

EXPORT AND INDUSTRY BANK, INC.

(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)

June 30, 2011

(Period Ended Date)

(Secondary License Type & File Number)

LCU

(Cashier)

DTU

93830

(SEC Number)

Central Receiving Unit

File Number

Document I.D.

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.

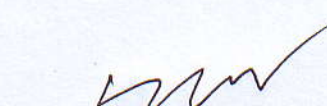
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 12, 2011



JUAN VICTOR S. TANJUATCO
President
August 12, 2011

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES

STATEMENT OF CONDITION

JUNE 30, 2011

(With Comparative Figures for December 31, 2010)

(Amounts in Thousands of Philippine Pesos)

	<u>June 30, 2011</u>	<u>Dec. 31, 2010</u>
	(Unaudited)	(Audited)
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 279,240	P 468,830
DUE FROM BANGKO SENTRAL NG PILIPINAS	2,187,790	2,922,640
DUE FROM OTHER BANKS	514,660	457,237
INVESTMENT SECURITIES		
Financial Assets at Fair Value Through Profit or Loss	72,614	72,980
Available-for-sale Securities - net	526,495	720,713
Held-to-maturity Securities	7,087,577	7,086,606
LOANS AND OTHER RECEIVABLES - Net	5,982,211	6,676,840
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	465,307	513,779
NON-CURRENT ASSETS HELD FOR SALE - Net	161,014	262,042
INVESTMENT PROPERTIES - Net	1,403,825	1,498,600
OTHER RESOURCES - Net	9,970,087	9,671,065
TOTAL RESOURCES	<u>P 28,650,819</u>	<u>P 30,351,332</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES		
Demand	P 1,581,442	P 1,811,111
Savings	10,958,020	11,761,271
Time	5,278,819	5,502,827
	17,818,281	19,075,209
BILLS AND ACCEPTANCES PAYABLE	6,315,589	6,091,405
UNEARNED INCOME AND OTHER DEFERRED CREDITS	2,689,662	2,915,024
ACCRUED TAXES, INTEREST AND OTHER EXPENSES	306,811	390,817
OTHER LIABILITIES	502,084	431,195
Total Liabilities	<u>27,632,426</u>	<u>28,903,650</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)	(3,658,775)	(3,229,112)
Fair Value Gain (Loss) on Available-for-sale Securities / Reclassified Held-to-Maturity Investment	(56,586)	(56,960)
Treasury Stock	(14,415)	(14,415)
Total Capital Funds	<u>1,018,393</u>	<u>1,447,682</u>
TOTAL LIABILITIES AND CAPITAL FUNDS	<u>P 28,650,819</u>	<u>P 30,351,332</u>

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE PERIODS ENDED JUNE 30, 2011 and 2010
(Amounts in Thousands of Philippine Pesos Except Per Share Data)

	Period ended June 30	
	2011 <u>(Unaudited)</u>	2010 <u>(Unaudited)</u>
INTEREST INCOME ON		
Loans	P 70,421	P 89,936
Trading and investment securities	544,140	532,488
Others	<u>21,585</u>	<u>30,422</u>
	<u>636,146</u>	<u>652,845</u>
INTEREST EXPENSE ON		
Deposit liabilities	355,810	345,079
Bills payable and other borrowings	<u>277,106</u>	<u>255,472</u>
	<u>632,916</u>	<u>600,551</u>
NET INTEREST INCOME (EXPENSE)	3,230	52,295
IMPAIRMENT GAINS (LOSSES)	(<u>12,274</u>)	(<u>3,285</u>)
NET INTEREST INCOME (EXPENSE) AFTER IMPAIRMENT LOSSES	<u>(9,044)</u>	<u>49,010</u>
OTHER INCOME		
Trading and securities gain - net	2,850	13,868
Service charges, fees and commissions	26,490	65,948
Miscellaneous	<u>136,804</u>	<u>82,009</u>
	<u>166,144</u>	<u>161,824</u>
OTHER EXPENSES		
Taxes and licenses	130,125	75,580
Management and professional fees	4,166	5,844
Employee benefits	113,778	139,274
Occupancy and equipment-related cost	185,075	185,462
Litigation/assets acquired	5,003	2,428
Communications	17,183	16,010
Insurance	24,587	22,120
Information technology	15,612	14,798
Stationery and supplies	5,577	3,687
Miscellaneous	<u>27,013</u>	<u>20,864</u>
	<u>528,118</u>	<u>486,067</u>
INCOME (LOSS) BEFORE TAX	(371,018)	(275,233)
Prov./Benefit for/from Income Tax	(<u>58,645</u>)	(<u>58,538</u>)
INCOME/(LOSS) BEFORE MINORITY INTEREST	(<u>429,664</u>)	(<u>333,771</u>)
EXTRA ORDINARY CREDIT (CHARGES)	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	(<u>P 429,664</u>)	(<u>P 333,771</u>)
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of Parent Company	(P 429,664)	(P 333,771)
Minority interest	<u>-</u>	<u>-</u>
	<u>(P 429,664)</u>	<u>(P 333,771)</u>
INCOME (LOSS) PER SHARE	(<u>P 0.023</u>)	(<u>P 0.018</u>)

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE QUARTERS ENDED JUNE 30, 2011 AND 2010
(Amounts in Thousands of Philippine Pesos Except Per Share Data)

	Quarter ended June 30	
	2011 <u>(Unaudited)</u>	2010 <u>(Unaudited -restated)</u>
INTEREST INCOME ON		
Loans	P 29,489	P 20,843
Trading and investment securities	272,840	286,872
Others	<u>9,955</u>	<u>18,467</u>
	<u>312,283</u>	<u>326,181</u>
INTEREST EXPENSE ON		
Deposit liabilities	175,675	178,075
Bills payable and other borrowings	<u>140,659</u>	<u>128,934</u>
	<u>316,333</u>	<u>307,009</u>
NET INTEREST INCOME (EXPENSE)	(4,051)	19,172
IMPAIRMENT GAINS (LOSSES)	(<u>6,851</u>)	<u>1,716</u>
NET INTEREST INCOME (EXPENSE) AFTER IMPAIRMENT LOSSES	<u>(10,901)</u>	<u>20,888</u>
OTHER INCOME		
Trading and securities gain - net	(161)	7,500
Service charges, fees and commissions	11,069	34,195
Miscellaneous	<u>82,946</u>	<u>40,424</u>
	<u>93,854</u>	<u>82,118</u>
OTHER EXPENSES		
Taxes and licenses	88,733	38,061
Management and professional fees	2,098	3,018
Employee benefits	56,096	67,674
Occupancy and equipment-related cost	90,883	91,435
Litigation/assets acquired	4,824	708
Communications	9,002	7,818
Insurance	12,894	11,072
Information technology	7,404	6,965
Stationery and supplies	3,681	1,547
Miscellaneous	<u>18,971</u>	<u>9,941</u>
	<u>294,587</u>	<u>238,239</u>
INCOME (LOSS) BEFORE TAX	(211,634)	(135,232)
Prov./Benefit for/from Income Tax	(<u>28,868</u>)	(<u>29,412</u>)
INCOME/(LOSS) BEFORE MINORITY INTEREST	(<u>240,502</u>)	(164,645)
EXTRA ORDINARY CREDIT (CHARGES)	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	(<u>P 240,502</u>)	(<u>P 164,645</u>)
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of Parent Company	(P 240,502)	(P 164,645)
Minority interest	<u>-</u>	<u>-</u>
	<u>(P 240,502)</u>	<u>(P 164,645)</u>
INCOME (LOSS) PER SHARE	(<u>P 0.013</u>)	(<u>P 0.009</u>)

EXPORT BANK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2011
(With Comparative Figures for the period ending June 30, 2010)
(Amounts in Thousands of Philippine Pesos)

	2011	2010
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) after income tax	(429,664)	(333,771)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for (reversal of) impairment loss		
Depreciation	88,014	93,626
Operating income/(loss) before working capital changes:		
Decrease (increase) in financial assets at fair value through profit or loss	366	49,786
Decrease (increase) in loans and receivable	694,629	234,887
Decrease (increase) in other resources	1,435,387	(1,676,425)
Increase (decrease) in deposit liabilities	(1,256,928)	1,007,905
Increase (decrease) in accrued taxes, interest and other expenses	(84,006)	(208)
Increase (decrease) in deferred credits and other liabilities	(154,472)	(227,020)
Net Cash From (Used in) Operating Activities	293,325	(851,219)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of bank premises, furniture, fixtures and equipment		
Disposal of bank premises, furniture, fixtures and equipment	(39,542)	(57,669)
Decrease (increase) in investment properties	94,775	24,045
Decrease (increase) in non-current assets held for sale	101,028	17,787
Decrease (increase) in financial assets held for trading	194,218	
Decrease (increase) in held to maturity investments	(971)	(265)
Net Cash From (Used in) Investing Activities	349,509	(142,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payments) of bills and acceptances payable	224,184	197,495
Net Cash From (Used in) Financing Activities	224,184	197,495
NET INCREASE (DECREASE) IN CASH AND CASH EQUIV.	867,017	(795,861)
CASH AND CASH EQUIVALENTS END OF DECEMBER 30		
Cash and other cash items	468,830	453,819
Due from Bangko Sentral ng Pilipinas	2,922,640	2,427,910
Due from other banks	457,237	555,964
	3,848,707	3,437,693
CASH AND CASH EQUIVALENTS AS OF JUNE 30		
Cash and other cash items	279,240	340,035
Due from Bangko Sentral ng Pilipinas	2,187,790	2,447,316
Due from other banks	514,660	1,446,203
	2,981,690	4,233,554

EXPORT AND INDUSTRY BANK, INC. AND SUBSIDIARIES
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED JUNE 30, 2011
(With Comparative Figures for the period ending June 30, 2010)
(Amounts in Thousands of Philippine Pesos)

	June 30	
	2011	2010
	(Unaudited)	(Unaudited)
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)	(3,229,110)	(2,415,274)
Net Income (Loss)	(429,664)	(333,770)
Fair Value Gain (Loss) on Available-for-Securities/ reclassified Held-to-Maturity Investments	(56,586)	(49,609)
Treasury Stock	<u>(14,415)</u>	<u>(14,415)</u>
Total Capital	P 1,018,393	P 1,935,102

EXPORT AND INDUSTRY BANK INC.
AGING OF ACCOUNT RECEIVABLE

As of June 30,2011
(In Thousand Pesos)

	31-60	61-90	91-180	180-360	Over 1 Year	Total
SPV Co.	944	44	358	418	8,750	10,514
Tenants-EIB Plaza	101	8			22,212	22,321
Bancnet	17,540					17,540
Branches	40					40
Others	1,677	352	690	261	82	3,063
	20,302	404	1,048	679	31,044	53,478

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)	
	June 30, 2011 (Unaudited)	June 30, 2010 (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)	(3,229,109)	(2,415,274)
Net Income (Loss)	(429,664)	(333,770)
Fair Value Gain (Loss) on Available- for-sale / reclassified Held-to- Maturity Investment	(56,586)	(49,609)
Treasury Stock	(14,415)	(14,415)
Total Capital Accounts	₱ 1,018,393	₱ 1,935,102

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 and had been prepared using the historical cost basis and presented in Philippine pesos.

The financial statements of the Group were 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 and results of operation under the section on management discussion.
- i. Changes in the contingent liabilities or contingent assets since the last annual balance sheet date:

(In thousands of Pesos)

	June 30, 2011	December 31, 2010	Increase/(Decrease)
Trust Dept. Accts.	₱ 424,095	₱ 1,485,350	(₱ 1,061,255)
Unused Letter of Credits	9,476	62,777	(53,301)
Outstanding Guarantees Issued	-	222	(222)
Others	2,577	134,466	(131,889)

- k. There are no material contingencies and any other events or transactions that are material to understand the current interim period.

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

2010- Total assets stood at 30.4 Billion as of 31 December 2010 while total liabilities and equity amounted to ₱28.9 Billion and ₱ 1.4 Billion, respectively. With the impending sale of the Company's assets in consideration of the assumption of its liabilities by Banco de Oro Unibank, Inc. (BDO), it has become imperative for Management to preserve the value of the Company's assets and to maintain the status quo as far as business directions and operations are concerned. Hence, total assets went down slightly by 1.1% equivalent to ₱0.339 Billion from previous year-end level of ₱30.69 Billion. Decline in the total assets is attributable to the offsetting of certain receivables and deferred charges against related liabilities totaling to ₱0.436 Billion. Loans and other receivables portfolio declined slightly by 2.22% equivalent to ₱151.7 Million, in line with the management directives to focus on collection and to be very selective in extending new loans. Investment properties went down as well by 2.66% brought about by the sale of some of the remaining non-core assets of the Company. Deposit levels however went up by 7.0% equivalent to ₱1.242 Billion due to the renewed confidence in the Bank as a result of the impending transaction with BDO. Funds generated were placed under reverse repurchase agreements and reserve deposits with the BSP, which are risk-free investments.

Net loss incurred by the Company almost remained flat at ₱813.7 Million, a slight 2.40 % increase from the year-ago level. Interest income dipped by 4.18% or ₱56.4 Million due to the Company's preference for investing its funds in sovereign and risk-free securities rather than in loans to individuals and private companies. Interest expense on the other hand declined by 3.86% or ₱49.7 Million despite the increase in volume of deposit liabilities by ₱1.2 Billion on account of management's conscious efforts to bring down costs. Other income likewise decreased by 14.85% or ₱53.0 Million due to lower gains recognized on the sale of real properties compared to the previous year. However, operating expenses substantially went down by 4.05% equivalent to ₱42.4 Million due to lower manpower costs as a result of the resignation of some senior executives.

On 30 July 2010, the Company's Board of Directors (BOD) approved the sale of all of the Company's assets to Banco de Oro Unibank, Inc. (BDO), in consideration of BDO's assumption of all of the Bank's liabilities, including all of its deposit liabilities, after the transaction has been approved in principle by the BSP Monetary Board on 16 July 2010. On 13 April 2011, the Philippine Deposit Insurance Corporation (PDIC) likewise approved the transaction. Said transaction is subject to the execution of definitive agreements and documentation acceptable to the parties and the PDIC and the fulfillment of certain closing conditions, which will include the final approval of the Monetary Board.

Comparable Discussion of Interim Period as of June 30, 2011

Total assets stood at 28.7 Billion as of 30 June 2011 while total liabilities and equity amounted to ₱27.6 Billion and ₱1.0 Billion, respectively. The Bank's total resources went down by 8.68% compared to June 2010 level of ₱31.4 Billion. Cash and due from banks went down by ₱1.3 Billion compared to June 2010 level of ₱4.2 Billion level. Likewise trading and investment securities went down by ₱283 Million from ₱8.0 Billion in June 2010 to ₱7.7 Billion in June 2011 to fund various obligations of the Bank. In preparation for the eventual transfer of its assets and liabilities to Banco De Oro Unibank, Inc., as approved in principle by the Monetary Board of the BSP on July 16, 2010 per resolution no. 982, the Corporation focused its efforts in the collection of loans and other receivables resulting to its decline by 9.27% or ₱611 Million. Bank

premises decreased by 17.65% from ₱565 Million to ₱465 Million in 2011 due to depreciation and amortization. The Bank likewise intensified its efforts in selling remaining non-core assets such as properties which went down by ₱221 Million from June 2010 level of ₱382 Million to ₱161 Million. Investment properties went down by 7.37% or ₱111 Million brought about by the sale as of various acquired assets booked under ROPA and Held for Sale properties. On the liabilities side, deposits went down by 5.43% from ₱18.8 Billion in June 2010 to ₱17.8 Billion in June 2011. Unearned Income decreased by ₱438 Million from ₱3.1 Billion in June 2010 to ₱2.7 Billion in June 2011 mainly due to the recognition of income corresponding to the earned portion of the unearned balances pertaining to various loans and securities investments. Accrued taxes and other expenses went down by ₱381 Million to ₱307 Million due to settlement of various obligations.

In terms of profitability, the Bank posted a net loss of ₱430 Million during the first semester of 2011 compared to last year's level of ₱334 Million. Net revenue from funds decreased by ₱49 Million from ₱52 Million in June 2010 to ₱3 Million in June 2011. The decrease is brought about by a combination of low interest earnings on loans and increase in interest expense on deposits, bills payable and other borrowings of the Bank. Trading gains decreased by ₱11 Million due to foreign exchange revaluation losses incurred brought about by the highly volatile exchange rates. Operating expenses (consisting of taxes and licenses, litigation, communication, insurance, employee benefits, supplies etc.) went up by ₱42 Million. On a quarter to quarter basis, the Bank posted a net loss of ₱241 Million as compared to previous year's ₱165 Million.

Comparing year-end 2010 against June 2011, the Bank's total asset decreased by ₱1.7 Billion from year-end level of ₱30.4 Billion. Liquid assets and investment securities likewise decreased by 22.53% and 2.46%, respectively, to fund various obligations of the Bank. Loans and other receivable declined by 10.4% or ₱694 Million due to the aggressive collection effort of the Bank. Non-core assets and Investment properties also went down by ₱101 Million and ₱95 Million respectively brought about by intensified effort in selling non-core assets and assets booked under ROPA and Held for Sale properties. Moreover, total liabilities went down by 4.40% largely attributed by settlement of accrued taxes, interest and other obligations of the Bank.

Discussion and Analysis of Material Events

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

1. Trading and investment securities decreased by 2.46% equivalent to ₱193 Million. 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 14 November 2008 using the fair values as of 01 September 2008 as approved by Bank's Executive Committee and Audit Committee

The impact of reclassification are as follows:

As of June 30, 2011

	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	49,152	7,000,443	181,614	7,231,209
Market Value of Securities	50,657	7,787,908	181,614	8,020,179
Fair Value Gains/ (Losses) Recognized in P&L or Equity	1,505	787,465	(68,634)	720,336
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	1,505	787,465	6,323	795,293
Estimated Cash Flows	50,657	7,787,908	181,614	8,020,179
Effective Interest Rates				
High	7.15%	9.1255%	n.a.	
Low	7.15%	7.5%	n.a.	

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

As of March 31, 2011

	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	49,166	6,999,223	149,218	7,197,607
Market Value of Securities	51,524	7,571,967	149,218	7,772,709
Fair Value Gains/ (Losses) Recognized in P&L or Equity	2,358	572,744	(101,031)	474,071
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	2,358	572,744	26,073	601,175
Estimated Cash Flows	51,524	7,571,967	149,218	7,772,709
Effective Interest Rates				

High	7.15%	9.1255%	n.a.	
Low	7.15%	7.5%	n.a.	

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

As of September 30, 2010

	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	48,946	6,996,784	201,248	7,246,978
Market Value of Securities	50,536	7,751,445	201,248	8,003,229
Fair Value Gains/ (Losses) Recognized in P&L or Equity	1,589	754,661	(49,001)	707,249
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	1,589	754,661	25,957	782,207
Estimated Cash Flows	50,536	7,751,445	201,248	8,003,229
Effective Interest Rates				
High	7.15%	9.1255%	n.a.	
Low	7.15%	7.5%	n.a.	

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

As of June 30, 2010

	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	48,836	6,995,552	186,523	7,230,911
Market Value of Securities	50,493	7,278,537	186,523	7,515,553
Fair Value Gains/ (Losses) Recognized in P&L or Equity	1,882	134,562	(63,726)	72,718
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or				

Equity	1,882	134,562	11,232	147,676
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 March 31, 2010

	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	48,849	6,994,334	191,431	7,234,614
Market Value of Securities	51,038	7,234,032	191,431	7,476,501
Fair Value Gains/ (Losses) Recognized in P&L or Equity	1,882	134,562	(58,818)	77,626
Fair Value Gains/ (Losses) to be Recognized if not Reclassified in Profit or Loss or Equity	1,882	134,562	16,140	152,584
Estimated Cash Flows	50,416	7,098,564	191,431	7,340,411
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, 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	48,630	7,003,402	250,249	7,302,281
Market Value of Securities	51,093	7,259,831	250,249	7,561,173
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 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 December 31, 2008

	From HFT to Loan	From AFS to HTM	From HFT to AFS	Total
Carrying Value	50,963	7,025,264	250,249	7,326,476
Market Value of Securities	50,963	7,248,965	250,249	7,550,177
Fair Value Gains/(Losses) Recognized In Profit or Loss or Equity	963	223,701	74,958	75,921 223,701

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	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 Profit or Loss or Equity	(1,495)	2,305	74,958	73,529 2,305

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

2. Loans and receivables went down by 10.40% or ₱694 Million brought about by collection effort of the Bank in preparation for the eventual transfer of its assets to Banco de Oro Unibank, Inc.
 3. Bank premises went down by ₱48.5 Million brought about by booking of depreciation and amortization.
 4. Non-current assets held for sale and investment properties went down by 38.55% and 6.32%, respectively, due to the Bank's intensified effort in selling its remaining non-core assets and properties booked under ROPA and Held for Sale.
 5. Unearned Income and other deferred credits decreased by ₱225.4 Million due to the recognition of income corresponding to the earned portion of the unearned balances pertaining to various loans and securities investment.
 6. Accrued interest and taxes went down by 21.50% to ₱84 Million level in 2010 due to subsequent settlement made thereon in 2010.
- 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's sources of liquidity are deposits, inter-bank and swap transactions.
 - 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 include vertical and horizontal analyses of any material item are as follows:
 - a. Liquid assets decreased ₱1.3 Billion due to the regular servicing of deposits and settlement of other operational obligations.
 - b. Loans and receivable went down by 9.27% due to the intensified collection effort of the Bank.
 - c. Bank premises went down by 17.65% due to booking of depreciation and amortization.
 - d. Non-current assets held for ale and investment properties went down by 57.82% and 7.37%, respectively, due to the intensified effort in selling the Bank's non-core assets and various acquired assets booked under ROPA and Held for Sale Properties.
 - e. The increase in the Bills Payable of ₱428 Million and the corresponding decline in Unearned Income of ₱438 Million is brought about by the amortization on the borrowings from the PDIC pursuant to BSP Circular 572 on Accounting Guidelines for Government Grants with Nil or Low Interest Rates
 - f. Accrued expenses and other liabilities decreased by ₱381 Million due to subsequent payments made thereon in 2010.
 - g. Other liabilities on the other hand dropped by ₱393 Billion from ₱895 Million in June 2010 to ₱502 Million in June 2011 due to settlement of various payables and domestic bills purchase.

- h. Net revenue from funds decreased by ₱49.0 Million brought about by lower income from loans due to decline in volume and higher interest expense on deposits and bills payable
- i. Trading gains decreased by ₱11 Million due to foreign exchange revaluation losses incurred brought about by the highly volatile exchange rates.
- j. Miscellaneous Income is higher by ₱55 Million due to the gains on the sale of its non-core assets and properties in 2011.

Key Performance Indicators

	June 2011	December 2010
<u>Capital Adequacy</u>		
Risk Based Capital Adequacy Ratio	-5.12%	-2.81%
<u>Asset Quality</u>		
Non-Performing Loan (NPL) Ratio	2.23%	3.40%
Non-Performing Asset (NPA) Ratio	0.70%	1.25%
<u>Liquidity</u>		
Liquid to Total Assets Ratio	4.59%	5.35%
Quick Asset to Total Deposits	7.82%	9.02%

The Bank's Basel 1 Capital Adequacy Ratio (CAR) stood at -5.12% compared to December 2010 level of -2.81%. Qualifying capital decreased by 68.95% percent from -₱0.514 Billion to -₱0.868 Billion. Said ratio was computed by dividing the Total Qualifying Capital over the Total Risk weighted Assets as follows:

	<u>2011</u>	<u>2010</u>
Total Qualifying Capital	(₱ 0.868Bn)	(₱0.514Bn)
Total Weighted Risk Assets	<u>16.967 Bn</u>	<u>18.276Bn</u>
Ratio	-5.12%	-2.81%

Exportbank in early 2008 started initiatives in building up its capital base to improve its viability and competitiveness in the light of current global market conditions, either through 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 had conducted due diligence audit of the Bank. Consequently, on 16 July 2010, the Bangko Sentral ng Pilipinas approved in principle the sale of all of the Bank's assets in favor of Banco de Oro Unibank, Inc. (BDO) in consideration of the latter's assumption of all of the Bank's liabilities, including all of its deposit liabilities. The Philippine Deposit Insurance Corporation (PDIC) subsequently approved the transaction on 13 April 2011. Said transaction is still subject to the execution of definitive agreements and documentation acceptable to the parties and the PDIC and the fulfillment of certain closing conditions, which include the final approval by the Monetary Board.

The NPL ratio went down to 1.17% due to lower NPL accounts. The NPL Ratio is computed as follows:

	<u>2011</u>	<u>2010</u>
Total Non-Performing Loans	₱0.137Bn	₱ 0.238Bn
Total Gross Loans	<u>6.191Bn</u>	<u>6.995Bn</u>
Ratio	2.23%	3.4%

The ratio of the Bank's non-performing assets (NPA) to gross assets has gone down from 1.25% in 2010 to 0.70% in 2011. The NPA ratio is calculated as follows:

	<u>2011</u>	<u>2010</u>
Non-Performing Loans	₱ 0.138Bn	₱ 0.238Bn
ROPA	<u>0.072Bn</u>	<u>0.162Bn</u>
Total Non-Performing Assets	0.214Bn	0.400Bn
Gross Assets (gross of allowance)	<u>30.342n</u>	<u>32.125Bn</u>
Ratio	0.70%	1.25%

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>2011</u>	<u>2010</u>
Total Liquid Assets	₱ 1.393Bn	₱ 1.720Bn
Total Assets	<u>30.342Bn</u>	<u>32.125Bn</u>
Ratio	4.59%	5.35%

	<u>2011</u>	<u>2010</u>
Total Quick Assets	₱ 1.393Bn	₱ 1.720Bn
Total Deposits	<u>17.818Bn</u>	<u>19.076Bn</u>
Ratio	7.82 %	9.02%

The Bank's transaction with BDO, which was approved in July 2010 and April 2011 by the Monetary Board (in principle) and PDIC, respectively, provides for a liquidity support from BDO prior to the consummation of the transaction to ensure the Corporation's smooth operation during the interim period.

OTHER INITIATIVES IN 2011

All parties concerned, including the PDIC, are already working on the definitive agreements with the view of concluding the transaction with BDO at the soonest possible time. This is in compliance with the closing conditions as mandated by PDIC and the Monetary Board of the BSP