

**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, 2017

(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, 2017**
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 **ZIP 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
Common	3,939,341,163
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:

Philippine Stock Exchange

Common

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, 2017 AND DECEMBER 31, 2016
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	MARCH 31, 2017	DECEMBER 31, 2016
<u>RESOURCES</u>		
Cash and Other Cash Items	25,071,850	35,691,756
Due from Bangko Sentral ng Pilipinas	278,289,392	239,514,283
Due from Other Banks	23,874,002	23,037,448
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	6,320,847	15,236,366
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets	2,430,061	2,992,803
Trading Securities	13,384,280	14,602,663
Available-for-Sale Securities, net	25,842,180	24,300,671
Held-to-Maturity Securities, net	263,790,450	268,483,227
Loans and Advances, net	1,032,468,450	1,040,719,694
Assets Held for Sale, net	3,600,972	3,667,041
Bank Premises, Furniture, Fixtures and Equipment, net	13,677,283	13,808,741
Investment Properties, net	643,898	668,884
Investments in Subsidiaries and Associates, net	7,228,034	6,817,963
Assets Attributable to Insurance Operations	15,961,387	16,325,575
Deferred Income Tax Assets, net	7,596,741	7,542,531
Other Resources, net	13,765,999	12,286,070
TOTAL RESOURCES	1,733,945,827	1,725,695,717
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	235,338,377	231,524,555
Savings	827,096,466	820,180,867
Time	375,238,558	379,594,879
Sub-total	1,437,673,401	1,431,300,301
Derivative Financial Liabilities	2,898,090	3,111,927
Bills Payable	60,803,107	61,972,741
Due to Bangko Sentral ng Pilipinas and Other Banks	916,702	669,937
Manager's Checks and Demand Drafts Outstanding	6,873,805	7,579,143
Accrued Taxes, Interest and Other Expenses	6,804,293	6,853,015
Liabilities Attributable to Insurance Operations	13,693,007	14,366,567
Deferred Credits and Other Liabilities	29,801,344	32,158,253
TOTAL LIABILITIES	1,559,463,750	1,558,011,884
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	39,316,394	39,308,302
Share Premium	29,636,990	29,591,222
Reserves	2,722,628	2,710,843
Surplus	104,854,642	98,601,974
Accumulated Other Comprehensive Income/ (Loss)	(4,681,032)	(5,078,357)
	171,849,622	165,133,983
NON-CONTROLLING INTERESTS	2,632,454	2,549,851
TOTAL CAPITAL FUNDS	174,482,076	167,683,834
TOTAL LIABILITIES AND CAPITAL FUNDS	1,733,945,827	1,725,695,717

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2017 and 2016
(In Thousands of Pesos)

	<u>Unaudited 2017</u>	<u>Unaudited 2016</u>
INTEREST INCOME		
On loans and advances	13,415,069	11,310,778
On held-to-maturity securities	2,171,368	2,274,681
On available-for-sale securities	114,272	104,536
On deposits with BSP and other banks	558,692	576,174
On trading securities	57,442	40,511
Gross Receipts Tax	(528,623)	(450,749)
	<u>15,788,220</u>	<u>13,855,930</u>
INTEREST EXPENSE		
On Deposits	4,028,269	3,755,951
On Bills Payable and other borrowings	266,409	102,511
	<u>4,294,678</u>	<u>3,858,462</u>
NET INTEREST INCOME	<u>11,493,542</u>	<u>9,997,468</u>
IMPAIRMENT LOSSES	<u>1,209,010</u>	<u>1,180,841</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>10,284,532</u>	<u>8,816,627</u>
OTHER INCOME		
Fees and commissions	2,234,628	1,889,247
Income from foreign exchange trading	555,816	430,384
Trading gain (loss) on securities	807,733	771,227
Income attributable to insurance operations	440,685	464,255
Other operating income	2,794,863	2,022,274
Gross Receipts Tax	(370,204)	(305,743)
	<u>6,463,523</u>	<u>5,271,645</u>
OTHER EXPENSES		
Compensation and fringe benefits	3,354,013	3,144,339
Occupancy and equipment-related expenses	2,546,564	2,177,092
Other operating expenses	2,825,639	2,525,311
	<u>8,726,217</u>	<u>7,846,742</u>
INCOME BEFORE INCOME TAX	<u>8,021,838</u>	<u>6,241,530</u>
PROVISION FOR INCOME TAX		
Current	1,753,475	1,620,577
Deferred	(59,849)	(416,393)
	<u>1,693,626</u>	<u>1,204,184</u>
NET INCOME FOR THE PERIOD	<u>6,328,212</u>	<u>5,037,346</u>
Attributable to:		
Equity holders of BPI	<u>6,252,667</u>	<u>4,978,000</u>
Non-controlling interest	<u>75,545</u>	<u>59,346</u>
	<u>6,328,212</u>	<u>5,037,346</u>
Earnings per share:		
Based on 3,939,341,163 shares as of March 31, 2017	P 1.59	P 1.26
and 3,937,042,962 shares in 2016		

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2017 and 2016
(In Thousands of Pesos)

	<u>Unaudited 2017</u>	<u>Unaudited 2016</u>
NET INCOME BEFORE MINORITY INTEREST	6,328,212	5,037,346
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on available-for-sale securities, net of tax effect	304,900	355,071
Fair value reserve on investments of insurance subsidiaries, net of tax effect	65,176	93,965
Share in other comprehensive income of associates	(4,728)	357,154
Currency translation differences	44,177	(110,257)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(5,366)	(4,378)
Total Other Comprehensive Income (Loss), net of tax effect	404,158	691,554
Total Comprehensive Income for the Year	6,732,370	5,728,900
Attributable to:		
Equity holders of BPI	6,649,993	5,653,051
Non-Controlling Interest	82,377	75,849
	6,732,370	5,728,900

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED MARCH 31, 2017 & MARCH 31, 2016
(In Thousands of Pesos)

	Consolidated							
	Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2016	39,308,302	29,591,222	2,710,843	98,601,974	(5,078,357)	165,133,983	2,549,851	167,683,834
Comprehensive Income								
Net Income for the year				6,252,667		6,252,667	75,545	6,328,212
Other Comprehensive Income for the year					397,326	397,326	6,833	404,158
Total Comprehensive Income for the year	-	-	-	6,252,667	397,326	6,649,993	82,377	6,732,370
Transactions with owners								
Executive Stock Plan amortization	8,093	45,768	11,786			65,646		65,646
Other changes in non-controlling interest						-	226	226
Total transactions with owners	8,093	45,768	11,786	-	-	65,646	226	65,872
Balance, March 31, 2017	39,316,394	29,636,990	2,722,628	104,854,642	(4,681,032)	171,849,622	2,632,454	174,482,076

	Consolidated							
	Attributable to equity holders of BPI							
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2015	39,285,344	29,438,771	2,562,640	83,760,945	(4,764,253)	150,283,447	2,446,438	152,729,886
Comprehensive Income								
Net Income for the year				4,978,000		4,978,000	59,346	5,037,346
Other Comprehensive Income for the year					675,051	675,051	16,503	691,554
Total Comprehensive Income for the year	-	-	-	4,978,000	675,051	5,653,051	75,849	5,728,900
Transactions with owners								
Issuance of shares	-	-				-		-
Executive Stock Plan amortization	5,491	36,647	10,699			52,836		52,836
Other changes in non-controlling interest							2	2
Total transactions with owners	5,491	36,647	10,699	-	-	52,836	2	52,838
Balance, March 31, 2016	39,290,835	29,475,418	2,573,339	88,738,945	(4,089,201)	155,989,335	2,522,289	158,511,624

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND MARCH 31, 2016
(In Thousands of Pesos)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	8,021,838	6,241,530
Adjustments for:		
Impairment losses	1,209,010	1,180,841
Depreciation and amortization	1,041,694	875,972
Share in net income of associates	(308,314)	(317,421)
Share based compensation	11,786	10,699
Dividend income	(4,127)	(25,031)
Interest income	(16,316,843)	(14,306,679)
Interest expense	4,294,678	3,858,462
Operating income before changes in operating assets and liabilities	(2,050,279)	(2,481,628)
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	558,286	(533,037)
Trading securities	1,229,648	(8,447,584)
Loans and advances	6,872,502	10,520,674
Assets held for sale	(117,801)	43,602
Assets attributable to insurance operations	351,994	997,930
Other resources	(1,840,336)	(1,060,624)
Increase (decrease) in:		
Deposit liabilities	6,373,100	22,581,730
Due to Bangko Sentral ng Pilipinas and other banks	246,765	601,260
Manager's checks demand drafts outstanding	(705,338)	(295,670)
Accrued taxes, interest and other expenses	61,881	371,123
Liabilities attributable to insurance operations	(673,559)	(1,229,656)
Derivative financial instrument	348,906	644,194
Deferred credits and other liabilities	1,184,431	(3,061,608)
Net cash from (used in) operations	11,840,199	18,650,707
Income taxes paid	(1,747,836)	(1,609,954)
Interest paid	(4,405,280)	(3,830,211)
Interest received	17,833,501	15,741,336
Net cash from (used in) operating activities	23,520,583	28,951,879
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Available for sale securities	(1,167,334)	11,084,630
Held-to-maturity securities	3,624,298	(10,014,624)
Bank, premises, furniture, fixtures and equipment	(704,092)	(716,477)
Investment in subsidiaries and associates, net	2,483	(18,442)
Assets attributable to insurance operations	20,407	(33,418)
Investment property, net	(0)	(30,076)
Proceeds from sale of investments	0	0
Dividends received	4,127	25,031
Net cash from (used in) investing activities	1,779,889	296,624
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(3,543,339)	(3,538,998)
Collection on stock subscriptions	53,860	42,138
Increase (decrease) in bills payable	(1,169,633)	4,356,437
Net cash from (used in) financing activities	(4,659,112)	859,577
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,641,359	30,108,080
CASH AND CASH EQUIVALENTS		
January 1	310,746,924	281,750,197
March 31	331,388,285	311,858,276

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at March 31, 2017 and 2016

		2017	2016
a)	Liquidity Ratio *	57.0%	58.2%
b)	Debt to Equity Ratio **	35.4%	16.2%
c)	Asset to Equity Ratio	1009.0%	988.7%
d)	Interest Rate Coverage Ratio ***	311.0%	284.5%
e)	Net Interest Margin on Average Earning Assets	2.9%	2.8%
f)	Return on Average Equity	15.0%	13.1 %
g)	Return on Average Assets	1.5%	1.3%
h)	Cost to Income Ratio	48.6%	51.4%
i)	Cost to Assets Ratio	2.0%	2.1%
j)	Capital to Assets Ratio	9.9%	10.1%

* 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, 2017

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles 	<ul style="list-style-type: none"> 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).
<ul style="list-style-type: none"> 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, 2016 which was in accordance with the PFRS adopted by the SEC.
<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclical nature 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 	<ul style="list-style-type: none"> The mandatory effective date of PFRS 9 is for annual periods beginning January 1, 2018. The Bank is currently engaged in developing

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

SEC REQUIREMENT	DISCLOSURE
<p>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.</p>	<p>business models for Classification and Measurement of Financial Assets and credit models to estimate Expected Credit Losses as specified in the PFRS 9. Full impact of the PFRS 9 will be assessed once these models are developed.</p>
<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 per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • On January 20, 2017, total cash dividends paid to Common Stockholders of record as December 29, 2016 amounted to P3.5 billion.
<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"> • BPI spun off its BPI Asset Management and Trust Group (BPI AMTG) to a newly-established Stand-Alone Trust Corporation (SATC) named BPI Asset Management and Trust Corp. (BPI AMTC). BPI AMTC officially commenced its operations on February 1, 2017.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

SEC REQUIREMENT	DISCLOSURE
<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
<ul style="list-style-type: none"> 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; 	<ul style="list-style-type: none"> The BPI Group monitors and measures financial risks according to three major classifications: credit, market and liquidity, and operational/IT risks. The Bank is exposed to these financial risks primarily through lending activities, trading and investment in bonds, currencies, financial derivatives and structured investment products, and engaging in operating activities, infrastructure and technology to support the Bank's day-to-day business. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs) and metrics, risk appetite and limits, and management triggers defined and set by the Board through its Risk Management Committee (RMC). The Bank's Risk Management Office (RMO) supports the RMC in identifying, measuring, controlling, and reporting the Bank's financial and non-financial risks at the Management and business line levels. BPI has since maintained its conservative risk appetite by establishing and implementing prudent risk management policies and standards, concentrating on sovereign-issued and investment-grade securities, and by ensuring that controls are generally in place and working effectively, thus, exposing the

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

SEC REQUIREMENT	DISCLOSURE
	<p>Bank and its key subsidiaries to manageable credit, market, liquidity, and operational/IT risks which are within the RMC approved risk-appetite (BPI subsidiary Board-level RMCs, in the case of key BPI subsidiaries).</p> <ul style="list-style-type: none"> The persistent challenges observed in the global and local financial markets have resulted to more active risk management strategies in the Bank. Sensitivity analyses, forward-looking simulations and stress testing, daily risk monitoring and escalation procedures, regular risk MIS reporting and in-depth discussions involving Senior Management and the Board of Directors are measures to strengthen the effectiveness of the Bank's enterprise risk management framework. Moreover, the levels of risk exposures and limits are continuously reviewed to reflect the Board's overall risk appetite and strategy.
	<ul style="list-style-type: none"> As of the first quarter of 2017, the Value-at-Risk (VAR) and Balance Sheet VaR are generally well within the Bank's established risk appetite approved by the RMC. As a supplement to its price risk metrics, the Bank conducts regular price stress tests that measure the potential impact of the adverse movements in interest rates on the Bank's trading and banking book portfolio and the corresponding impact on the Capital Adequacy Ratio (CAR). The results of the first quarter 2017 price stress test on the trading book revealed that the Bank's post-shock CAR is well above the minimum regulatory requirement given adverse movements in risk factors. The Bank's liquidity profile is monitored using the minimum cumulative liquidity gap metric which exceeds the prescribed limit as of the first quarter of 2017. The Bank also conducts

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

SEC REQUIREMENT	DISCLOSURE
	<p>liquidity stress tests which have consistently revealed ample liquidity to meet its financial obligations under both name-specific and system-wide crisis scenarios. Moreover, the Bank has started monitoring its Liquidity Coverage Ratio (LCR) which measures the ratio of high-quality liquid assets over total net cash outflows over the next month. The RMO continues to improve its assessment and measurement of risks by updating assumptions and methodologies and regularly conducting back-testing to assess the accuracy and effectiveness of its models and metrics.</p> <ul style="list-style-type: none"> • The BPI Group is able to manage overall credit risk and maintain asset quality for the period, evidenced by generally low NPL ratios relative to the Bank's total loan portfolio, diversified portfolio across key industries, adequate loan loss provisioning, and general compliance to regulatory ceilings on credit risk (including related party transactions). Credit risk portfolio reviews, internal and regulatory credit stress tests, and regular risk reporting to Senior Management and the RMC were conducted to ensure that the Bank practices sound credit risk management also in overall compliance to the BSP guidelines. • On the Bank's management of operational and IT risks, for the first quarter of 2017, the Bank has maintained estimated operational and IT losses related to the Bank's operating activities to less than 2% of gross income. Such minimal losses are within the Senior Management and Board/RMC's conservative and prudent risk appetite, and are generally attributed as inherent risks in executing the Bank's day-to-day business operations.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

SEC REQUIREMENT	DISCLOSURE									
	<ul style="list-style-type: none"> The Bank, to the best of its knowledge, deems that there are no anticipated and significant changes in risk exposures that shall materially affect the Bank's financial condition and results of operations. 									
<ul style="list-style-type: none"> The significant judgments made in classifying a particular financial instrument in the fair value hierarchy. 	<ul style="list-style-type: none"> The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2016. 									
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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. 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. The table below summarizes the carrying amount and fair value of Held To Maturities Securities, net <table data-bbox="852 1570 1479 1837"> <thead> <tr> <th></th> <th style="text-align: center;">Carrying amount (In Million Pesos)</th> <th style="text-align: center;">Fair value</th> </tr> </thead> <tbody> <tr> <td>March 31, 2017 (unaudited)</td> <td style="text-align: center;">263,507</td> <td style="text-align: center;">256,501</td> </tr> <tr> <td>Dec 31, 2016 (audited)</td> <td style="text-align: center;">268,483</td> <td style="text-align: center;">261,742</td> </tr> </tbody> </table> 		Carrying amount (In Million Pesos)	Fair value	March 31, 2017 (unaudited)	263,507	256,501	Dec 31, 2016 (audited)	268,483	261,742
	Carrying amount (In Million Pesos)	Fair value								
March 31, 2017 (unaudited)	263,507	256,501								
Dec 31, 2016 (audited)	268,483	261,742								

BANK OF THE PHILIPPINE ISLANDS SEGMENT REPORT For the Three Months Ended March 31, 2017					
In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	7,875	1,416	3,030	(827)	11,494
Impairment charge	1,159	50	(3)	3	1,209
Net interest income after impairment charge	6,716	1,366	3,033	(830)	10,285
Fees and commission	1,499	278	500	(42)	2,235
Other income	1,738	405	1,923	533	4,599
GRT	(166)	(25)	(164)	(15)	(370)
Other Income, net	3,071	658	2,259	476	6,464
Compensation and fringe benefits	2,225	316	273	540	3,354
Occupancy and equipment-related expenses	968	287	19	1,273	2,547
Other operating expenses	3,034	438	315	(961)	2,826
Total operating expenses	6,226	1,042	607	852	8,727
Operating profit	3,561	982	4,685	(1,206)	8,022
Share in net income of associates					308
Provision for Income Tax					1,694
Total Assets	524,153	759,970	414,886	34,937	1,733,946
Total Liabilities	1,465,607	15,280	59,061	19,516	1,559,464

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

Financial Condition as of March 31, 2017 versus as of December 31, 2016

Total resources increased P8.3 billion to P1.73 trillion. While increase in resources was minimal at 0.5%, it was impacted by the following movements:

- **Due from Bangko Sentral ng Pilipinas**, at P278.3 billion, increased P38.8 billion or 16.2%, due to higher volume of placement in BSP deposits and reserves;
- **Available-for-Sale Securities, net** at P25.8 billion, increased P1.5 billion or 6.3% due to increase in position taking in various holdings;
- **Investment in Subsidiaries and Associates, net**, at P7.2 billion, increased P410.1 million, or 6.0%, largely due to higher income contributed by the Bank's bancassurance affiliate.
- **Other Resources, net** at P13.8 billion, increased P1.5 billion, or 12.0%, on account of higher miscellaneous assets;

Above increases were partially tempered by the following:

- **Loans and Advances, net**, at P1.03 trillion, decreased P8.3 billion, or 0.8%, on paydowns coming from certain corporate accounts and a decline in credit card portfolio;
- **Cash and Other Cash Items** at P25.1 billion, declined P10.6 billion, or 29.8%, on account of lower cash requirement this period as compared to year end 2016;
- **Interbank Loans Receivable and Securities Purchased under Agreements to Resell**, at P6.3 billion, decreased P8.9 billion, or 58.5% due to lower volume of placements in Reverse Repurchase Agreements (RRP) and interbank term loans with foreign banking/financial institutions;
- **Trading Securities**, at P13.4 billion, decreased P1.2 billion, or 8.3%, due to decrease in holdings of securities intended for trading;
- **Derivative Financial Assets** at P2.4 billion, declined P562.7 million, or 18.8%, on account of the lower positive fair value of certain derivative positions;

Total Liabilities increased P1.5 billion, or 0.1% and this increase came from the following:

- **Total Deposits** at P1.4 trillion, increased P6.4 billion, or 0.4%, driven by higher float deposits.
- **Due to Bangko Sentral ng Pilipinas and Other Banks** at P916.7 million, increased P246.8 million, or 36.8% due to higher obligations to other banks.

These increases in Liabilities were partly tempered by the following:

- **Deferred Credits and Other Liabilities** at P29.8 billion, declined P2.4 billion, or 7.3%, largely due the decline in bills purchased contra account and payment of dividends in 2017 which was booked as payable in December 2016.
- **Manager's Checks and Demand Drafts Outstanding** at P6.9 billion, decreased P705.3 million, or 9.3%, on account of lower level of outstanding manager's checks issued;
- **Derivative Financial Liabilities** at P2.9 billion, decreased P213.8 million, or 6.9% due to lower negative fair value on certain derivative positions.

Capital Funds

- **Total Capital Funds** at P174.5 billion, increased P6.8 billion, or 4.1%, from year-end 2016 owing to the P6.3 billion increase on **Surplus** as a result of accumulated profits net of cash dividend payments.
- **Accumulated Other Comprehensive Loss** at P4.7 billion, increased P397.3 million, or 7.8%, on account of higher market valuation of the Bank's available-for-sale securities.

RESULTS OF OPERATIONS

For the Quarters ended March 31, 2017 and 2016

Net income for the first quarter of 2017 was P6.3 billion, up by P1.3 billion, or 25.6%, from the profit earned in the first quarter of 2016. The increase was driven largely by the P2.7 billion, or 17.6% growth in total revenues and was partially offset by the increases in **other expenses** of P879.5 million, or 11.2%.

Net interest income at P11.5 billion, increased P1.5 billion, or 15.0% on account of the P212.8 billion, or 14.0% expansion in average asset base and a 4-basis point increase in spreads.

Interest income stood at P15.8 billion, up P1.9 billion, or 14.0%, and this was affected by the following movements:

- Increase in interest income **on loans and advances** at P13.4 billion, up P2.1 billion, or 18.6%, due to improvement in both average volume and yield;
- Increase in interest income **on trading securities** at P57.4 million, up P16.9 million, or 41.8%, due to increase in average volume, partly tempered by the decline in yield;
- Increase in interest income **on available-for-sale securities** at P114.3 million, up P9.7 million, or 9.3%, due to increase in yield;
- Increase in **Gross Receipts Tax** at P528.6 million, up P77.9 million, or 17.3%, as a result of higher interest income.

Interest expense at P4.3 billion, increased P436.2 million, or 11.3%, and this was driven by the following movements:

- Increase in interest expense **on deposits** at P4.0 billion, up P272.3 million, or 7.3%, and **on bills payable and other borrowings** at P266.4 million, up P163.9 million, or 159.9% both due to expansion in average volume.

Other income at P6.5 billion was P1.2 billion, or 22.6% higher than the P5.3 billion earned in the first quarter of 2016:

- **Other Operating Income** at P2.8 billion, increased P772.6 million, or 38.2%, driven by a gain on sale of a bank-owned property;
- **Fees and Commissions** at P2.2 billion, increased P345.4 million, or 18.3%, on account of higher underwriting fees and service charges;
- **Income from foreign exchange trading** at P555.8 million, increased P125.4 million, or 29.1%, from higher gains on proprietary position;
- **Income attributable to insurance operations** at P440.7 million, decreased P23.6 million, or 5.1%, largely due to the lower income contribution of the Bank's life insurance subsidiary;
- Overall increase in Other income resulted in a higher **Gross Receipts Tax**, which ended at P370.2 million, up P64.5 million, or 21.1%;

Other expenses at P8.7 billion, grew P879.5 million, or 11.2%, from P7.8 billion:

- **Occupancy and equipment-related expenses** at P2.5 billion, up P369.5 million, or 17.0%, on increased depreciation and technology-related costs;
- **Other operating expenses** at P2.8 billion, increased P300.3 million, or 11.9%, largely due to higher regulatory, transaction-servicing, and product-related insurance costs;
- **Compensation and Fringe Benefits** at P3.4 billion, up P209.7 million, or 6.7% due to annual pay hikes and increased headcount.

Provision for income tax at P1.7 billion, increased P489.4 million, or 40.7%.

- **Current income tax** at P1.8 billion was P 132.9 million, or 8.2% higher on the back of higher taxable income.
- **Deferred income tax** at (P59.8) million, was P356.5 million higher from last year's (P416.4) million, largely due to timing difference on accrual and reversal of certain expenses.

Income attributable to non-controlling interest at P75.5 million, increased P16.2 million or 27.3%, largely attributable to BanKo's consolidation with BPI Direct, where the former (with 40% ownership of the bank), contributed losses last year.

Total comprehensive income at P6.6 billion, increased P996.9 million, or 17.6%, due to the P1.3 billion, or 25.6% improvement in **net income before minority interest**, partly offset by the P287.4 million, or 41.6% decline 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 P304.9 million, decreased P50.2 million, or 14.1%, on account of lower market valuation of the Bank's investment securities;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P65.2 million, decreased P28.8 million, or 30.6% as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Currency translation differences** at P44.2 million, increased P154.4 million or 140.1%, generally due to the weakening of the Philippine Peso against the US Dollar.
- **Share in other comprehensive income of associates** at (P4.7) million, declined from P357.2 million from first quarter of last year, due to the downward market valuation of the investments of the bancassurance affiliate.
- **Actuarial gains (losses) on defined benefit plan net of tax effect**, at (P5.4) million, declined from (P4.4) million versus last year, as impacted by the change in financial assumption;
- **Income attributable to non-controlling interest** at P82.4 million, increased P6.5 million, or 8.6%, impacted by the BPI Direct and BanKo consolidation as earlier mentioned.

Key Performance Indicators

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

	March 31, 2017	March 31, 2016
Return on Equity (%)	15.0	13.1
Return on Assets (%)	1.5	1.3
Net Interest Margin (%)	2.9	2.8
Operating Efficiency Ratio (%)	48.6	51.4
Capital Adequacy Ratio (%) - Basel III	13.7	13.9

Return on equity (ROE), net income divided by average equity at 15.0%, improved from last year's 13.1% due to the faster growth in net income at 25.6% versus growth in average equity of 10.7%.

Return on assets (ROA), net income divided by average assets, also improved to 1.5%, versus 1.3% last year due to faster growth in net income at 25.6% versus growth in average assets at 14.0%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, at 2.9% was higher by 4 basis points than the first quarter of 2016 on the combined impact of the increase in yields on loans and decrease in cost of deposits.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, improved to 48.6% from 51.4% as increase in revenues outpaced that of the operating expenses. 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 13.7% was lower than last year's 13.9%, as growth in risk weighted assets, led by credit risks, outpaced the growth in qualifying capital. The Bank's CAR is above the BSP's minimum requirement of 10%. CET 1 ratio at 12.8%, was lower than 13.0% 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 10, 2017

MARIA THERESA M. JAVIER
Senior Vice President &
Chief Financial Officer

Date: May 10, 2017

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
March 31, 2017

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,225,727
91-180	148,418
181-360	48,482
Over 360	976,613
Total	2,399,240
Less : Allow. For Probable Losses	866,600
Net of Allowance	P 1,532,640