

**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 (if applicable)**

**PERIOD-ENDED MARCH 31, 2015**  
(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 **March 31, 2015**
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** **2IP Code 0720**  
Address of principal office **Postal Code**
8. **(02) 818 5541 to 48**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code



Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
---------------------	--

<b>Common</b>	<b>3,932,215,498</b>
---------------	----------------------

11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes  No   
If yes, state the name of such stock exchange and the classes of securities listed therein:

<b>Philippine Stock Exchange</b>	<b>Common</b>
----------------------------------	---------------

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, 2015 AND DECEMBER 31, 2014**  
(in Thousands of Pesos)

	<u>UNAUDITED</u>	<u>AUDITED</u>
	<u>MARCH 31, 2015</u>	<u>DECEMBER 31, 2014</u>
<b><u>RESOURCES</u></b>		
Cash and Other Cash Items	27,630,309	38,426,679
Due from Bangko Sentral ng Pilipinas	228,401,010	211,946,457
Due from Other Banks	16,735,366	22,226,814
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	61,581,310	5,782,217
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	37,923,772	35,981,383
Trading Securities	14,427,117	15,861,627
Available-for-Sale Securities, net	27,961,356	51,309,378
Held-to-Maturity Securities, net	218,654,083	209,408,777
Loans and Advances, net	729,518,894	800,169,637
Assets Held for Sale, net	4,804,778	5,018,099
Bank Premises, Furniture, Fixtures and Equipment, net	12,488,329	12,759,508
Investment Properties, net	785,539	807,577
Investments in Subsidiaries and Associates, net	4,972,608	4,784,058
Assets Attributable to Insurance Operations	16,542,370	16,444,672
Deferred Income Tax Assets, net	5,941,081	5,718,082
Other Resources, net	11,115,044	13,551,691
<b>TOTAL RESOURCES</b>	<b>1,419,482,965</b>	<b>1,450,196,656</b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>		
Deposit Liabilities		
Demand	202,777,571	199,690,237
Savings	636,047,449	616,447,640
Time	319,883,454	360,074,918
Sub-total	<u>1,158,708,474</u>	<u>1,176,212,795</u>
Derivative Financial Liabilities	36,905,792	34,845,832
Bills Payable	16,106,168	32,992,551
Due to Bangko Sentral ng Pilipinas and Other Banks	689,559	687,144
Manager's Checks and Demand Drafts Outstanding	8,905,648	8,353,212
Accrued Taxes, Interest and Other Expenses	5,096,910	5,596,970
Unsecured Subordinated Debt	-	-
Liabilities Attributable to Insurance Operations	13,610,852	13,560,705
Deferred Credits and Other Liabilities	31,182,607	31,268,395
<b>TOTAL LIABILITIES</b>	<b>1,271,206,010</b>	<b>1,303,517,604</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Share Capital	39,275,861	39,271,579
Share Premium	29,371,298	29,340,930
Reserves	2,248,478	2,098,200
Surplus	77,810,428	76,575,400
Accumulated Other Comprehensive Income/ (Loss)	(3,115,663)	(3,223,231)
	<u>145,590,402</u>	<u>144,062,877</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>2,686,553</u>	<u>2,616,175</u>
<b>TOTAL CAPITAL FUNDS</b>	<b>148,276,955</b>	<b>146,679,053</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>1,419,482,965</b>	<b>1,450,196,656</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Three Months Ended March 31, 2015 and 2014**  
**(In Thousands of Pesos)**

	<u>Unaudited 2015</u>	<u>Unaudited 2014</u>
<b>INTEREST INCOME</b>		
On loans and advances	10,205,294	8,463,238
On held-to-maturity securities	2,101,465	1,799,139
On available-for-sale securities	215,105	191,433
On deposits with BSP and other banks	390,171	669,503
On trading securities	82,520	75,610
Gross Receipts Tax	(435,634)	(380,000)
	<u>12,558,921</u>	<u>10,818,922</u>
<b>INTEREST EXPENSE</b>		
On Deposits	3,042,146	2,537,898
On Bills Payable and other borrowings	88,291	94,598
	<u>3,130,438</u>	<u>2,632,496</u>
<b>NET INTEREST INCOME</b>	<b>9,428,483</b>	<b>8,186,426</b>
<b>IMPAIRMENT LOSSES</b>	<b>1,020,639</b>	<b>915,200</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>8,407,844</b>	<b>7,271,226</b>
<b>OTHER INCOME</b>		
Fees and commissions	1,736,275	1,706,527
Income from foreign exchange trading	495,579	492,199
Trading gain (loss) on securities	777,718	(79,811)
Income attributable to insurance operations	438,740	246,582
Other operating income	2,004,586	2,125,792
Gross Receipts Tax	(324,446)	(309,263)
	<u>5,128,452</u>	<u>4,182,027</u>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	3,028,592	2,758,661
Occupancy and equipment-related expenses	2,116,698	2,058,556
Other operating expenses	2,170,931	1,905,979
	<u>7,316,221</u>	<u>6,723,197</u>
<b>INCOME BEFORE INCOME TAX</b>	<b>6,220,075</b>	<b>4,730,056</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	1,445,101	1,474,665
Deferred	(227,791)	(360,107)
	<u>1,217,310</u>	<u>1,114,558</u>
<b>NET INCOME FOR THE PERIOD</b>	<b>5,002,765</b>	<b>3,615,497</b>
Attributable to:		
Equity holders of BPI	4,915,156	3,603,449
Non-controlling interest	87,609	12,049
	<u>5,002,765</u>	<u>3,615,497</u>
Earnings per share:		
Based on 3,932,215,498 shares as of March 31, 2015 and 3,929,297,850 shares in 2014	<b>P 1.25</b>	<b>P 0.92</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the Three Months Ended March 31, 2015 and 2014  
(In Thousands of Pesos)

	<u>Unaudited 2015</u>	<u>Unaudited 2014</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>5,002,765</b>	<b>3,615,497</b>
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net change in fair value reserve on available-for-sale securities, net of tax effect	24,662	(1,627,354)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	68,957	106,002
Share in other comprehensive income of associates	69,089	(90,211)
Currency translation differences	(73,853)	39,616
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on defined benefit plan, net of tax effect	706	0
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>89,561</b>	<b>(1,571,947)</b>
<b>Total Comprehensive Income for the Year</b>	<b>5,092,327</b>	<b>2,043,550</b>
<b>Attributable to:</b>		
Equity holders of BPI	5,022,724	2,019,804
Non-Controlling Interest	69,602	23,747
	<b>5,092,327</b>	<b>2,043,550</b>

<b>BANK OF THE PHILIPPINE ISLANDS</b>								
<b>STATEMENT OF CHANGES IN CAPITAL FUNDS</b>								
<b>FOR THE PERIOD ENDED MARCH 31, 2015 &amp; MARCH 31, 2014</b>								
( In Thousands of Pesos)								
<b>Consolidated</b>								
Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2014</b>	<b>39,271,579</b>	<b>29,340,930</b>	<b>2,098,200</b>	<b>76,575,400</b>	<b>(3,223,231)</b>	<b>144,062,877</b>	<b>2,616,175</b>	<b>146,679,053</b>
<b>Comprehensive Income</b>								
Net Income for the year				4,915,156		4,915,156	87,609	5,002,765
Other Comprehensive Income for the year					107,568	107,568	(18,007)	89,561
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,915,156</b>	<b>107,568</b>	<b>5,022,724</b>	<b>69,602</b>	<b>5,092,327</b>
<b>Transactions with owners</b>								
Issuance of shares	13	-				13		13
Executive Stock Plan amortization	4,269	30,368	9,142			43,779		43,779
Cash Dividends				(3,538,993)		(3,538,993)		(3,538,993)
Transfer from Surplus to Reserves			141,136	(141,136)		-		-
Other changes in non-controlling interest						-	776	776
<b>Total transactions with owners</b>	<b>4,282</b>	<b>30,368</b>	<b>150,278</b>	<b>(3,680,128)</b>	<b>-</b>	<b>(3,495,200)</b>	<b>776</b>	<b>(3,494,424)</b>
<b>Balance, March 31, 2015</b>	<b>39,275,861</b>	<b>29,371,298</b>	<b>2,248,478</b>	<b>77,810,428</b>	<b>(3,115,663)</b>	<b>145,590,402</b>	<b>2,686,553</b>	<b>148,276,955</b>
<b>Consolidated</b>								
Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2013</b>	<b>35,563,562</b>	<b>8,315,756</b>	<b>1,679,060</b>	<b>62,136,685</b>	<b>(3,160,984)</b>	<b>104,534,079</b>	<b>1,272,609</b>	<b>105,806,688</b>
<b>Comprehensive Income</b>								
Net Income for the year				3,603,449		3,603,449	12,049	3,615,497
Other Comprehensive Income for the year					(1,583,645)	(1,583,645)	11,698	(1,571,947)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,603,449</b>	<b>(1,583,645)</b>	<b>2,019,804</b>	<b>23,747</b>	<b>2,043,550</b>
<b>Transactions with owners</b>								
Issuance of Stock Rights	3,705,002	21,032,772				24,737,774		24,737,774
Employee stock option plan: Exercise of options								-
Cash Dividends				(2,127)		(2,127)		(2,127)
Transfer from Surplus to Reserves				-		-		-
Others				154		154		154
Other changes in non-controlling interest							(4)	(4)
<b>Total transactions with owners</b>	<b>3,705,002</b>	<b>21,032,772</b>	<b>-</b>	<b>(1,973)</b>	<b>-</b>	<b>24,735,800</b>	<b>(4)</b>	<b>24,735,797</b>
<b>Balance, March 31, 2014</b>	<b>39,268,564</b>	<b>29,348,528</b>	<b>1,679,060</b>	<b>65,738,160</b>	<b>(4,744,629)</b>	<b>131,289,683</b>	<b>1,296,352</b>	<b>132,586,035</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED MARCH 31, 2015 AND MARCH 31 2014**  
**(In Thousands of Pesos)**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	6,220,075	4,730,056
Adjustments for:		
Impairment losses	1,020,639	915,200
Depreciation and amortization	845,431	934,738
Share in net income of associates	(119,460)	(90,706)
Share based compensation	9,142	-
Dividend income	(26,626)	(9,127)
Interest income	(12,994,554)	(11,198,922)
Interest expense	3,130,438	2,632,496
Operating income before changes in operating assets and liabilities	(1,914,915)	(2,086,265)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral ng Pilipinas	0	0
Interbank loans receivable and securities purchased under agreements to resell	470,695	0
Trading securities	1,398,553	(20,242,874)
Loans and advances	69,670,468	(7,626,053)
Assets held for sale	(9,759)	411,015
Assets attributable to insurance operations	(113,844)	360,727
Other resources	2,047,839	(1,591,233)
Increase (decrease) in:		
Deposit liabilities	(17,504,321)	4,097,085
Due to Bangko Sentral ng Pilipinas and other banks	2,415	(1,455,185)
Manager's checks demand drafts outstanding	552,436	(740,635)
Accrued taxes, interest and other expenses	(215,818)	(1,221)
Liabilities attributable to insurance operations	50,147	(554,035)
Derivative financial instrument	117,572	300,757
Deferred credits and other liabilities	(85,082)	466,548
Net cash from (used in) operations	54,466,386	(28,661,370)
Income taxes paid	(1,440,308)	(864,824)
Interest paid	(3,414,680)	(2,975,231)
Interest received	14,863,567	12,213,669
Net cash from (used in) operating activities	64,474,966	(20,287,756)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
Available for sale securities	22,936,077	61,886,289
Held-to-maturity securities	(10,209,963)	(80,753,349)
Bank, premises, furniture, fixtures and equipment	(408,180)	(628,501)
Investment in subsidiaries and associates, net	(4,120)	320,606
Assets attributable to insurance operations	(30,262)	(1,243,094)
Investment property, net	(999)	(24,633)
Dividends received	26,626	9,127
Net cash from (used in) investing activities	12,309,180	(20,433,555)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(3,538,993)	(3,202,848)
Collection on stock subscriptions	34,650	24,737,774
Increase (decrease) in bills payable	(16,886,384)	(7,573,462)
Net cash from (used in) financing activities	(20,390,726)	13,961,464
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	56,393,420	(26,759,847)
<b>CASH AND CASH EQUIVALENTS</b>		
January 1	273,557,602	299,771,823
March 31	<b>329,951,022</b>	<b>273,011,976</b>



**BANK OF THE PHILIPPINE ISLANDS**  
**Financial Indicators**  
**As at March 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
a) Liquidity Ratio *	62.0%	65.7 %
b) Debt to Equity Ratio **	11.1%	14.2 %
c) Asset to Equity Ratio	975.0	925.1 %
d) Interest Rate Coverage Ratio ***	325.7%	315.2 %
e) Net Interest Margin on Average Earning Assets	3.1%	3.0 %
f) Return on Average Equity	13.8%	12.4 %
g) Return on Average Assets	1.5%	1.2 %
h) Cost to Income Ratio	50.3%	54.4 %
i) Cost to Assets Ratio	2.2%	2.3 %
j) Capital to Assets Ratio	10.3%	10.8 %

\* Liquid Assets over Total Deposits

\*\* Bills Payable and Unsecured Subordinated Debt over Total Equity

\*\*\* Net Income Before Income Tax add back Interest Expense and Depreciation

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> <li>Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles</li> </ul>	<p>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).</p>
<ul style="list-style-type: none"> <li>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:</li> </ul>	
<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, 2014 which was in accordance with the PFRS 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 mandatory effective date of PFRS 9 is for annual periods beginning January 1, 2018. The Bank has yet to assess the full impact of PFRS 9 and intends to adopt PFRS9 upon completion of the IASB project.</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

SEC REQUIREMENT	DISCLOSURE
<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 per share) separately for ordinary shares and other shares</li> </ul>	<ul style="list-style-type: none"> <li>• On March 17, 2015, total cash dividends paid to Common Stockholders of record as of February 24, 2015 amounted to P3.5 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>•</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>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> <li>Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same;</li> </ul>	<ul style="list-style-type: none"> <li>The BPI Group is exposed to financial risks primarily through trading and investments in bonds, currencies, financial derivatives and structured investment products. The risks associated with these financial instruments are closely monitored through the various risk limits and management triggers defined and set by the Board through its Risk Management Committee (RMC). BPI has since maintained its conservative risk appetite by concentrating on investment-grade securities, thus exposing the Bank to manageable market and credit risks. The persistent challenges observed in the financial markets have resulted to more active risk management strategies in the Bank. Supplemental sensitivity and scenario analyses, rigorous risk monitoring and escalation procedures, and frequent in-depth discussions involving Senior Management and the Board are measures to strengthen the effectiveness of the Bank's risk management framework. Moreover, the levels of risk exposures and limits have been regularly reviewed to reflect the Board's overall risk appetite. Meanwhile, the Bank's Treasury Group has been executing trading and portfolio strategies to manage risk exposures and preserve and improve the Bank's comprehensive income. As a prudent measure to protect the Bank's earnings from interest rate volatility, the average sensitivity of the Bank's positions for every 1 basis point movement in interest rates has been significantly reduced from year-end 2014.</li> <li>In assessing the Bank's liquidity risk position, BPI as an institution, is deemed to be liquid enough to serve its financial obligations to its clients and other creditors. The Bank's liquidity stress testing results as of the first quarter of 2015 consistently revealed that under both name-specific and system-wide crisis scenarios, the Bank would still</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

SEC REQUIREMENT	DISCLOSURE
	<p>have more than sufficient liquidity to meet its financial obligations.</p> <ul style="list-style-type: none"> <li>The Bank's Risk Management Office (RMO) continues to improve its assessment and measurement of risks by enhancing its methodologies of risk measurement and monitoring. The RMO periodically reviews and updates the scenarios and assumptions used in the Bank's models and regularly conducts back testing to assess the accuracy, effectiveness and relevance of its models and risk metrics. The Bank, to the best of its knowledge, deems that there are no anticipated and significant change that shall materially affect the Bank's financial condition and results of operation.</li> </ul>
<ul style="list-style-type: none"> <li>The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.</li> </ul>	<ul style="list-style-type: none"> <li>The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2014.</li> </ul>
<ul style="list-style-type: none"> <li>A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods</li> </ul>	<ul style="list-style-type: none"> <li>In accordance with PAS 39, trading account securities are marked to market as profit and loss. As such, these are reflected in Other Income – Trading gain (loss) on securities including realized gains (losses) from opportunistic sell down of inventory.</li> <li>Available for sale securities are marked to market against capital funds and reflected as Accumulated Other Comprehensive Income (Loss). The movements of these accounts are recognized as Other Comprehensive Income – Net Change in Fair Value Reserve for the banking books and Fair Value Reserve on investments of insurance subsidiaries.</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

SEC REQUIREMENT	DISCLOSURE												
	<ul style="list-style-type: none"> <li>The table below summarizes the carrying amount and fair value of Held To Maturities Securities, net <table data-bbox="857 478 1461 745"> <thead> <tr> <th></th> <th>Carrying amount</th> <th>Fair value</th> </tr> <tr> <th></th> <th colspan="2">(In Million Pesos)</th> </tr> </thead> <tbody> <tr> <td>Mar 31, 2015 (unaudited)</td> <td>218,654</td> <td>227,682</td> </tr> <tr> <td>Dec 31, 2014 (audited)</td> <td>209,409</td> <td>220,292</td> </tr> </tbody> </table> </li> </ul>		Carrying amount	Fair value		(In Million Pesos)		Mar 31, 2015 (unaudited)	218,654	227,682	Dec 31, 2014 (audited)	209,409	220,292
	Carrying amount	Fair value											
	(In Million Pesos)												
Mar 31, 2015 (unaudited)	218,654	227,682											
Dec 31, 2014 (audited)	209,409	220,292											

BANK OF THE PHILIPPINE ISLANDS					
SEGMENT REPORT					
For the Three Months Ended March 31, 2015					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	5,567	1,267	2,932	(338)	9,429
Impairment charge	989	32	(0)	-	1,021
Net interest income after impairment charge	4,579	1,235	2,933	(338)	8,408
Fees and commission	1,431	137	204	(36)	1,736
Other income	1,209	403	1,677	428	3,717
GRT	(164)	(14)	(128)	(19)	(325)
Other Income, net	2,476	526	1,754	372	5,128
Compensation and fringe benefits	2,060	268	230	471	3,029
Occupancy and equipment- related expenses	1,004	290	34	789	2,117
Other operating expenses	1,516	1,058	362	(765)	2,171
Total operating expenses	4,581	1,616	625	494	7,316
Operating profit	2,474	145	4,061	(460)	6,220
Share in net income of associates					133
Provision for Income Tax					1,217
Total Assets	449,597	526,104	413,530	30,252	1,419,483
Total Liabilities	1,186,972	12,195	51,822	20,217	1,271,206

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

### Financial Condition as of March 31, 2015 versus as of December 31, 2014

**Total resources** decreased P30.7 billion, or 2.1%, to P1.4 trillion, from P1.5 trillion.

#### Assets

- **Loans and advances** at P729.5 billion, declined P70.7 billion, or 8.8%, owing to seasonality of loan demand, especially from local conglomerates and multinationals.
- **Available-for-sale securities, net** at P28.0 billion, declined P23.3 billion, or 45.5%, due to lower position taking in both local and foreign holdings.
- **Cash and Other Cash Items**, at P27.6 billion, declined P10.8 billion, or 28.1% on account of lower cash requirement this period as compared to year end 2014.
- **Due from Other Banks**, at P16.7 billion, declined P5.5 billion, or 24.7%, due to lower working balances maintained with the correspondent banks.
- **Other resources, net** at P11.1 billion, declined P2.4 billion, or 18.0%, on lower miscellaneous assets, deferred charges, and accrued interest and fees receivables.
- **Trading Securities** at P14.4 billion, declined P1.4 billion, or 9.0%, on lower holdings of local bonds intended for trading.
- **Interbank Loans Receivable and Securities Purchased under Agreements to Resell** at P61.6 billion, increased P55.8 billion, or 965.0%, due to higher volume placements in Reverse Repurchase Agreements (RRP).
- **Due from Bangko Sentral ng Pilipinas** at P228.4 billion, increased P16.5 billion, or 7.8%, on higher special deposit account with the BSP.
- **Derivative financial assets** at P37.9 billion, increased P1.9 billion, or 5.4% on higher positive fair value on certain derivative positions such as interest rate swaps, forwards and non-deliverable swaps (NDS).

#### Liabilities

- **Total deposits** at P1.2 trillion, declined P17.5 billion, or 1.5%, mainly due to the P40.2 billion, or 11.2%, drop in time deposits on account of maturities. Savings and demand deposit balances, on the other hand, expanded P19.6 billion, or 3.2%, and P3.1 billion, or 1.6%, respectively.
- **Bills payable** at P16.1 billion, declined P16.9 billion, or 51.2%, on reduced external borrowings.
- **Accrued taxes, interest and other expenses** at P5.1 billion, declined P500 million, or 8.9%, due to payments of accrued interest on interest rate swaps, accrued taxes and licenses, accrued payments of performance bonuses, and other expenses payable.
- **Derivative financial liabilities** at P36.9 billion, increased P2.1 billion, or 5.9%, on higher negative fair value on certain swap positions.
- **Manager's checks and demand drafts outstanding** at P8.9 billion, increased P552 million, or 6.6%, on higher level of outstanding manager's checks issued.



**Total capital funds** at P145.6 billion, expanded P1.5 billion, or 1.1 % from yearend 2014 on accumulated earnings and higher reserves. **Reserves** at P2.2 billion, increased P150.3 million, or 7.2%, on higher provision for trust business.

**Non-controlling interests** at P2.7 billion, increased P70.4 million, or 2.7%, on higher retained earnings/surplus reserves of the Bank's non-life insurance subsidiary.

## RESULTS OF OPERATIONS

### For the Quarters ended March 31, 2015 and 2014

**Net income** for the first quarter of 2015 stood at P4.9 billion, up P1.3 billion, or 36.4%, from P3.6 billion in the first quarter of 2014. This net income increase was driven largely by the P2.2 billion, or 17.7%, growth in total revenues and was partially offset by the increases in **other expenses** by P593 million, or 8.8% and **impairment losses** by P105 million, or 11.5%.

**Net interest income** at P9.4 billion, increased P1.2 billion, or 15.2% owing to the P172.7 billion, or 14.5%, average asset base expansion.

**Interest income** stood at P12.6 billion, up or P1.7 billion, or 16.1%, and this was affected by the following movements:

- Increase in interest income **on loans and advances** at P10.2 billion, up P1.7 billion, or 20.6% on higher volume and yield.
- Increases in interest income **held-to-maturity securities** at P2.1 billion, **on available-for-sale securities** at P215 million, and **on trading securities** at P83 million, up P302 million, or 16.8%, P23.7 million, or 12.4%, and P6.9 million, or 9.1%, respectively. These increases in interest income were primarily due to higher volume partly offset by lower yield.
- Decline in interest income **on deposits with BSP and other banks** at P390 million, down P279 million, or 41.7%, on account of lower volume and yield.
- Increase in **Gross receipt tax** at P436 million, up P56 million, or 14.6%, on higher interest income.

**Interest expense** at P3.1 billion, increased P498 million, or 18.9%, and this was impacted by the following movements:

- Increase in interest expense **on deposits** at P3.0 billion, up P504 million, or 19.9%, due to higher volume and cost;
- Decline in interest expense **on bills payable and other borrowings** at P88 million, down P6 million, or 6.7%, due to lower cost.

**Other income** at P5.1 billion, was P946 million, or 22.6% higher than the P4.2 billion earned in the first quarter of 2014.

- **Trading gain (loss) on securities** at P778 million, was P858 million higher, coming from a loss of P79.8 million in the same period last year. This improvement in trading gain was largely due to the favorable market condition experienced in the early part of the year which prompted the Bank to take profits.
- **Income attributable to insurance operations** at P439 million, increased P192 million, or 77.9%, on account of the growth in gross premiums, higher income from investments and other income of all insurance companies partly offset by higher actuarial reserves of BPI Philam.
- **Other operating income** at P2.0 billion, was P121 million, or 5.7% lower as last year included a one-off fee received from the bancassurance affiliate.

**Impairment losses** at P1.0 billion, increased P105 million, or 11.5%, on higher loan loss provisioning.

**Other expenses** at P7.3 billion, grew P593 million, or 8.8% from P6.7 billion.

- **Compensation and fringe benefits** at P3.0 billion, increased P270 million, or 9.8%, as salaries and wages grew on account of increased headcount.
- **Other operating expenses** at P2.2 billion, up P265 million, or 13.9%, on higher regulatory costs and management & other professional fees, and the timing difference on the payment of directors' bonuses.
- **Occupancy and equipment-related expenses** at P2.1 billion, up P58 million, or 2.8%, on higher contractual, rental, depreciation and amortization costs.

**Provision for income tax** at P1.2 billion, increased P103 million, or 9.2% from P1.1 billion.

- **Deferred income tax** at (P228 million), was P132 million, or 36.7%, higher from last year's (P360 million) due to accounts with timing differences.
- **Current income tax** at P1.4 billion, was P30 million, or 2.0% lower on lower taxable income of certain subsidiaries.

**Income attributable to non-controlling interest** at P88 million, increased P76 million, or 627%, due to improved income across all insurance subsidiaries and income recognition from leasing affiliate.

**Total comprehensive income** at P5.0 billion, increased P3.0 billion, or 148.7%, brought about by the P1.7 billion improvement in **total other comprehensive income, net of tax effect** and the P1.4 billion increase in **net income before minority interest**.

- **Net change in fair value reserve on available-for-sale securities, net of tax effect** at P25 million, increased P1.6 billion, or 101.5%, from a loss of P1.6 billion on account of the improvement in the market valuation of the Bank's investment securities.
- **Share in other comprehensive income of associates** at P69 million, increased P159 million, or 176.6%, on higher market valuation of the investments of the bancassurance affiliate.
- **Currency translation differences** at (P74 million), was P113 million, or 286.4% lower due to the general strengthening of the Philippine Peso against the US Dollars, Hong Kong Dollars and the Euro Currency.

- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P69 million, declined P37 million, or 35.0%, on lower market valuation of the insurance subsidiaries' investment funds.
- **Income attributable to non-controlling interest** at P70 million, increased P46 million, or 193.1%, on higher income of the Bank's insurance companies and the initial recognition of BPI Century Tokyo Lease & Finance Corp's income as an affiliate.

### 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:

	Mar 31, 2015	Mar 31, 2014
Return on Equity (%)	13.8	12.4
Return on Assets (%)	1.5	1.2
Net Interest Margin (%)	3.1	3.0
Operating Efficiency Ratio (%)	50.3	54.4
Capital Adequacy Ratio (%) - Basel III	15.7	16.0

**Return on equity (ROE)**, net income divided by average equity, and **return on assets (ROA)**, net income divided by average assets, were higher at 13.8% and 1.5%, respectively, due to the higher net income attained in the first quarter vs. same period in 2014. 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, at 3.1% was slightly higher by 5 basis points than last year's first quarter as yields on loans and interbank loan improved.

**Operating efficiency ratio** (cost to income), operating expenses divided by total revenues, declined from 54.4% to 50.3% as growth in revenues outpaced that of the operating expense. 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 15.7% was lower than last year's 16.0%, as last year was impacted by the P25 billion capital build up in February 2014. The Bank's CAR is above the BSP's minimum requirement of 10%. CET 1 ratio at 14.8%, was 37 bps lower than same period last year, and above the minimum regulatory requirement.

### **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



**CEZAR P. CONSING**  
President  
Chief Executive Officer

Date: May 13, 2015



**JOSEPH ALBERT L. GOTUACO**  
Executive Vice President  
Chief Financial Officer

Date: May 13, 2015

**BPI UNIBANK**  
**CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE**  
**March 31, 2015**

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,803,042
91-180	51,232
181-360	78,078
Over 360	1,109,788
<b>Total</b>	<b>3,042,139</b>
<b>Less : Allow. For Probable Losses</b>	<b>1,044,307</b>
<b>Net of Allowance</b>	<b>P 1,997,832</b>