

**STANDARD DOCUMENT COVER SHEET  
FOR SEC FILINGS**

All documents should be submitted under a cover page which clearly identifies the company and the specific document form as follows:

SEC Number 121  
File Number

**BANK OF THE PHILIPPINE ISLANDS  
BPI BUILDING, 6768 AYALA AVE. CORNER PASEO DE ROXAS  
MAKATI CITY, METRO MANILA  
818-55-41 to 48  
FISCAL YEAR ENDING DECEMBER 31**  
(indicate if anything above is new and the date it was changed)

**SEC FORM 17-Q QUARTERLY REPORT  
AMENDMENT DESIGNATION "A"**

**PERIOD-ENDED March 31, 2009**  
(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, 2009**
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 1226**  
Address of principal office Postal Code
8. **(02) 818 5541 to 48**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common</b>	<b>3,245,747,789</b>

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

**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 STATEMENTS OF CONDITION**  
**MARCH 31, 2009 and DECEMBER 31, 2008**  
(In Thousands of Pesos)

<b>RESOURCES</b>	<b>UNAUDITED MARCH 31, 2009</b>	<b>AUDITED DECEMBER 31, 2008</b>
Cash and Other Cash Items	13,115,059	22,365,753
Due from Bangko Sentral ng Pilipinas	56,948,007	48,421,521
Due from Other Banks	10,683,830	14,277,857
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	27,892,762	22,583,572
Derivative Financial Asset	1,569,753	2,182,189
Trading Securities	62,076,942	34,399,474
Investment Securities		
Available for Sale Securities, net	38,895,068	63,786,025
Held-to-Maturity Securities, net	71,266,544	72,884,505
Loans and Advances (Net)	294,500,416	320,216,398
Bank Premises, Furniture, Fixtures & Equipment, net	11,314,466	11,176,355
Investment Property, net	2,812,095	2,827,711
Assets Held for Sale, net	15,074,566	14,836,684
Equity Investments, net	735,379	766,354
Assets Attributable to Insurance Operations	23,145,165	22,067,607
Deferred Income Tax Assets, net	5,689,813	5,676,324
Other Resources, net	7,601,434	8,143,561
<b>TOTAL RESOURCES</b>	<b>643,321,300</b>	<b>666,611,888</b>
<b>LIABILITIES AND CAPITAL FUNDS</b>		
Deposit Liabilities		
Demand Deposits	95,119,033	92,495,804
Savings Deposits	173,417,341	162,464,637
Time Deposits	248,525,597	285,391,610
Sub-total	<b>517,061,970</b>	<b>540,352,050</b>
Derivative Financial Liability	1,514,923	2,547,377
Bills Payable	9,737,326	9,934,095
Due to Bangko Sentral ng Pilipinas and Other Banks	592,359	1,495,424
Manager's Checks and Demand Drafts Outstanding	3,614,828	2,723,323
Accrued Taxes, Interests and Other Expenses	3,137,618	4,150,277
Unsecured Subordinated Debt	5,000,000	5,000,000
Liabilities Attributable to Insurance Operations	19,638,175	18,813,090
Deferred Credits and Other Liabilities	19,371,994	17,724,629
<b>TOTAL LIABILITIES</b>	<b>579,669,193</b>	<b>602,740,265</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Capital Stock	32,456,181	32,456,097
Paid-in Surplus	1,374,579	1,374,357
Translation Adjustment	(702,326)	(691,713)
Reserves	(1,084,592)	(864,582)
Surplus	30,620,735	30,659,363
	<b>62,664,577</b>	<b>62,933,522</b>
<b>MINORITY INTEREST IN SUBSIDIARIES</b>	<b>987,529</b>	<b>938,101</b>
<b>TOTAL CAPITAL FUNDS</b>	<b>63,652,107</b>	<b>63,871,623</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>643,321,300</b>	<b>666,611,888</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
For the Three Months Ended March 31, 2009 and 2008  
(In Thousands of Pesos)

	Unaudited 2009	Unaudited 2008
<b>INTEREST INCOME</b>		
On loans and advances	6,600,448	5,342,743
On held-to-maturity and trading securities	1,404,801	1,120,820
On available-for-sale securities	469,082	1,114,843
On deposits with banks	569,603	658,212
Gross Receipts Tax	(355,528)	(316,741)
	<b>8,688,406</b>	<b>7,919,878</b>
<b>INTEREST EXPENSE</b>		
On Deposits	2,975,266	3,318,206
On Bills Payable and other borrowings	233,745	115,173
	<b>3,209,011</b>	<b>3,433,379</b>
<b>NET INTEREST INCOME</b>	<b>5,479,395</b>	<b>4,486,499</b>
<b>IMPAIRMENT LOSSES</b>	<b>800,000</b>	<b>385,431</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>4,679,395</b>	<b>4,101,068</b>
<b>OTHER INCOME</b>		
Income from foreign exchange trading and trading securities	1,359,291	447,446
Service charges and commissions	828,092	683,539
Income attributable to insurance operations	205,534	135,259
Other operating income	1,156,475	1,082,326
Gross Receipts Tax	(177,937)	(140,947)
	<b>3,371,455</b>	<b>2,207,622</b>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	2,152,810	1,931,052
Occupancy and equipment-related expenses	1,278,575	1,185,700
Other operating expenses	1,092,795	1,006,600
	<b>4,524,180</b>	<b>4,123,352</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,526,671</b>	<b>2,185,339</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	612,454	553,561
Deferred	(10,185)	50,232
	<b>602,269</b>	<b>603,793</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>2,924,402</b>	<b>1,581,545</b>
Attributable to:		
Equity holders of BPI	<b>2,882,793</b>	<b>1,549,339</b>
Minority interest	<b>41,608</b>	<b>32,207</b>
	<b>2,924,402</b>	<b>1,581,545</b>
Earnings per share:		
Based on 3,245,747,789 shares as of March 31, 2009	<b>P 0.89</b>	<b>P 0.57</b>
and 2,704,693,459 shares in 2008		

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Three Months Ended March 31, 2009 and 2008**  
(In Thousands of Pesos)

	<u>Unaudited 2009</u>	<u>Unaudited 2008</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>	<b>2,924,402</b>	<b>1,581,545</b>
<b>Other Comprehensive Income:</b>		
Net change in unrealized loss in available-for-sale securities	(295,080)	(2,070,626)
Net change in fair value reserve on investments of insurance subsidiaries	75,861	(216,177)
Net change in exchange differences in translating foreign operations	(10,613)	21,781
<b>Other Comprehensive Income for the year, net of tax</b>	<b>(229,833)</b>	<b>(2,265,023)</b>
<b>Total Comprehensive Income for the year</b>	<b>2,694,569</b>	<b>(683,477)</b>
<b>Total Comprehensive Income attributable to:</b>		
Equity holders of BPI	2,652,960	(715,684)
Minority Interest	41,608	32,207
	<b>2,694,569</b>	<b>(683,477)</b>

## BANK OF THE PHILIPPINE ISLANDS

**STATEMENT OF CHANGES IN CAPITAL FUNDS  
FOR THE NINE MONTHS ENDED MARCH 31, 2009 & MARCH 31, 2008  
(In Thousands of Pesos)**

	<b>Consolidated</b>						
	<b>Attributable to equity holders of BPI</b>						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
<b>Balance, December 31, 2008</b>	32,456,097	1,374,357	(691,713)	(864,582)	30,659,363	938,101	63,871,623
Total comprehensive income for the year			(10,613)	(219,220)	2,882,793	41,608	2,694,569
Employee stock option plan:							
Exercise of options	84	222		(450)			(144)
Cash dividends					(2,921,170)		(2,921,170)
Adjustments				(340)	(252)	0	(591)
Other changes in minority interest						7,820	7,820
<b>Balance, March 31, 2009</b>	32,456,181	1,374,579	(702,326)	(1,084,592)	30,620,735	987,529	63,652,107
	<b>Consolidated</b>						
	<b>Attributable to equity holders of BPI</b>						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
<b>Balance, December 31, 2007</b>	27,043,507	1,359,812	(579,968)	4,402,007	37,785,640	1,120,430	71,131,427
Total comprehensive income for the year			21,781	(2,286,803)	1,549,339	32,207	(683,477)
Employee stock option plan:							
Value of employee services				14,606			14,606
Exercise of options	1,964	9,905		(12,860)			(991)
Cash dividends					(5,138,513)		(5,138,513)
Adjustments				(2,524)	1,627		(898)
Other changes in minority interest						(74,542)	(74,542)
<b>Balance, March 31, 2008</b>	27,045,471	1,369,717	(558,188)	2,114,425	34,198,093	1,078,095	65,247,613

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2009 AND 2008**  
(In Thousands of Pesos)

	<b>2009</b>	<b>2008</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	3,526,671	2,185,339
Adjustments for:		
Impairment losses	800,000	385,431
Depreciation and amortization	555,910	530,395
Equity in net income of associates	70	2,320
Share based	-	14,606
Dividend income	(624)	(1,161)
Interest income	(9,043,934)	(8,236,618)
Interest received	9,601,116	11,127,695
Interest expense	3,209,011	3,433,379
Interest paid	(3,665,109)	(3,904,605)
Operating income before changes in operating assets and liabilities	4,983,112	5,536,781
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	2,549,000	4,268,000
Interbank loans receivable and securities purchased under agreeme	4,489,093	6,915,765
Trading securities	(27,710,380)	(19,946,383)
Loans and advances	24,222,600	10,930,850
Assets held for sale	(237,883)	86,565
Assets attributable to insurance operations	256,588	318,395
Other resources	1,975,017	621,923
Increase (decrease) in:		
Deposit liabilities	(23,290,080)	(38,379,203)
Due to Bangko Sentral ng Pilipinas and other banks	(903,065)	(43,521)
Manager's checks demand drafts outstanding	891,505	448,849
Accrued taxes, interest and other expenses	(556,560)	(766,862)
Liabilities attributable to insurance operations	825,085	107,638
Derivative financial instrument	(420,018)	294,544
Deferred credits and other liabilities	1,646,629	1,984,798
Net cash from operating activities before income tax	(11,279,358)	(27,621,860)
Income taxes paid	(615,758)	(588,753)
Net cash generated from operating activities	(11,895,116)	(28,210,613)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase (decrease) in:		
Available for sale securities	23,894,590	24,528,302
Held-to-maturity securities	1,045,965	4,304,513
Bank, premises, furniture, fixtures and equipment	(684,517)	(630,205)
Dividends received	624	1,161
Equity investments	103,972	(269,434)
Assets attributable to insurance operations	(1,338,662)	(235,680)
Investment property	15,616	15,616
Net cash used in investing activities	23,037,588	27,714,274
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(2,921,170)	(5,138,513)
Increase (decrease) in bills payable	(196,769)	2,058,128
Net cash (used in) provided by financing activities	(3,117,939)	(3,080,385)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	8,024,532	(3,576,723)
<b>CASH AND CASH EQUIVALENTS</b>		
January 01	62,789,180	82,299,814
March 31	70,813,712	78,723,092



**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2009**

<b>SEC REQUIREMENT</b>	<b>DISCLOSURE</b>
Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	The Bank's interim financial statements have been prepared in accordance with the Phil. Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Phil. Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council).
The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:	
<ul style="list-style-type: none"> <li>• A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2008 which was in accordance with the PFRS (Philippine Financial Reporting Standards) adopted by the SEC.</li> </ul>
<ul style="list-style-type: none"> <li>• Explanatory comments about the seasonality or cyclicity of interim operations</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period</li> </ul>	<ul style="list-style-type: none"> <li>• In compliance with the PFRS, the Bank adopted certain accounting and measurement methods in 2008. Those changes did not materially affect the current interim period.</li> </ul>
<ul style="list-style-type: none"> <li>• Issuances, repurchases, and repayments of debt and equity securities</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• Dividends paid (aggregate or per share) separately for ordinary shares and other shares</li> </ul>	<ul style="list-style-type: none"> <li>• Cash dividend of P 2.9 B was paid on March 20, 2009 to Common stockholders of record as of March 5, 2009.</li> </ul>

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2009**

<b>SEC REQUIREMENT</b>	<b>DISCLOSURE</b>
<ul style="list-style-type: none"> <li>Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements)</li> </ul>	<ul style="list-style-type: none"> <li>Attached</li> </ul>
<ul style="list-style-type: none"> <li>Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>Changes in contingent liabilities or contingent assets since the last annual balance sheet date</li> </ul>	<ul style="list-style-type: none"> <li>Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/ contingent liabilities.</li> </ul>
<ul style="list-style-type: none"> <li>Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.</li> </ul>	<ul style="list-style-type: none"> <li>Nothing to report</li> </ul>

**BANK OF THE PHILIPPINE ISLANDS**  
**SEGMENT REPORT**  
For the Quarter Ended March 31, 2009

	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
<b>In P Mn</b>					
Net Interest Income	3,032	1,776	742	(71)	5,479
Interest Income	6,013	1,893	773	9	8,688
Interest Expense	2,981	117	31	80	3,209
Other Income	1,425	338	1,446	163	3,372
Net Interest Income & Other Income	4,457	2,114	2,188	92	8,851
Operating and Other Expenses	3,404	620	175	325	4,524
Income Before Impairment Losses,					
Income Tax and Minority Interest	1,053	1,494	2,013	(233)	4,327
Impairment Losses	375	425	0	0	800
Income before Income Tax and Minority Interest	678	1,069	2,013	(233)	3,527
Provision for Income Tax					602
Minority Interest					42
Net Income					2,883
<b>ASSETS AND LIABILITIES</b>					
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	214,936	198,871	203,100	26,414	643,321
Liabilities	538,840	11,068	3,397	26,363	579,669
Capex	464	259	1	430	1,154
Depreciation	232	209	4	110	556

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

### Financial Condition

**Total resources** as of end of first quarter 2009 stood at P643.3 billion, P23.3 billion or 3.5% lower than the December 2008 level of P666.6 billion. This was mainly due to **time deposit** maturities of P36.9 billion or 12.9% of total, partly tempered by the growth in **demand and savings deposits** aggregating P13.6 billion or 5.3%. Correspondingly, **accrued taxes, interest and other expenses** also fell by P1.0 billion or 24.4% on payments of accrued interests on matured time deposits, year end expenses, and taxes and licenses. **Derivative financial liability** was likewise lower by P1.0 billion or 40.5% due to improved market valuation of foreign exchange swaps and drop in the volume of interest rate swaps. **Due to Bangko Sentral ng Pilipinas and other banks** also decreased by P903 million due to payment of BSP supervision and examination fees, lower deposits maintained by foreign banks and extended deadline for the remittance of tax collections during the last week of December. On the other hand, **deferred credits and other liabilities** increased by P1.6 billion or 9.3% on increased bills purchased contra account and accounts payable. **Manager's checks and demand drafts outstanding** also increased by P892 million due to higher outstanding manager's checks issued and foreign remittances.

**Total capital funds slightly** contracted by P220 million as **reserves** fell by P220 million or 25.4%. The declining interest rate environment provided some trading opportunities from the sale of available for sale securities inventory. **Minority interests in subsidiaries** went up by P49 million or 5.3% on higher retained earnings of the insurance subsidiaries.

On the asset side, net **loans** contracted by P25.7 billion or 8.0% due to loan payments made by the oil companies and other top corporate clients. **Available for sale securities** also dropped by P24.9 billion or 39.0% due to the sale of peso government securities to take advantage of declining interest rates. Proceeds were utilized to acquire additional **trading securities** which reflected a P27.7 billion increase. **Cash and other cash items** were lower by P9.2 billion on lower cash level requirement for the first quarter as against year-end. In turn, funds were placed in **due from Bangko Sentral ng Pilipinas** which increased by P8.5 billion or 17.6%. Working balances maintained in **Due from other banks** likewise decreased by P3.6 billion or 25.2% in favor of **interbank loans receivable and securities purchased under agreements to resell**, which posted a growth of P5.3 billion. **Derivative financial assets** dropped by P612 million due to foreign exchange contract maturities and lower volume of interest rate swaps. **Other resources** went down by P542 million due to decreases in accounts receivables and accrued interest and fees receivables.

## Results of Operation

### For the Quarters ended March 31, 2009 and 2008

First quarter 2009 **net income** reached P2.9 billion, P1.3 billion or 86.1% better than last year's P1.5 billion. Total revenues grew by P2.2 billion or 32.2% but were partly reduced by increased **impairment losses** and **operating expenses** of P414 million and P401 million, respectively.

Revenue growth came from the improvement in both **net interest income** and **non-interest income** by P993 million or 22.1% and P1.2 billion or 52.7%, respectively.

The **net interest income** increase was attributed to the P28.7 billion expansion in average assets and the 57 basis points improvement in spreads. **Interest income** was up by P768 million or 9.7% while **interest expense** was down by P224 million or 6.5%.

- Increase in interest income came from income on **loans and advances**, which went up by P1.3 billion or 23.5% due to the higher portfolio level and the higher yield. Income on **held-to-maturity and trading securities** likewise rose by P284 million or 25.3% on higher inventory. Income on **available-for-sale securities** was down by P646 million or 57.9% on the sell down of inventories and the reclassification of P28.3 billion to held to maturity in October and November last year. Income on **deposit with banks** also fell by P89 million on lower average balances. The higher interest income resulted in a P39 million increase in gross receipts tax.
- The lower interest expense resulted from the decline in interest expense on **deposits** by P343 million or 10.3% arising from the drop in the cost of foreign currency deposits together with the shift from bought or the relatively more costly time deposits to float peso deposits. Interest expense on **bills payable and other borrowings** however rose by P119 million on account of the cost of the bank's unsecured subordinated debt.

All other income categories posted improvements over the previous year, bringing total **other income** to P3.4 billion. **Income from foreign exchange and securities trading** showed the biggest improvement of P912 million or twice last year's level largely from bigger securities trading profits. **Service charges and commissions** were also up by P144 million or 21.2% on increased volume of transactions. **Other operating income** increased by P74 million mainly due to improvements in rental income, underwriting/corporate finance fees and credit card income. **Income from insurance operations** was likewise ahead by P70 million on higher premium income. Consequently, **gross receipts tax** went up by P37 million or 26.2%.

**Impairment losses** on corporate and consumer loans amounted to P800 million, P415 million or 107.6% higher than last year, to include among others, a collective impairment on the loans of exporter clients in the bank's watch list category on the basis of historical probability of default.

**Other expenses** at P4.5 billion were P401 million or 9.7% above last year's P4.1 billion. Compensation and fringe benefits grew by P222 million or 11.5% on increased retirement expense accrual. **Occupancy and equipment-related expenses** also went up by P93 million on higher depreciation/amortization expenses. **Other operating expenses** rose by P86 million or 8.6% on higher management and other professional fees, prior period taxes and supervision and examination fees.

**Current income tax** was up by P59 million or 10.6% on higher final taxes resulting from the higher level of tax-paid income. **Deferred income tax** dropped by P60 million or 120.3% due to the offsetting effect of the higher impairment losses and timing differences of unrealized income and expenses. **Income of Minority Interest** rose by P9 million or 29.2% due to the improved income of the bank's insurance subsidiaries.

### Comprehensive Income

For the Quarters ended March 31, 2009 and 2008

**Total comprehensive income** for the quarter was P2.7 billion, P3.4 billion higher than last year's net loss of P683 million. This favorable and substantial reversal in performance was due to the P1.3 billion or 84.9% increment in **net income before minority interest** and a P2.0 billion improvement in **other comprehensive income**.

Of the other comprehensive income, **unrealized loss on available for sale securities** reflected a P295 million decrease for the quarter due to the sale of some inventory and the realization of trading gains in the income statement. The previous year showed a bigger P2.1 billion decrease as the bank reduced its inventory to avert further losses and as the rising interest rates pushed down the market valuation of the inventory with a deliberate shorter duration. The **investment of the insurance companies** also showed gains of P76 million in the market valuation of the equities and funds compared to the previous year decline of P216 million. On the other hand, the weakening of the British pounds caused the P11 million downward adjustments in the **translation of foreign subsidiaries**, whereas the previous year, depreciation of the Peso resulted to a P22 million translation gain.

### 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, 2009	March 31, 2008
Return on Equity (%)	18.1	9.4
Return on Assets (%)	1.9	1.0
Net Interest Margin (%)	4.1	3.6
Operating Efficiency Ratio (%)	51.1	61.6
Capital Adequacy Ratio (%) - Basel II	14.6	14.2

**Return on equity (ROE)**, net income divided by average equity, improved to 18.1% on higher profits for the first quarter of this year. **Return on assets (ROA)**, net income divided by average assets, also went up from 1.0% to 1.9%. These improvements in ROE and ROA show the bank's efficiency in utilizing its capital and resources, respectively, to generate profits.

**Net interest margin (NIM)**, net interest income divided by average interest bearing assets, was higher by 57 basis points on improved yields on interest bearing assets and lower costs of funds in the first quarter of this year.

**Operating efficiency ratio** (cost to income), operating expenses divided by total revenues, improved to 51.1% from 61.6% due to higher revenues this year. This reflects the bank's ability to generate more revenues while controlling expenses.

**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 was up from 14.2% to 14.6% as of March 2009 on lower risk weighted assets with the contraction of loans. The bank's CAR is above BSP's minimum requirement of 10%.

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

The Bank has nothing to report on the following:

1. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.
2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
3. Other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period other than those mentioned above.
4. Material commitments for capital expenditures.
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
6. Events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments).
7. Any significant elements of income or loss that did not arise from the registrant's continuing operations.
8. Any seasonal aspects that had a material effect on the financial condition or results of operations.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

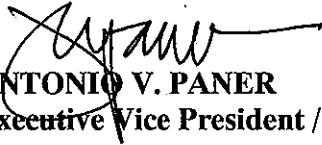
**BANK OF THE PHILIPPINE ISLANDS**

Issuer



**AURELIO R. MONTINOLA III**  
Chief Executive Officer / President

Date: May 14, 2009



**ANTONIO V. PANER**  
Executive Vice President / Treasurer

Date: May 14, 2009



**BPI UNIBANK  
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE  
MARCH 31, 2009**

<b>No. of Days Outstanding</b>	<b>Amount (In Thousands)</b>
01-90	P 194,873
91-180	258,902
181-360	254,867
Over 360	1,220,430
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<b>Grand Total</b>	<b>P 1,929,073</b>
<b>Less: Allowance for Probable Losses</b>	<b>608,112</b>
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<b>Net of Allowance for Probable Losses</b>	<b>P 1,320,960</b>
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