

**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 March 31, 2012**  
(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**  
**MARCH 31, 2012 AND DECEMBER 31, 2011**  
(in Thousands of Pesos)

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>MARCH 31, 2012</b>	<b>DECEMBER 31, 2011</b>
<b><u>RESOURCES</u></b>		
Cash and Other Cash Items	16,255,334	22,395,259
Due from Bangko Sentral ng Pilipinas	85,110,446	83,758,619
Due from Other Banks	8,465,926	9,297,351
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	16,080,082	35,276,743
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	5,023,650	5,389,127
Trading Securities	18,771,516	12,274,947
Available for Sale Securities, net	86,861,856	74,083,924
Held-to-Maturity Securities, net	83,506,848	89,741,900
Loans and Advances, net	430,660,162	454,499,021
Bank Premises, Furniture, Fixtures and Equipment, net	12,168,827	12,322,365
Investment Properties, net	2,629,872	2,636,893
Assets Held for Sale, net	9,130,898	9,147,958
Equity Investments, net	3,193,455	3,068,785
Assets Attributable to Insurance Operations	12,701,220	12,240,302
Deferred Income Tax Assets, net	4,978,300	4,335,695
Other Resources, net	12,178,603	12,147,378
<b>TOTAL RESOURCES</b>	<b>807,716,995</b>	<b>842,616,267</b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>		
Deposit Liabilities		
Demand	132,410,668	131,249,424
Savings	288,782,516	291,511,404
Time	223,493,040	258,340,586
Sub-total	<b>644,686,224</b>	<b>681,101,414</b>
Derivative Financial Liabilities	4,299,681	4,813,604
Bills Payable	17,272,135	19,135,571
Due to Bangko Sentral ng Pilipinas and Other Banks	1,091,012	1,717,345
Manager's Checks and Demand Drafts Outstanding	6,388,098	4,130,589
Accrued Taxes, Interest and Other Expenses	3,991,085	4,025,789
Unsecured Subordinated Debt	5,000,000	5,000,000
Liabilities Attributable to Insurance Operations	9,445,308	9,936,612
Deferred Credits and Other Liabilities	21,464,079	22,225,520
<b>TOTAL LIABILITIES</b>	<b>713,637,622</b>	<b>752,086,443</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Capital Stock	35,562,265	35,562,265
Paid-in Surplus	8,316,838	8,316,838
Reserves	1,461,184	1,461,184
Surplus	47,477,282	41,643,604
Accumulated Other Comprehensive Income/ (Loss)	(178,456)	2,167,755
	<b>92,639,112</b>	<b>89,151,645</b>
Non-controlling Interest	1,440,261	1,378,178
<b>TOTAL CAPITAL FUNDS</b>	<b>94,079,373</b>	<b>90,529,823</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>807,716,995</b>	<b>842,616,267</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Three Months Ended March 31, 2012 and 2011**  
**(In Thousands of Pesos)**

	<b>Unaudited 2012</b>	<b>Unaudited 2011</b>
<b>INTEREST INCOME</b>		
On loans and advances	7,393,689	6,353,139
On held-to-maturity securities	1,388,681	1,574,622
On available-for-sale securities	850,872	916,329
On deposits with BSP and other banks	387,233	765,190
On trading securities	148,675	174,857
Gross Receipts Tax	(342,408)	(352,961)
	<b><u>9,826,742</u></b>	<b><u>9,431,177</u></b>
<b>INTEREST EXPENSE</b>		
On Deposits	2,748,981	2,835,930
On Bills Payable and other borrowings	258,240	309,158
	<b><u>3,007,221</u></b>	<b><u>3,145,089</u></b>
<b>NET INTEREST INCOME</b>	<b><u>6,819,522</u></b>	<b><u>6,286,088</u></b>
<b>IMPAIRMENT LOSSES</b>	<b><u>982,069</u></b>	<b><u>592,244</u></b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b><u>5,837,452</u></b>	<b><u>5,693,844</u></b>
<b>OTHER INCOME</b>		
Fees and commissions	1,129,098	1,143,234
Income from foreign exchange trading	361,148	426,273
Trading gain (loss) on securities	3,957,549	149,475
Income attributable to insurance operations	305,756	242,927
Other operating income	1,508,228	1,287,278
Gross Receipts Tax	(457,376)	(212,788)
	<b><u>6,804,402</u></b>	<b><u>3,036,399</u></b>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	3,013,345	2,356,639
Occupancy and equipment-related expenses	1,658,681	1,461,980
Other operating expenses	1,496,973	1,446,665
	<b><u>6,168,999</u></b>	<b><u>5,265,284</u></b>
<b>INCOME BEFORE INCOME TAX</b>	<b><u>6,472,856</u></b>	<b><u>3,464,958</u></b>
<b>PROVISION FOR INCOME TAX</b>		
Current	765,189	680,280
Deferred	(172,335)	(131,937)
	<b><u>592,854</u></b>	<b><u>548,343</u></b>
<b>NET INCOME FOR THE PERIOD</b>	<b><u>5,880,002</u></b>	<b><u>2,916,615</u></b>
Attributable to:		
Equity holders of BPI	<b><u>5,833,678</u></b>	<b><u>2,854,902</u></b>
Non-controlling interest	<b><u>46,323</u></b>	<b><u>61,713</u></b>
	<b><u>5,880,002</u></b>	<b><u>2,916,615</u></b>
Earnings per share:		
Based on 3,556,356,173 shares as of March 31, 2012 and 3,556,356,173 shares in 2011	<b>P 1.64</b>	<b>P 0.80</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Three Months Ended March 31, 2012 and 2011**  
(In Thousands of Pesos)

	Unaudited 2012	Unaudited 2011
	<u>2012</u>	<u>2011</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>5,880,002</b>	<b>2,916,615</b>
<b>Other Comprehensive Income:</b>		
Net change in fair value reserve on available-for-sale securities, net of tax effect	(2,529,264)	(2,059,006)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	101,749	(159,883)
Share in other comprehensive income of associates	102,150	(70,066)
Currency translation differences	(5,745)	35,815
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>(2,331,110)</b>	<b>(2,253,140)</b>
<b>Total Comprehensive Income for the Year</b>	<b>3,548,892</b>	<b>663,476</b>
<b>Attributable to:</b>		
Equity holders of BPI	3,487,467	624,721
Non-Controlling Interest	61,425	38,754
	<b>3,548,892</b>	<b>663,476</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**STATEMENT OF CHANGES IN CAPITAL FUNDS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2012 & MARCH 31, 2011**  
**(In Thousands of Pesos)**

	<b>Consolidated</b>						
	<b>Attributable to equity holders of BPI</b>						Non-controlling interest
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Comprehensive Income	Other	
<b>Balance, December 31, 2011</b>	35,562,265	8,316,838	1,461,184	41,643,604	2,167,755	1,378,178	90,529,823
Total comprehensive income for the year				5,833,678	(2,346,211)	61,425	3,548,892
Employee stock option plan:							0
Unexercised expired stock option							0
Cash dividends							0
Transfer (from)/to surplus to reserves							0
Adjustments					0		0
Other changes in non-controlling interest						658	658
<b>Balance, March 31, 2012</b>	35,562,265	8,316,838	1,461,184	47,477,282	(178,456)	1,440,261	94,079,373

	<b>Consolidated</b>						
	<b>Attributable to equity holders of BPI</b>						Non-controlling interest
	Capital stock	Paid-in surplus	Reserves	Surplus	Accumulated Comprehensive Income	Other	
<b>Balance, December 31, 2010</b>	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				2,854,902	(2,230,181)	38,754	663,476
Employee stock option plan:							0
Unexercised expired stock option			(41,017)	41,017			(0)
Cash dividends							0
Transfer (from)/to surplus to reserves							0
Adjustments			(2,145)	1,745			(400)
Other changes in minority interest						60	60
<b>Balance, March 31, 2011</b>	35,562,265	8,316,838	1,323,521	38,215,500	(1,764,006)	1,283,350	82,937,468

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED MARCH 31, 2012 AND MARCH 31, 2011**  
(In Thousands of Pesos)

	<b>2012</b>	<b>2011</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	6,472,856	3,523,116
Adjustments for:		
Impairment losses	982,069	592,244
Depreciation and amortization	792,853	659,530
Equity in net income of associates	(22,520)	(50,452)
Dividend income	(1,276)	(125)
Interest income	(10,169,151)	(9,784,138)
Interest expense	3,007,221	3,145,089
Operating income before changes in operating assets and liabilities	1,062,053	(1,914,736)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	(0)	13,558,194
Interbank loans receivable and securities purchased under agreements to resell	-	2,774,536
Trading securities	(6,643,441)	(5,490,353)
Loans and advances	22,596,528	18,169,220
Assets held for sale	17,060	534,352
Assets attributable to insurance operations	(147,945)	(44,916)
Other resources	(416,810)	(2,665,641)
Increase (decrease) in:		
Deposit liabilities	(36,415,190)	(115,771,472)
Due to Bangko Sentral ng Pilipinas and other banks	(626,333)	(982,059)
Manager's checks demand drafts outstanding	2,257,509	375,360
Accrued taxes, interest and other expenses	345,653	(774,563)
Liabilities attributable to insurance operations	(491,304)	(173,376)
Derivative financial instrument	(148,446)	13,198
Deferred credits and other liabilities	2,439,280	(1,197,034)
Net cash from operating activities before income tax	(16,171,386)	(93,589,289)
Income taxes paid	(1,235,459)	(1,177,500)
Interest paid	(3,387,578)	(3,848,903)
Interest received	11,818,897	11,966,600
Net cash generated from operating activities	(8,975,527)	(86,649,091)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
Available for sale securities	(15,609,288)	24,841,573
Held-to-maturity securities	5,563,022	(473,882)
Bank, premises, furniture, fixtures and equipment	(505,533)	(626,512)
Dividends received	1,276	125
Equity investments	96,662	(123,780)
Assets attributable to insurance operations	(396,845)	168,960
Investment property	(9,667)	9,151
Net cash used in investing activities	(10,860,373)	23,795,634
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(3,200,721)	-
Increase (decrease) in bills payable	(1,863,436)	1,551,635
Net cash (used in) provided by financing activities	(5,064,157)	1,551,635
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(24,900,056)	(61,301,821)
<b>CASH AND CASH EQUIVALENTS</b>		
January 1	150,960,613	161,910,429
March 31	126,060,557	100,608,608



**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2012**

<b>SEC REQUIREMENT</b>	<b>DISCLOSURE</b>
Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	The Bank's interim financial statements have been prepared in accordance with the Phil. Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Phil. Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council).
The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:	
<ul style="list-style-type: none"> <li>• A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2011 which was in accordance with the PFRS (Philippine Financial Reporting Standards) adopted by the SEC.</li> </ul>
<ul style="list-style-type: none"> <li>• Explanatory comments about the seasonality or cyclicity of interim operations</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank has decided not to implement early adoption of PFRS 9 for the 2012 financial reporting.</li> </ul>
<ul style="list-style-type: none"> <li>• Issuances, repurchases, and repayments of debt and equity securities</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• Dividends paid (aggregate or per share) separately for ordinary shares and other shares</li> </ul>	<ul style="list-style-type: none"> <li>• Cash dividend declared last November 16, 2011 was paid on January 7, 2012 to Common stockholders of record as of December 23, 2011 amounting to P3.2 B.</li> </ul>

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2012**

<b>SEC REQUIREMENT</b>	<b>DISCLOSURE</b>
	<ul style="list-style-type: none"> <li>On March 31, 2012, The Board of Directors declared a regular cash dividend of P0.90 per share for the first semester of 2012 and a special cash dividend of P0.50 per share on the total outstanding Common shares of the capital stock of BPI payable to Common stockholders of record as of the 15<sup>th</sup> day from receipt by BPI of the approval by the Bangko Sentral ng Pilipinas (BSP) of the said dividend declaration and distributable on the 15<sup>th</sup> day from said record date. The total dividends declared amounted to P4.9 B.</li> </ul>
<ul style="list-style-type: none"> <li>Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements)</li> </ul>	<ul style="list-style-type: none"> <li>Attached</li> </ul>
<ul style="list-style-type: none"> <li>Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>Changes in contingent liabilities or contingent assets since the last annual balance sheet date</li> </ul>	<ul style="list-style-type: none"> <li>Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/ contingent liabilities.</li> </ul>
<ul style="list-style-type: none"> <li>Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Quarter Ended March 31, 2012					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Interest Income	6,610	1,822	1,516	(121)	9,827
Interest Expense	2,769	121	35	82	3,007
Net interest income	3,841	1,701	1,481	(203)	6,820
Impairment charge	483	499	0	-	982
Net interest income after impairment charge	3,358	1,202	1,481	(203)	5,838
Fees and commission income	917	99	153	(40)	1,129
Other income	775	397	4,655	305	6,132
GRT	(72)	(9)	(318)	(58)	(457)
Other Income, net	1,620	487	4,490	207	6,804
Compensation and fringe benefits	1,667	202	155	989	3,013
Occupancy and equipment- related expenses	939	252	26	442	1,659
Other operating expenses	1,205	479	200	(387)	1,497
Total operating expenses	3,811	933	381	1,044	6,169
Operating profit	1,167	756	5,590	(1,040)	6,473
Share in net income of associates					46
Provision for Income Tax					593
Total Assets	278,508	291,800	219,804	17,605	807,717
Total Liabilities	669,278	15,398	19,053	9,909	713,638

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

### **Financial Condition**

**Total resources** as of end of first quarter 2012 stood at P807.7 billion, P34.9 billion or 4.1% lower than end December 2011 level of P842.6 billion. The decrease was due to the P36.4 billion or 5.3% decline in total **deposits** to P644.7 billion on account of the P34.8 billion **time deposits** maturities. **Bills payable** also went down by P1.9 billion or 9.7% due to maturities of foreign banks borrowings. **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** declined by P626 million or 36.5% due to lower tax collection. **Derivative financial liabilities** were lower by P514 million or 10.7% on lower market valuation. **Manager's checks and demand drafts outstanding**, however, went up by P2.3 billion or 54.7% on higher level of outstanding manager's checks issued.

**Total capital funds** grew by P3.5 billion or 3.9% on account of the P5.8 billion or 14.0% increase in **surplus** contributed by the first quarter earnings. This increase was partially offset by the P2.3 billion or 108.2% decline in **accumulated other comprehensive income** resulting from the disposal of some available for sale (AFS) inventory and on the downward market valuation of the remaining AFS inventory.

On the asset side, **loans and advances, net** decreased by P23.8 billion or 5.2% on lower corporate loans. **Interbank loans receivable and securities purchased under agreements to resell** declined by P19.2 billion or 54.4% due to maturities of placements with BSP. **Held-to-maturity securities, net** likewise dropped by P6.2 billion or 6.9% due to maturities of HTM securities and the lower level of deposits. **Cash and other cash items** was lower by P6.1 billion or 27.4% on lower cash level requirement relative to year-end. Lower working balances maintained with local banks resulted in a P831 million or 8.9% decline in **due from other banks**. **Derivative financial assets** were down by P365 million or 6.8% on lower mark-to-market valuation.

On the other hand, **Available for sale Securities, net** and **trading securities** rose by P12.8 billion or 17.2% and P6.5 billion, respectively, due to the purchase of government securities funded by the decline in loan portfolio. **Deferred income tax assets, net** grew by P643 million or 14.8% on higher level of impairment losses and other accounts with timing difference.

## **RESULTS OF OPERATIONS**

### **For the Three Months ended March 31, 2012 and 2011**

**Net income** for the first quarter of 2012 was P5.8 billion, P3.0 billion or 104.3% higher than same period last year of P2.8 billion on the back of the P4.3 billion increase in total revenues. This improvement, however, was partly negated by the increases in **other expenses, impairment losses, and provision for income tax** which grew by P904 million, P390 million, and P44 million, respectively.

**Net interest income** was up by P533 million or 8.5% due to the P25.2 billion or 3.3% average asset base expansion, and the 14 basis points increase in net interest margin. Better spreads came from lower cost of funds as average deposit mix shifted in favor of the cheaper current and savings float deposits. **Interest income** increased by P396 million while **interest expense** went down by P138 million.

- The higher **interest income** was largely contributed by the P1.0 billion or 16.4% improvement in interest income on **loans and advances** notwithstanding the drop in yield. The average volume of loans increased by P68.6 billion or 19.1%. This increase, however, was partly reduced by the lower interest income on **deposits with BSP and other banks, held-to-maturity securities, available for sale securities, and trading securities** by P378 million, P186 million, P65 million and P26 million, respectively, brought by the decrease in both average volume and yields.
- The decline in **interest expense** was accounted for by the drop in interest expense on **deposits and bills payable and other borrowings** by P87 million and P51 million, respectively. The latter was due to the lower rediscounting volume with the BSP.

**Other income** at P6.8 billion was P3.8 billion or 124.1% higher than same period last year. This increase was mainly due to the P3.8 billion rise in **trading gain (loss) on securities** as the bank sold down securities and took profit when interest rates declined and equity prices improved in the first quarter of 2012. **Other operating income** also went up by P221 million or 17.2% on higher trust and miscellaneous income. **Income attributable to insurance operations** likewise increased by P63 million as the both the non-life insurance and pre-need insurance subsidiaries generated higher income. **Income from foreign exchange trading**, on the other hand, dropped by P65 million on lower market flows of forwards and swaps. As a result of higher other income, **gross receipt tax** correspondingly increased by P245 million or 115%.

**Impairment losses** at P982 million was P390 million or 65.8% higher due to additional provisions for non-credit related items.

**Other expenses** at P6.2 billion was P904 million or 17.2% higher than last year's P5.3 billion. **Compensation and fringe benefits** were up by P657 million or 27.9% on account of the acceleration of retirement fund contribution and higher salaries. **Occupancy and equipment-related expenses** also reflected a P197 million or 13.4% increase due to higher computer equipment depreciation, software maintenance cost, utilities, and premises related taxes and contractual costs.

**Provision for income tax** at P593 million was P44 million or 8.1% higher as **current income tax** increased by P85 million due to higher taxable income. This increase was partly offset by the lower **deferred income tax (DIT)**, down by P40 million, on higher deferred income tax credit resulting from the higher retirement fund expense.

**Income attributable to non-controlling interest** went down by P15 million or 24.9% on the combined lower income of affiliates.

### Comprehensive Income

**Total comprehensive income** for the first quarter of 2012 was P3.5 billion, P2.9 billion more than last year's P625 million. The increase came mainly from the P3.0 billion improvement in **net income before minority interest**.

**Other comprehensive loss, net of tax effect**, on the other hand, increased by P78 million. The **fair value reserve on investments of insurance subsidiaries** increased by P261 million due to the rise in the market valuation of the investment funds of the insurance subsidiaries. The **share in other comprehensive income of associates** was likewise higher by P172 million on the higher market valuation of the investments of the bancassurance joint venture. Above increases were negated, however, by the drop in **net change in fair value reserve on available-for-sale securities** by P470 million due to the higher year to date downward valuation of the bank's available for sale securities this year versus previous year's movement. **Currency translation differences** also went down by P42 million due to the general weakening of the US Dollar as against the Philippine Peso and other third currencies.

**Income attributable to non-controlling interest** slightly increased by P23 million due to higher income contributed by the insurance companies.

### 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:

	March 31, 2012	March 31, 2011
Return on Equity (%)	25.7	14.4
Return on Assets (%)	2.9	1.5
Net Interest Margin (%)	3.8	3.7
Operating Efficiency Ratio (%)	45.3	56.3
Capital Adequacy Ratio (%) - Basel II	16.1	16.5

**Return on equity (ROE)**, net income divided by average equity, and **return on assets (ROA)**, net income divided by average assets, were higher by 11.3% and 1.4%, respectively, largely due to the substantial year-on-year increase in net income. ROE and ROA measure the bank's efficiency in utilizing its capital and resources, respectively, to generate profits.

**Net interest margin (NIM)**, net interest income divided by average interest bearing assets, was 14 basis points higher this year largely on lower cost of funds as average deposit mix shifted in favor of the cheaper float deposits.

**Operating efficiency ratio** (cost to income), operating expenses divided by total revenues, improved by 11.0% to 45.3% as revenue growth surpassed operating expenses growth. Cost to income ratio measures the bank's ability to utilize 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 16.1% was lower than last year's 16.5% as the growth in the bank's risk weighted assets outpaced that of the total qualifying capital. The bank's CAR is still, however, above the 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: May 14, 2012



**MICHAEL D. CALLEJA**  
**Senior Vice President / Treasurer-OIC**

Date: May 14, 2012



**BPI UNIBANK**  
**CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE**  
**MARCH 31, 2012**

<b>No. of Days Outstanding</b>	<b>Amount (In Thousands)</b>
0-90	P 864,642
91-180	459,761
181-360	87,068
Over 360	1,713,458
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<b>Grand Total</b>	<b>P 3,124,929</b>
<b>Less: Allowance for Probable Losses</b>	<b>967,799</b>
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<b>Net of Allowance for Probable Losses</b>	<b>P 2,157,129</b>
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