

**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 482t*
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, 2008
(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 STATEMENTS OF CONDITION
JUNE 30, 2008 and DECEMBER 31, 2007
(In Thousands of Pesos)

RESOURCES	UNAUDITED JUNE 30, 2008	AUDITED DECEMBER 31, 2007
Cash and Other Cash Items	12,582,556	13,243,110
Due from Bangko Sentral ng Pilipinas	61,222,379	72,877,919
Due from Other Banks	10,848,358	6,969,432
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	49,413,475	31,772,067
Derivative Financial Asset	2,462,110	3,122,536
Trading Securities	13,111,207	9,193,949
Investment Securities		
Available for Sale Securities, net	64,314,968	103,563,650
Held-to-Maturity Securities, net	46,607,757	52,431,883
Loans and Advances (Net)	296,162,526	273,756,421
Bank Premises, Furniture, Fixtures & Equipment, net	11,227,386	10,898,451
Investment Property, net	2,784,584	2,815,816
Assets Held for Sale, net	16,228,040	16,843,553
Equity Investments, net	947,201	933,001
Assets Attributable to Insurance Operations	21,609,579	22,004,405
Deferred Income Tax Assets, net	5,839,599	6,150,920
Other Resources, net	10,701,386	10,707,996
TOTAL RESOURCES	626,063,111	637,285,109
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	90,006,636	86,922,961
Savings Deposits	145,583,610	129,954,877
Time Deposits	274,107,805	296,566,562
Sub-total	509,698,052	513,444,401
Derivative Financial Liability	3,321,935	3,359,778
Bills Payable	5,420,072	5,374,941
Due to Bangko Sentral ng Pilipinas and Other Banks	367,417	1,302,788
Manager's Checks and Demand Drafts Outstanding	3,023,985	2,713,487
Accrued Taxes, Interests and Other Expenses	3,964,269	4,670,534
Liabilities Attributable to Insurance Operations	17,112,076	16,484,043
Deferred Credits and Other Liabilities	19,023,463	18,803,709
TOTAL LIABILITIES	561,931,268	566,153,682
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Capital Stock	32,455,083	27,043,507
Paid-in Surplus	1,370,856	1,359,812
Translation Adjustment	(343,943)	(579,968)
Reserves	(1,481,525)	4,402,007
Surplus	31,073,264	37,785,640
	63,073,734	70,010,998
MINORITY INTEREST IN SUBSIDIARIES	1,058,109	1,120,430
TOTAL CAPITAL FUNDS	64,131,843	71,131,427
TOTAL LIABILITIES AND CAPITAL FUNDS	626,063,111	637,285,109

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended June 30, 2008 and 2007
(In Thousands of Pesos)

	<u>UNAUDITED 2008</u>	<u>UNAUDITED 2007</u>
INTEREST INCOME		
On loans and advances	5,655,765	5,229,346
On held-to-maturity and trading securities	1,045,161	1,211,640
On available-for-sale securities	799,847	1,191,763
On deposits with banks	585,654	507,347
Gross Receipts Tax	(313,163)	(295,144)
	<u>7,773,264</u>	<u>7,844,952</u>
INTEREST EXPENSE		
On Deposits	3,059,252	2,897,521
On Bills Payable and other borrowings	86,740	107,186
	<u>3,145,991</u>	<u>3,004,708</u>
NET INTEREST INCOME	4,627,273	4,840,244
IMPAIRMENT LOSSES	489,334	240,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	4,137,939	4,600,244
OTHER INCOME		
Income from foreign exchange trading and trading securities	564,865	113,134
Service charges and commissions	787,942	654,401
Income attributable to insurance operations	193,861	677,910
Other operating income	2,042,616	1,932,668
Gross Receipts Tax	(229,685)	(331,112)
	<u>3,359,599</u>	<u>3,047,001</u>
OTHER EXPENSES		
Compensation and fringe benefits	1,963,267	2,019,248
Occupancy and equipment-related expenses	1,290,724	1,167,948
Other operating expenses	1,165,150	1,339,921
	<u>4,419,141</u>	<u>4,527,116</u>
INCOME BEFORE INCOME TAX	3,078,397	3,120,129
PROVISION FOR INCOME TAX		
Current	446,809	456,204
Deferred	314,944	78,675
	<u>761,753</u>	<u>534,879</u>
NET INCOME FOR THE QUARTER	2,316,644	2,585,250
Attributable to:		
Equity holders of BPI	2,284,008	2,500,362
Minority interest	32,636	84,887
	<u>2,316,644</u>	<u>2,585,250</u>

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30, 2008 and 2007
(In Thousands of Pesos)

	UNAUDITED 2008	UNAUDITED 2007
INTEREST INCOME		
On loans and advances	10,998,509	10,569,051
On held-to-maturity and trading securities	2,165,981	2,616,043
On available-for-sale securities	1,914,690	2,352,388
On deposits with banks	1,243,866	1,109,349
Gross Receipts Tax	(629,903)	(607,210)
	15,693,142	16,039,621
INTEREST EXPENSE		
On Deposits	6,377,458	6,036,425
On Bills Payable and other borrowings	201,912	228,377
	6,579,370	6,264,802
NET INTEREST INCOME	9,113,772	9,774,819
IMPAIRMENT LOSSES	874,765	959,384
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	8,239,007	8,815,436
OTHER INCOME		
Income from foreign exchange trading and trading securities	1,012,311	1,786,656
Service charges and commissions	1,471,481	1,302,031
Income attributable to insurance operations	329,120	1,521,743
Other operating income	3,124,942	3,051,320
Gross Receipts Tax	(370,632)	(531,848)
	5,567,222	7,129,902
OTHER EXPENSES		
Compensation and fringe benefits	3,894,319	3,933,897
Occupancy and equipment-related expenses	2,476,423	2,327,153
Other operating expenses	2,171,751	2,633,044
	8,542,493	8,894,094
INCOME BEFORE INCOME TAX	5,263,736	7,051,244
PROVISION FOR INCOME TAX		
Current	1,000,370	1,226,391
Deferred	365,176	(35,121)
	1,365,546	1,191,270
NET INCOME FOR THE PERIOD	3,898,189	5,859,974
Attributable to:		
Equity holders of BPI	3,833,347	5,715,070
Minority interest	64,843	144,904
	3,898,189	5,859,974
Earnings per share:		
Based on 2,704,703,849 shares as of June 30, 2008 and 2,704,400,034 shares in 2007	P 1.42	P 2.11

**STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2008 & JUNE 30, 2007
(In Thousands of Pesos)**

	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
Balance, December 31, 2007	Php27,043,507	Php1,359,812	(Php579,968)	Php4,402,007	Php37,785,640	Php1,120,430	Php71,131,427
Net change in available-for-sale investments, net of deferred income tax effect				(5,051,928)			(5,051,928)
Currency translation differences			236,025				236,025
Fair value reserve on investments of insurance subsidiaries				(845,258)			(845,258)
Net income (loss) recognized directly in equity	-	-	236,025	(5,897,186)	-	-	(5,661,161)
Net income for the year					3,833,347	64,843	3,898,189
Total recognized income (loss) for the year	-	-	236,025	(5,897,186)	3,833,347	64,843	(1,762,972)
Exercise of Stock Option	2,222	11,043		(14,779)			(1,513)
Value of services under stock option plan				28,433			28,433
Transfer/Adj to/from surplus					2,144		2,144
Cash dividends					(5,138,513)		(5,138,513)
Stock dividends distributable	5,409,354				(5,409,354)		-
Other changes in minority interest						(127,163)	(127,163)
Balance, June 30, 2008	Php32,455,083	Php1,370,856	(Php343,943)	(Php1,481,525)	Php31,073,264	Php1,058,109	Php64,131,843

	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
Balance, December 31, 2006	Php27,042,702	Php1,355,808	(Php95,000)	Php5,543,543	Php30,591,229	Php1,048,473	Php65,486,755
Net change in available-for-sale investments, net of deferred income tax effect				(2,246,931)			(2,246,931)
Currency translation differences			(130,990)				(130,990)
Fair value reserve on investments of insurance subsidiaries				59,971			59,971
Net income (loss) recognized directly in equity	-	-	(130,990)	(2,186,960)	-	-	(2,317,950)
Net income for the year					5,715,070	144,904	5,859,974
Total recognized income (loss) for the year	-	-	(130,990)	(2,186,960)	5,715,070	144,904	3,542,024
Change in capital stock	2						2
Change in paid-in surplus		-					
Transfer/Adj to/from surplus					1,668		1,668
Transfer to reserves				-			
Value of services under stock option plan				41,504			41,504
Cash dividends					(2,433,960)		(2,433,960)
Other changes in minority interest						(8,478)	(8,478)
Balance, June 30, 2007	Php27,042,703	Php1,355,808	(Php225,990)	Php3,398,087	Php33,874,008	Php1,184,899	Php66,629,515

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED JUNE 30, 2008 AND JUNE 30, 2007
(In Thousands of Pesos)

	UNAUDITED 2008	UNAUDITED 2007
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	3,078,397	3,120,129
Adjustments for:		
Impairment losses	489,334	240,000
Depreciation and amortization	521,547	458,454
Equity in net income of associates	6,628	123
Share based compensation	13,827	20,746
Dividend income	(16,808)	(15,587)
Interest income	(8,086,427)	(8,137,801)
Interest received	5,881,994	8,349,581
Interest expense	3,145,991	2,747,581
Interest paid	(2,911,055)	(2,499,855)
Operating income before changes in operating assets and liabilities	2,123,428	4,283,371
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	6,940,486	4,830,524
Interbank loans receivable and securities purchased under agreements to resell	(0)	5,409,214
Trading securities	15,994,669	3,639,299
Loans and advances	(34,173,718)	(24,267,380)
Assets held for sale	528,948	495,811
Assets attributable to insurance operations	1,357,431	(961,923)
Other resources	(958,601)	762,271
Increase (decrease) in:		
Deposit liabilities	34,632,853	24,879,962
Due to Bangko Sentral ng Pilipinas and other banks	(891,850)	(685,057)
Manager's checks demand drafts outstanding	(138,352)	318,114
Accrued taxes, interest and other expenses	296,886	(27,806)
Liabilities attributable to insurance operations	520,395	(8,033)
Derivative financial instrument	328,039	429,579
Deferred credits and other liabilities	(1,766,160)	475,101
Net cash from operating activities before income tax	24,794,455	19,573,047
Income taxes paid	(465,473)	(422,725)
Net cash generated from operating activities	24,328,983	19,150,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Available for sale securities	9,344,632	(7,338,522)
Held-to-maturity securities	1,368,800	3,175,895
Bank, premises, furniture, fixtures and equipment	(621,196)	(652,576)
Dividends received	16,808	(3,750)
Equity investments	(490,111)	(1,953,448)
Assets attributable to insurance operations	(1,056,852)	776,776
Investment property	15,616	396,850
Net cash used in investing activities	8,577,697	(5,598,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	-	-
Collection on stock subscriptions	-	1
Increase (decrease) in bills payable	(2,012,997)	(1,162,288)
Increase in derivative liabilities	-	-
Net cash (used in) provided by financing activities	(2,012,997)	(1,162,287)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	30,893,683	12,389,259
CASH AND CASH EQUIVALENTS		
March 31	45,148,226	47,830,678
June 30	76,041,909	60,219,937

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SEMESTERS ENDED JUNE 30, 2008 AND JUNE 30, 2007
(In Thousands of Pesos)

	UNAUDITED 2008	UNAUDITED 2007
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	5,263,736	7,051,244
Adjustments for:		
Impairment losses	874,765	959,384
Depreciation and amortization	1,022,661	870,309
Equity in net income of associates	8,948	157
Share based compensation	28,433	41,497
Dividend income	(17,969)	(15,587)
Interest income	(16,323,046)	(16,646,831)
Interest received	17,009,689	16,867,173
Interest expense	6,579,370	5,791,783
Interest paid	(6,815,660)	(5,889,358)
Operating income before changes in operating assets and liabilities	7,630,929	9,029,771
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	14,785,540	(2,640,649)
Interbank loans receivable and securities purchased under agreements to resell	6,915,765	12,653,133
Trading securities	(3,951,713)	8,077,019
Loans and advances	(23,242,868)	(12,434,217)
Assets held for sale	615,513	176,524
Assets attributable to insurance operations	1,675,826	(734,305)
Other resources	(307,397)	170,493
Increase (decrease) in:		
Deposit liabilities	(3,746,349)	12,926,778
Due to Bangko Sentral ng Pilipinas and other banks	(935,371)	(502,197)
Manager's checks demand drafts outstanding	310,498	466,045
Accrued taxes, interest and other expenses	(469,975)	(490,342)
Liabilities attributable to insurance operations	628,033	362,009
Derivative financial instrument	622,583	429,580
Deferred credits and other liabilities	218,638	(2,054,857)
Net cash from operating activities before income tax	749,649	25,434,785
Income taxes paid	(1,054,226)	(1,339,487)
Net cash generated from operating activities	(304,576)	24,095,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Available for sale securities	33,872,934	(1,929,175)
Held-to-maturity securities	5,673,313	12,355,524
Bank, premises, furniture, fixtures and equipment	(1,251,401)	125,944
Dividends received	17,969	15,587
Equity investments	(759,545)	(1,984,110)
Assets attributable to insurance operations	(1,292,532)	(669,077)
Investment property	31,232	(774,615)
Net cash used in investing activities	36,291,971	7,140,079
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(5,138,513)	(5,138,360)
Collection on stock subscriptions	-	1
Increase (decrease) in bills payable	45,131	1,616,929
Net cash (used in) provided by financing activities	(5,093,381)	(3,521,430)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,894,013	27,713,947
CASH AND CASH EQUIVALENTS		
December 31	45,147,896	32,505,990
June 30	76,041,909	60,219,937

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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, 2007 which was in accordance with the PRFS (Philippine Financial Reporting Standards) adopted by the SEC.
<ul style="list-style-type: none"> • Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period 	<ul style="list-style-type: none"> • In compliance with the PFRS, the Bank adopted certain accounting and measurement methods in 2007. Those changes did not materially affect the current interim period.
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Dividends paid (aggregate or per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • Cash dividend amounting to P5.1 B was paid by the Bank on February 20, 2008 to Common stockholders of record as of February 5, 2008. • At the regular meeting held on March 18, 2008, the Board of Directors approved to recommend to the stockholders the declaration and issuance of 20% stock dividend on the total issued and outstanding common shares of the authorized capital stock. This will be payable to stockholders of record fifteen (15) working days after the approval by the Securities & Exchange Commission of the increase in the Authorized Capital Stock.

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> • The declaration of 20% stock dividend was approved by the stockholders on April 3, 2008. • Bangko Sentral ng Pilipinas has approved on June 12, 2008 the stock dividends declaration. Likewise, the Securities and Exchange Commission has approved the increase of the Authorized Capital Stock of BPI from P 29.6M to P49.6M on June 24, 2008. The 20% stock dividend shall be payable to all BPI Common shares stockholders of record as of July 15, 2008 and distributable to the said stockholders on July 30, 2008. • On June 18, 2008, the Board of Directors declared a regular cash dividend of P0.90 per share for the first semester of the year 2008 on the total outstanding Common shares of the capital stock of BPI, payable to all BPI Common shares stockholders of Record as of the 15th day from receipt by BPI of the approval by the Bangko Sentral ng Pilipinas of the said dividend declaration and distributable on the 15th day from said record date.
<ul style="list-style-type: none"> • Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements) 	<ul style="list-style-type: none"> • Attached
<ul style="list-style-type: none"> • Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> • Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/ contingent liabilities.
<ul style="list-style-type: none"> • Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> • Nothing to report

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

Financial Condition

Total resources as of end of June 2008 stood at P626.1 billion, P11.2 billion or 1.8% lower than 2007 year-end level of P637.3 billion. The decrease was attributed to the drops in both capital funds and deposits by P7.0 billion and P3.7 billion, respectively.

Deposits contraction was mostly due to the P22.5 billion or 7.6% drop in **time deposits** as maturities were shifted to high yielding trust products. This was partially compensated for by the P18.7 billion or 8.6% combined expansion in demand and savings deposits, with **savings deposits** contributing a major portion with a P15.6 billion or 12.0% increase.

Total capital funds declined by P7.0 billion or 9.8% due to lower surplus and reserves. The **Surplus** account diminished by P6.7 billion or 17.8% from the combined effect of the following: 1) the payment on February 20, 2008 of the regular and special cash dividend declared for the second semester of 2007 totaling P1.90 per share or P5.1 billion; 2) the declaration of a 20% stock dividend amounting to P5.4 billion; and 3) the P3.8 billion income for the first semester. **Capital stock** thus correspondingly grew by P5.4 billion or 20.0% on account of the stock dividends. **Reserves** were lower by P5.9 billion on sell down of available for sale securities and marked to market losses of the remaining inventory. **Translation adjustment** recorded a lower debit balance by P236 million or 40.7% as a result of the weaker peso against the US dollar. Minority interest also dropped by P62 million or 5.6% on account of the lower capital level of the insurance subsidiaries resulting from cash dividends declared and lower valuation of investments.

Manager's checks and demand drafts outstanding increased by P310 million due to new manager's checks issued which remained outstanding as of the semester end. **Due to Bangko Sentral ng Pilipinas and other banks** decreased by P935 million or 71.8% mainly on lower tax collections and accrual for BSP supervision & examination fees. **Accrued taxes, interest and other expenses** likewise declined by P706 million or 15.1% on payments of accrued interests on matured/redeemed time deposits, accrued expenses and income taxes.

On the asset side, net **loans and advances** grew by P22.4 billion or 8.2% on strong demand of both corporate and retail borrowers. **Interbank loans receivable and securities purchased under agreements to resell and due from other banks** were up by P17.6 billion and P3.9 billion, respectively, as the bank shifted its available for sale securities portfolio to these outlets to shorten duration by 23%. **Trading securities** were likewise higher by P3.9 billion in order to take advantage of market movements. On the other hand, **available for sale securities** dropped by P39.2 billion due to inventory sell downs to minimize marked to market losses. **Due from Bangko Sentral ng Pilipinas and held to maturity securities** also declined by P11.7 billion or 16% and P5.8 billion or 11.1%, respectively, due to matured investments and placements in the first semester. **Derivative financial assets** were lower by P660 million or 21.1% on account of the lower level of forwards contracts bought.

Deferred income tax assets was down by P311 million or 5.1% with the utilization of the deferred income tax relative to net operating loss carry over (NOLCO) incurred in 2005.

Results of Operation

For the Quarters ended June 30, 2008 and 2007

Second quarter 2008 **net income** of P2.3 billion, was P216 million or 8.6% lower than last year's P2.5 billion. **Total revenues** grew by P100 million and **operating costs** declined by P108 million. However, **impairment losses and provision for income tax** rose by P249 million and P227 million, respectively.

Revenue growth was driven by a P313 million or 10.3% improvement in **other income** which was in part reduced by a P213 million or 4.4% drop in **net interest income**. **Net interest income** contracted, notwithstanding a P15.7 billion expansion in average assets, due to narrower spreads. **Interest income** was lower by P72 million while **interest expense** was higher by P141 million.

- The drop in **interest income** was due to lower **available for sale and held to maturity and trading securities** income which fell by P392 million (32.9%) and P166 million (13.7%), respectively. The lower level of inventory of available for sale securities and the lower yield of its foreign currency component were responsible for the drop in its corresponding income. Maturities in held to maturity securities and lower yields on trading securities caused the decline in their corresponding income account. The volume shift to loans and deposit with banks however failed to compensate for the drop in the income of securities. Income **on loans and advances** improved by P426 million or 8.2% due to a P30.4B growth in average loans. Similarly, income on **deposits with banks** was up by P78 million or 15.4% on higher volume. Despite the overall drop in interest income, **gross receipts tax (GRT)** increased by P18 million or 6.1% as the taxable income portion increased while the tax-exempt portion decreased.
- Increase in **interest expense** came from increased cost of **deposits** of P162 million or 5.6% on the back of a P16.8 billion expansion in average deposit level and the higher cost of time deposits in line with the rise in prevailing interest rates. Interest **on bills payable and other borrowings** decreased by P20 million or 19.1% on lower level of bank borrowings.

Other income reached P3.4 billion, P313 million or 10.3% better than last year's P3.0 billion. This was largely due to the P452M or 4.0x increase in **income from foreign exchange and securities trading**. The bank took advantage of the market volatility and generated higher foreign exchange income and gains on derivatives. **Service charges and commissions** were also higher by P134 million or 20.4% on higher transaction volume.

Other operating income was ahead by P110 million or 5.7% on higher rental income, asset management fees and credit card income. **Income attributable to insurance operations** on the other hand was down by P484 million on lower investment income relative to last year. **GRT** was lower by P101 million or 30.6% due to lower realized income subject to GRT this year compared to last year.

Higher **impairment losses** of P489 million were set up for the quarter in tandem with the growth of the consumer portfolio and for certain foreclosed assets which were recently appraised.

Other expenses were at P4.4 billion, P108 million lower than last year. The favorable variance was attributed to the decline in **other operating expenses** by P175 million or 13.0% and **compensation and fringe benefits** of P56 million. Last year's expenses included prior period tax payments and early retirement expenses. On the other hand, **occupancy and equipment-related cost** increased by P123 million or 10.5% on account of higher equipment depreciation, rent, and utilities costs.

The higher level of **provision for income tax** as reflected in the P236 million or 3.0x increase **deferred income tax** resulted from the utilization of the net operating loss carryover (NOLCO) of previous years on account of the positive tax position of the bank.

Income attributable to minority interest contracted by P52 million or 61.6% due to the lower income contribution of the bank's insurance subsidiaries.

For the Six Months ended June 30, 2008 and 2007

First semester 2008 **net income** was P3.8 billion, P1.9 billion or 32.9% lower than last year's P5.7 billion. **Revenues** declined by P2.2 billion or 13.2% as both **net interest income** and **other income** contracted by P661 million and P1.6 billion, respectively. The impact of the revenue decline was partly tempered by lower other expenses and impairment losses which were down by P352 million and P85 million, respectively.

Net-interest income dropped by 6.8% despite an increment of P21.5 billion in average asset base. Net interest spread narrowed by 41 basis points following the decline in overall asset yield. This translated to a P346 million drop in **interest income** while **interest expense** rose by P315 million or 5.0%.

- **Income on held-to-maturity and trading securities** declined by P450 million or 17.2% as volume of held-to-maturities securities and yields of trading securities dropped. **Income on available-for-sale securities** was likewise down by P438 million or 18.6% on lower volume and yields of foreign currency assets. These shortfalls in income were tempered by the rise in income **on loans and advances** and **deposit with banks** by P429 million and P134 million or 12.1%, respectively.

Average customer net loans and bank deposits were up by P28.7 billion and P10.3 billion, respectively.

- Interest expense **on deposits** was up by P341 million or 5.6% on incremental deposit volume of P17.7 billion and higher cost of peso time deposits. Interest expense **on bills payable and other borrowings** contracted by P26 million or 11.6% on lower deposit substitutes volume.

Other income fell significantly by P1.6 billion or 21.9%. **Income attributable to insurance operations** was down by a P1.2 billion due to last year's non-recurring investment income. **Income from foreign exchange and securities trading** also decreased by P774 million or 43.3%. The continued rise in interest rates provided limited opportunity to generate trading gains. Instead the bank opted to shorten duration of its securities inventory to minimize marked to market losses and yet stay within prudential value at risk (VAR) limits. **Service charges and commissions** contributed an increase of P169 million or 13.0% on higher volume of transactions. **GRT** was down by P161 million or 30.3% corresponding to the lower level of other income.

Impairment losses at P875 million were P85 million lower as last year's included provisions for other accounts.

Other expenses stood at P8.5 billion, P352 million lower than last year's P8.9 billion. **Other operating expenses** posted a P461 million or 17.5% drop due to lower prior year's tax settlements and non-credit write-offs. **Occupancy and equipment-related expenses** were up by P149 million due to higher equipment depreciation costs.

Provision for income tax ended higher by P174 million or 14.6%. **Current income tax** dropped by P226 million or 18.4% largely from lower final taxes on securities. On the other hand, **deferred income tax** showed a reversal from its normal credit balance and increased by a hefty P400 million following the utilization of NOLCO on account of the bank's positive tax position.

Income attributable to minority interest was down by P80 million or 55.2% in view of the lower income level of the insurance subsidiaries.

Key Performance Indicators

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

	June 30, 2008	June 30, 2007
Return on Equity (%)	11.8	17.5
Return on Assets (%)	1.3	2.0
Net Interest Margin (%) *	3.6	4.0
Operating Efficiency Ratio (%)*	58.2	52.6
Capital Adequacy Ratio (%) **	13.7	13.8

* Adjusted to incorporate documentary stamps as part of deposit costs

** BSP BIS Ratio (Basel II)

Return on equity (ROE), net income divided by average equity, dropped by 5.7% on account of the lower first semester earnings this year. **Return on assets (ROA)**, net income divided by average assets, also declined from 2.0% to 1.3%. ROE and ROA measures the bank's efficiency in utilizing its capital and resources, respectively, in generating profits.

Net interest margin (NIM), net interest income divided by average interest bearing assets, was down by 41 basis points due to narrower spreads on interest bearing assets arising from lower assets yields.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, deteriorated by 5.6% as revenues registered a bigger decline than operating expenses this year.

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. CAR as of June 2008 was flat against last year. The bank's CAR is more than BSP's minimum requirement of 10% notwithstanding that the bank carries only Tier 1 capital. The bank's strong capital position is a product of the bank's ability to generate profits.

Material Events and Uncertainties

The Bank has nothing to report on the following:

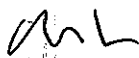
1. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.
2. Any events that will trigger direct or contingent financial obligation that is material 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 13, 2008



ANTONIO V. PANER
Executive Vice President / Treasurer

Date: August 13, 2008

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2008

No. of Days Outstanding	Amount (In Thousands)
01-90	P 1,165,709
91-180	31,663
181-360	436,586
Over 360	988,253

Grand Total	P 2,622,211
Less: Allowance for Probable Losses	611,254

Net of Allowance for Probable Losses	P 2,010,957
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