

**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 June 30, 2010
(if a report, financial statement, GIS, or related amendment or show-cause filing)

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

SECURITIES AND EXCHANGE COMMISSION

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

1. For the quarterly period ended **June 30, 2010**
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 1226**
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	3,247,121,712
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

12. Indicate by check mark whether the registrant:

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

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

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF CONDITION
JUNE 30, 2010 AND DECEMBER 31, 2009
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	JUNE 30, 2010	DECEMBER 31, 2009
RESOURCES		
Cash and Other Cash Items	13,463,704	18,779,845
Due from Bangko Sentral ng Pilipinas	62,053,824	62,743,605
Due from Other Banks	6,442,031	7,147,298
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	48,728,255	52,546,184
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	3,034,792	2,145,827
Trading Securities	48,954,296	53,256,304
Available for Sale Securities, net	87,665,470	71,706,090
Held-to-Maturity Securities, net	95,118,905	75,031,166
Loans and Advances, net	352,458,689	327,473,628
Bank Premises, Furniture, Fixtures and Equipment, net	11,320,665	11,410,037
Investment Properties, net	2,729,681	2,761,718
Assets Held for Sale, net	13,127,755	14,241,205
Equity Investments, net	2,772,940	1,639,421
Assets Attributable to Insurance Operations	10,772,751	10,949,921
Deferred Income Tax Assets, net	5,034,888	4,872,329
Other Resources, net	7,868,991	7,716,278
TOTAL RESOURCES	771,547,637	724,420,855
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities	631,737,732	579,470,688
Derivative Financial Liabilities	3,135,056	1,592,744
Bills Payable	20,121,534	32,009,377
Due to Bangko Sentral ng Pilipinas and Other Banks	910,828	1,933,456
Manager's Checks and Demand Drafts Outstanding	4,514,837	3,059,108
Accrued Taxes, Interest and Other Expenses	4,206,126	4,448,906
Unsecured Subordinated Debt	5,000,000	5,000,000
Liabilities Attributable to Insurance Operations	8,426,605	8,762,302
Deferred Credits and Other Liabilities	25,065,726	20,379,124
TOTAL LIABILITIES	703,118,445	656,655,706
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Capital Stock	32,469,920	32,466,688
Paid-in Surplus	1,424,165	1,412,302
Reserves	1,369,599	1,394,866
Surplus	32,885,245	33,160,134
Accumulated Other Comprehensive Loss	(635,864)	(1,636,301)
	67,513,065	66,797,689
Non-controlling Interest	916,127	967,459
TOTAL CAPITAL FUNDS	68,429,192	67,765,149
TOTAL LIABILITIES AND CAPITAL FUNDS	771,547,637	724,420,855

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended June 30, 2010 and 2009
(In Thousands of Pesos)

	<u>Unaudited 2010</u>	<u>Unaudited 2009</u>
INTEREST INCOME		
On loans and advances	6,275,773	6,081,774
On held-to-maturity securities	1,406,571	1,322,572
On available-for-sale securities	633,757	482,058
On deposits with BSP and other banks	878,884	684,419
On trading securities	122,208	84,226
Gross Receipts Tax	(342,109)	(334,529)
	<u>8,975,085</u>	<u>8,320,520</u>
INTEREST EXPENSE		
On Deposits	2,924,917	2,786,276
On Bills Payable and other borrowings	321,250	256,537
	<u>3,246,167</u>	<u>3,042,813</u>
NET INTEREST INCOME	<u>5,728,918</u>	<u>5,277,707</u>
IMPAIRMENT LOSSES	<u>618,530</u>	<u>700,000</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>5,110,387</u>	<u>4,577,707</u>
OTHER INCOME		
Fees and commissions	997,056	883,944
Income from foreign exchange trading	538,251	261,516
Trading gain (loss) on securities	435,591	360,461
Income attributable to insurance operations	212,168	237,204
Other operating income	1,559,903	1,846,653
Gross Receipts Tax	(264,867)	(221,563)
	<u>3,478,102</u>	<u>3,368,216</u>
OTHER EXPENSES		
Compensation and fringe benefits	2,262,642	2,186,455
Occupancy and equipment-related expenses	1,448,055	1,358,455
Other operating expenses	1,345,118	1,034,972
	<u>5,055,814</u>	<u>4,579,882</u>
INCOME BEFORE INCOME TAX	<u>3,532,675</u>	<u>3,366,041</u>
PROVISION FOR INCOME TAX		
Current	807,276	574,548
Deferred	(156,602)	330,814
	<u>650,674</u>	<u>905,362</u>
NET INCOME FOR THE QUARTER	<u>2,882,001</u>	<u>2,460,680</u>
Attributable to:		
Equity holders of BPI	<u>2,835,241</u>	<u>2,423,883</u>
Non-controlling interest	<u>46,760</u>	<u>36,797</u>
	<u>2,882,001</u>	<u>2,460,680</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended June 30, 2010 and 2009
(In Thousands of Pesos)

	<u>Unaudited 2010</u>	<u>Unaudited 2009</u>
NET INCOME BEFORE MINORITY INTEREST	2,882,001	2,460,680
Other Comprehensive Income:		
Net change in fair value reserve on available-for-sale securities, net of tax effect	27,705	(29,239)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	64,523	290,195
Share in other comprehensive income of associates	41,831	0
Currency translation differences	46,453	234,030
Total Other Comprehensive Income (Loss), net of tax effect	180,512	494,986
Total Comprehensive Income for the Year	3,062,512	2,955,665
Attributable to:		
Equity holders of BPI	3,009,569	2,918,869
Minority Interest	52,944	36,797
	3,062,512	2,955,665

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30, 2010 and 2009
(In Thousands of Pesos)

	Unaudited 2010	Unaudited 2009
INTEREST INCOME		
On loans and advances	12,270,123	12,554,117
On held-to-maturity securities	2,796,266	2,646,690
On available-for-sale securities	1,210,912	951,140
On deposits with BSP and other banks	1,577,510	1,382,127
On trading securities	250,130	164,909
Gross Receipts Tax	(673,888)	(690,057)
	17,431,053	17,008,926
INTEREST EXPENSE		
On Deposits	5,521,491	5,761,541
On Bills Payable and other borrowings	696,464	490,282
	6,217,956	6,251,823
NET INTEREST INCOME	11,213,098	10,757,103
IMPAIRMENT LOSSES	1,242,317	1,500,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	9,970,781	9,257,103
OTHER INCOME		
Fees and commissions	1,922,884	1,751,689
Income from foreign exchange trading	1,106,695	640,151
Trading gain (loss) on securities	985,131	1,341,118
Income attributable to insurance operations	341,384	442,738
Other operating income	3,074,196	2,963,476
Gross Receipts Tax	(531,358)	(399,500)
	6,898,932	6,739,671
OTHER EXPENSES		
Compensation and fringe benefits	4,401,897	4,339,264
Occupancy and equipment-related expenses	2,847,014	2,637,030
Other operating expenses	2,615,962	2,127,767
	9,864,873	9,104,062
INCOME BEFORE INCOME TAX	7,004,841	6,892,712
PROVISION FOR INCOME TAX		
Current	1,507,366	1,187,002
Deferred	(145,833)	320,629
	1,361,533	1,507,631
NET INCOME FOR THE PERIOD	5,643,308	5,385,081
Attributable to:		
Equity holders of BPI	5,567,430	5,306,676
Non-controlling interest	75,878	78,405
	5,643,308	5,385,081
Earnings per share:		
Based on 3,247,121,712 shares as of June 30, 2010 and 3,246,448,544 shares in 2009	P 1.71	P 1.63

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2010 and 2009
(In Thousands of Pesos)

	<u>Unaudited 2010</u>	<u>Unaudited 2009</u>
NET INCOME BEFORE MINORITY INTEREST	5,643,308	5,385,081
Other Comprehensive Income:		
Net change in fair value reserve on available-for-sale securities, net of tax effect	(25,121)	(324,319)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	124,879	366,055
Share in other comprehensive income of associates	1,027,657	0
Currency translation differences	(117,399)	223,417
Total Other Comprehensive Income (Loss), net of tax effect	1,010,016	265,153
Total Comprehensive Income for the Year	6,653,324	5,650,234
Attributable to:		
Equity holders of BPI	6,565,866	5,571,829
Minority Interest	87,458	78,405
	6,653,324	5,650,234

BANK OF THE PHILIPPINE ISLANDS

STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 & JUNE 30, 2009
(In Thousands of Pesos)

	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Other Comprehensive Income	Non-controlling interest	Total
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				5,567,430	998,436	87,458	6,653,324
Employee stock option plan:							
Exercise of options	3,232	11,864	(22,201)				(7,105)
Cash dividends				(5,844,405)			(5,844,405)
Adjustments			(3,066)	2,085	2,001		1,020
Other changes in non-controlling interest						(138,791)	(138,791)
Balance, June 30, 2010	32,469,920	1,424,165	1,369,599	32,885,245	(635,864)	916,127	68,429,192

	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Other Comprehensive Income	Non-controlling interest	Total
Balance, December 31, 2008	32,456,097	1,374,357	1,291,759	30,659,363	(2,848,053)	938,101	63,871,623
Total comprehensive income for the year				5,306,676	265,153	78,405	5,650,234
Employee stock option plan:							
Exercise of options	6,936	24,582	(46,976)				(15,457)
Cash dividends				(2,921,170)			(2,921,170)
Adjustments				(505)	0		(505)
Other changes in minority interest						(109,508)	(109,508)
Balance, June 30, 2009	32,463,034	1,398,939	1,244,783	33,044,365	(2,582,901)	906,998	66,475,218

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED JUNE 30, 2010 AND JUNE 30, 2009
(In Thousands of Pesos)

	Unaudited 2010	Unaudited 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	3,532,675	3,366,041
Adjustments for:		
Impairment losses	618,530	700,000
Depreciation and amortization	629,890	586,384
Equity in net income of associates	(16,263)	7,768
Dividend income	12,452	(15,778)
Interest income	(9,317,194)	(8,655,049)
Interest received	5,890,133	7,031,415
Interest expense	3,246,167	3,042,813
Interest paid	(3,022,514)	(2,745,005)
Operating income before changes in operating assets and liabilities	1,573,876	3,318,588
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	(6,267,000)	(3,453,000)
Interbank loans receivable and securities purchased under agreements to resell	4,027,770	(528,760)
Trading securities	(7,214,885)	(24,230,756)
Loans and advances	(35,475,044)	(16,804,887)
Assets held for sale	908,216	373,153
Assets attributable to insurance operations	315,719	112,365
Other resources	2,275,027	584,363
Increase (decrease) in:		
Deposit liabilities	71,088,154	48,956,099
Due to Bangko Sentral ng Pilipinas and other banks	151,087	59,735
Manager's checks demand drafts outstanding	1,488,029	424,238
Accrued taxes, interest and other expenses	371,716	314,182
Liabilities attributable to insurance operations	(149,952)	1,237,708
Derivative financial instrument	514,113	(59,514)
Deferred credits and other liabilities	5,041,092	(51,356)
Net cash from operating activities before income tax	38,647,919	10,252,158
Income taxes paid	(890,090)	(627,585)
Net cash generated from operating activities	37,757,829	9,624,573
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Available for sale securities	(21,255,605)	(15,435,291)
Held-to-maturity securities	(14,083,053)	(3,532,202)
Bank, premises, furniture, fixtures and equipment	(613,119)	(622,343)
Dividends received	(12,452)	15,778
Equity investments	(99,395)	407,038
Assets attributable to insurance operations	(313,440)	(1,588,334)
Investment property	16,430	17,516
Net cash used in investing activities	(36,360,634)	(20,737,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(2,922,325)	-
Increase (decrease) in bills payable	(4,496,620)	21,978,653
Net cash (used in) provided by financing activities	(7,418,945)	21,978,653
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,021,750)	10,865,390
CASH AND CASH EQUIVALENTS		
March 31	92,263,325	70,813,712
June 30	86,241,575	81,679,102

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SEMESTER ENDED JUNE 30, 2010 AND JUNE 30, 2009
(In Thousands of Pesos)

	Unaudited 2010	Unaudited 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	7,004,841	6,892,712
Adjustments for:		
Impairment losses	1,242,317	1,500,000
Depreciation and amortization	1,243,606	1,142,295
Equity in net income of associates	(13,805)	7,838
Dividend income	(11,881)	(16,402)
Interest income	(18,104,942)	(17,698,983)
Interest received	16,252,574	16,632,531
Interest expense	6,217,956	6,251,823
Interest paid	(6,215,585)	(6,410,114)
Operating income before changes in operating assets and liabilities	7,615,081	8,301,700
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	(2,917,000)	(904,000)
Interbank loans receivable and securities purchased under agreements to resell	24,242,595	3,960,332
Trading securities	5,290,116	(51,941,136)
Loans and advances	(26,218,143)	7,417,713
Assets held for sale	1,113,449	135,271
Assets attributable to insurance operations	549,306	368,954
Other resources	(208,198)	2,559,380
Increase (decrease) in:		
Deposit liabilities	52,267,045	25,666,019
Due to Bangko Sentral ng Pilipinas and other banks	(1,022,628)	(843,330)
Manager's checks demand drafts outstanding	1,455,728	1,315,743
Accrued taxes, interest and other expenses	(245,151)	(242,378)
Liabilities attributable to insurance operations	(335,697)	2,062,793
Derivative financial instrument	653,347	(479,533)
Deferred credits and other liabilities	4,679,497	1,595,273
Net cash from operating activities before income tax	66,919,348	(1,027,200)
Income taxes paid	(1,524,091)	(1,243,343)
Net cash generated from operating activities	65,395,256	(2,270,543)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Available for sale securities	(16,136,861)	8,459,299
Held-to-maturity securities	(19,102,953)	(2,486,238)
Bank, premises, furniture, fixtures and equipment	(1,075,166)	(1,306,860)
Dividends received	11,881	16,402
Equity investments	(223,333)	511,011
Assets attributable to insurance operations	(355,398)	(2,926,995)
Investment property	32,037	33,132
Net cash used in investing activities	(36,849,793)	2,299,751
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(5,844,405)	(2,921,170)
Increase (decrease) in bills payable	(11,887,842)	21,781,884
Net cash (used in) provided by financing activities	(17,732,247)	18,860,714
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	10,813,217	18,889,922
CASH AND CASH EQUIVALENTS		
January 1	75,428,358	62,789,180
June 30	86,241,575	81,679,102

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2009 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 2009. Those changes did not materially affect the current interim period.
<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"> • Cash dividend declared last December 16, 2009 amounting to P2.9 B was paid on February 26, 2010 to Common stockholders of record as of February 11, 2010.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> On May 19, 2010, the Board of Directors declared a regular cash dividend of P 0.90 per share for the first semester of the year 2010 on the total outstanding Common shares of the capital stock BPI payable to Common stockholders of record as of July 8, 2010 and payable on July 23, 2010 amounting to P 2.9 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 June 30, 2009

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	3,657	1,486	613	(27)	5,730
Interest Income	6,614	1,682	614	65	8,975
Interest Expense	2,957	196	1	92	3,246
Other Income	1,773	411	997	297	3,478
Net Interest Income & Other Income	5,431	1,897	1,610	270	9,208
Operating and Other Expenses	3,964	657	238	197	5,056
Income Before Impairment Losses, Income Tax and Minority Interest	1,466	1,240	1,373	73	4,152
Impairment Losses	390	227	0	1	618
Income before Income Tax and Minority Interest	1,077	1,013	1,373	72	3,534
Provision for Income Tax					651
Minority Interest					47
Net Income					2,837
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	254,834	238,354	263,723	14,636	771,548
Liabilities	660,121	21,633	4,548	16,816	703,118
Capex	317	556	4	173	1,050
Depreciation	290	234	4	101	630

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Six Months Ending June 30, 2010

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	7,008	2,553	1,703	(51)	11,213
Interest Income	12,592	3,000	1,704	135	17,431
Interest Expense	5,584	447	1	186	6,218
Other Income	3,413	767	2,349	370	6,899
Net Interest Income & Other Income	10,421	3,320	4,052	318	18,111
Operating and Other Expenses	7,640	1,312	437	476	9,865
Income Before Impairment Losses, Income Tax and Minority Interest	2,781	2,008	3,615	(157)	8,247
Impairment Losses	746	418	77	1	1,242
Income before Income Tax and Minority Interest	2,035	1,590	3,538	(158)	7,005
Provision for Income Tax					1,362
Minority Interest					76
Net Income					5,567
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	254,834	238,354	263,723	14,636	771,548
Liabilities	660,121	21,633	4,548	16,816	703,118
Capex	654	869	6	313	1,842
Depreciation	569	459	7	209	1,244

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

Financial Condition

Total resources at the end of first semester of 2010 reached P771.5 billion, P47.1 billion or 6.5% higher than 2009 year end level of P724.4 billion. Total **deposits** ended at P631.7 billion, 9.0% or P52.3 billion up against December 2009's level on increased peso and FCDO deposits. **Deferred credits and other liabilities** likewise went up by P4.7 billion on higher miscellaneous liabilities, largely from the P2.9 billion cash dividends payable and the bills purchased – contra accounts. **Derivative financial liabilities** were higher by P1.5 billion on market valuation of foreign exchange non deliverable forwards. **Manager's checks and demand drafts outstanding** increased by P1.4 billion or 47.6% due to the higher level of outstanding manager's checks issued. On the other hand, **bills payable** went down by P11.9 billion or 37.1% to P20.1 billion on matured rediscounted loans with Bangko Sentral ng Pilipinas (BSP). **Due to BSP and other banks** was down by P1.0 billion or 52.9% on the remittance of tax collections and the lower deposit balance of foreign banks. **Accrued taxes, interest and other expenses'** contraction of P242.8 million or 5.5% came from the payment of accrued year end expenses.

Total capital funds expanded by P715 million due to the drop in **accumulated other comprehensive loss** by P1.0 billion or 61.1% driven by the upward valuation of the investments of BPI-Philam Life Assurance Corp. (BPI Philam). **Non-controlling interest** was down by P51.3 million or 5.3% due to BPI MS Insurance Corp. dividend payment for 2009.

On the asset side, **net loans** grew by P25.0 billion or 7.6% to P352.4 billion due to incremental loan drawings of corporate clients as well as increase in consumer loans. **Held-to-maturity securities** and **available-for-sale securities**, moved up by P20.1 billion (26.8%) and P16.0 billion (22.3%), respectively, being the preferred investments for the funds generated from the incremental deposits and matured other investments. **Equity investment** improved by P1.1 billion on upward market valuation of investments of BPI Philam. Similarly, **derivative financial assets** rose by P889 million or 41.4% on mark-to-market gains on foreign currency swaps. On the contrary, **cash and other cash items** dropped by P5.3 billion due to the relatively lower level of cash required during the year compared to year end. Likewise, **trading securities** declined by P4.3 billion on profit taking on the sell down of inventories. **Interbank loans receivable and securities purchased under agreements to resell** also went down by P3.8 billion or 7.3% in favor of higher yielding securities. **Assets held for sale** decreased by P1.1 billion or 7.8% on robust sales of foreclosed assets. Balances of **due from other banks** fell by P705 million as these funds were invested in foreign securities.

RESULTS OF OPERATIONS

For the Quarters ended June 30, 2010 and 2009

Net income for the second quarter of 2010 reached P2.8 billion, P411 million or 17.0% better than the second quarter of 2009's net profits of P2.4 billion. Improvement was driven by the increased revenues of P561 million, and lower taxes and impairment losses of P255 million and P81 million, respectively. These increments were partly offset by the increase of P476 million in overhead. Revenue growth was attributed to both **net interest income** and **other income** which grew by P451 million and P110 million, respectively.

Net interest income rose by 8.6% as average asset base expanded by P78.8 billion. **Interest income** grew by P654 million while **interest expense** increased P203 million.

- **Interest income** increased by 7.9% as all interest earning assets showed improved income on account of higher balances. Income on **deposit with BSP and other banks, loans and advances** and **available-for-sale securities** posted the biggest growths of P194 million (28.4%), P194 million (3.2%) and P152 million (31.5%), respectively. Income on **held-to-maturity** and **trading securities** also went up by P84 million (6.4%) and P38 million (45.1%), respectively. Correspondingly, **gross receipts tax (GRT)** went up by P8 million.
- **Interest expense** was up by 6.7% as interest on **deposits** rose by P139 million following the increase in average deposit level by P71.5 billion or 13.8%. Interest expense on **bills payable and other borrowings** also moved up by P65 million on increased rediscounts with the BSP.

Other income for the second quarter of 2010 grew by P110 million to P3.5 billion from last year's P3.4 billion. **Income from foreign exchange** doubled with an increase of P277 million due to higher realized gains on forwards and swaps. **Fees and commissions** also ended higher by P113 million or 12.8% largely from increased services charges and commissions. **Trading gain (loss) on securities** improved by P75 million or 20.8% on favorable mark-to-market valuation of government securities trading inventory. **Other operating income** on the other hand declined by P287 million or 15.5% due to lower profits from asset sales. **Income attributable to insurance operations** was also down by P25 million or 10.6% following the bank's lower share in income from BPI-Philam as compared to Ayala Life Assurance Inc. (ALAI) last year. With the increase in other income, **GRT** rose by P43 million or 19.5%.

Impairment losses of P618 million was P81 million or 11.6% below last year's P700 million on lower loss provision set-up for corporate accounts.

Other expenses was at P5.0 billion, P476 million or 10.4% more than last year's P4.6 billion. **Other operating expenses** was P310 million or 30.0% higher on increased variable product related cost. **Occupancy and equipment-related expenses** likewise grew by P90 million or 6.6%

on increased depreciation/amortization of bank premises and equipments, and hardware and software maintenance cost and management fees.

Provision for income tax ended at P651 million, P255 million or 28.1% lower than same period last year. The lower level of income taxes was due to the decline in **deferred income tax (DIT)** by P487 million mainly on last year's write-off of DIT corresponding to a portion of the expiring net operating loss carry over (NOLCO) and this year's DIT on unrealized gains on derivatives. **Current income tax** however increased by P233 million on higher income subject to final taxes and corporate income tax on taxable income.

Income attributable to non-controlling interest was up by P10 million or 27.1% on the back of the improved earnings of BPI MS Insurance Corp.

Comprehensive Income

Total comprehensive income of P3.0 billion for the second quarter of 2010 was P91 million better than last year's P2.9 billion. The increase was attributed to the improvement in **net income before minority interest** by P421 million reduced by the P314 million drop in **other comprehensive income**.

The drop in other comprehensive income came from the lower **fair value reserve on investment of the insurance subsidiaries** by P226 million due to the reclassification of the portion pertaining to BPI Philam from a subsidiary to an associate. The mark-to-market gains on the investments of BPI Philam of P42 million was thus reflected in the **share in other comprehensive income of associates**. **Currency translation differences** of foreign subsidiaries likewise declined by P188 million due to the weaker Euro and British pound. On the other hand, **net change in fair value reserve on available-for-sale securities** was higher by P57 million due to the favorable mark-to-market valuation of the bank's available-for-sale inventory.

Total comprehensive income attributable to non-controlling interest was higher by P16 million or 43.9% from better earnings of the insurance subsidiaries.

For the Six Months ended June 30, 2010 and 2009

Net income for the first semester of 2010 reached P5.6 billion, P261 million or 4.9% up against the P5.3 billion profits last year. Increase in earnings this year was attributed to the growth in **revenues** by P615 million and the decreases in **impairment losses** by P258 million and **income taxes** by P146 million. Higher overhead of P760.8 million however negated 75% of above positive variance. Revenues improved on increments in **net interest income** and **other income** by P456 million and P159 million, respectively.

Net interest income was up by 4.3%, notwithstanding a narrowing of spreads, largely due to the P74.5B average asset base expansion. With the increase in average assets, **interest income** rose by P422 million. **Interest expense** on the other hand went down by P34 million as a result of the decline in cost of funds.

- Interest income growth was attributed to the increases in interests on **available-for-sale securities, deposits with BSP and other banks** and **held-to-maturity securities** by P260 million, P195 million and P150 million, respectively, all due to higher volumes. Interest on **trading securities** also was up by P85 million despite a drop in average inventory, on better yields. Income on **loans and advances** was however lower by P284 million on lower yields.
- Interest expense **on deposits** declined by P240 million largely on lower time deposit cost. Interest expense **on bills payable and other borrowings** however went up by P206 million or 42.0% on increased volume of BSP rediscounts.

Other income at P6.9 billion was P159 million above last year's P6.7 billion. **Income from foreign exchange trading** contributed the biggest increase of P466 million or 72.9% on higher realized gains on forwards and swaps. **Fees and commissions** also went up by P171 million or 9.8% on increased transaction volume. **Other operating income** ended higher by P111 million on higher miscellaneous income. These increments however were partly reduced by the drop in **trading gain (loss) on securities** of P356 million or 26.5% due to the higher volume of sales of inventories the previous year. **Income attributable to insurance operations** also dropped by P101 million or 22.9% in view of the lower share in the income of BPI Philam versus ALAI. With the overall rise in other income and relatively higher realized income, **GRT** increased by P132 million or 33.0%.

Impairment losses at P1.2 billion was lower by P258 million or 17.2% due to last year's set up of collective impairment on exporters with credit risk rating of 6 but which were later reallocated to specific corporate accounts.

First semester overhead amounted to P9.9 billion, P761 million or 8.4% up from last year as all expense categories increased. **Other operating expenses** increased by P488 million or 22.9% on higher advertising cost, regulatory cost, insurance on bundled deposit products, and miscellaneous expenses. **Occupancy and equipment-related expenses** were up by P210 million or 8.0% on higher depreciation/leasehold amortization costs, hardware and software maintenance and foreign consultancy fees, utilities, and rent. **Compensation and fringe benefits** were up by P63 million due to salary increases.

Provision for income tax was lower by P146 million or 9.7% than last year. **Deferred income tax** was down by P466 million or 145.5% mainly due to a partial write-off of DIT on expiring NOLCO and timing differences on unrealized income and accrued expenses. **Current income tax** was however higher by P320 million or 27.0% on higher final taxes and corporate income taxes relative to the taxable position of the bank.

Comprehensive Income

First semester 2010 **total comprehensive income** at P6.6 billion was P1.0 billion or 17.8% better than same period last year. This was attributed to the increases in both **other comprehensive income** and **net income before minority interest** of P745 million or 2.8x and P258 million or 4.8%, respectively, over last year.

Comprehensive income improvement came from the P1.0 billion **share in other comprehensive income of associates** emanating from the upward mark-to-market valuation of securities investments of BPI Philam. **Net change in fair value reserve on available for sale securities** was also up by P299 million or 92.5% on favorable mark-to-market valuation of available for sale securities of the bank. On the other hand, **currency translation differences** pertaining to the bank's foreign subsidiaries in Europe dropped by P341 million or 1.5x. **Fair value reserve on investment of the insurance subsidiaries** was lower by P241 million or 65.9% with BPI Philam (formerly ALAI) now reflected in the share in other comprehensive income of associates.

Income attributable to non-controlling interest improved by P9 million or 11.6% on favorable mark-to-market valuation of investment securities of the non-life insurance subsidiary.

Key Performance Indicators

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

	June 30, 2010	June 30, 2009
Return on Equity (%)	16.7	16.5
Return on Assets (%)	1.6	1.7
Net Interest Margin (%)	3.6	4.0
Operating Efficiency Ratio (%)	54.4	52.0
Capital Adequacy Ratio (%) - Basel II	13.8*	15.2

* Estimate

Return on equity (ROE), net income divided by average equity, improved by 18 basis points on higher earnings this year compared to last year. This indicates that the bank was able to generate better profits on the use of its capital.

Return on assets (ROA), net income divided by average assets, declined by 10 basis points as average asset base growth outpaced profits growth on a year-on-year basis. ROA reflects the bank's efficiency in utilizing its resources to generate profits.

Net interest margin (NIM), net interest income divided by average interest bearing assets, was lower by 39 basis points this year as yields on interest bearing assets went down by 76 basis points tempered by a 22 basis points decline in cost of funds.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, increased by 2.4% as the growth rate in operating expenses exceeded that of total 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 estimated CAR at 13.8% was 1.4% less than last year's 15.2% as the increase in qualifying capital was outpaced by the increase in risk weighted assets. 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: July 28, 2010



ANTONIO V. PANER
Executive Vice President / Treasurer

Date: July 28, 2010

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2010

No. of Days Outstanding	Amount (In Thousands)
01-90	P 931,572
91-180	5,941
181-360	521,798
Over 360	969,246

Grand Total	P 2,428,558
Less: Allowance for Probable Losses	931,530

Net of Allowance for Probable Losses	P 1,497,028
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