

**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 September 30, 2014**  
(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**



(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 [8] No [ ]

(b) Has been subject to such filing requirements for the last 90 days Yes [8] No [ ]

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF CONDITION**  
**SEPTEMBER 30, 2014 AND DECEMBER 31, 2013**  
(in Thousands of Pesos)

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>SEPTEMBER 30, 2014</b>	<b>DECEMBER 31, 2013</b>
<b><u>RESOURCES</u></b>		
Cash and Other Cash Items	19,934,966	25,695,760
Due from Bangko Sentral ng Pilipinas	196,397,513	244,483,154
Due from Other Banks	14,814,007	17,069,841
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	6,878,200	12,406,049
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	35,331,950	16,549,781
Trading Securities	21,593,014	4,596,660
Available-for-Sale Securities, net	31,614,773	87,555,915
Held-to-Maturity Securities, net	209,973,252	96,171,701
Loans and Advances, net	701,644,864	635,193,553
Bank Premises, Furniture, Fixtures and Equipment, net	12,558,817	12,205,205
Investment Properties, net	1,599,278	1,596,752
Assets Held for Sale, net	4,923,344	5,853,512
Investments in Subsidiaries and Associates, net	4,566,612	4,176,210
Assets Attributable to Insurance Operations	16,537,800	14,585,914
Deferred Income Tax Assets, net	5,946,748	6,176,046
Other Resources, net	11,989,437	11,048,185
<b>TOTAL RESOURCES</b>	<b>1,296,304,574</b>	<b>1,195,364,237</b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>		
Deposit Liabilities		
Demand	187,743,814	179,681,043
Savings	610,924,834	505,538,372
Time	245,438,202	303,366,755
Sub-total	<b>1,044,106,850</b>	<b>988,586,169</b>
Derivative Financial Liabilities	35,280,682	16,359,852
Bills Payable	23,622,862	26,179,388
Due to Bangko Sentral ng Pilipinas and Other Banks	604,899	2,051,430
Manager's Checks and Demand Drafts Outstanding	7,199,412	7,183,078
Accrued Taxes, Interest and Other Expenses	4,886,273	4,906,683
Unsecured Subordinated Debt	-	-
Liabilities Attributable to Insurance Operations	13,836,083	13,060,973
Deferred Credits and Other Liabilities	27,993,704	31,229,975
<b>TOTAL LIABILITIES</b>	<b>1,157,530,766</b>	<b>1,089,557,548</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Share Capital	39,271,252	35,563,562
Share Premium	29,338,607	8,315,756
Reserves	2,086,243	1,679,060
Surplus	71,002,600	62,136,685
Accumulated Other Comprehensive Income/ (Loss)	(4,081,496)	(3,160,984)
	<b>137,617,206</b>	<b>104,534,079</b>
NON-CONTROLLING INTERESTS	1,156,602	1,272,609
<b>TOTAL CAPITAL FUNDS</b>	<b>138,773,808</b>	<b>105,806,688</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>1,296,304,574</b>	<b>1,195,364,237</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Quarter Ended September 30, 2014 and 2013**  
(In Thousands of Pesos)

	<u>2014</u>	<u>2013</u>
<b>INTEREST INCOME</b>		
On loans and advances	9,314,422	8,166,624
On held-to-maturity securities	2,122,491	1,280,731
On available-for-sale securities	207,826	622,653
On deposits with BSP and other banks	310,738	493,947
On trading securities	99,496	94,727
Gross Receipts Tax	(421,317)	(362,648)
	<u><b>11,633,655</b></u>	<u><b>10,296,034</b></u>
<b>INTEREST EXPENSE</b>		
On Deposits	2,732,788	2,329,565
On Bills Payable and other borrowings	77,868	220,613
	<u>2,810,656</u>	<u>2,550,178</u>
<b>NET INTEREST INCOME</b>	<u><b>8,822,999</b></u>	<u><b>7,745,856</b></u>
<b>IMPAIRMENT LOSSES</b>	<u><b>879,007</b></u>	<u><b>652,056</b></u>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<u><b>7,943,992</b></u>	<u><b>7,093,800</b></u>
<b>OTHER INCOME</b>		
Fees and commissions	1,823,515	1,326,886
Income from foreign exchange trading	558,930	534,077
Trading gain (loss) on securities	2,610	(117,624)
Income attributable to insurance operations	183,354	332,808
Other operating income	3,419,191	2,328,029
Gross Receipts Tax	(397,725)	(205,599)
	<u><b>5,589,875</b></u>	<u><b>4,198,578</b></u>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	2,912,514	2,456,867
Occupancy and equipment-related expenses	2,214,727	2,034,630
Other operating expenses	2,264,323	1,822,195
	<u><b>7,391,564</b></u>	<u><b>6,313,692</b></u>
<b>INCOME BEFORE INCOME TAX</b>	<u><b>6,142,303</b></u>	<u><b>4,978,685</b></u>
<b>PROVISION FOR INCOME TAX</b>		
Current	1,438,220	898,528
Deferred	(55,123)	277,361
	<u><b>1,383,097</b></u>	<u><b>1,175,890</b></u>
<b>NET INCOME FOR THE QUARTER</b>	<u><b>4,759,205</b></u>	<u><b>3,802,796</b></u>
Attributable to:		
Equity holders of BPI	<u><b>4,771,619</b></u>	<u><b>3,738,972</b></u>
Non-controlling interest	<u><b>(12,413)</b></u>	<u><b>63,824</b></u>
	<u><b>4,759,205</b></u>	<u><b>3,802,796</b></u>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Quarter Ended September 30, 2014 and 2013**  
**(In Thousands of Pesos)**

	<u>2014</u>	<u>2013</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>4,759,205</b>	<b>3,802,796</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	283,790	676,804
Fair value reserve on investments of insurance subsidiaries, net of tax effect	63,527	(126,313)
Share in other comprehensive income of associates	(3,393)	(223,374)
Currency translation differences	5,254	98,616
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(3,749)	0
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>345,429</b>	<b>425,732</b>
<b>Total Comprehensive Income for the Year</b>	<b>5,104,634</b>	<b>4,228,528</b>
<b>Attributable to:</b>		
Equity holders of BPI	5,117,219	4,189,425
Non-Controlling Interest	(12,585)	39,103
	<b>5,104,634</b>	<b>4,228,528</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Nine Months Ended September 30, 2014 and 2013**  
(In Thousands of Pesos)

	Unaudited 2014	Unaudited 2013
<b>INTEREST INCOME</b>		
On loans and advances	26,686,007	24,034,216
On held-to-maturity securities	5,954,061	3,612,167
On available-for-sale securities	558,238	1,987,305
On deposits with BSP and other banks	1,404,266	899,221
On trading securities	287,513	640,101
Gross Receipts Tax	(1,186,454)	(1,051,816)
	<b>33,703,632</b>	<b>30,121,195</b>
<b>INTEREST EXPENSE</b>		
On Deposits	7,769,113	6,984,310
On Bills Payable and other borrowings	260,061	749,981
	<b>8,029,174</b>	<b>7,734,291</b>
<b>NET INTEREST INCOME</b>	<b>25,674,458</b>	<b>22,386,904</b>
<b>IMPAIRMENT LOSSES</b>	<b>2,658,384</b>	<b>1,925,735</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>23,016,074</b>	<b>20,461,168</b>
<b>OTHER INCOME</b>		
Fees and commissions	5,090,718	4,250,678
Income from foreign exchange trading	1,470,946	1,519,298
Trading gain (loss) on securities	802,157	4,815,468
Income attributable to insurance operations	758,969	1,149,526
Other operating income	7,648,592	7,157,231
Gross Receipts Tax	(1,007,764)	(1,208,881)
	<b>14,763,617</b>	<b>17,683,319</b>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	8,930,754	7,996,174
Occupancy and equipment-related expenses	6,356,396	5,665,197
Other operating expenses	6,166,197	5,377,798
	<b>21,453,347</b>	<b>19,039,169</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>16,326,344</b>	<b>19,105,319</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	4,056,872	3,025,928
Deferred	(523,658)	150,860
	<b>3,533,214</b>	<b>3,176,788</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>12,793,131</b>	<b>15,928,530</b>
Attributable to:		
Equity holders of BPI	<b>12,801,817</b>	<b>15,762,742</b>
Non-controlling interest	<b>(8,687)</b>	<b>165,788</b>
	<b>12,793,131</b>	<b>15,928,530</b>
Earnings per share:		
Based on 3,929,297,850 shares as of September 30, 2014	<b>P 3.26</b>	<b>P 4.43</b>
and 3,556,356,173 shares in 2013		

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Nine Months Ended September 30, 2014 and 2013**  
**(In Thousands of Pesos)**

	<u>Unaudited 2014</u>	<u>Unaudited 2013</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>12,793,131</b>	<b>15,928,530</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	(1,148,631)	(3,236,695)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	170,062	(79,455)
Share in other comprehensive income of associates	59,870	(2,048)
Currency translation differences	7,588	149,637
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on defined benefit plan, net of tax effect	3,433	(360,125)
<b>Total Other Comprehensive Income (Loss), net of tax effect</b>	<b>(907,678)</b>	<b>(3,528,686)</b>
<b>Total Comprehensive Income for the Year</b>	<b>11,885,452</b>	<b>12,399,845</b>
<b>Attributable to:</b>		
Equity holders of BPI	11,881,305	12,245,534
Non-Controlling Interest	4,147	154,310
	<b>11,885,452</b>	<b>12,399,845</b>



<b>BANK OF THE PHILIPPINE ISLANDS</b>							
<b>STATEMENT OF CHANGES IN CAPITAL FUNDS</b>							
<b>FOR THE PERIOD ENDED SEPTEMBER 30, 2014 &amp; SEPTEMBER 30, 2013</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)	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>1,272,609</b>	<b>105,806,688</b>
<b>Comprehensive Income</b>							
Net Income for the year				12,801,817		(8,687)	12,793,131
Other Comprehensive Income for the year					(920,513)	12,834	(907,678)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,801,817</b>	<b>(920,513)</b>	<b>4,147</b>	<b>11,885,452</b>
<b>Transactions with owners</b>							
Issuance of Stock Rights	3,707,690	21,022,850					24,730,541
Executive stock option plan amortization			9,623				9,623
Cash Dividends				(3,538,496)			(3,538,496)
Transfer from Surplus to Reserves			397,560	(397,560)			-
Others	-	-	-	154			154
Other changes in non-controlling interest						(120,155)	(120,155)
<b>Total transactions with owners</b>	<b>3,707,690</b>	<b>21,022,850</b>	<b>407,183</b>	<b>(3,935,902)</b>	<b>-</b>	<b>(120,155)</b>	<b>21,081,667</b>
<b>Balance, September 30, 2014</b>	<b>39,271,252</b>	<b>29,338,607</b>	<b>2,086,243</b>	<b>71,002,600</b>	<b>(4,081,496)</b>	<b>1,156,602</b>	<b>138,773,808</b>
<b>Consolidated</b>							
Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2012</b>	<b>35,562,265</b>	<b>8,316,838</b>	<b>1,602,159</b>	<b>49,614,058</b>	<b>1,999,953</b>	<b>1,427,402</b>	<b>98,522,675</b>
<b>Comprehensive Income</b>							
Net Income for the year				15,762,742		165,788	15,928,530
Other Comprehensive Income for the year					(3,517,208)	(11,477)	(3,528,686)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,762,742</b>	<b>(3,517,208)</b>	<b>154,310</b>	<b>12,399,845</b>
<b>Transactions with owners</b>							
Cash Dividends				(3,200,721)			(3,200,721)
Transfer from Surplus to Reserves			75,610	(75,610)			-
Other changes in non-controlling interest						(279,787)	(279,787)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>75,610</b>	<b>(3,276,330)</b>	<b>-</b>	<b>(279,787)</b>	<b>(3,480,507)</b>
<b>Balance, September 30, 2013</b>	<b>35,562,265</b>	<b>8,316,838</b>	<b>1,677,769</b>	<b>62,100,470</b>	<b>(1,517,255)</b>	<b>1,301,926</b>	<b>107,442,012</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013**  
**(In Thousands of Pesos)**

	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	6,142,303	4,978,685
Adjustments for:		
Impairment losses	879,007	652,056
Depreciation and amortization	860,415	853,668
Equity in net income of associates	(70,636)	(123,073)
Share based compensation	9,623	0
Dividend income	(9,420)	(7,835)
Interest income	(12,054,972)	(10,658,683)
Interest expense	2,810,656	2,550,178
Operating income before changes in operating assets and liabilities	(1,433,025)	(1,755,003)
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	632,780	0
Trading securities	2,079,466	9,169,380
Loans and advances	(5,310,616)	15,162,980
Assets held for sale	458,205	700,647
Assets attributable to insurance operations	(1,118,596)	(1,363,562)
Other resources	(2,018,560)	6,013,328
Increase (decrease) in:		
Deposit liabilities	(27,677,709)	65,367,499
Due to Bangko Sentral ng Pilipinas and other banks	284,576	(1,689,649)
Manager's checks demand drafts outstanding	(894,925)	(1,561,004)
Accrued taxes, interest and other expenses	907,343	(247,606)
Liabilities attributable to insurance operations	1,017,502	1,953,169
Derivative financial instrument	117,984	(948,457)
Deferred credits and other liabilities	(11,354)	234,766
Net cash from (used in) operations	(32,966,930)	91,036,488
Income taxes paid	(1,266,231)	(719,892)
Interest paid	(3,118,120)	(2,845,850)
Interest received	12,874,647	11,365,656
Net cash from (used in) operating activities	(24,476,633)	98,836,401
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in:		
Available for sale securities	(3,676,474)	3,167,353
Held-to-maturity securities	(4,350,048)	(3,002,853)
Bank, premises, furniture, fixtures and equipment	(1,075,054)	(599,037)
Equity investments	116,746	(32,653)
Assets attributable to insurance operations	(228,832)	88,730
Investment property	(35,081)	0
Dividends received	9,420	7,835
Net cash from (used in) investing activities	(9,239,323)	(370,625)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(3,536,368)	0
Collection on stock subscriptions	10,852	0
Increase (decrease) in bills payable	6,115,205	(5,081,922)
Net cash from (used in) financing activities	2,589,689	(5,081,922)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(31,126,266)	93,383,854
<b>CASH AND CASH EQUIVALENTS</b>		
June 30	265,963,592	181,349,232
<b>September 30</b>	<b>234,837,325</b>	<b>274,733,086</b>

<b>BANK OF THE PHILIPPINE ISLANDS</b>		
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>		
<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013</b>		
<b>(In Thousands of Pesos)</b>		
	<b>2014</b>	<b>2013</b>
<b><i>CASH FLOW FROM OPERATING ACTIVITIES</i></b>		
Income before income tax	16,326,344	19,105,319
Adjustments for:		
Impairment losses	2,658,384	1,925,735
Depreciation and amortization	2,643,143	2,526,879
Share in net income of associates	(232,637)	(493,255)
Share based compensation	9,623	-
Dividend income	(21,161)	(23,971)
Interest income	(34,890,086)	(31,173,011)
Interest expense	8,029,174	7,734,291
Operating income before changes in operating assets and liabilities	(5,477,216)	(398,012)
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	(3,331,666)	0
Trading securities	(16,944,952)	8,724,264
Loans and advances	(68,941,642)	(24,097,040)
Assets held for sale	885,110	1,014,251
Assets attributable to insurance operations	(773,591)	(659,075)
Other resources	(1,616,042)	3,589,836
Increase (decrease) in:		
Deposit liabilities	55,520,681	86,600,091
Due to Bangko Sentral ng Pilipinas and other banks	(1,446,532)	(1,507,283)
Manager's checks demand drafts outstanding	16,335	592,313
Accrued taxes, interest and other expenses	417,352	(222,349)
Liabilities attributable to insurance operations	775,110	1,403,417
Derivative financial instrument	148,702	(180,218)
Deferred credits and other liabilities	(35,471)	1,317,494
Net cash from (used in) operations	(40,803,823)	76,177,688
Income taxes paid	(3,303,915)	(3,887,861)
Interest paid	(8,466,936)	(8,461,218)
Interest received	35,243,870	32,708,831
Net cash from (used in) operating activities	(17,330,803)	96,537,441
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
(Increase) decrease in:		
Available for sale securities	54,009,989	21,863,909
Held-to-maturity securities	(113,335,759)	(16,902,789)
Bank, premises, furniture, fixtures and equipment	(2,485,935)	(1,862,914)
Investment in subsidiaries and associates, net	(36,892)	(202,788)
Assets attributable to insurance operations	(1,151,010)	(617,883)
Investment property, net	(60,048)	902,695
Dividends received	21,161	23,971
Net cash from (used in) investing activities	(63,038,493)	3,204,199
<b><i>CASH FLOWS FROM FINANCING ACTIVITIES</i></b>		
Cash Dividends	(6,739,216)	(3,200,721)
Collection on stock subscriptions	24,730,541	0
Increase (decrease) in bills payable	(2,556,526)	(10,794,685)
Net cash from (used in) financing activities	15,434,798	(13,995,406)
<b><i>NET INCREASE (DECREASE) IN CASH</i></b>		
<b><i>AND CASH EQUIVALENTS</i></b>	(64,934,498)	85,746,235
<b><i>CASH AND CASH EQUIVALENTS</i></b>		
January 1	299,771,823	188,986,851
<b>September 30</b>	<b>234,837,325</b>	<b>274,733,086</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**Financial Indicators**  
**As at September 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
a) Liquidity Ratio *	63.8 %	73.9 %
b) Debt to Equity Ratio **	17.2 %	19.3 %
c) Asset to Equity Ratio	942.0 %	1,021.0 %
d) Interest Rate Coverage Ratio ***	336.3 %	379.7 %
e) Net Interest Margin on Average Earning Assets	3.1 %	3.4 %
f) Return on Average Equity	13.4 %	20.5 %
g) Return on Average Assets	1.4 %	2.2 %
h) Cost to Income Ratio	53.1 %	47.5 %
i) Cost to Assets Ratio	2.3 %	2.6 %
j) Capital to Assets Ratio	10.6 %	9.8 %

\* 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 and Amortization over Interest Expense

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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"> <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, 2013 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  
SEPTEMBER 30, 2014**

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 January 24, 2014, total cash dividends paid to Common stockholders of record as of January 3, 2014 amounted to P 3.2 B.</li> <li>• On August 4, 2014, total cash dividends paid to Common stockholders of record as of July 14, 2014 amounted to P 3.5 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>• On January 30, 2014, BPI ended its stock rights offer period, and raised P25 billion from the offering and issuance of 370,370,370 common shares (ratio of 1:9.602 common shares held or 10.4% of outstanding shares) at P67.50 per share. Above shares were listed on February 10, 2014.</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>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

SEC REQUIREMENT	DISCLOSURE
<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>On September 18, 2014, BPI and Century Tokyo Leasing Corporation announced the creation of a new joint venture, BPI Century Tokyo Lease &amp; Finance Corporation. CTL will be acquiring 49% of the shares of BPI Leasing Corporation.</li> </ul>
<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 sovereign-issued and investment-grade securities, thus exposing the Bank to minimal 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</li> </ul>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

SEC REQUIREMENT	DISCLOSURE
	<p>earnings from interest rate volatility, the average sensitivity of the Bank's positions for every 1 basis point movement in interest rates has been reduced by more than half compared to the third quarter of the previous year.</p> <ul style="list-style-type: none"> <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 third quarter of 2014 consistently revealed that under both name-specific and system-wide crisis scenarios, the Bank would still have more than sufficient liquidity to meet its financial obligations.</li> <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, 2013.</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</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</li> </ul>



**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

SEC REQUIREMENT	DISCLOSURE												
<p>gain/loss recognized for each of the said periods</p>	<p>including realized gains (losses) from opportunistic sell down of inventory.</p> <ul style="list-style-type: none"> <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> <li>• The table below summarizes the carrying amount and fair value of Held To Maturities Securities, net <table data-bbox="857 934 1461 1207" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;">Carrying amount</th> <th style="text-align: center;">Fair value</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;">(In Million Pesos)</th> </tr> </thead> <tbody> <tr> <td>Sep 30, 2014 (unaudited)</td> <td style="text-align: right;">209,973</td> <td style="text-align: right;">214,789</td> </tr> <tr> <td>Dec 31, 2013 (audited)</td> <td style="text-align: right;">96,172</td> <td style="text-align: right;">104,563</td> </tr> </tbody> </table> </li> <li>• In January 2014, the Bank reclassified certain AFS securities aggregating to P56.9 billion to HTM category. The reclassification was triggered by management’s change in intention to hold these securities until maturity. The Bank also believes it has the capability to hold these reclassified securities until maturity dates.</li> </ul>		Carrying amount	Fair value		(In Million Pesos)		Sep 30, 2014 (unaudited)	209,973	214,789	Dec 31, 2013 (audited)	96,172	104,563
	Carrying amount	Fair value											
	(In Million Pesos)												
Sep 30, 2014 (unaudited)	209,973	214,789											
Dec 31, 2013 (audited)	96,172	104,563											

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Quarter Ended September 30, 2014					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Interest Income	7,953	2,255	1,335	90	11,634
Interest Expense	2,732	58	21	(1)	2,810
Net interest income	5,221	2,197	1,314	91	8,823
Impairment charge	862	17	0	-	879
Net interest income after impairment charge	4,359	2,180	1,314	91	7,944
Fees and Other income	1,442	164	279	(61)	1,825
GRT	2,628	497	873	166	4,164
	(216)	(14)	(109)	(60)	(398)
Other Income, net	3,854	647	1,044	45	5,590
Compensation and fringe benefits	1,879	246	224	564	2,913
Occupancy and equipment-related	1,038	290	23	864	2,214
Other operating expenses	1,585	1,159	294	(773)	2,264
Total operating expenses	4,502	1,695	540	654	7,391
Operating profit	3,711	1,132	1,817	(517)	6,142
Share in net income of associates					86
Provision for Income Tax					1,383
Total Assets	415,547	510,020	336,846	33,892	1,296,305
Total Liabilities	1,068,528	12,305	53,450	23,248	1,157,531

BANK OF THE PHILIPPINE ISLANDS					
SEGMENT REPORT					
For the Nine Months Ended September 30, 2014					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Interest Income	22,921	6,863	4,148	(229)	33,704
Interest Expense	7,770	180	79	0	8,029
Net interest income	15,151	6,683	4,069	(229)	25,674
Impairment charge	1,819	834	0	5	2,658
Net interest income after impairment charge	13,332	5,849	4,069	(234)	23,016
Fees and commission	3,870	382	989	(150)	5,091
Other income	5,228	1,473	3,230	750	10,681
GRT	(479)	(36)	(345)	(148)	(1,008)
Other Income, net	8,619	1,819	3,874	452	14,764
Compensation and fringe benefits	6,061	767	683	1,420	8,931
Occupancy and equipment- related expenses	3,160	870	74	2,252	6,356
Other operating expenses	4,467	2,880	861	(2,042)	6,166
Total operating expenses	13,688	4,517	1,618	1,630	21,453
Operating profit	8,263	3,151	6,324	(1,412)	16,326
Share in net income of associates					248
Provision for Income Tax					3,533
Total Assets	415,547	510,020	336,846	33,892	1,296,305
Total Liabilities	1,068,528	12,305	53,450	23,248	1,157,531

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

### Financial Condition as of September 30, 2014 versus as of December 31, 2013

**Total resources** increased P100.9 billion, or 8.4%, to P1.3 trillion, from P1.2 trillion.

#### Assets

- **Held-to-maturity securities** at P210 billion, increased P113.8 billion, or 118.3%, due to additional investments and from reclassification of certain available-for-sale securities to held-to-maturity due to change in intention.
- **Loans and advances** at P701.6 billion, grew P66.5 billion, or 10.5%, with higher loan demand from multinational and foreign companies as well as local top tier companies.
- **Derivative financial assets** at P35.3 billion, increased P18.8 billion, or 113.5% on higher positive fair value on certain swap positions.
- **Trading securities** at P21.6 billion, expanded P17.0 billion, or 369.8%, on increased holdings of local bonds intended for trading.
- **Assets attributable to insurance operations** at P16.5 billion, increased by P2 billion, or 13.4%, due to the Bank's non-life insurance subsidiary's higher securities investments and claims paid yet to be recovered from re-insurers.
- **Other resources, net** at P12.0 billion, reflected an increase of P941 million, or 8.5%, on higher accounts receivable.
- **Investments in subsidiaries and associates, net** at P4.6 billion rose P390 million, or 9.4%, on improved income of the Bank's bancassurance affiliate.
- **Available-for-sale securities, net** at P31.6 billion, declined P55.9 billion, or 63.9%, on reclassification of certain AFS securities to HTM category due to change in intention.
- **Due from Bangko Sentral ng Pilipinas** at P196.4 billion, decreased P48.1 billion, or 19.7%, due to lower special deposit account with the BSP
- **Cash and other cash items** at P19.9 billion, declined P5.8 billion, or 22.4%, due to lower cash requirement this period versus yearend 2013.
- **Interbank loans receivable and securities purchased under agreements to resell** at P6.9 billion, declined P5.5 billion, or 44.6%, due to drop in RRP volume partially offset by slightly higher interbank term loans
- **Due from other banks** at P 14.8 billion, down P 2.3 billion, or 13.2%, on lower working balances and placements maintained with correspondent banks.
- **Assets held for sale, net** at P4.9 billion, declined P930 million, or 15.9%, on the continued sell down of foreclosed assets.

#### Liabilities

- **Total deposits** at P1.0 trillion, increased P55.5 billion, or 5.6%, due to demand and savings deposit balances growth of P8.1 billion, or 4.5%, and P105.4 billion, or 20.9% respectively.
- **Derivative financial liabilities** at P35.3 billion, increased P18.9 billion, or 115.7%, on higher negative fair value on certain swap positions.

- **Liabilities attributable to insurance operations** at P13.8 billion, were P775.1 million, or 5.9% up on higher claims liabilities and dividends payable of the Bank's non-life insurance subsidiary.
- **Deferred credits and other liabilities** at P28.0 billion, declined P3.2 billion, or 10.4% largely due to the P3.2 billion cash dividends payable booked in December 2013 and paid on January 2014. **Bills payable** at P23.6 billion, decreased P2.6 billion, or 9.8%, on reduced external borrowings.  
**Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P605 million, declined P1.4 billion, or 70.5%, due to the change in the tax collection remittance (a reduction from 10 days for over-the-counter, and 5 days, if done thru electronic/internet channels from collection date, to next banking day remittance for both).

**Total capital funds** at P138.8 billion, expanded P33.0 billion, or 31.2% from yearend 2013.

- **Share premium** at P29.3 billion, increased P21.0 billion, or 252.8%, and **Share capital** at P39.3 billion, increased P3.7 billion, or 10.4%, largely due to the P25 billion stock rights issued in February 2014.
- **Surplus** at P71.0 billion, increased P8.9 billion, or 14.3%, as a result of accumulated profits net of cash dividend payments.
- **Reserves** at P 2.1 billion, expanded P407 million, or 24.3% on higher provision for trust business.
- **Accumulated other comprehensive loss** at (P4.1 billion), increased P921 million, or 29.1%, on higher accumulated mark-to market losses incurred by the Bank's available-for-sale securities prior to its reclass to held-to-maturity.

**Non-controlling interests** at P1.2 billion, declined P116 million, or 9.1%, due to the cash dividend take up of the Bank's non-life subsidiary.

## RESULTS OF OPERATIONS

### For the Quarters ended September 30, 2014 and 2013

**Net income** for the third quarter of 2014 stood at P4.8 billion, up P1.0 billion, or 27.6%, from P3.7 billion same period last year. This net income increase was achieved through the P2.5 billion, or 20.7%, growth in total revenues. However, this growth in revenues was tempered by the increases in **other expenses** by P1.1 billion, or 17.1% , and **impairment losses** by P227 million, or 34.8%.

**Net interest income** at P8.8 billion, increased P1.1 billion, or 13.9%, in spite of the 29 bps drop spread as the average asset base expanded by P247.5 billion, or 24.0%.

**Interest income** stood at P11.6 billion, up or P1.3 billion, or 13.0% and this was affected by the following movements:

- Increase in interest income **on loans and advances** at P9.3 billion, and **on held-to-maturity securities** at P2.1 billion, up by P1.1 billion, or 14.1%, and P842 million, or 65.7%, respectively, both due to average volume expansion, partly tempered by yield contraction;
- Increase in interest income **on trading securities** at P99 million, up P5 million, or 5.0%, on higher yield;
- Decline in both interest income **on available-for-sale securities** at P208 million (down by P415 million, or 66.6%), and **on deposits with BSP and other banks** at P311 million, (down by P183 million, or 37.1%) due to lower volume and yield;
- **Gross receipt tax** at P421 million, increased P59 million, or 16.2%, on higher interest income.

**Interest expense** at P2.8 billion, grew by P260 million, or 10.2%, and this was impacted by the following movements:

- Increase in interest expense **on deposits** at P2.7 billion, up by P403 million, or 17.3%, due to higher deposit volume;
- Decline in interest expense **on bills payable and other borrowings** at P78 million, down by P143 million, or 64.7%, on lower volume and cost.

**Other income** at P5.6 billion, increased P1.4 billion, or 33.1% from P4.2 billion same period last year.

- **Other operating income** at P3.4 billion, grew P1.1 billion, or 46.9%, largely on account of a fee received from the Bank's bancassurance affiliate and higher income generated from the credit card business.
- **Fees and commissions** at P1.8 billion, up P497 million, or 37.4% on higher income from service charges, bank commissions and underwriting/corporate finance fees.
- **Trading gain (loss) on securities** at P3 million, improved by P120 million, or 102.2%, from a loss of P118 million. Increase in US Treasury rates for 3Q2014 was less than the increase in rates experienced in the same period last year.
- **Income attributable to insurance operations** at P183 million, declined P149 million, or 44.9%, on lower income from investments and other income of all insurance companies, as well as higher claims recorded in the Bank's non-life insurance subsidiary.

**Impairment losses** at P879 million, was up P227 million, or 34.8%, on higher loan loss provisioning.

**Other expenses** at P7.4 billion, grew P1.1 billion, or 17.1% from P6.3 billion.

- **Compensation and fringe benefits** at P2.9 billion, increased P456 million, or 18.6%, due to higher salaries and wages on account of increased headcount, and higher Bank contribution to retirement fund as an effect of advanced booking of the contribution to the retirement fund last year.
- **Other operating expenses** at P2.3 billion, increased P442 million, or 24.3%, on higher regulatory costs, fines and penalties, and third party fees and incentives.
- **Occupancy and equipment-related expenses** at P2.2 billion, increased P180 million, or 8.8%, on higher rental, technology, and contractual costs.

**Provision for income tax** at P1.4 billion, rose P207 million, or 17.6% from P1.2 billion.

- **Current income tax** at P1.4 billion, up P540 million, or 60.1%, higher taxable income of the Parent company this quarter vs. same period last year.
- **Deferred income tax** at (P55 million), declined P332 million, or 119.9%, relative to the lower level of certain accounts with timing differences.

**Income attributable to non-controlling interest** at (P12.4 million), down P76.2 million, or 119.5%, due to the reduced income of the microfinance affiliate and the Bank's non-life insurance subsidiary.

**Total comprehensive income** at P5.1 billion, increased P928 million, or 22.2%, primarily due to the P956 million improvement, or 25.2%, in **net income before non-controlling interest**. This improvement, however, was partly offset by the P80 million, or 18.9%, decline in **total other comprehensive income (loss), net of tax effect**.

- **Share in other comprehensive income of associates** at (P3.4) million, improved by P220 million, or 98.5%, on higher market valuation of the investments of the bancassurance affiliate.
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P64 million, increased P190 million, or 150.3%, from a loss in the same period last year, due to increased marked to market valuation of the insurance subsidiaries' investment funds. **Net change in fair value reserve on available-for-sale securities, net of tax effect** at P284 million, declined P393 million, or 58.1%, due to the downward valuation of the Bank's securities' inventory.
- **Currency translation differences** at P5 million, declined P93 million, or P94.7% even as the Philippine peso weakened against US and Hong Kong Dollars, and the Euro Currency on account of lower revenue arising from lower investment volume.
- **Income attributable to non-controlling interest** at (P13 million), decreased by P52 million, or 132.2%, on lower returns realized by the Bank's microfinance affiliate and non-life insurance subsidiary.

#### **For the Nine Months ended September 30, 2014 and 2013**

**Net income** for the first nine months of 2014 ended at P12.8 billion, P3.0 billion, or 18.8% lower than same period last year of P15.8 billion. Total revenues improved by P368 million but this was negated by the increases recorded in **other expenses, impairment losses, and provision for income tax** which were up by P2.4 billion, P733 million, and P356 million, respectively.

**Net interest income** at P25.7 billion, grew P3.3 billion, or 14.7% despite a 37 bps drop in spread as the average asset base expanded by P258.8 billion, or 26.8%.

**Interest income** at P33.7 billion, increased P3.6 billion, or 11.9% on account of the following:

- Increase in interest income **on loans and advances** and **on held-to-maturity securities**, up by P2.7 billion and P2.3 billion, respectively, on account of higher average volume partly reduced by lower yield;
- Increase in interest income **on deposits with BSP and other banks** by P505 million, or 56.2%, due to improved average volume;
- Decrease in interest income **on available-for-sale securities** by P1.4 billion, or 71.9%, and Interest income **on trading securities** by P353 million, or 55.1%, respectively, due to lower average volume and yield;
- Higher **Gross receipt tax** at P1.2 billion, increased P135 million, or 11.9%, as a result of higher interest income.

**Interest expense** at P7.8 billion, increased P295 million brought about largely by the higher interest expense **on deposits**, up P785 million, or 11.2%. The increase in interest on deposits was a result of the average deposit volume expansion partly offset by lower deposit cost. Interest expense **on bills payable and other borrowings**, however, declined by P490 million, or 65.3% due to lower average base and cost.

**Other income** at P14.8 billion, was lower by P2.9 billion, or 16.5% from P17.7 billion last year.

- **Fees and commissions** improved by P840 million, or 19.8% on higher commissions received from BPI Philam, underwriting/corporate finance fees from BPI Capital, and service charges.
- **Other operating income** at P7.6 billion, increased by P491 million, or 6.9%, due to the one-time fee received from BPI Philam and the higher income produced by the credit card business.
- **Trading gain (loss) on securities** at P802 million, was down P4.0 billion, or 83.3%, due to difficult market conditions and lower risk appetite in 2014
- **Income attributable to insurance operations** at P759 million, declined P391 million, or 34.0%, due to insurance subsidiaries' lower income from investments and higher insurance claims partly offset by lower actuarial reserves of BPI Philam.
- **Gross receipts tax** at P1 billion, was P201 million, or 16.6% lower as a result of decreased level of non-interest income.

**Impairment losses** at P2.7 billion, was P733 million, or 38.1% up on higher loan loss provisioning.

**Other expenses** at P21.4 billion, increased P2.4 billion, or 12.7% from same period last year at P19.0 billion.

- **Compensation and fringe benefits** at P8.9 billion, were P935 million, or 11.7% higher due to CBA related costs and higher salaries and wages, partly offset by a decline in the Bank's contribution to its retirement plan.
- **Other operating expenses** at P6.2 billion, were P788 million, or 14.7% up on higher regulatory costs, fines and penalties, and third party fees and incentives.
- **Occupancy and equipment-related expenses** at P6.4 billion, increased P691 million, or 12.2%, on higher contractual expenses, rent, depreciation and amortization costs and significant spending on IT applications.



**Provision for income tax** at P3.5 billion, was up P356 million, or 11.2% from P3.2 billion.

- **Current income tax** at P4.1 billion, was P1.0 billion, or 34.1% up due to higher proportions of Bank pre-tax earnings that are exposed to ordinary corporate income tax.
- **Deferred income tax** at (P524 million), was P675 million, or 447.1% lower on account of the impairment losses set up for the year and the decline in the level of accounts with timing difference.

**Income attributable to non-controlling interest** at (P9 million), was lower by P174 million, or 105.2%. This decline was brought about by the lower income generated by the microfinance affiliate on account of higher provisions and overhead. The Bank's non-life insurance subsidiary likewise contributed lower income due to lower investment income and higher claims.

**Total comprehensive income** at P11.9 billion, was P364 million, or 3.0% lower than last year's P12.2 billion primarily due to the P3.1 billion or 19.7% decline in **net income before non-controlling interest**. This downturn was partly cushioned, by the P2.6 billion or 74.3% growth in **total other comprehensive income, net of tax effect**.

- **Net change in fair value reserve on available-for-sale securities, net of tax effect** at a loss of P1.1 billion improved by P2.1 billion, or 64.5% from last year's loss of P3.2 billion on higher mark-to-market valuation of the Bank's investment securities.
- **Actuarial gains (losses) on defined benefit plan, net of tax effect** at P3 million reflected a P364 million, or 101% upsurge, after last year's booking of P360 million actuarial loss.
- **Currency translation differences** at P8 million, declined P142 million, or 94.9%, in spite of the impact of the weaker peso against the other currencies on account of the lower income resulting from lower investment volume.
- **Fair value reserve on investments of insurance subsidiaries, net of tax** at P170 million recovered by P250 million or 314% from a loss of P79 million in same period last year due to higher mark-to-market valuation of the investments funds of the insurance subsidiaries.
- **Income attributable to non-controlling interest** at P4 million, was P150 million, or 97.3% down largely on lower income from the microfinance 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:

	September 30, 2014	September 30, 2013
Return on Equity (%)	13.4	20.5
Return on Assets (%)	1.4	2.2
Net Interest Margin (%)	3.1	3.4
Operating Efficiency Ratio (%)	53.1	47.5
Capital Adequacy Ratio (%)—Basel III	15.7*	16.1

\*Tentative

**Return on equity (ROE)**, net income divided by average equity, and **return on assets (ROA)**, net income divided by average assets, were lower at 13.4% and 1.4%, respectively, due to the lower net income attained this year vs. last year. 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 37 basis points lower this year as yield in almost all asset types declined.

**Operating efficiency ratio** (cost to income), operating expenses divided by total revenues, deteriorated from 47.5% to 53.1% as the Bank experienced a decline in revenue and a slight increase in overhead. 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 dropped to 15.7% from last year's 16.1% as the increase in risk weighted assets outpaced the growth in qualifying capital. The Bank's CAR is above the BSP's minimum requirement of 10%.

#### **Material Events and Uncertainties**

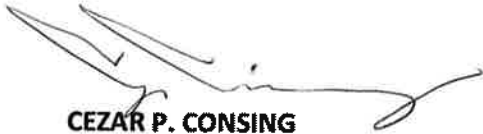
The Bank has nothing to report on the following:

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



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

Date: November 11, 2014



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

Date: November 11, 2014

**BPI UNIBANK**  
**CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE**  
**September 30, 2014**

<b>No. of Days Outstanding</b>		<b>Amount</b>
		<b>(In Thousands)</b>
	0-90	P 2,156,357
	91-180	425,218
	181-360	65,767
	Over 360	1,188,136
<b>Total</b>		<b>3,835,478</b>
<b>Less : Allow. For Probable Losses</b>		<b>1,409,117</b>
<b>Net of Allowance</b>		<b>P 2,426,361</b>