

(Company's Full Name)

ExportBank Plaza, Gil Puyat Ave., Cor. Chino Roces, Makati City

(Company's Address)

878-0531 / 878-0539

(Telephone Number)

December 31

(Fiscal year ending)
(month & day)

Any Day in April

(Annual Meeting)

SEC FORM 17-Q

(Form Type)

Amendment Designation (If applicable)

September 30, 2009

(Period Ended Date)

(Secondary License Type & File Number)

LCU

(Cashier)

DTU

93830

(SEC Number)

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION

12. Indicate by checkmark whether the registrant :

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule (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 [X]

- (b) has been subject to such filing requirements for the past 90 days.

YES []

NO [X]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

See attached.


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

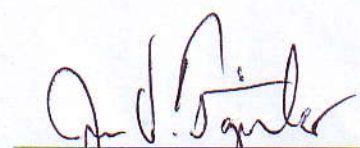
See attached.

PART II - OTHER INFORMATION

SIGNATURES

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.


PEDRO M. CADAVIDA, JR.
Principal Accounting Officer
August 17, 2010


JUAN VICTOR S. TANJUATCO
President
August 17, 2010

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES

STATEMENT OF CONDITION

SEPTEMBER 30, 2009

(With Comparative Figures for December 31, 2008)

(Amounts in Thousands of Philippine Pesos)

	<u>Sept. 30, 2009</u>	<u>Dec. 31, 2008</u>
	(Unaudited)	(Audited)
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 327,531	P 345,713
DUE FROM BANGKO SENTRAL NG PILIPINAS	2,253,581	2,131,157
DUE FROM OTHER BANKS	848,555	154,643
INVESTMENT SECURITIES		
Financial Assets at Fair Value Through Profit or Loss	50,448	50,813
Available-for-sale Securities - net	1,129,954	712,300
Held-to-maturity Securities	7,154,764	7,186,121
Investment in Non-Marketable Equity Securities	5,724	
LOANS AND OTHER RECEIVABLES - Net	7,337,045	8,087,655
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net		
	599,814	597,166
NON-CURRENT ASSETS HELD FOR SALE - Net	486,245	489,739
INVESTMENT PROPERTIES - Net	1,548,239	1,556,653
OTHER RESOURCES - Net	10,294,177	10,229,102
TOTAL RESOURCES	<u>P 32,036,078</u>	<u>P 31,541,062</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES		
Demand	P 1,775,008	P 1,654,790
Savings	11,992,054	10,932,422
Time	5,148,493	4,936,688
	18,915,555	17,523,900
BILLS AND ACCEPTANCES PAYABLE	5,575,724	5,287,707
UNEARNED INCOME AND OTHER DEFERRED CREDITS		
	3,425,558	3,711,542
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		
	650,520	759,422
OTHER LIABILITIES		
	1,047,241	1,216,946
Total Liabilities	<u>29,614,599</u>	<u>28,499,517</u>
CAPITAL FUNDS		
Balance at end of period		
Capital stock		
Common Stock	4,734,453	4,734,453
Surplus Reserve	13,717	13,716
Surplus (deficit)	(2,226,871)	(1,620,825)
Fair Value Gain (Loss) on Available-for-sale Securities/reclassified Held-to-Maturity Investments	(85,405)	(71,384)
Treasury Stock	(14,415)	(14,415)
Total Capital Funds	<u>2,421,479</u>	<u>3,041,545</u>
TOTAL LIABILITIES AND CAPITAL FUNDS	<u>P 32,036,078</u>	<u>P 31,541,062</u>

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands of Philippine Pesos Except Per Share Data)

	Period Ended September 30	
	2009	2008
	(Unaudited)	(Unaudited -restated)
INTEREST INCOME ON		
Loans	P 238,846	P 133,559
Trading and investment securities	741,380	993,823
Others	68,356	96,738
	<u>1,048,581</u>	<u>1,224,119</u>
INTEREST EXPENSE ON		
Deposit liabilities	629,236	562,810
Bills payable and other borrowings	359,963	567,316
	<u>989,199</u>	<u>1,130,126</u>
NET INTEREST INCOME (EXPENSE)	59,382	93,993
IMPAIRMENT GAINS (LOSSES)	(3,534)	481
NET INTEREST INCOME (EXPENSE)		
AFTER IMPAIRMENT LOSSES	<u>55,849</u>	<u>94,474</u>
OTHER INCOME		
Trading and securities gain (Loss) - net	(4,532)	16,945
Service charges, fees and commissions	91,798	82,244
Miscellaneous	85,570	266,847
	<u>172,835</u>	<u>366,037</u>
OTHER EXPENSES		
Taxes and licenses	103,425	206,055
Management and professional fees	9,901	19,354
Employee benefits	221,891	217,999
Occupancy and equipment-related cost	273,959	251,935
Litigation/assets acquired	5,262	5,460
Communications	23,481	25,357
Foreign exchange loss - net		
Insurance	33,455	34,164
Information technology	20,923	14,706
Stationery and supplies	7,085	8,808
Miscellaneous	36,769	37,444
	<u>736,152</u>	<u>821,282</u>
INCOME (LOSS) BEFORE TAX	(507,468)	(360,772)
Prov./Benefit for/from Income Tax	(98,576)	(994)
INCOME/(LOSS) BEFORE MINORITY INTEREST	(606,044)	(361,766)
EXTRA ORDINARY CREDIT (CHARGES)	-	-
NET INCOME (LOSS)	(<u>P 606,044</u>)	(<u>P 361,766</u>)
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of Parent Company	(P 606,044)	(P 361,766)
Minority interest	-	-
	<u>(P 606,044)</u>	<u>(P 361,766)</u>
INCOME (LOSS) PER SHARE	(<u>P 0.032</u>)	(<u>P 0.019</u>)

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE QUARTERS ENDED September 30, 2009 AND 2008
(Amounts in Thousands of Philippine Pesos Except Per Share Data)

	Quarter ended September 30	
	2009	2008
	(Unaudited)	(Unaudited -restated)
INTEREST INCOME ON		
Loans	P 58,595	P 38,598
Trading and investment securities	284,123	256,433
Others	23,495	37,837
	<u>366,213</u>	<u>332,868</u>
INTEREST EXPENSE ON		
Deposit liabilities	188,596	199,814
Bills payable and other borrowings	122,196	113,348
	<u>310,793</u>	<u>313,162</u>
NET INTEREST INCOME (EXPENSE)	55,420	19,706
IMPAIRMENT GAINS (LOSSES)	(4,898)	330
NET INTEREST INCOME (EXPENSE)		
AFTER IMPAIRMENT LOSSES	<u>50,523</u>	<u>20,036</u>
OTHER INCOME		
Trading and securities gain / (loss) - net	5,362	7,663
Service charges, fees and commissions	32,360	25,844
Miscellaneous	32,105	45,697
	<u>69,827</u>	<u>79,205</u>
OTHER EXPENSES		
Taxes and licenses	28,535	67,317
Management and professional fees	3,188	5,880
Employee benefits	73,177	78,481
Occupancy and equipment-related cost	94,481	91,787
Litigation/assets acquired	558	(678)
Communications	8,498	8,088
Insurance	10,788	9,869
Information technology	7,139	5,734
Stationery and supplies	2,068	2,278
Miscellaneous	11,908	16,439
	<u>240,339</u>	<u>285,195</u>
INCOME (LOSS) BEFORE TAX	(119,989)	(185,954)
Prov./Benefit for/from Income Tax	(32,749)	(955)
INCOME/(LOSS) BEFORE MINORITY INTEREST	(152,738)	(186,908)
EXTRA ORDINARY CREDIT (CHARGES)	-	-
NET INCOME (LOSS)	(<u>P 152,738</u>)	(<u>P 186,908</u>)
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of Parent Company	(P 152,738)	(P 186,908)
Minority interest	-	-
	(<u>P 152,738</u>)	(<u>P 186,908</u>)
INCOME (LOSS) PER SHARE	(<u>P 0.008</u>)	(<u>P 0.010</u>)

EXPORT BANK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(With Comparative Figures for the period ending September 30, 2008)
(Amounts in Thousands of Philippine Pesos)

	2009	2008
	(Unaudited)	(Unaudited - restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) after income tax	(606,044)	(361,766)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for (reversal of) impairment loss		
Depreciation	148,597	131,667
Operating income/(loss) before working capital changes:		
Decrease (increase) in financial assets at fair value through profit or loss	365	595,588
Decrease (increase) in loans and receivable	750,610	6,465,415
Decrease (increase) in other resources	(1,972,599)	(696,247)
Increase (decrease) in deposit liabilities	1,391,655	(665,667)
Increase (decrease) in accrued taxes, interest and other expenses	(108,902)	(56,305)
Increase (decrease) in deferred credits and other liabilities	(455,689)	238,970
Net Cash From (Used in) Operating Activities	(852,007)	5,651,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of bank premises, furniture, fixtures and equipment	145,949	(150,483)
Decrease (increase) in investment properties	8,414	(6,011)
Decrease (increase) in non-current assets held for sale	3,494	(42,605)
Decrease (increase) in financial assets held for trading		
Available for Sale Securities	(417,654)	6,220,133
Decrease (increase) in held to maturity investments	25,633	(7,183,880)
Net Cash From (Used in) Investing Activities	(234,165)	(1,162,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payments) of bills and acceptances payable	288,017	(4,259,412)
Net Cash From (Used in) Financing Activities	288,017	(4,259,412)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIV.	(798,154)	229,396
CASH AND CASH EQUIVALENTS END OF DECEMBER 30		
Cash and other cash items	345,713	267,018
Due from Bangko Sentral ng Pilipinas	2,131,157	2,796,386
Due from other banks	154,643	465,306
	2,631,513	3,528,710
CASH AND CASH EQUIVALENTS AS OF JUNE 30		
Cash and other cash items	327,531	245,749
Due from Bangko Sentral ng Pilipinas	2,253,581	2,812,012
Due from other banks	848,555	241,554
	3,429,667	3,299,315

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(With Comparative Figures for the period ending September 30, 2008)
(Amounts in Thousands of Philippine Pesos)

	September 30	
	2009 <u>(Unaudited)</u>	2008 <u>(Unaudited - restated)</u>
Capital Stock:		
Common A Shares - P0.25 par		
Authorized - 2,753,248,756 shares		
Issued and subscribed - 2,753,248,756 shares	P 688,313	P 688,313
Common B Shares - P0.25 par		
Authorized - 21,246,721,244 shares		
Issued: 16,184,561,404 shares	<u>4,046,140</u>	<u>4,046,140</u>
Paid-up Capital	P 4,734,453	P 4,734,453
Surplus Reserve	13,717	13,717
Surplus (Deficit)	(1,620,825)	(715,195)
Net Income (Loss)	(606,044)	(361,766)
Fair Value Gain (Loss) on Available for Sale		
Securities/reclassified Held-to-Maturity Investment	(85,405)	(26,112)
Treasury Stock	<u>(14,415)</u>	<u>(14,415)</u>
Total Capital	P 2,421,479	P 3,630,680

EXPORT AND INDUSTRY BANK, INC.**AGING OF ACCOUNT RECEIVABLE**

As of September 30, 2009

(In Thousand Pesos)

	31-60	61-90	91-180	180-360	Over 1 Year	Total
Loans/Trade						-
Atm	17,101					17,101
SPV Co.	269	186	9,303	1,674	14,776	26,207
Tenants- EIB Plaza						-
Branches	294					294
Others	1,359	996	245		297,842	300,442
	19,023	1,182	9,547	1,674	312,618	344,043

Item 1. Financial Statements Required Under SRC Rule 68.1

1. Statement showing changes in equity cumulatively for the current financial year to date, with a statement for the comparable year-to-date period of the immediately preceding financial year assuming fiscal year ending 12-31:

	(in thousands)	
	September 30, 2009 (Unaudited)	September 30, 2008 (Unaudited)
Capital Stock:		
Common A Shares – ₱ 0.25 par Authorized - 2,753,248,756 shares Issued and subscribed - 2,753,248,756 shares	₱ 688,313	₱ 688,313
Common B Shares– ₱ 0.25 par Authorized - 21,246,721,244 shares Issued : 16,184,561,404 shares	4,046,140	4,046,140
Paid-up Capital	4,734,453	4,734,453
Surplus Reserve	13,717	13,717
Surplus (Deficit)	(1,620,825)	(715,195)
Net Income (Loss)	(606,044)	(361,766)
Fair Value Gain (Loss) on ASS / reclassified HTM Investment	(85,405)	(26,112)
Treasury Stock	(14,415)	(14,415)
Total Capital Accounts	₱ 2,421,479	₱ 3,630,680

2. Basic and Diluted Earnings per Share (see attached Income Statement).
3. These financial statements are prepared under the historical cost convention except that certain investment securities are carried at fair value.
4. Notes to Financial Statements:
 - a. The accompanying financial statements were prepared in compliance with Philippine Financial Reporting Standards. The financial statements have been prepared using the historical cost basis and are presented in Philippine pesos.

The financial statements of the Group have been prepared in accordance with PFRSs. These are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB).
 - b. There is nothing to comment about the seasonality or cyclicity of interim operations.
 - c. There is nothing to report about the nature and amount of item affecting assets,

liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

- d. There is nothing to report on 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.
- e. No dividends were paid during the interim period report.
- f. We have nothing to report on segment revenue.
- g. There are no material events subsequent to the end of the interim period.
- h. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations were already discussed in the financial highlights in the management discussion and result of operations.
- i. Changes in the contingent liabilities or contingent assets since the last annual balance sheet date:

(In thousands of Pesos)

	September 30, 2009	December 31, 2008	Increase/(Decrease)
Trust Dept. Accts.	₱ 1,196,652	₱ 1,331,878	₱ (135,226)
Unused Letter of Credits	389,872	560,086	(170,214)
Outstanding Guarantees Issued	128,250	52,527	75,723
Outward Bills for Collection	43,747	46,039	(2,292)
Inward Bills for Collection	26,948	29,774	(2,826)
Others	455,084	150,616	304,468

- k. There are no material contingencies and any other events or transactions that would affect the current interim period's results of operations.

Item 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2008 -Total assets stood at ₱31.5 Billion while total liabilities and equity amounted to ₱28.5 Billion and ₱3.0 Billion. Total assets declined by 15.28% from ₱37.2 Billion in 2007 attributable largely to the drop in reverse repurchase agreements with the BSP that were directly matched with certain borrowings. This resulted in lower levels of loans and overall liabilities by ₱4.0 Billion from ₱12.2 Billion and ₱32.6 Billion levels in 2007 respectively. Investment and trading securities portfolio likewise went down by 8.5% from ₱8.7 Billion to ₱7.9 Billion in 2008 due to lower market prices of the securities resulting to the reversal of mark to market gains recognized in 2007 of ₱0.6 Billion to a mark to market loss of ₱0.07 Billion in 2008 brought about by the global financial crisis. Deposit liabilities however went up by ₱0.2 Billion to ₱17.5 Billion in 2008.

The Group incurred losses in 2008 but a major component of said losses are the amortizations and valuation charges relating to previous years transactions, all of which are non-cash in nature and are not related to the day-to-day operations for 2008, which the Bank had to recognize in preparation for its recapitalization in 2006. Also included in the operating results were the attendant costs related to the investments made in the renovation and relocation of most of its branches, the benefits of which were already felt by way of substantial increases in deposits and other business generating activities. Without these, the Bank's earning capacity had improved year on year because of the new business focus and overall increase in business generating consciousness. Interest cost on deposits had declined by 8.6% despite increase in deposit volumes in 2008. Recurring deposit related fees went up by 46% to ₱91 Million with the new business focus of generating low cost deposits. Head office operating expenses had gone down by 2.0% equivalent to ₱16 Million in 2008. The Bank had embarked on creating a new image via the relocation of its 20 branches into more visible areas and renovating them to become more efficient and customer friendly. Along with this was the hiring of key personnel and staff to properly man the branches. The streamlining of its operations and organization resulted in the decline in overall operating expense from ₱1.1 Billion in 2007 to ₱976 Million in 2008 despite additional costs on branch expansion and relocation. More importantly, despite all these incremental costs, the Group's risk-based capital adequacy ratio (RBCAR) under the revised Basel 2 approach (calculated as the ratio of qualifying capital to the sum of risk weighted credit, market and operational risk exposure) as of end 2008 continued to be relatively high at 13.55% compared to the statutory limit of BIS and BSP of 8% and 10% respectively.

In early 2008, the Bank started initiatives in building up its capital base to improve its viability and competitiveness in the light of current global market conditions. To supplement its own efforts, the Board of Directors in its meeting dated October 24, 2008 approved the proposed mandate to Citigroup Global Markets Singapore for purposes of raising capital of US\$150.0 Million, including the possibility of a merger or consolidation with other Philippine commercial banks.

The Bank thereafter entered into Non-Disclosure Agreements with potential local and foreign investors, some of whom have already conducted due diligence audit of the Bank. The major shareholders of the Bank have received confidential Letters of Intent which included proposals for the acquisition of up to 100% of the outstanding shares of the Bank to be followed by a merger with the potential buyers.

The Bank has likewise initiated steps to address the gap on the Enhanced Financial Assistance (FA) brought about by the significant reduction in the interest earned by the ₱7.0 Billion income support upon its release in October 2006, which shortfall is equivalent to P252 Million annually.

Finally in the second half of 2009, Banco de Oro Unibank (BDO) proposed to purchase all of the Bank's assets in consideration of its assumption of all of the Bank's liabilities (the Transaction), which includes all of the Bank's deposits. In July 16, 2010, the Bangko Sentral ng Pilipinas approved in principle the said Transaction subject to the execution of the appropriate documentation and the fulfillment of certain closing conditions which the Bank will comply within the prescribed period. One of closing conditions is the undertaking by BDO to provide liquidity support to EIB prior to the closing of the Transaction to ensure the Bank's continuous operation during the interim period.

Comparable Discussion of Interim Period as of September 30, 2009

EIB Group's total assets stood at 32.04 Billion while total liabilities and equity amounted to ₱29.6 Billion and ₱2.4 Billion, respectively, as of 30 September 2009. Comparing September 2009 against year-end 2008 level, Bank's total resources increased by ₱0.50 Billion or by 1.57%. Liquid assets increased by ₱0.798 Billion or 30.33% while trading and investment securities likewise rose by as much as ₱0.386 Billion. Loans and Other receivable decreased by 9.28% brought about by divestment of reverse repurchase agreements (RRPs) with the BSP that were funded by customer placements in 2009. Total liabilities increased by ₱1.12 Billion or 3.91% from last year's level of ₱28.50 Billion. Total deposits increased by ₱1.39 Billion to ₱18.92 Billion in September 2009 from ₱17.52 Billion in September 2008. Likewise Bank's total borrowings increased by ₱0.288 Billion or 5.45% to fund Bank's additional securities investments. Accrued expenses and other liabilities decreased by ₱0.109 Billion due to subsequent settlement made thereon in 2009. Other liabilities decreased by ₱0.170 Billion due to offsetting of collections made for account of special purpose vehicle companies against receivables from said SPVs related to the sale of NPAs.

On a period to period basis, total resources increased by ₱0.79 Billion or 2.52% compared to the 3rd quarter 2008 level of ₱31.25 Billion. Liquid assets went up by ₱0.130 Billion from last year's level of ₱3.3 Billion to September 2009 of ₱3.4 Billion. Meanwhile, trading and investment securities decreased by ₱ 1.309 Billion in line with the Bank's strategy to dispose of its securities to cut down on further losses brought about by the continuous decline of the market prices of securities. Loans and other receivable increased by ₱1.6 Billion as the Bank pursued its lending activities and as it shifted its investments to reverse repurchase agreements with the Bangko Sentral ng Pilipinas. Meanwhile, Bank's total liabilities increased by ₱2.0 Billion or by 7.23% from September 2008 level of ₱27.62 Billion to ₱29.61 Billion in September 2009. Total deposits increased by ₱2.26 Billion from ₱16.66 Billion in the same period of the previous year while borrowings increased as well by ₱0.389 Billion from ₱5.19 Billion in September 2008 to ₱5.58 Billion in September 2009 due to the sale of its investment in reverse repurchase agreements with the BSP in 2009 to its clients. Accrued expenses and other liabilities decreased by ₱0.172 Billion due to settlement of other expenses and taxes made in 2009. Other liabilities decreased by 5.86% or P0.065 Billion brought about by offsetting of collections made for account of the special purpose vehicle companies against receivables from said companies pertaining to the sale of NPAs.

In terms of profitability, the Bank reported a net interest income in 2009 of ₱ 59 Million, which is 36.828% lower than last year's P94 Million . Decrease is principally attributed to lower earnings on trading and investment securities on account of the global financial crisis. Other income (from securities trading, service charges/fees/commissions and miscellaneous) likewise decreased by P193.202 Million (52.78%) due to the trading losses incurred in both foreign exchange and securities as well as miscellaneous items (lower extraordinary gains recognized such as reversals of over-accrued items, gain on sale of assets, recovery of previously written-off accounts). Total other expenses (consisting of taxes and licenses, employee benefits, occupancy, etc.) dropped by P85.13 Million (10.37%). This drop was caused by lower amount of taxes paid for the transfer of properties sold to the SPAV companies, the bulk of such transfers was done in 2008. Overall, the Bank recorded a net loss of P606.044 Million, or an increase of P244.278 Million (67.71%) compared to last year's level of P361.766 M loss.

Discussion and Analysis of Material Events (sept vs dec)

a. Material changes in balance sheet items and income statement are as follows:

1. Trading and investment securities increased by 5.06% from ₱ 7.9 Billion level to ₱8.3 Billion. The Group adopted the amendments to PAS 39 and PFRS 7 as well as BSP Circulars 626 and 628 which allowed the reclassification of securities in-between categories. The Group reclassified its securities on November 14, 2008 using the fair value as of September 1, 2008 as approved by Bank's Executive Committee and Audit Committee

The impact of reclassification are as follows:

As of September 30, 2009

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value Before Reclassification	48,439	7,078,260	250,249	7,376,948
Carrying Value After Reclassification	48,631	6,966,574	152,163	7,167,368
Market Value of Securities	51,093	7,221,992	152,163	7,425,248
Fair Value Gains/ (Losses) Recognized in P&L or Equity	2,462	255,418	(98,085)	159,795
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	2,462	255,418	(23,128)	234,752
Estimated Cash Flows	50,762	7,108,489	152,163	7,311,414
Effective Interest Rates				
High	7.15%	12.375%	n.a.	
Low	7.15%	6.875%	n.a.	

Note: The securities reclassified from HFT to AFS pertain to equity securities in EIB Realty Developers, Inc.

As of June 30, 2009

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value Before Reclassification	48,439	7,078,260	250,249	7,376,948
Carrying Value After Reclassification	50,762	7,108,489	137,438	7,296,689
Market Value of Securities	50,762	7,108,489	137,438	7,296,689
Fair Value Gains/ (Losses) Recognized in P&L or Equity	2,241	143,208	(112,811)	32,638
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	2,241	143,208	(37,855)	107,594
Estimated Cash Flows	50,762	7,108,489	137,438	7,296,689
Effective Interest Rates				
High	7.15%	12.375%	n.a.	
Low	7.15%	6.875%	n.a.	

Note: The securities reclassified from HFT to AFS pertain to equity securities in EIB Realty Developers, Inc.
As of March 31, 2009

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value Before Reclassification	48,439	7,078,260	250,249	7,376,948
Carrying Value After Reclassification	50,416	7,098,564	166,889	7,315,869
Market Value of Securities	50,416	7,098,564	166,889	7,315,869
Fair Value Gains/ (Losses) Recognized in P&L or Equity	1,882	134,562	(83,360)	53,084
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	1,882	134,562	(8,402)	128,042
Estimated Cash Flows	50,416	7,098,564	166,889	7,315,869
Effective Interest Rates				
High	7.15%	12.375%	n.a.	
Low	7.15%	6.875%	n.a.	

Note: The securities reclassified from HFT to AFS pertain to equity securities in EIB Realty Developers, Inc.

As of September 30, 2008

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value Before Reclassification	48,439	7,078,260	250,249	7,376,948
Carrying Value After Reclassification	48,373	7,183,880	250,249	7,482,502
Market Value of Securities	48,439	7,078,260	250,249	7,376,948
Fair Value Gains/ (Losses) Recognized in P&L or Equity	(1,495)	2,305	74,958	73,463 2,305
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	(1,429)	(103,315)	74,958	73,529 (103,315)
Estimated Cash Flows	49,868	7,181,575	250,249	7,481,692
Effective Interest Rates				
High	7.15%	12.375%	n.a.	
Low	7.15%	6.875%	n.a.	

Note: The securities reclassified from HFT to AFS pertain to equity securities in EIB Realty Developers, Inc.

As of December 31, 2007

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value	50,963	7,668,419	250,249	7,969,631
Market Value of Securities	50,963	7,668,419	250,249	7,969,631
Fair Value Gains/(Losses) Recognized In Profit or Loss or Equity	963	648,579	74,958	75,921 648,579

Note: The securities reclassified from HFT to AFS pertain to equity securities in EIB Realty Developers, Inc.

As of September 30, 2007

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value	49,409	7,333,326	177,099	7,559,834
Market Value of Securities	49,409	7,333,326	177,099	7,559,834
Fair Value Gains/(Losses) Recognized In Profit or Loss or Equity	(590)	315,018		(590) 315,018

Note: The securities reclassified from HFT to AFS pertain to equity securities in EIB Realty Developers, Inc.

2. Loans and Other receivables decreased by 9.28% brought about by divestment of reverse repurchase agreements (RRPs) with the BSP that were funded by customer placements in 2009
 3. Bank's total borrowings increased by ₱0.288 Billion or 5.45% to fund Bank's various obligations
 4. Accrued expenses and other liabilities decreased by ₱0.109 Billion due to subsequent settlement made thereon in 2009.
 5. Other liabilities decreased by ₱0.170 Billion due to offsetting of collections made on behalf of SPV companies against receivables from said companies on the sale of NPAs
- b. There are no seasonal aspect that has a material effect on the financial statements
 - c. There are no known trends, events or uncertainties that will have a material impact on income.
 - d. The bank sources of liquidity are deposits, inter-bank transactions and swaps.
 - e. There are no known trends, events or uncertainties that will have a material impact on the company's liquidity.
 - f. There are no material commitments as yet for capital expenditures pending the completion of the rationalization of the operations of the company.
 - g. To date, there's nothing to disclose regarding any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
 - h. There are no 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.
 - i. The cause of any material change from period to period which shall include vertical and horizontal analyses of any material item are as follows: (sept vs sept)
 - a. Cash and due from bank accounts went up by ₱0.01 Billion from last year's level of ₱3.3 Billion to September 2009's P3.4 Billion
 - b. Trading and investment securities decreased by ₱ 1.309 Billion in the Bank's strategy to dispose of its securities to cut down on further losses brought about by the continuous decline in the market prices of securities
 - c. Loans and other receivables increased by ₱1.6 Billion as the Bank pursued its lending activities and as it shifted its investments to reverse repurchase agreements with the Bangko Sentral ng Pilipinas

- d. Deposit liabilities increased by ₱2.26 Billion from ₱16.66 Billion in the same period of the previous year brought about by marketing efforts of the Bank and the higher visibility of its branches.
- e. Borrowings rose as well by ₱0.389 Billion from ₱5.19 Billion in September 2008 to ₱5.58 Billion in September 2009 due to the sale of its investment in reverse repurchase agreements with the BSP in 2009 to its clients
- f. Accrued expenses and other liabilities decreased by ₱0.172 Billion due to subsequent payments made thereon in 2009.
- g. Other liabilities decreased by 5.86% or P0.065 Billion brought about by offsetting of collections made in behalf of the some special purpose vehicle companies against receivable from said companies on the sale of NPAs.
- h. Net revenue from funds decreased by ₱39 Million in September 2009 due to higher cost of funds.
- i. Trading gains decreased by ₱21 Million in 2009 due to foreign exchange revaluation losses incurred brought about by the highly volatile exchange rates.
- j. Miscellaneous Income is lower by ₱181 Million due to the recognition of some non-recurring income items in 2008.

Key Performance Indicators

	September 2009	December 2008
<u>Capital Adequacy</u>		
Risk Based Capital Adequacy Ratio	5.97%	12.82%
<u>Asset Quality</u>		
Non-Performing Loan (NPL) Ratio	2.99%	3.8%
Non-Performing Asset (NPA) Ratio	1.18%	1.39%
<u>Liquidity</u>		
Liquid to Total Assets Ratio	7.36%	13.10%
Quick Asset to Total Deposits	12.46%	23.55%

The Bank's Basel 1 Capital Adequacy Ratio (CAR) stood at 5.975% compared to December 2008's level of 12.82%. Qualifying capital decreased by 52.27% percent from ₱2.6 Billion to ₱1.2 Billion. Said ratio was computed by dividing the Total Qualifying Capital over the Total Risk weighted Assets as follows:

	<u>2009</u>	<u>2008</u>
Total Qualifying Capital	₱ 1.239Bn	₱2.596Bn
Total Weighted Risk Assets	<u>20.757 Bn</u>	<u>20.276Bn</u>
Ratio	5.97%	12.82%

To improve its Tier 1 capital, the Bank in early 2008 started initiatives in building up its capital base to enhance its viability and competitiveness in light of global market conditions. The Bank entered into Non-Disclosure Agreements with potential local and foreign investors, some

of whom have already conducted due diligence audit of the Bank. The major shareholders of the Bank received confidential Letters of Intent which included proposals for the acquisition of up to 100% of the outstanding shares of the Bank to be followed by a merger with any of the potential buyers. Finally in the second half of 2009, Banco de Oro Unibank (BDO) proposed to purchase all of the Bank's assets in consideration of its assumption of all of the Bank's liabilities (the Transaction), which includes all of the Bank's deposits. In July 16, 2010, the Bangko Sentral ng Pilipinas approved in principle the said Transaction subject to the execution of the appropriate documentation and the fulfillment of certain closing conditions which the Bank will comply within the prescribed period. One of closing conditions is the undertaking by BDO to provide liquidity support to EIB prior to the closing of the Transaction to ensure the Bank's continuous operation during the interim period.

The NPL ratio went down to 2.99% brought about by decrease in total NPL by ₱93 Million; however, the gross loans portfolio likewise decreased by ₱ 839 Million due to the reduction in the reverse repurchase agreements with the BSP which were funded by customers. The NPL Ratio is computed as follows:

	<u>2009</u>	<u>2008</u>
Total Non-Performing Loans	₱0.227Bn	₱0.320Bn
Total Gross Loans	<u>7.579Bn</u>	<u>8.418Bn</u>
Ratio	2.99%	3.8%

The ratio of the Bank's non-performing assets (NPA) to gross assets decreased from 1.39% in 2008 to 1.18% in 2009. The NPA ratio was calculated as follows:

	<u>2009</u>	<u>2008</u>
Non-Performing Loans	₱ 0.227Bn	₱ 0.320Bn
ROPA	<u>0.171Bn</u>	<u>.129Bn</u>
Total Non-Performing Assets	0.398 Bn	.449Bn
Gross Assets (gross of allowance)	<u>33.827Bn</u>	<u>32.183Bn</u>
Ratio	1.18%	1.39%

Liquidity ratios indicate the proportion of total assets which can be readily converted into cash over the total assets to meet withdrawals and other liquidity requirements. Liquid assets include cash and other cash items, due from the bank, interbank loans receivables and financial assets available for sale. Below are the computations of the Bank's Liquidity and Quick Assets ratio:

	<u>2009</u>	<u>2008</u>
Total Liquid Assets	₱ 2.356Bn	₱ 4.127Bn
Total Assets	<u>32.036Bn</u>	<u>31.495Bn</u>
Ratio	7.36%	13.10%
	<u>2009</u>	<u>2008</u>
Total Quick Assets	₱ 2.356Bn	₱ 4.127Bn
Total Deposits	<u>18.916Bn</u>	<u>17.522 Bn</u>
Ratio	12.46 %	23.55%

OTHER INITIATIVES IN 2009

The following branches were relocated during the period July to September 2009:

FROM	NEW SITE
Cubao Branch 3/F New Farmers Plaza, EDSA corner Gen. Roxas Avenue, Cubao, Quezon City	Cubao – P. Tuazon Branch G/F Harvester Corporate Center, 158 P. Tuazon Avenue cor. 7 th /8 th Avenue Cubao, Quezon City
East Avenue Branch G/F Lyman Building, 18 East Avenue corner V. Luna Road, Quezon City	E. Rodriguez Branch No. 970 E. Rodriguez Sr., New Manila, Quezon City
Valenzuela Kiosk Unit 108, Stripmall-Ellimac Building, McArthur Highway, Barangay Dalandanan, Valenzuela City	The Fort Branch G/F The Luxe Residences, 28 th St. cor. 4 th Avenue, Fort Bonifacio, Taguig City