchased under agreements to resell	(2,781,003)	(9,868,700)
Trading securities	26,337,637	(10,637,048)
Loans and advances	18,751,470	(4,179,160)
Assets held for sale	139,123	440,343
Assets attributable to insurance operations	318,487	(203,901)
Other resources	(2,549,375)	1,958,604
Increase (decrease) in:		
Deposit liabilities	(50,861,680)	(15,857,342)
Due to Bangko Sentral ng Pilipinas and other banks	203,652	488,008
Manager's checks demand drafts outstanding	(928,954)	(36,578)
Accrued taxes, interest and other expenses	22,649	(26,903)
Liabilities attributable to insurance operations	592,833	956,072
Derivative financial instrument	(441,800)	(957,421)
Deferred credits and other liabilities	(1,610,901)	133,553
Net cash from operating activities before income tax	(3,453,417)	(33,186,434)
Income taxes paid	(597,689)	(507,008)
Net cash generated from operating activities	(4,051,105)	(33,693,442)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
Available for sale securities	2,148,811	(7,983,806)
Held-to-maturity securities	193,513	1,950,656
Bank, premises, furniture, fixtures and equipment	(494,281)	(494,137)
Dividends received	516	8,003
Equity investments	113,249	(58,285)
Assets attributable to insurance operations	(1,104,976)	362,002
Investment property	5,495	15,616
Net cash used in investing activities	862,328	(6,199,951)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(2,921,914)	(2,921,497)
Collection on stock subscriptions	-	-
Increase (decrease) in bills payable	(2,904,758)	1,372,079
Increase in derivative liabilities	-	-
Net cash (used in) provided by financing activities	(5,826,672)	(1,549,418)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,015,449)	(41,442,812)
<b>CASH AND CASH EQUIVALENTS</b>		
June 30	81,679,102	100,541,288
September 30	72,663,653	59,098,476

<b>BANK OF THE PHILIPPINE ISLANDS</b>		
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>		
<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND SEPTEMBER 30, 2008</b>		
<b>(In Thousands of Pesos)</b>		
	<b>UNAUDITED 2009</b>	<b>UNAUDITED 2008</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	9,524,149	7,312,419
Adjustments for:		
Impairment losses	2,100,000	1,552,948
Depreciation and amortization	1,757,560	1,610,401
Equity in net income of associates	6,287	12,457
Share based compensation	-	43,818
Dividend income	(16,918)	(25,972)
Interest income	(26,273,285)	(25,017,270)
Interest received	28,598,377	26,672,098
Interest expense	9,198,045	9,949,937
Interest paid	(9,771,070)	(10,430,871)
Operating income before changes in operating assets and liabilities	15,123,144	11,679,966
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	1,629,000	2,688,000
Interbank loans receivable and securities purchased under agreements to resell	1,179,330	(2,952,935)
Trading securities	(25,603,499)	(14,588,762)
Loans and advances	26,169,184	(27,422,028)
Assets held for sale	274,394	1,055,856
Assets attributable to insurance operations	687,440	1,471,924
Other resources	10,005	1,651,207
Increase (decrease) in:		
Deposit liabilities	(25,195,661)	(19,603,691)
Due to Bangko Sentral ng Pilipinas and other banks	(639,678)	(447,363)
Manager's checks demand drafts outstanding	386,789	273,920
Accrued taxes, interest and other expenses	(219,729)	(496,878)
Liabilities attributable to insurance operations	2,655,626	1,584,105
Derivative financial instrument	(921,332)	(334,838)
Deferred credits and other liabilities	(15,628)	352,191
Net cash from operating activities before income tax	(4,480,617)	(45,089,325)
Income taxes paid	(1,841,032)	(1,561,234)
Net cash generated from operating activities	(6,321,648)	(46,650,559)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
Available for sale securities	10,608,110	25,889,128
Held-to-maturity securities	(2,292,724)	7,623,969
Bank, premises, furniture, fixtures and equipment	(1,801,141)	(1,745,538)
Dividends received	16,918	25,972
Equity investments	624,260	(817,830)
Assets attributable to insurance operations	(4,031,971)	(930,530)
Investment property	38,627	46,849
Net cash used in investing activities	3,162,079	30,092,020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(5,843,083)	(8,060,010)
Collection on stock subscriptions	-	-
Increase (decrease) in bills payable	18,877,126	1,417,210
Increase in derivative liabilities	-	-
Net cash (used in) provided by financing activities	13,034,043	(6,642,799)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,874,473	(23,201,338)
<b>CASH AND CASH EQUIVALENTS</b>		
December 31	62,789,180	82,299,814
September 30	72,663,653	59,098,476

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

<b>SEC REQUIREMENT</b>	<b>DISCLOSURE</b>
Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	The Bank's interim financial statements have been prepared in accordance with the Phil. Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Phil. Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council).
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"> <li>• A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2008 which was in accordance with the PFRS (Philippine Financial Reporting Standards) adopted by the SEC.</li> </ul>
<ul style="list-style-type: none"> <li>• Explanatory comments about the seasonality or cyclicity of interim operations</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period</li> </ul>	<ul style="list-style-type: none"> <li>• In compliance with the PFRS, the Bank adopted certain accounting and measurement methods in 2008. Those changes did not materially affect the current interim period.</li> </ul>
<ul style="list-style-type: none"> <li>• Issuances, repurchases, and repayments of debt and equity securities</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• Dividends paid (aggregate or per share) separately for ordinary shares and other shares</li> </ul>	<ul style="list-style-type: none"> <li>• Cash dividend of P 2.9 B was paid on March 20, 2009 to Common stockholders of record as of March 5, 2009.</li> </ul>

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

SEC REQUIREMENT	DISCLOSURE
	<p>On June 17, 2009, the Board of Directors declared a regular cash dividend of P 0.90 per share for the first semester of 2009 on the total outstanding Common shares of the capital stock of BPI payable to all BPI Common shares stockholders of record as of August 21, 2009 and distributable/payable on September 5, 2009 amounting to P2.9 B.</p> <p>Cash dividend of P 2.9 B was paid on September 5, 2009 to Common stockholders of record as of August 21, 2009.</p>
<ul style="list-style-type: none"> <li>• Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements)</li> </ul>	<ul style="list-style-type: none"> <li>• Attached</li> </ul>
<ul style="list-style-type: none"> <li>• Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• Changes in contingent liabilities or contingent assets since the last annual balance sheet date</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/ contingent liabilities.</li> </ul>
<ul style="list-style-type: none"> <li>• Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>

**BANK OF THE PHILIPPINE ISLANDS**  
**SEGMENT REPORT**  
For the Quarter Ended September 30, 2009

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	3,170	1,565	639	(66)	5,308
Interest Income	5,750	1,839	617	49	8,255
Interest Expense	2,581	273	(23)	115	2,946
Other Income	1,379	365	749	284	2,777
Net Interest Income & Other Income	4,548	1,930	1,389	218	8,085
Operating and Other Expenses	3,778	654	228	194	4,854
Income Before Impairment Losses, Income Tax and Minority Interest	770	1,276	1,161	24	3,231
Impairment Losses	292	310	0	(2)	600
Income before Income Tax and Minority Interest	479	966	1,160	26	2,631
Provision for Income Tax					566
Minority Interest					47
Net Income					2,019
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	221,080	191,991	224,926	26,957	664,955
Liabilities	536,669	31,644	4,105	26,089	598,507
Capex	242	273	4	157	677
Depreciation	264	217	3	132	615

**BANK OF THE PHILIPPINE ISLANDS**  
**SEGMENT REPORT**  
For the Nine Months Ending September 30, 2009

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	9,205	5,110	1,965	(215)	16,066
Interest Income	17,557	5,650	2,022	33	25,264
Interest Expense	8,353	540	57	248	9,198
Other Income	4,381	1,046	3,560	530	9,517
Net Interest Income & Other Income	13,586	6,156	5,525	315	25,582
Operating and Other Expenses	10,996	1,910	620	431	13,958
Income Before Impairment Losses, Income Tax and Minority Interest	2,590	4,246	4,905	(117)	11,624
Impairment Losses	1,075	1,027	0	(2)	2,100
Income before Income Tax and Minority Interest	1,515	3,219	4,905	(114)	9,524
Provision for Income Tax					2,074
Minority Interest					125
Net Income					7,325
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	221,080	191,991	224,926	26,957	664,955
Liabilities	536,669	31,644	4,105	26,089	598,507
Capex	1,205	843	6	650	2,704
Depreciation	754	635	10	359	1,758

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

### Financial Condition

**Total resources** ended at P664.9 billion as of end of September 2009, slightly lower by P1.7 billion than December 2008's level of P666.6 billion. Total **deposits** decreased by P25.2 billion or 4.7% on maturing **time deposits** of P57.8 billion. On the other hand, **savings and demand deposits** increased by P24.3 billion or 14.9% and P8.4 billion or 9.0%, respectively. With the drop in deposits, funding was provided by the P18.9 billion growth in **bills payable**. **Liabilities attributable to insurance operations** were higher by P2.6 billion or 14.1% on higher reserves set up relative to the increase in premiums brought about by new policies. **Derivative financial liability** went up by P472.2 million or 18.5% due to maturities and favorable market valuation of interest rate swaps. **Manager's checks and demand drafts outstanding** also rose by P386.8 million or 14.2% due to higher unnegotiated manager's checks issued. On the other hand, **accrued taxes, interest and other expenses** were down by P792.8 million or 19.1% on lower accrued interests on time deposits and payment of accrued year end expenses. **Due to Bangko Sentral ng Pilipinas and other banks** also ended lower by P639.7 million or 42.8% on lower level of tax collections relative to December 2008 when remittance deadline was extended, payment of BSP supervision and examination fees, and lower level of deposit accounts of foreign banks.

**Total capital funds** were higher by P2.5 billion mainly due to P1.5 billion improvement in **surplus** derived from the nine months earnings net of cash dividends paid. **Reserves** likewise contributed a P882.1 million increase on positive valuation of available for sale securities as balance reverted to P17.5 million from a debit balance of P864.6 million. **Translation adjustments** also increased by P139.0 million or 20.1% largely on the impact of the strengthening of the British pound against the US dollar on the capital of foreign subsidiaries.

On the asset side, **net loans** were down by P29.2 billion or 9.1% on lower demand from large scale industries. Prime corporate clients were very liquid and some accessed the capital market for their financing requirement. The loans of Metro Manila middle market clients were lower in view of the relatively high commodity prices last year. **Available for sale securities** declined by P11.0 billion or 17.2% due to the sale of a portion of its inventory. **Cash and other cash items and due from other banks** likewise decreased by P10.4 billion and P6.6 billion, respectively, in favor of **trading securities** which grew by P25.6 billion. Other preferred investment outlets were **due from Bangko Sentral ng Pilipinas (BSP) and interbank loans receivable and securities purchased under agreements to resell** which rose by P13.6 billion and P10.4 billion, respectively. **Assets attributable to insurance operations** were higher by P3.4 billion or 15.4% on increased investments from higher premiums collected. **Derivative financial assets** also improved by P1.4 billion or 63.9% due to higher marked to market gains on interest rate swaps and foreign exchange contracts. **Equity investment** increased by P75.3 million attributed to the bank's 40% stake in BPI Globe BankKO, previously wholly owned and known as Pilipinas Savings Bank but now 40% owned by Globe Telecoms and 20% owned by Ayala Corp.



## RESULTS OF OPERATIONS

### For the Quarters ended September 30, 2009 and 2008

**Net income** for the third quarter of 2009 reached P2.0 billion, P529.3 million or 35.5% better than same quarter last year's earnings of P1.5 billion. The increase was mainly due to revenue growth of P772.6 million or 10.6% but partly offset by the overhead increase of P268.0 million.

Revenue improvement was attributed to the increases in **net interest income** and **non-interest income** by P322.7 million (6.5%) and P449.9 million (19.3%), respectively.

**Net interest income** growth was fuelled by the P59.0 billion expansion in average assets partly offset by the 11 basis points contraction in interest spreads. As such, **interest income** was only lower by P101.7 million while **interest expense** declined by P424.3 million or 12.6%.

- The lower interest income was due to the drop of P223.5 million in income on **loans and advances** on lower yields relative to last year. Income on **available-for-sale securities** declined by P339.2 million or 38.6% on lower yields and inventory due to sell down in the first quarter of the year and reclassification to held-to-maturity last year. This was however offset by income on **held-to-maturity and trading securities** which improved by P396.8 million or 39.3% on higher inventory. Income on **deposit with banks** was also up by P46.0 million or 8.1% from increased volume. With the drop in interest income, **gross receipts tax (GRT)** correspondingly fell by P18.2 million.
- The decrease in interest expense was attributed to the drop in interest expense on **deposits** by P687.9 million or 21.2% on lower cost of peso and foreign currency deposits. Interest expense on **bills payable and other borrowings** expanded by P263.6 million or 2.2x due to the cost of the bank's unsecured subordinated debt and additional borrowings this year.

Improvement in non-interest income by P449.9 million was due to the rise in **income from foreign exchange and securities trading** by P755.4 million or 4.8x. This year, the bank generated gains from trading securities compared to last year's losses incurred from the sell down of securities in line with the bank's VAR limits. **Income from insurance operations** also was up by P62.1 million or 36.1% due to increased premiums of the insurance subsidiaries. These were partly reduced by the decrease in **other operating income** by P242.7 million or 15.3% due to lower gain on sale of foreclosed and bank assets. Consequent to the increase in non-interest income, **GRT** rose by P115.1 million.

**Impairment losses** was lower by P78.2 million or 11.5%, despite an additional P100.0 million impairment loss for typhoon related accounts, as last year carried higher provision for certain accounts and foreclosed assets.

**Other expenses**, which reached P4.8 billion, were up by P268.0 million against last year's P4.6 billion. Increase in overhead came from higher **compensation and fringe benefits** of P278.8 million or 13.9% largely due to increased retirement fund expense and collective bargaining agreement (CBA) related payments at the BPI Parent company. **Occupancy and equipment-related expenses** also went up by P93.3 million or 7.1% due to higher depreciation and amortization expenses. **Other operating expenses** however were down by P104.1 million or 8.2% on lower miscellaneous and litigation expenses and documentary stamps.

**Current income tax** was up by P149.9 million or 31.8% mainly due to higher final taxes paid by the BPI Parent company and higher taxable income of certain subsidiaries. **Deferred income tax** was down by P105.5 million due to timing differences on unrealized income and accrued expenses. **Income of Minority Interest** was up by P9.0 million or 24.0% due to improved income of the insurance subsidiaries.

### **Comprehensive Income**

**Total comprehensive income** for the third quarter reached P2.9 billion or P653.3 million higher than same period last year. The increase came largely from the rise in **net income before minority interest** by P538.3 million or 35.2%. Likewise, **other comprehensive income** improved by P115.0 million.

Improvement in other comprehensive income came from the increase in **fair value reserve on investments of the insurance subsidiaries** from last year's P88.2 million to P292.7 million as market prices of investments improved this year. This was partly pulled down by the lower net change in **unrealized gain/loss on available for sale securities** for the third quarter of 2009 at P606.7 million as against last year's P641.6 million on lower volume due to sell down of inventories. Increase in **translation loss of foreign subsidiaries** to P84.4 million from P29.8 million was due to the strengthening of the British pounds.

### **For the Nine Months ended September 30, 2009 and 2008**

**Net income** for the first nine months of 2009 reached P7.3 billion, P2.0 billion or 37.6% better than same period last year's P5.3 billion. **Revenue** grew by P3.6 billion or 16.3% as **net interest income** improved by P2.0 billion and **other income** rose by P1.6 billion. The increase in revenue was toned down by increases in **other expenses, impairment losses** and **provision for income tax** by P829.6 million, P547.1 million and P186.5 million, respectively.

Improvement in **net interest income** of 13.9% came from the P49.4 billion average asset base expansion and the 13 basis points rise in net interest spreads. **Interest income** was up by P1.2 billion and **interest expense** was lower by P 751.9 million.

- **Interest income** went up as income on **loans and advances** improved by P1.6 billion or 9.1% on increased portfolio level and yields. Income on **held-to-maturity and trading securities** was higher by P1.0 billion or 32.8% on higher inventory. Income on **available-for-sale securities** was however down by P1.3 billion or 46.6% as both inventory level and yields were down. With the rise in interest income, **GRT** increased by P41.9 million.
- Decline in interest expense was largely due to the lower interest expense on **deposits** of P1.3 billion or 13.5% notwithstanding the P35.7 billion expansion in average deposits. This reduction was brought about by the drop in cost of deposits as well as the favorable mix of current and savings deposits vis-à-vis time deposits. Interest expense on **bills payable and other borrowings** rose by P552.0 million on account of the P5.0 billion unsecured subordinated debt and increased BSP rediscount level.

Higher **other income** at P9.5 billion came from the substantial improvement in **income from foreign exchange and securities trading** of P1.7 billion. The declining interest rate environment provided the bank the opportunity to sell down part of its securities inventory and generate trading gains. **Income attributable to insurance operations** was up by P175.7 billion or 35.1% on higher premiums on new policies. **Service charges and commissions** also rose by P123.4 million or 5.4% on increased volume of transactions. Decline in **other operating income** partly tempered these income increases as it ended lower by P257.0 million due to drop in income from asset sales. **GRT** was up by P144.0 million or 33.0% as a result of the income improvement.

**Impairment losses** reached P2.1 billion, or P547 million higher, with additional provisions set up for corporate accounts as well as possible credit losses that may arise from the recent typhoons.

The 6% increment in **other expenses** was attributed to the rise in **compensation and fringe benefits** by P723.7 million or 12.3% from higher retirement fund and training expenses as well as CBA related expenses. **Occupancy and equipment-related expenses** also went up by P253.9 million or 6.7% due to higher depreciation, amortization and contractual service costs.

**Provision for income tax** rose by P186.5 million or 9.9% as **current income tax** increased by P336.5 million or 22.9% due to the rise in income subject to final and corporate tax. This was reduced by the decrease in **deferred income tax** by P150.0 million or 36.1% due to higher provision for losses.

**Income attributable to minority interest** was higher by P22.6 million or 22.1% on improved performance of the insurance subsidiaries.

## Comprehensive Income

**Total comprehensive income** for the nine months of 2009 reached P8.5 billion, P8.1 billion better than the last year's P465.8 million. This was attributed to the increases in **other comprehensive income** by a substantial P6.0 billion and **net income before minority interest** of P2.0 billion or 37.3% over last year.

On the other comprehensive income, **unrealized gain/loss on available for sale securities** showed improvement of P4.7 billion as this year posted gains of P282.4 million compared to last year's valuation losses of P4.4 billion. **Fair value reserve on investment of the insurance subsidiaries** also improved by P1.4 billion or 187.0% from a P757.1 million loss last year to this year's gain of P658.7 million due to upward marked to market valuation of equities and investment funds. However, net change in **translating foreign subsidiaries** was down by P67.2 million or 32.6% as last year posted higher translation gain mainly from the US Dollar strengthening.

## 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, 2009	September 30, 2008
Return on Equity (%)	15.0	11.0
Return on Assets (%)	1.5	1.2
Net Interest Margin (%)	3.8	3.7
Operating Efficiency Ratio (%)	54.6	59.7
Capital Adequacy Ratio (%)—Basel II	15.5	13.2

**Return on equity (ROE)**, net income divided by average equity, and **return on assets (ROA)**, net income divided by average assets, improved by 4.0% and 32 basis points, respectively, due to improved earnings this year. These increases in ROE and ROA reflect the bank's efficiency in utilizing its capital and resources, respectively, to generate profits.

**Net interest margin (NIM)**, net interest income divided by average interest bearing assets, was higher by 13 basis points as costs of funds this year went down by 43 basis points partly countered by the 29 basis points decrease in yields on interest bearing assets.

**Operating efficiency ratio** (cost to income), operating expenses divided by total revenues, was lower by 5.1% as revenues grew faster than operating expenses. This improvement in operating ratio showed the bank's efficiency in utilizing its overhead to generate more revenues.

**Capital adequacy ratio (CAR)**, total qualifying capital divided by total risk-weighted assets, measures the ability of the bank's capital funds to cover its various risks. The bank's CAR at 15.5% improved by 2.4% from last year's 13.2% due to increase in qualifying capital on account of higher profits and the P5.0 billion unsecured subordinated debt. The bank's CAR is above BSP's minimum requirement of 10%.

## **Material Events and Uncertainties**

The Bank has nothing to report on the following:

1. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.
2. Any events that will trigger direct or contingent financial obligation that is material to the company, 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 company with unconsolidated entities or other persons created during the reporting period other than those mentioned above.
4. 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 or revenues or income from continuing operations.
6. Events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments).
7. Any significant elements of income or loss that did not arise from the registrant's continuing operations.
8. 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



**AURELIO R. MONTINOLA III**  
**Chief Executive Officer / President**

Date: November 13, 2009



**ANTONIO V. PANER**  
**Executive Vice President / Treasurer**

Date: November 13, 2009

**BPI UNIBANK**  
**CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE**  
**SEPTEMBER 30, 2009**

<b>No. of Days Outstanding</b>	<b>Amount (In Thousands)</b>
01-90	P 102,639
91-180	99,539
181-360	230,472
Over 360	1,649,275
	-----
<b>Grand Total</b>	<b>P 2,081,925</b>
<b>Less: Allowance for Probable Losses</b>	<b>616,870</b>
	-----
<b>Net of Allowance for Probable Losses</b>	<b>P 1,465,055</b>
	=====