

**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, 2011
(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, 2011**
2. Commission identification number **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. **Philippines**
Province, country or other jurisdiction of incorporation
6. Industry Classification Code: (SEC Use Only)
7. **BANK OF THE PHILIPPINE ISLANDS BUILDING**
6768 Ayala Avenue Corner Paseo de Roxas
Makati City **ZIP Code 0720**
Address of principal office Postal Code
8. **(02) 818 5541 to 48**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	3,556,356,173
11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	Common
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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, 2011 AND DECEMBER 31, 2010
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	SEPTEMBER 30, 2011	DECEMBER 31, 2010
RESOURCES		
Cash and Other Cash Items	16,927,660.42	18,150,990.67
Due from Bangko Sentral ng Pilipinas	78,664,949.74	128,487,493.24
Due from Other Banks	7,384,721.00	6,548,010.67
Interbank Loans Receivable and Securities Purchased under Agreements to Resell	13,144,165.17	66,832,907.38
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	7,983,124.71	6,058,891.85
Trading Securities	27,107,915.61	11,448,814.70
Available for Sale Securities, net	82,188,127.50	112,522,946.98
Held-to-Maturity Securities, net	92,042,030.42	95,474,303.28
Loans and Advances, net	403,827,469.69	378,728,446.66
Bank Premises, Furniture, Fixtures and Equipment, net	12,083,687.94	11,605,982.03
Investment Properties, net	2,653,437.55	2,706,048.91
Assets Held for Sale, net	10,403,820.30	11,773,668.11
Equity Investments, net	2,650,882.77	2,508,088.17
Assets Attributable to Insurance Operations	12,645,527.75	11,915,612.76
Deferred Income Tax Assets, net	4,975,019.93	5,023,075.12
Other Resources, net	14,029,263.87	8,360,277.21
TOTAL RESOURCES	788,711,804.37	878,145,557.73
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand	124,271,181.24	120,528,815.14
Savings	269,094,495.45	245,769,001.23
Time	231,336,108.95	353,468,394.38
Sub-total	624,701,785.65	719,766,210.75
Derivative Financial Liabilities	6,637,027.27	5,329,467.57
Bills Payable	24,199,067.05	24,868,223.09
Due to Bangko Sentral ng Pilipinas and Other Banks	540,115.23	2,000,083.60
Manager's Checks and Demand Drafts Outstanding	4,651,215.30	4,186,804.00
Accrued Taxes, Interest and Other Expenses	3,805,472.85	5,119,066.30
Unsecured Subordinated Debt	5,000,000.00	5,000,000.00
Liabilities Attributable to Insurance Operations	10,092,038.43	9,212,826.57
Deferred Credits and Other Liabilities	21,095,879.55	20,388,543.94
TOTAL LIABILITIES	700,722,601.31	795,871,225.82
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Capital Stock	35,562,264.78	35,562,264.78
Paid-in Surplus	8,316,837.80	8,316,837.80
Reserves	1,403,961.66	1,366,683.32
Surplus	41,713,235.75	35,317,835.47
Accumulated Other Comprehensive Loss	(364,774.27)	466,174.66
	86,631,525.73	81,029,796.03
Non-controlling Interest	1,357,677.34	1,244,535.88
TOTAL CAPITAL FUNDS	87,989,203.06	82,274,331.91
TOTAL LIABILITIES AND CAPITAL FUNDS	788,711,804.37	878,145,557.73

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended September 30, 2011 and 2010
(In Thousands of Pesos)

	<u>2011</u>	<u>2010</u>
INTEREST INCOME		
On loans and advances	6,904,148	6,475,168
On held-to-maturity securities	1,494,537	1,516,432
On available-for-sale securities	844,492	903,821
On deposits with BSP and other banks	422,178	700,759
On trading securities	247,223	175,447
Gross Receipts Tax	(338,414)	(348,899)
	<u>9,574,163</u>	<u>9,422,728</u>
INTEREST EXPENSE		
On Deposits	2,921,205	2,968,390
On Bills Payable and other borrowings	277,586	310,096
	<u>3,198,790</u>	<u>3,278,486</u>
NET INTEREST INCOME	<u>6,375,372</u>	<u>6,144,242</u>
IMPAIRMENT LOSSES	<u>301,196</u>	<u>1,284,992</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>6,074,176</u>	<u>4,859,250</u>
OTHER INCOME		
Fees and commissions	1,081,875	1,060,820
Income from foreign exchange trading	406,763	354,275
Trading gain (loss) on securities	1,324,459	2,088,992
Income attributable to insurance operations	270,606	207,273
Other operating income	1,821,665	1,316,942
Gross Receipts Tax	(330,860)	(310,996)
	<u>4,574,507</u>	<u>4,717,306</u>
OTHER EXPENSES		
Compensation and fringe benefits	2,760,700	2,267,860
Occupancy and equipment-related expenses	1,667,499	1,504,894
Other operating expenses	1,631,571	1,353,725
	<u>6,059,770</u>	<u>5,126,479</u>
INCOME BEFORE INCOME TAX	<u>4,588,913</u>	<u>4,450,077</u>
PROVISION FOR INCOME TAX		
Current	906,235	925,805
Deferred	187,194	(68,033)
	<u>1,093,429</u>	<u>857,771</u>
NET INCOME FOR THE QUARTER	<u>3,495,484</u>	<u>3,592,305</u>
Attributable to:		
Equity holders of BPI	<u>3,435,387</u>	<u>3,537,323</u>
Non-controlling interest	<u>60,098</u>	<u>54,983</u>
	<u>3,495,484</u>	<u>3,592,305</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended September 30, 2011 and 2010
(In Thousands of Pesos)

	<u>2,011</u>	<u>2,010</u>
NET INCOME BEFORE MINORITY INTEREST	3,495,484	3,592,305
Other Comprehensive Income:		
Net change in fair value reserve on available-for-sale securities, net of tax effect	605,147	548,217
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(144,393)	297,913
Share in other comprehensive income of associates	119,259	(124,245)
Currency translation differences	(24,871)	(52,462)
Total Other Comprehensive Income (Loss), net of tax effect	555,142	669,423
Total Comprehensive Income for the Year	4,050,626	4,261,728
Attributable to:		
Equity holders of BPI	3,992,924	4,171,253
Non-Controlling Interest	57,702	90,475
	4,050,626	4,261,728

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Nine Months Ended September 30, 2011 and 2010
(In Thousands of Pesos)

	<u>Unaudited 2011</u>	<u>Unaudited 2010</u>
INTEREST INCOME		
On loans and advances	19,834,027	18,745,291
On held-to-maturity securities	4,578,334	4,312,698
On available-for-sale securities	2,816,421	2,114,734
On deposits with BSP and other banks	1,862,997	2,278,269
On trading securities	544,202	425,577
Gross Receipts Tax	(1,041,665)	(1,022,787)
	<u>28,594,316</u>	<u>26,853,781</u>
INTEREST EXPENSE		
On Deposits	8,741,990	8,489,881
On Bills Payable and other borrowings	862,662	1,006,560
	<u>9,604,652</u>	<u>9,496,442</u>
NET INTEREST INCOME	18,989,664	17,357,340
IMPAIRMENT LOSSES	1,481,878	2,527,309
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>17,507,786</u>	<u>14,830,031</u>
OTHER INCOME		
Fees and commissions	3,395,239	2,983,704
Income from foreign exchange trading	1,470,436	1,460,970
Trading gain (loss) on securities	2,265,193	3,074,123
Income attributable to insurance operations	822,393	558,365
Other operating income	4,806,006	4,389,350
Gross Receipts Tax	(795,859)	(842,354)
	<u>11,963,408</u>	<u>11,624,158</u>
OTHER EXPENSES		
Compensation and fringe benefits	7,738,968	6,669,757
Occupancy and equipment-related expenses	4,708,842	4,352,508
Other operating expenses	4,569,857	3,977,007
	<u>17,017,667</u>	<u>14,999,271</u>
INCOME BEFORE INCOME TAX	<u>12,453,527</u>	<u>11,454,917</u>
PROVISION FOR INCOME TAX		
Current	2,987,902	2,433,171
Deferred	(349,658)	(213,866)
	<u>2,638,243</u>	<u>2,219,304</u>
NET INCOME FOR THE PERIOD	<u>9,815,284</u>	<u>9,235,613</u>
Attributable to:		
Equity holders of BPI	9,633,799	9,104,752
Non-controlling interest	181,485	130,861
	<u>9,815,284</u>	<u>9,235,613</u>
Earnings per share:		
Based on 3,556,356,173 shares as of September 30, 2011	P 2.71	P 2.56
and 3,555,983,148 shares in 2010		

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2011 and 2010
(In Thousands of Pesos)

	<u>Unaudited 2011</u>	<u>Unaudited 2010</u>
NET INCOME BEFORE MINORITY INTEREST	9,815,284	9,235,613
Other Comprehensive Income:		
Net change in fair value reserve on available-for-sale securities, net of tax effect	(614,863)	523,096
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(214,955)	422,792
Share in other comprehensive income of associates	(11,052)	903,412
Currency translation differences	(1,170)	(169,861)
Total Other Comprehensive Income (Loss), net of tax effect	(842,040)	1,679,439
Total Comprehensive Income for the Year	8,973,244	10,915,053
Attributable to:		
Equity holders of BPI	8,802,850	10,737,119
Non-Controlling Interest	170,393	177,934
	8,973,244	10,915,053

BANK OF THE PHILIPPINE ISLANDS

STATEMENT OF CHANGES IN CAPITAL FUNDS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 & SEPTEMBER 30, 2010

(In Thousands of Pesos)

	Consolidated						
	Attributable to equity holders of BPI						Non-controlling interest
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Comprehensive Income		
Balance, December 31, 2010	35,562,265	8,316,838	1,366,683	35,317,835	466,175	1,244,536	82,274,332
Total comprehensive income for the year				9,633,799	(830,949)	170,393	8,973,244
Employee stock option plan:							
Unexercised expired stock option			(41,017)	41,017			(0)
Cash dividends				(3,200,721)			(3,200,721)
Transfer (from)/to surplus to reserves			80,441	(80,441)			0
Adjustments			(2,145)	1,745			(400)
Other changes in non-controlling interest						(57,252)	(57,252)
Balance, September 30, 2011	35,562,265	8,316,838	1,403,962	41,713,236	(364,774)	1,357,677	87,989,203

	Consolidated						
	Attributable to equity holders of BPI						Non-controlling interest
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Comprehensive Income		
Balance, December 31, 2009	32,466,688	1,412,302	1,394,866	33,160,134	(1,636,301)	967,459	67,765,149
Total comprehensive income for the year				9,104,752	1,632,366	177,934	10,915,053
Stock Rights	3,076,923	6,752,341					9,829,264
Employee stock option plan:							
Exercise of options	14,923	58,012	(107,263)				(34,327)
Cash dividends				(5,844,405)			(5,844,405)
Adjustments			(3,066)	2,085	1,985		1,004
Other changes in minority interest						(138,791)	(138,791)
Balance, September 30, 2010	35,558,535	8,222,655	1,284,537	36,422,567	(1,950)	1,006,602	82,492,946

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2011 AND SEPTEMBER 30, 2010
(In Thousands of Pesos)

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	4,588,913	4,450,077
Adjustments for:		
Impairment losses	301,196	1,284,992
Depreciation and amortization	796,005	638,749
Equity in net income of associates	(4,686)	2,735
Dividend income	(7,314)	(3,259)
Interest income	(9,912,577)	(9,771,627)
Interest received	10,930,377	13,175,242
Interest expense	3,198,790	3,278,486
Interest paid	(3,716,325)	(3,606,259)
Operating income before changes in operating assets and liabilities	6,174,381	9,449,134
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	0	1,443,000
Interbank loans receivable and securities purchased under agreements to resell	(1,082,916)	(3,447,783)
Trading securities	(5,792,769)	24,630,999
Loans and advances	4,806,731	20,162,464
Assets held for sale	219,323	386,350
Assets attributable to insurance operations	(1,447,660)	(598,240)
Other resources	1,192,456	(15,074)
Increase (decrease) in:		
Deposit liabilities	(66,065,009)	(18,914,306)
Due to Bangko Sentral ng Pilipinas and other banks	(1,527,637)	721,620
Manager's checks demand drafts outstanding	(859,158)	1,925
Accrued taxes, interest and other expenses	(313,809)	(86,438)
Liabilities attributable to insurance operations	1,460,693	1,322,819
Derivative financial instrument	(704,350)	(1,175,134)
Deferred credits and other liabilities	(6,247,624)	(5,602,194)
Net cash from operating activities before income tax	(70,187,349)	28,279,142
Income taxes paid	(658,686)	(962,424)
Net cash generated from operating activities	(70,846,035)	27,316,718
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Available for sale securities	3,855,562	(15,348,664)
Held-to-maturity securities	2,310,609	1,489,396
Bank, premises, furniture, fixtures and equipment	(852,950)	(682,502)
Dividends received	7,314	3,259
Equity investments	(243,357)	(297,926)
Assets attributable to insurance operations	350,676	(431,477)
Investment property	15,874	10,804
Net cash used in investing activities	5,443,728	(15,257,108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	0	-
Collection on stock subscriptions	-	9,829,264
Increase (decrease) in bills payable	1,542,612	(1,629,573)
Net cash (used in) provided by financing activities	1,542,612	8,199,691
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,859,695)	20,259,301
CASH AND CASH EQUIVALENTS		
June 30	178,665,220	86,241,575
September 30	114,805,525	106,500,876

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND SEPTEMBER 30, 2010
(In Thousands of Pesos)

	2011	2010
<i>CASH FLOW FROM OPERATING ACTIVITIES</i>		
Income before income tax	12,453,527	11,454,917
Adjustments for:		
Impairment losses	1,481,878	2,527,309
Depreciation and amortization	2,230,850	1,882,355
Equity in net income of associates	(10,230)	(11,070)
Dividend income	(19,650)	(15,140)
Interest income	(29,635,981)	(27,876,569)
Interest received	31,382,137	29,427,817
Interest expense	9,604,652	9,496,442
Interest paid	(10,514,467)	(9,821,845)
Operating income before changes in operating assets and liabilities	16,972,716	17,064,216
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	54,303,000	(1,474,000)
Interbank loans receivable and securities purchased under agreements to resell	2,343,512	20,794,812
Trading securities	(15,546,419)	29,921,115
Loans and advances	(26,831,641)	(6,055,680)
Assets held for sale	1,369,848	1,499,800
Assets attributable to insurance operations	(876,173)	(48,933)
Other resources	(5,993,492)	(223,272)
Increase (decrease) in:		
Deposit liabilities	(95,064,425)	33,352,739
Due to Bangko Sentral ng Pilipinas and other banks	(1,459,968)	(301,008)
Manager's checks demand drafts outstanding	464,411	1,457,653
Accrued taxes, interest and other expenses	(403,779)	(331,589)
Liabilities attributable to insurance operations	879,212	987,122
Derivative financial instrument	(616,673)	(521,788)
Deferred credits and other liabilities	707,336	(922,696)
Net cash from operating activities before income tax	(69,752,535)	95,198,490
Income taxes paid	(2,590,188)	(2,486,515)
Net cash generated from operating activities	(72,342,723)	92,711,975
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
(Increase) decrease in:		
Available for sale securities	28,749,107	(31,485,524)
Held-to-maturity securities	2,801,884	(17,613,556)
Bank, premises, furniture, fixtures and equipment	(2,391,311)	(1,757,668)
Dividends received	19,650	15,140
Equity investments	(416,993)	(521,259)
Assets attributable to insurance operations	292,748	(786,874)
Investment property	52,611	42,841
Net cash used in investing activities	29,107,696	(52,106,901)
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>		
Cash Dividends	(3,200,721)	(5,844,405)
Collection on stock subscriptions	-	9,829,264
Increase (decrease) in bills payable	(669,156)	(13,517,415)
Net cash (used in) provided by financing activities	(3,869,877)	(9,532,556)
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		
	(47,104,904)	31,072,518
<i>CASH AND CASH EQUIVALENTS</i>		
January 1	161,910,429	75,428,358
September 30	114,805,525	106,500,876

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

SEC REQUIREMENT	DISCLOSURE
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"> • 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, 2010 which was in accordance with the PFRS (Philippine Financial Reporting Standards) 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"> • In compliance with the PFRS, the Bank adopted certain accounting and measurement methods in 2010. Those changes did not materially affect the current interim period. • The Bank has decided not to early adopt PFRS 9 in its 2011 annual financial reporting. If still applicable, the Bank shall again conduct in early 2012 another impact evaluation using outstanding balances of financial statements as of December 31, 2011.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Dividends paid (aggregate or per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • On May 18, 2011, the Board of Directors declared a regular cash dividend of P0.90 per share for the first semester of the year 2011 on the total outstanding Common shares of capital stock of BPI payable to Common stockholders of record as of June 23, 2011 and payable on July 8, 2011 amounting to P3.2 B. • Cash dividends paid on July 8, 2011 to Common stockholders as of June 23, 2011 amounted to P3.2 B.
<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"> • Nothing to report
<ul style="list-style-type: none"> • The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> • Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/ contingent liabilities.
<ul style="list-style-type: none"> • Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> • Nothing to report

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Quarter Ended September 30, 2011					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Interest Income	6,211	1,610	1,555	198	9,574
Interest Expense	2,946	121	31	101	3,199
Net interest income	3,265	1,489	1,524	97	6,375
Impairment charge	362	(53)	(8)	0	301
Net interest income after impairment charge	2,903	1,542	1,532	97	6,074
Other Income, net	1,779	466	1,984	346	4,575
Total operating expenses	4,466	773	513	308	6,060
Operating profit	216	1,235	3,003	135	4,589
Share in net income of associates					60
Provision for Income Tax					1,093
Net Income					3,436
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	268,584	275,035	224,526	20,567	788,712
Liabilities	647,722	15,321	23,665	14,015	700,723
Capex	409	399	3	450	1,261
Depreciation	314	245	75	162	796

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Nine Months Ended September 30, 2011					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Interest Income	18,575	5,040	4,921	58	28,594
Interest Expense	8,813	398	96	298	9,605
Net interest income	9,762	4,642	4,825	(240)	18,989
Impairment charge	1,003	479	(1)	0	1,481
Net interest income after impairment charge	8,759	4,163	4,826	(240)	17,508
Other Income, net	5,196	1,362	4,660	745	11,963
Total operating expenses	12,675	2,205	1,149	989	17,018
Operating profit	1,280	3,320	8,337	-484	12,453
Share in net income of associates					181
Provision for Income Tax					2,638
Net Income					9,634
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	268,584	275,035	224,526	20,567	788,712
Liabilities	647,722	15,321	23,665	14,015	700,723
Capex	677	1,433	17	994	3,121
Depreciation	907	701	153	470	2,231

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

Financial Condition

Bank of the Philippine Islands (BPI) focused on the safety of its assets and the maintenance of its yields at the expense of asset growth. The Bank opted instead to grow its loan to deposit ratio through prudent domestic loans funded by low cost deposits.

Total resources as of end of September 2011 was at P788.7 billion, P89.4 billion or 10.2% lower than end 2010 level of P878.1 billion. Total **deposits** ended at P624.7 billion, P95.1 billion or 13.2% lower against end 2010. Time deposits dropped by P122.1 billion or 34.6% due to maturities. In line with the Bank's strategy, **demand** and **savings deposits** expanded by P3.7 billion or 3.1% and P23.3 billion or 9.5%, respectively. **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** was likewise lower by P1.5 billion or 73.0% on lower BIR collections, payment of BSP supervision fees, and lower deposit balances with foreign banks this period. **Accrued taxes, interest and other expenses** declined by P1.3 billion or 25.7% on payment of accrued year end expenses and lower interest accrual relative to the lower level of time deposits. These drops were tempered by the growth in **derivative financial liabilities** by P1.3 billion or 24.5%, due to increase in market valuation of interest rate swaps. **Manager's checks and demand drafts outstanding** grew by P464 million or 11.1% due to the higher level of manager's checks issued. **Liabilities attributable to insurance operations** also went up by P879.2 million on increase in premiums written and reinsurance premiums and their corresponding tax payable at the bank's non-life insurance subsidiary.

Total capital funds grew by P5.7 billion or 6.9% to P88.0 billion as **surplus** went up by P6.4 billion or 18.1% from profits generated during the year net of dividends paid. **Accumulated other comprehensive loss** was P365 million compared to P466 million income at end 2010, registering a P831 million or 178.2% negative variance on decline in market value of securities holdings of the bank and the insurance subsidiaries.

On the asset side, **interbank loans receivable and securities purchased under agreements to resell** declined by P53.7 billion or 80.3% due to maturities. **Due from Bangko Sentral ng Pilipinas** also dropped by P49.8 billion or 38.8 % on lower reserve assets corresponding to the drop in peso deposits. **Available for sale securities, net** contracted by P30.3 billion or 27.0% as the bank sold down inventories and took profit on long-term securities in the third quarter. **Assets held for sale, net** ended lower by P1.4 billion or 11.6% on foreclosed assets sales. **Cash and other cash items** dropped by P1.2 billion or 6.7% on lower cash level requirements this period against year end. On the other hand, **loans and advances, net** moved up by P25.1 billion or 6.6% on corporate sector loan and housing loans growth. **Trading securities** went up by P15.7 billion or 136.8% as trading positions in peso denominated securities were increased. **Other resources** were also up by P5.7 billion or 67.8% due to the unamortized purchase price of the ex-ING investment management business, increases in business related account receivable and

miscellaneous assets. **Derivative financial assets** increased by P1.9 billion or 31.8% due to increased market valuation of interest rate swaps and cross currency swaps. **Due from other banks** likewise rose by P837 million or 12.8% due to higher working balances maintained with correspondent banks. **Assets attributable to insurance operations** was up by P730 million or 6.1% due to the increase in premiums receivables of the non-life insurance subsidiary. **Equity investments, net** was likewise up by P143 million or 5.7 % on improved income of the bank's bancassurance affiliate.

RESULTS OF OPERATIONS

For the Quarters ended September 30, 2011 and 2010

Net income for the third quarter of 2011 was P3.4 billion, P102 million or 2.9% lower than the third quarter 2010's P3.5 billion. Revenues increased by P88 million and impairment losses were lower by P984 million or 76.6%. These were however negated by the increase in operating expense and taxes of P933 million or 18.2%, and P236 million or 27.5%, respectively.

The increase in revenues came largely from the P231 million increase in **net interest income** but partly depressed by the decline in **non-interest income** of P143 million. **Net interest income** was higher by 3.8%, despite a 6 basis points contraction in net interest margin, as the average asset base expanded by P55.6 billion or 7.6%. **Interest income** was up by P151 million or 1.6%, while **interest expense** was lower by P79 million or 2.4%.

- **Interest income** growth was contributed by **loans and advances** which grew by P429 million or 6.6% brought about by increased corporate average loan volume. Moreover, income on **trading securities** increased by the P71.8 million or 40.9% due to the higher yields. These increments were partly negated by the P278.6 million or 39.8% drop in income on **deposit with BSP and other banks** on lower actual interest on deposits credited by the BSP, and the P59.3 million lower income on **available for sale securities** on lower inventory.
- The drop in **interest expense** came from lower interest **on deposits**, down by P47 million or 1.6% on the lower level of time deposits, and lower interest **on bills payable and other borrowings**, down by P32.5 million or 10.5% on lower BSP rediscounting level.

Third quarter 2011 **other income** reached P4.6 billion, P143 million or 3.0% lower than last year's P4.7 billion. The decline was largely caused by a substantial drop of P764 million or 36.6% in **trading gain (loss) on securities** vis-à-vis last year in line of expectations for this year. On the other hand, **other operating income** grew by P505 million or 38.3% due to higher trust fees and miscellaneous income. **Income attributable to insurance operations** also increased by P63 million or 30.6% on improved pre-tax income of the bancassurance affiliate and the non-life subsidiary. Likewise, **income from foreign exchange trading** went up by P52 million or 14.8%

on revaluation of foreign currency income. **Gross receipts tax (GRT)** was up by P20 million or 6.4% on this year's higher other operating income, and fees and commissions.

Impairment losses for the third quarter of 2011 amounted to P301 million, P984 million or 76.6% lower than same period last year in view of the bank's relatively stable asset quality and the sufficient reserve cover on non-performing loans (NPLs).

Other expenses of P6.1 billion was P933 million or 18.2% higher than last year's P5.1 billion. More than half of the increase in other expenses came from **compensation and fringe benefits**, which rose by P493 million or 21.7% due to salary adjustments. **Other operating expenses** was P278 million or 20.5% up on higher advertising cost, regulatory cost and miscellaneous expenses and the amortized cost of the purchase of ex-ING investment management business. **Occupancy and equipment-related expenses** likewise grew by P163 million or 10.8% on increased equipment depreciation, software costs, rent and contractual cost.

Provision for income tax at P1.1 billion was P236 million or 27.5% up against last year. This was due to the increase of P255 million in **deferred income tax (DIT)** relative to the lower level of loss provisioning.

Income attributable to non-controlling interest rose by P5 million or 9.3% due to higher net income of the non-life subsidiary.

Comprehensive Income

Total comprehensive income of P4.1 billion for third quarter 2011 was P211 million or 4.9% lower than last year's P4.3 billion. This came from drops in the **net income before minority interest** by P97 million or 2.7% and **other comprehensive income** by P114 million or 17.1%.

The other comprehensive income decline was largely due to the drop of P442 million in the **fair value reserve on investments of insurance subsidiaries** following the downward valuation of their investments. This was partially offset by the increase of P243 million in the **share in comprehensive income of associates** due to the improvement in the market valuation of the investments of the bancassurance joint venture. **Net change in fair value reserve on available-for-sale securities** was likewise up by P57 million on upward market valuation of available-for-sale securities at the bank side. **Currency translation differences** were also up by P28 million largely due to the strengthening of the Hong Kong dollar against the US dollar thereby improving the translation of the balance sheet of the deposit taking unit in Hong Kong.

Total comprehensive income attributable to non-controlling interest went down by P33 million or 36.2% following the drop in the fair value reserve of insurance subsidiaries.

For the Nine Months ended September 30, 2011 and 2010

Net income for the first three quarters of 2011 reached P9.6 billion, P529 million or 5.8% better than the P9.1 billion recorded last year. The rise in net income came from the P2.0 billion or 6.8% increase in **revenues**, and the P1.0 billion or 41.4% decrease in **impairment losses**. These were however tempered by increases in **overhead** by P2.0 billion and **taxes** by P419 million. The revenue growth was largely due to higher **net interest income** of P1.6 billion or 9.4%, which was brought about by an average asset base expansion of P67.4 billion or 9.4%. **Interest income** grew by P1.7 billion or 6.5% while **interest expense** went up by a smaller P108 million.

- Increase in interest income was due to higher income on almost all earning assets of the bank. Interests on **loans and advances, available-for-sale securities and held-to-maturity securities** were up by P1.1 billion, P702 million, and P266 million, respectively, on increased average volumes. Interest on **trading securities**, despite the lower average inventory, was also up by P119 million on improved yields. Above increases were partly tempered by lower interest income **on deposits with BSP and other banks** which went down by P415 million or 18.2% on lower yield on deposits with BSP.
- Interest expense **on deposits** was up by P252 million but this was partly offset by lower interest expense **on bills payable and other borrowings**, down by P144 million or 14.3% on lower BSP rediscounts.

Other income which ended at P12.0 billion was P339 million more than last year's P11.6 billion. **Other operating income** improved by P417 million, notwithstanding lower profits from asset sales, mainly due to higher trust fees and bank premises and equipment rental. **Fees and commissions** rose by P412 million or 13.8% on increased service charges due to higher ATM and remittance fees. **Income attributable to insurance operations** was also higher by P264 million or 47.3 % on higher pre-tax income of the non life insurance subsidiary and the bancassurance affiliate. However, these increases were reduced by the P809 million or 26.3% drop in **trading gain (loss) on securities** on valuation losses. **GRT** was down by P46 million or 5.52% on lower realized foreign exchange income.

Impairment losses of P1.5 billion was P1.0 billion or 41.4% down from last year in view of the current adequate reserve cover on NPLs.

Year to date expenses totaled P17.0 billion, P2.0 billion or 13.5% higher than last year with increases coming from all expense categories. **Compensation and fringe benefits** were up by P1.1 billion or 16.0% due to salary increases and CBA related expenses. **Other operating expenses** increased by P593 million or 14.9% due to amortized cost of purchase of ex-ING investment management business, higher regulatory cost, variable cost and prior period taxes settlement. **Occupancy and equipment-related expenses** were up by P356 million or 8.2% on higher depreciation, rent, software cost and contractual services.

Provision for income tax of P2.6 billion was P419 million or 18.9% above last year's P2.2

billion. **Current income tax** grew by P555 million or 22.8% on higher corporate income taxes. **DIT** was P136 million or 63.5% lower than last year as last year carried a reversal of DIT related to the utilization of prior year's net operating loss carry over (NOLCO).

Income attributable to non-controlling interest was up by P51 million on higher income of the non-life insurance subsidiary.

Comprehensive Income

Year to date **total comprehensive income** amounted to P9.0 billion, P1.9 billion or 17.8% lower than same period last year. The increase in **net income before minority interest** of P580 million or 6.3% was negated by the decrease in **other comprehensive income** of P2.5 billion or 1.5x.

Lower other comprehensive income was due to downward movements of the **net change in fair value reserve on available-for-sale securities, share in other comprehensive income of associates** and **fair value reserve on investment of the insurance subsidiaries**. **Net change in fair value reserve on available-for-sale securities** was down by P1.1 billion or 217.5% on lower mark-to-market valuation of the bank's available-for-sale securities. **Share in other comprehensive income of associates** also declined by P914 million or 101.2% as the bancassurance joint venture suffered decreases in the value of its investments. **Fair value reserve on investment of the insurance subsidiaries** likewise was down by P638 million or 150.8% as the valuation of funds of insurance subsidiaries declined. Partly offsetting above decreases was the P169 million or 99.3% upward movement in **currency translation differences** due to the improvement in the translation of the balance sheet of the European and Hong Kong 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, 2011	September 30, 2010
Return on Equity (%)	15.5	17.6
Return on Assets (%)	1.6	1.7
Net Interest Margin (%)	3.6	3.6
Operating Efficiency Ratio (%)	55.0	51.8
Capital Adequacy Ratio (%) - Basel II	15.9	17.0

Return on equity (ROE), net income divided by average equity, contracted by 203 basis points in view of a larger capital base, the average of which by 19.7% inclusive of the P10 billion stock rights issued last August 2010. ROE measures the bank's efficiency in the use of its capital to generate profits.

Return on assets (ROA), net income divided by average assets, was down by 6 basis points. ROA reflects the bank's efficiency in utilizing its resources to generate income.

Net interest margin (NIM), net interest income divided by average interest bearing assets, was

relatively flat at 3.6%. While interest bearing asset yield declined by 11 basis points, cost of funds recorded a 13 basis points drop.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, increased by 3.2% to 55.0% as operating expense grew at a faster rate than revenues. Cost to income ratio measures the bank's efficient utilization of its overhead to generate 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 15.9% was 1.1% lower than last year's 17.0% as increase in total risk weighted assets outpaced the growth of total qualifying capital. 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 14, 2011



ANTONIO V. PANER
Executive Vice President / Treasurer

Date: November 14, 2011

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
September 30, 2011

No. of Days Outstanding	Amount (In Thousands)
0-90	P 2,935,969
91-180	43,280
181-360	24,995
Over 360	906,333
Total	3,910,577
Less : Allow. For Probable Losses	970,747
Net of Allowance	P <u><u>2,939,830</u></u>