

**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, 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)

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, 2011 AND DECEMBER 31, 2010
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	JUNE 30, 2011	DECEMBER 31, 2010
RESOURCES		
Cash and Other Cash Items	15,586,802	18,150,991
Due from Bangko Sentral ng Pilipinas	86,224,979	128,487,493
Due from Other Banks	7,325,412	6,548,011
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	69,883,905	66,832,907
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	5,452,148	6,058,892
Trading Securities	21,213,658	11,448,815
Available for Sale Securities, net	85,776,451	112,522,947
Held-to-Maturity Securities, net	94,921,244	95,474,303
Loans and Advances, net	409,141,783	378,728,447
Bank Premises, Furniture, Fixtures and Equipment, net	11,886,565	11,605,982
Investment Properties, net	2,669,312	2,706,049
Assets Held for Sale, net	10,623,144	11,773,668
Equity Investments, net	2,452,931	2,508,088
Assets Attributable to Insurance Operations	11,425,720	11,915,613
Deferred Income Tax Assets, net	5,409,762	5,023,075
Other Resources, net	15,368,289	8,360,277
TOTAL RESOURCES	855,362,105	878,145,558
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand	126,231,612	120,528,815
Savings	256,422,215	245,769,001
Time	308,112,968	353,468,394
Sub-total	690,766,795	719,766,211
Derivative Financial Liabilities	4,810,401	5,329,468
Bills Payable	22,656,455	24,868,223
Due to Bangko Sentral ng Pilipinas and Other Banks	2,067,752	2,000,084
Manager's Checks and Demand Drafts Outstanding	5,510,373	4,186,804
Accrued Taxes, Interest and Other Expenses	4,636,816	5,119,066
Unsecured Subordinated Debt	5,000,000	5,000,000
Liabilities Attributable to Insurance Operations	8,631,346	9,212,827
Deferred Credits and Other Liabilities	27,343,504	20,388,544
TOTAL LIABILITIES	771,423,442	795,871,226
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Capital Stock	35,562,265	35,562,265
Paid-in Surplus	8,316,838	8,316,838
Reserves	1,323,521	1,366,683
Surplus	38,358,290	35,317,835
Accumulated Other Comprehensive Loss	(922,311)	466,175
	82,638,602	81,029,796
Non-controlling Interest	1,300,061	1,244,536
TOTAL CAPITAL FUNDS	83,938,663	82,274,332
TOTAL LIABILITIES AND CAPITAL FUNDS	855,362,105	878,145,558

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

	<u>2011</u>	<u>2010</u>
INTEREST INCOME		
On loans and advances	6,576,740	6,275,773
On held-to-maturity securities	1,509,176	1,406,571
On available-for-sale securities	1,055,600	633,757
On deposits with BSP and other banks	675,629	878,884
On trading securities	122,122	122,208
Gross Receipts Tax	(350,290)	(342,109)
	<u>9,588,977</u>	<u>8,975,085</u>
INTEREST EXPENSE		
On Deposits	2,984,855	2,924,917
On Bills Payable and other borrowings	275,917	321,250
	<u>3,260,772</u>	<u>3,246,167</u>
NET INTEREST INCOME	<u>6,328,204</u>	<u>5,728,918</u>
IMPAIRMENT LOSSES	<u>588,438</u>	<u>618,530</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>5,739,766</u>	<u>5,110,387</u>
OTHER INCOME		
Fees and commissions	1,170,130	997,056
Income from foreign exchange trading	637,401	538,251
Trading gain (loss) on securities	733,101	435,591
Income attributable to insurance operations	308,860	221,876
Other operating income	1,697,063	1,558,114
Gross Receipts Tax	(252,211)	(264,867)
	<u>4,294,344</u>	<u>3,486,022</u>
OTHER EXPENSES		
Compensation and fringe benefits	2,621,629	2,262,642
Occupancy and equipment-related expenses	1,579,362	1,448,655
Other operating expenses	1,491,621	1,352,437
	<u>5,692,612</u>	<u>5,063,734</u>
INCOME BEFORE INCOME TAX	<u>4,341,498</u>	<u>3,532,675</u>
PROVISION FOR INCOME TAX		
Current	1,343,229	807,276
Deferred	(404,915)	(156,602)
	<u>938,314</u>	<u>650,674</u>
NET INCOME FOR THE QUARTER	<u>3,403,184</u>	<u>2,882,001</u>
Attributable to:		
Equity holders of BPI	<u>3,343,510</u>	<u>2,835,241</u>
Non-controlling interest	<u>59,674</u>	<u>46,760</u>
	<u>3,403,184</u>	<u>2,882,001</u>

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

	<u>2011</u>	<u>2010</u>
NET INCOME BEFORE MINORITY INTEREST	3,403,184	2,882,001
Other Comprehensive Income:		
Net change in fair value reserve on available-for-sale securities, net of tax effect	838,996	27,705
Fair value reserve on investments of insurance subsidiaries, net of tax effect	89,320	64,523
Share in other comprehensive income of associates	(60,245)	41,831
Currency translation differences	(12,114)	46,453
Total Other Comprehensive Income (Loss), net of tax effect	855,958	180,512
Total Comprehensive Income for the Year	4,259,142	3,062,512
Attributable to:		
Equity holders of BPI	4,185,206	3,009,569
Non-Controlling Interest	73,937	52,944
	4,259,142	3,062,512

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

	<u>Unaudited 2011</u>	<u>Unaudited 2010</u>
INTEREST INCOME		
On loans and advances	12,929,880	12,270,123
On held-to-maturity securities	3,083,798	2,796,266
On available-for-sale securities	1,971,929	1,210,912
On deposits with BSP and other banks	1,440,820	1,577,510
On trading securities	296,979	250,130
Gross Receipts Tax	(703,252)	(673,888)
	<u>19,020,153</u>	<u>17,431,053</u>
INTEREST EXPENSE		
On Deposits	5,820,786	5,521,491
On Bills Payable and other borrowings	585,076	696,464
	<u>6,405,861</u>	<u>6,217,956</u>
NET INTEREST INCOME	<u>12,614,292</u>	<u>11,213,098</u>
IMPAIRMENT LOSSES	<u>1,180,682</u>	<u>1,242,317</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>11,433,610</u>	<u>9,970,781</u>
OTHER INCOME		
Fees and commissions	2,313,364	1,922,884
Income from foreign exchange trading	1,063,674	1,106,695
Trading gain (loss) on securities	940,734	985,131
Income attributable to insurance operations	551,787	351,092
Other operating income	2,984,341	3,072,408
Gross Receipts Tax	(464,999)	(531,358)
	<u>7,388,901</u>	<u>6,906,852</u>
OTHER EXPENSES		
Compensation and fringe benefits	4,978,268	4,401,897
Occupancy and equipment-related expenses	3,041,343	2,847,614
Other operating expenses	2,938,286	2,623,282
	<u>10,957,897</u>	<u>9,872,793</u>
INCOME BEFORE INCOME TAX	<u>7,864,614</u>	<u>7,004,841</u>
PROVISION FOR INCOME TAX		
Current	2,081,667	1,507,366
Deferred	(536,852)	(145,833)
	<u>1,544,815</u>	<u>1,361,533</u>
NET INCOME FOR THE PERIOD	<u>6,319,799</u>	<u>5,643,308</u>
Attributable to:		
Equity holders of BPI	<u>6,198,413</u>	<u>5,567,430</u>
Non-controlling interest	<u>121,387</u>	<u>75,878</u>
	<u>6,319,799</u>	<u>5,643,308</u>
Earnings per share:		
Based on 3,556,356,173 shares as of June 30, 2011	P 1.74	P 1.71
and 3,247,121,712 shares in 2010		

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

	Unaudited 2011	Unaudited 2010
NET INCOME BEFORE MINORITY INTEREST	6,319,799	5,643,308
Other Comprehensive Income:		
Net change in fair value reserve on available-for-sale securities, net of tax effect	(1,220,010)	(25,121)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(70,562)	124,879
Share in other comprehensive income of associates	(130,310)	1,027,657
Currency translation differences	23,701	(117,399)
Total Other Comprehensive Income (Loss), net of tax effect	(1,397,182)	1,010,016
Total Comprehensive Income for the Year	4,922,618	6,653,324
Attributable to:		
Equity holders of BPI	4,809,927	6,565,866
Non-Controlling Interest	112,691	87,458
	4,922,618	6,653,324

BANK OF THE PHILIPPINE ISLANDS

STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 & JUNE 30, 2010
(In Thousands of Pesos)

	Consolidated							
	Attributable to equity holders of BPI						Non-controlling interest	Total
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Other Comprehensive Income	Total		
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				6,198,413	(1,388,486)	112,691	4,922,618	
Employee stock option plan:							0	
Unexercised expired stock option			(41,017)	41,017			(0)	
Cash dividends				(3,200,721)			(3,200,721)	
Adjustments			(2,145)	1,745	0		(400)	
Other changes in non-controlling interest						(57,165)	(57,165)	
Balance, June 30, 2011	35,562,265	8,316,838	1,323,521	38,358,290	(922,311)	1,300,061	83,938,663	

	Consolidated							
	Attributable to equity holders of BPI						Non-controlling interest	Total
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Other Comprehensive Income	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:							0	
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 minority 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	

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

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	4,341,498	3,532,675
Adjustments for:		
Impairment losses	588,438	618,530
Depreciation and amortization	775,315	629,890
Equity in net income of associates	(3,048)	(16,263)
Dividend income	(12,212)	12,452
Interest income	(9,939,267)	(9,317,194)
Interest received	8,485,160	5,890,133
Interest expense	3,260,772	3,246,167
Interest paid	(2,949,239)	(3,022,514)
Operating income before changes in operating assets and liabilities	4,547,418	1,573,876
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	40,744,806	(6,267,000)
Interbank loans receivable and securities purchased under agreements to resell	651,892	4,027,770
Trading securities	(4,263,298)	(7,214,885)
Loans and advances	(49,807,591)	(35,475,044)
Assets held for sale	616,173	908,216
Assets attributable to insurance operations	616,402	315,719
Other resources	(4,520,307)	2,275,027
Increase (decrease) in:		
Deposit liabilities	86,772,056	71,088,154
Due to Bangko Sentral ng Pilipinas and other banks	1,049,727	151,087
Manager's checks demand drafts outstanding	948,209	1,488,029
Accrued taxes, interest and other expenses	684,593	371,716
Liabilities attributable to insurance operations	(408,104)	(149,952)
Derivative financial instrument	74,479	514,113
Deferred credits and other liabilities	8,151,994	5,041,092
Net cash from operating activities before income tax	85,858,449	38,647,919
Income taxes paid	(754,002)	(890,090)
Net cash generated from operating activities	85,104,447	37,757,829
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Available for sale securities	51,972	(21,255,605)
Held-to-maturity securities	965,157	(14,083,053)
Bank, premises, furniture, fixtures and equipment	(900,798)	(613,119)
Dividends received	12,212	(12,452)
Equity investments	(1,900)	(99,395)
Assets attributable to insurance operations	(226,888)	(313,440)
Investment property	16,535	16,430
Net cash used in investing activities	(83,711)	(36,360,634)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(3,200,721)	(2,922,325)
Increase (decrease) in bills payable	(3,763,403)	(4,496,620)
Net cash (used in) provided by financing activities	(6,964,124)	(7,418,945)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,056,612	(6,021,750)
CASH AND CASH EQUIVALENTS		
March 31	100,608,608	92,263,325
June 30	178,665,220	86,241,575

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

	2011	2010
<i>CASH FLOW FROM OPERATING ACTIVITIES</i>		
Income before income tax	7,864,614	7,004,841
Adjustments for:		
Impairment losses	1,180,682	1,242,317
Depreciation and amortization	1,434,845	1,243,606
Equity in net income of associates	(5,544)	(13,805)
Dividend income	(12,336)	(11,881)
Interest income	(19,723,405)	(18,104,942)
Interest received	20,451,760	16,252,574
Interest expense	6,405,861	6,217,956
Interest paid	(6,798,142)	(6,215,585)
Operating income before changes in operating assets and liabilities	10,798,335	7,615,081
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	54,303,000	(2,917,000)
Interbank loans receivable and securities purchased under agreements to resell	3,426,428	24,242,595
Trading securities	(9,753,651)	5,290,116
Loans and advances	(31,638,371)	(26,218,143)
Assets held for sale	1,150,525	1,113,449
Assets attributable to insurance operations	571,487	549,306
Other resources	(7,185,948)	(208,198)
Increase (decrease) in:		
Deposit liabilities	(28,999,416)	52,267,045
Due to Bangko Sentral ng Pilipinas and other banks	67,668	(1,022,628)
Manager's checks demand drafts outstanding	1,323,569	1,455,728
Accrued taxes, interest and other expenses	(89,969)	(245,151)
Liabilities attributable to insurance operations	(581,481)	(335,697)
Derivative financial instrument	87,677	653,347
Deferred credits and other liabilities	6,954,960	4,679,497
Net cash from operating activities before income tax	434,814	66,919,348
Income taxes paid	(1,931,502)	(1,524,091)
Net cash generated from operating activities	(1,496,688)	65,395,256
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
(Increase) decrease in:		
Available for sale securities	24,893,545	(16,136,861)
Held-to-maturity securities	491,275	(19,102,953)
Bank, premises, furniture, fixtures and equipment	(1,538,362)	(1,075,166)
Dividends received	12,336	11,881
Equity investments	(173,636)	(223,333)
Assets attributable to insurance operations	(57,928)	(355,398)
Investment property	36,737	32,037
Net cash used in investing activities	23,663,968	(36,849,793)
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>		
Cash Dividends	(3,200,721)	(5,844,405)
Increase (decrease) in bills payable	(2,211,768)	(11,887,842)
Net cash (used in) provided by financing activities	(5,412,489)	(17,732,247)
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		
	16,754,791	10,813,217
<i>CASH AND CASH EQUIVALENTS</i>		
January 1	161,910,429	75,428,358
June 30	178,665,220	86,241,575

NOTES TO FINANCIAL STATEMENTS
JUNE 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

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

SEC REQUIREMENT	DISCLOSURE
<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 not yet decided whether or not to early adopt PFRS 9 for its 2011 financial reporting and therefore, the interim financial statements do not reflect the impact of the said standard. The Bank, however, is currently evaluating the impact of possible early adoption of PFRS 9 in its financial statements. In case of early adoption of PFRS 9, the following financial statement accounts could possibly be affected: Available for Sale Securities Financial Assets at Fair Value through Profit or Loss Derivatives Trading gain(loss) on securities Held to maturity assets Net change in fair value reserve on AFS securities
<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..
<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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

SEC REQUIREMENT	DISCLOSURE
<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, 2011						
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL	
Interest Income	6,506	1,628	1,540	(85)	9,589	
Interest Expense	3,010	114	34	102	3,260	
Net interest income	3,496	1,514	1,506	(187)	6,329	
Impairment charge	312	272	7	(2)	589	
Net interest income after impairment charge	3,184	1,242	1,499	(185)	5,740	
Other Income, net	1,827	470	1,787	211	4,295	
Total operating expenses	4,073	708	385	526	5,692	
Operating profit	938	1,004	2,901	(500)	4,343	
Share in net income of associates					60	
Provision for Income Tax					938	
Net Income					3,345	
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL	
Assets	276,137	282,301	278,012	18,912	855,362	
Liabilities	719,178	15,430	20,741	16,074	771,423	
Capex	150	572	10	437	1,169	
Depreciation	299	233	75	168	775	

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Six Months Ended June 30, 2011					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Interest Income	12,364	3,430	3,366	(140)	19,020
Interest Expense	5,867	277	65	197	6,406
Net interest income	6,497	3,153	3,301	(337)	12,614
Impairment charge	642	532	7	0	1,181
Net interest income after impairment charge	5,855	2,621	3,294	(337)	11,433
Other Income, net	3,416	897	2,676	400	7,389
Total operating expenses	8,208	1,432	636	682	10,958
Operating profit	1,063	2,086	5,334	(619)	7,864
Share in net income of associates					121
Provision for Income Tax					1,545
Net Income					6,198
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	276,137	282,301	278,012	18,912	855,362
Liabilities	719,178	15,430	20,741	16,074	771,423
Capex	268	1,034	13	544	1,859
Depreciation	593	456	78	308	1,435

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

Financial Condition

Total resources as of end of June 2011 stood at P855.4 billion, P22.8 billion or 2.6% lower than December 2010 level of P878.1 billion. Total **deposits** ended at P690.8 billion, P29.0 billion or 4.0% lower against end 2010 mainly on the P45.3 billion or 12.8% time deposits maturities. **Demand and savings deposits** on the other hand expanded by P5.7 billion or 4.7% and P10.6 billion or 4.3%, respectively. **Bills payable** was likewise lower by P2.2 billion or 8.9% on maturities of rediscounted loans with Bangko Sentral ng Pilipinas (BSP). **Derivative financial liabilities** were down by P519 million or 9.7% relative to the mark-to-market valuation of foreign currency swaps and non-deliverable forwards. **Liabilities attributable to insurance operations** also contracted by P581 million or 6.3% on lower outstanding reserves of and claims against the non-life insurance subsidiary. **Accrued taxes, interest and other expenses** declined by P482 million or 9.4% on lower accrual of interests on the lower level of time deposits and bills payable. Tempering the stated drops was the growth of P6.9 billion or 34.1% in **deferred credits and other liabilities** on the reclassification of P3.2 billion cash dividends approved by the BSP from capital to payable and some outstanding clearing items. **Manager's checks and demand drafts outstanding** also increased by P1.3 billion or 31.6% due to higher level of outstanding manager's checks issued.

Total capital funds expanded by P1.6 billion due to the increase in **surplus** by P3.0 billion or 8.6% on accumulated profits. This increase however was offset by the P1.4 billion as the recorded **accumulated other comprehensive income** at year end had turned into mark-to-market losses on both the bank's and insurance's securities inventory.

On the asset side, **net loans** grew by P30.4 billion or 8.0% to P409.1 billion due to increased loan demand across the various corporate market segments as well as additional housing and auto loan bookings. **Trading securities** went up by P9.8 billion on increased peso and foreign currency securities trading positions. **Other resources, net** increased by P7.0 billion due to deferred charges related to the acquisition of the ING Manila investment management business and higher miscellaneous assets. **Interbank loans receivable and securities purchased under agreements to resell** was also higher by P3.0 billion as additional funds were invested in RRP's with the BSP. **Due from other banks** was likewise up by P777 million due to higher working balances maintained with correspondent banks. **Deferred income tax assets, net** posted an increase of P387 million or 7.7% on set up of deferred income tax on allowance for probable losses for the year and reversal of deferred income tax liability on the sale of acquired foreclosed assets.

On the contrary, other accounts posted decreases thereby overshadowing the recorded increases of the above accounts. **Due from BSP** decreased by P42.3 billion or 32.9% on lower reserve assets relative to the decline in peso deposits, and reduced special deposit accounts placements to fund the loan growth. **Available for sale securities, net** also fell by P26.7 billion or 23.8% as the bank sold down inventory on profit taking in the second quarter. **Cash and other cash items** dropped by P2.5 billion or 14.1% due to the lower cash requirement in the first semester relative to year

end. **Assets held for sale** was down by P1.2 billion or 9.8% on the continued sell down of foreclosed assets inventory. **Derivative financial asset** decreased by P607 million or 10.0% on lower market valuation of foreign currency swaps.

RESULTS OF OPERATIONS

For the Quarters ended June 30, 2011 and 2010

Net income for the second quarter of 2011 was P3.3 billion, P508 million or 17.9% better than same period last year of P2.8 billion. This improvement was driven by increased revenues of P1.4 billion or 15.3% as both **net interest income** and **other income** grew by P599 million and P808 million, respectively. These increases were partly reduced by the rise in overhead of P629 million or 12.4% and income tax of P288 million or 44.2%, respectively.

Net interest income rose by 10.5% largely on the back of a P65.7 billion expansion in average asset base and a slight improvement of 6 basis points in net interest margin. **Interest income** grew by P614 million while **interest expense** increased by only P15 million.

- **Interest income** increased by 6.8% as loans and securities inventory recorded higher income on account of higher balances. Income **on available-for-sale** and **held-to-maturity securities** went up by P422 million (66.6%) and P103 million (7.3%) on higher inventory level. Income **on loans and advances** were also up by P301 million (4.8%) despite lower yields after generating P50.2 billion in average loans for the quarter. Only income **on deposits with BSP and other banks** declined by P203 million or 23.1% on lower yields on BSP balances.
- **Interest expense** only grew P15 million as the volume related increase of P60 million in interest **on deposits** was offset by the decline on interest expense **on bills payable and other borrowings** by P45 million or 14.1% on lower volume and cost of foreign bank borrowings.

Other income for the second quarter of 2011 grew by P808 million or 23.2% to P4.3 billion from last year's P3.5 billion. All sources of other income contributed positively to the increment. **Trading gain (loss) on securities** posted the highest contribution with a P297 million increase or 68.3% on profit taking from the sell down of part of the bank's inventory. **Fees and commissions** also ended higher by P173 million or 17.4% largely from increased services charges and commissions. **Other operating income** increased by P139 million or 8.9% due to higher asset management fees and credit card income. **Income from foreign exchange trading** was better than last year by P99 million or 18.4%. **Income attributable to insurance operations** likewise went up by P87 million or 39.2% on higher gross premiums earned at the bank's non-life subsidiary as well as higher investment income and lower actuarial reserve liability expense at its pre-need subsidiary.

Other expenses was at P5.7 billion, P629 million or 12.4% more 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 P359 million or 15.9% due to salary increases and Collective Bargaining Agreements (CBAs) non-recurring costs. **Other operating expenses** was P139 million or 10.3% higher on higher regulatory cost, amortization of the cost of the purchase of ex-ING investment management business, and prior period taxes settlement. **Occupancy and equipment-related expenses** likewise grew by P131 million or 9.0% on increased rent, depreciation and technology cost.

Provision for income tax ended at P938 million, P288 million or 44.2% higher than same period last year. The higher level of income taxes was due to the increase by P536 million or 66.4% in **current income tax**. This year's taxable income was higher than last year. Last year's income taxes also benefited from the utilization of the deferred income tax (DIT) on the remaining balance of prior year's Net Operating Loss Carryover (NOLCO). Partially offsetting this increase was the decline in **DIT** by P248 million mainly due to this year's lower write-offs and lower unrealized income.

Income attributable to non-controlling interest was up by P13 million or 27.6% due to the higher income generated by the non-life subsidiary.

Comprehensive Income

Total comprehensive income of P4.2 billion for the second quarter of 2011 was P1.2 billion or 39.1% better than last year's P3.1 billion. The increase was attributed to the improvements in **net income before minority interest** of P521 million or 18.1% and **other comprehensive income** of P675 million.

The increase in other comprehensive income basically came from the **net change in fair value reserve on available-for-sale securities**, which grew by P811 million due to the upward valuation of the bank's inventory. **Fair value reserve on investment of the insurance subsidiaries** likewise went up by P25 million on the market valuation of equities and bonds of the insurance subsidiaries. These increases were partially offset by the decrease in **share in other comprehensive income of associates** by P102 million on lower market valuation of the investments of the bancassurance joint venture. **Currency translation differences** of foreign subsidiaries likewise declined by P59 million due to the weakening of the British pound and the Hong Kong dollar against the US dollar relative to last year.

Total comprehensive income attributable to non-controlling interest was higher by P21 million or 39.6% due to increased earnings of the insurance subsidiaries and some improvement in their fair value reserve on investments.

For the Six Months ended June 30, 2011 and 2010

Net income for the first semester of 2011 amounted to P6.2 billion, P631 million or 11.3% up against the P5.6 billion profits last year on the back of the P1.9 billion growth in revenues and a slight decline of P62 million in **impairment losses**. Revenue improvement was contributed by the increases in both **net interest income** and **other income** by P1.4 billion or 12.5% and P482 million or 7.0%, respectively. These favorable variances were however moderated by higher overhead of P1.1 billion and income taxes by P183 million.

The **net interest income** increase of 12.5% was fuelled by the P73.3 billion average asset base expansion and the 7 basis point increase in spreads. **Interest income** rose by P1.6 billion or 9.1% while **interest expense** went up by only P188 million or 3.0%.

- The interest income growth of 9.1% was attributed to the increases in interests on **available-for-sale securities, held-to-maturity securities, trading securities, and loans and advances** by P761 million, P287 million, P47 million, and P660 million, respectively. Higher volumes accounted for these increases with the exception of that of trading securities which was up due to higher yield. Income on **deposits with BSP and other banks** was however down by P137 million on the lower yield on deposits with BSP.
- Interest expense **on deposits** increased by P299 million or 5.4% largely on increased deposit volume. Interest expense **on bills payable and other borrowings** however was down by P111 million or 16.0% on lower rediscounting activities with the BSP.

Other income at P7.4 billion was P482 million above last year's P6.9 billion. **Fees and commissions** were up by P390 million or 20.3% on increased service charges and commissions. **Income attributable to insurance operations** increased P201 million or 57.2% on higher premiums earned by the non-life subsidiary and higher investment income coupled with lower actuarial reserves of the pre-need subsidiary. These increments were partly reduced by the drops in **other operating income** of P88 million, **trading gain (loss) on securities** of P44 million or 4.5% and **income on foreign exchange trading** of P43.0 million. Despite the relatively higher other income, **gross receipts tax** decreased by P66 million or 12.5%.

Impairment losses at P1.2 billion was lower by P62 million or 5.0% as last year carried a non-recurring provision for an investment of a subsidiary.

First semester overhead amounted to P11.0 billion, P1.1 billion or 11.0% up from last year as all expense categories increased. **Compensation and fringe benefits** were up by P576 million or 13.1% due to salary increases and CBA related expenses. **Other operating expenses** increased by P315 million or 12.0% on higher regulatory cost, amortization of the cost of purchase of ex-ING investment management business, higher postage costs and prior period taxes. **Occupancy and equipment-related expenses** were up by P194 million or 6.8% on higher depreciation/rent, software cost and communication lines expense.

The higher **provision for income tax** of 13.5% was due to the higher corporate income taxes as reflected in the P574 million or 38.1% increase in **current income tax**. Last year's taxable position also partially benefited from the utilization of prior year's NOLCO, the reason behind the decline of P391 million in **deferred income tax**.

Income attributable to non-controlling interest was up by P45 million on improved share of the non-life subsidiary arising from increased premiums earned.

Comprehensive Income

First semester 2011 **total comprehensive income** at P4.9 billion was P1.7 billion or 2.1% lower than same period last year. The increase in **net income before minority interest** of P676 million or 12.0% was more than negated by the P2.4 billion drop in **other comprehensive income**.

Net change in fair value reserve on available for sale securities was down by P1.2 billion on mark-to-market losses of on peso securities inventory of the bank. The **share in other comprehensive income of associates** also went down by P1.2 billion as the market valuation of the investments of the bancassurance joint venture ended at a loss of P130 million. **Fair value reserve on investments of the insurance subsidiaries** was likewise lower by P195 million on mark-to-market losses on the investments of the insurance subsidiaries. On the other hand, **currency translation differences** increased by P141 million due to strengthening of the British pound and the Euro.

Income attributable to non-controlling interest was up by P25 million or 28.8% on improved income of the insurance subsidiaries tempered by the valuation losses on their investments.

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, 2011	June 30, 2010
Return on Equity (%)	15.3	16.7
Return on Assets (%)	1.6	1.6
Net Interest Margin (%)	3.6	3.6
Operating Efficiency Ratio (%)	54.8	54.5
Capital Adequacy Ratio (%) - Basel II	15.6*	13.8

*Estimate

Return on equity (ROE), net income divided by average equity, declined by 1.4% as average capital increased by 21%, P10 billion of which arose from a stock rights issue in the second semester last year. 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 maintained at last year's level of 1.6%. 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 flat at 3.6%. Only a slight widening of 7 basis points was experienced despite the lower yields on interest bearing assets and assisted by the drop in cost of funds.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, slightly increased by 30 basis points in view of the faster growth rate of operating expenses 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 improved to 15.6% from 13.8% due to the increase in qualifying capital on account of the stock rights issue and higher surplus. 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: August 11, 2011



ANTONIO V. PANER
Executive Vice President / Treasurer

Date: August 11, 2011

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
June 30, 2011

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,742,962
91-180	20,274
181-360	40,426
Over 360	1,237,253
Total	3,040,915
Less : Allow. For Probable Losses	969,954
Net of Allowance	P <u><u>2,070,961</u></u>