

**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 June 30, 2007
(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 **June 30, 2007**
- 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 1200**
Address of principal office Postal Code
- 8. **(02) 818 5541 to 48**
Registrant's telephone number, including area code
- 9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report
- 10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,704,400,034
- 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
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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
JUNE 30, 2007 and DECEMBER 31, 2006
(In Thousands of Pesos)

RESOURCES	Unaudited JUNE 30, 2007	Audited DEC. 31, 2006
Cash and Other Cash Items	9,248,666	11,857,615
Due from Bangko Sentral ng Pilipinas	59,832,085	54,591,436
Due from Other Banks	11,000,502	7,922,944
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	34,931,242	22,942,133
Trading Securities	6,084,057	14,161,076
Investment Securities		
Available for Sale Securities, net	90,361,763	90,679,517
Held-to-Maturity Securities, net	56,396,212	68,751,736
Loans and Advances (Net)	254,666,306	243,191,472
Bank Premises, Furniture, Fixtures & Equipment, net	10,838,363	11,726,771
Investment Property, net	3,139,442	2,364,827
Assets Held for Sale, net	17,434,393	17,610,917
Equity Investments, net	2,838,587	932,913
Assets Attributable to Insurance Operations	21,201,345	19,794,867
Deferred Income Tax Assets, net	6,506,711	6,358,495
Other Resources, net	8,155,385	9,083,644
TOTAL RESOURCES	592,635,058	581,970,365
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	80,290,619	72,407,516
Savings Deposits	128,522,675	123,416,857
Time Deposits	271,189,829	271,251,973
Sub-total	480,003,123	467,076,345
Bills Payable	7,332,885	5,715,956
Due to Bangko Sentral ng Pilipinas and Other Banks	504,293	1,006,489
Manager's Checks and Demand Drafts Outstanding	2,715,493	2,249,448
Accrued Taxes, Interests and Other Expenses	3,374,704	3,962,621
Liabilities Attributable to Insurance Operations	15,559,315	15,197,306
Deferred Credits and Other Liabilities	16,515,730	21,275,444
TOTAL LIABILITIES	526,005,542	516,483,609
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Capital Stock	27,042,703	27,042,702
Paid-in Surplus	1,355,808	1,355,808
Translation Adjustment	(224,932)	(93,942)
Reserves	3,397,029	5,542,485
Surplus	33,874,008	30,591,229
	65,444,616	64,438,282
MINORITY INTEREST IN SUBSIDIARIES	1,184,899	1,048,473
TOTAL CAPITAL FUNDS	66,629,516	65,486,755
TOTAL LIABILITIES AND CAPITAL FUNDS	592,635,058	581,970,365

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended June 30, 2007 and 2006
(In Thousands of Pesos)

	Unaudited 2007	Unaudited 2006
INTEREST INCOME		
On loans and advances	5,229,346	5,591,308
On held-to-maturity and trading securities	1,211,640	1,460,795
On available-for-sale securities	1,191,763	998,776
On deposits with banks	507,347	481,132
Gross Receipts Tax	(295,144)	(331,370)
	7,844,952	8,200,641
INTEREST EXPENSE		
On Deposits	2,642,689	3,132,851
On Bills Payable and other borrowings	107,186	139,410
	2,749,875	3,272,261
NET INTEREST INCOME	5,095,076	4,928,380
IMPAIRMENT LOSSES	240,000	358,721
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	4,855,076	4,569,659
OTHER INCOME		
Income from foreign exchange trading and trading securities	113,134	291,193
Service charges and commissions	654,401	651,934
Income attributable to insurance operations	677,910	261,195
Other operating income	1,932,668	1,433,253
Gross Receipts Tax	(331,112)	(134,941)
	3,047,001	2,502,633
OTHER EXPENSES		
Compensation and fringe benefits	2,041,024	1,802,702
Occupancy and equipment-related expenses	1,167,948	1,147,560
Other operating expenses	1,572,977	1,289,662
	4,781,948	4,239,924
INCOME BEFORE INCOME TAX	3,120,129	2,832,369
PROVISION FOR INCOME TAX		
Current	456,204	554,663
Deferred	78,675	148,672
	534,879	703,336
NET INCOME FOR THE QUARTER	2,585,250	2,129,033
Attributable to:		
Equity holders of BPI	2,500,362	2,089,144
Minority interest	84,887	39,889
	2,585,250	2,129,033

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30, 2007 and 2006
(In Thousands of Pesos)

	<u>Unaudited 2007</u>	<u>Unaudited 2006</u>
INTEREST INCOME		
On loans and advances	10,569,051	10,967,727
On held-to-maturity and trading securities	2,616,043	3,048,846
On available-for-sale securities	2,352,388	2,027,759
On deposits with banks	1,109,349	749,974
Gross Receipts Tax	(607,210)	(648,832)
	<u>16,039,621</u>	<u>16,145,474</u>
INTEREST EXPENSE		
On Deposits	5,563,406	6,310,293
On Bills Payable and other borrowings	228,377	273,645
	<u>5,791,783</u>	<u>6,583,938</u>
NET INTEREST INCOME	10,247,838	9,561,536
IMPAIRMENT LOSSES	959,384	727,697
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	9,288,454	8,833,839
OTHER INCOME		
Income from foreign exchange trading and trading securities	1,786,656	1,329,944
Service charges and commissions	1,302,031	1,253,343
Income attributable to insurance operations	1,521,743	480,842
Other operating income	3,051,320	2,410,834
Gross Receipts Tax	(531,848)	(282,493)
	<u>7,129,902</u>	<u>5,192,470</u>
OTHER EXPENSES		
Compensation and fringe benefits	3,958,686	3,483,326
Occupancy and equipment-related expenses	2,327,153	2,184,505
Other operating expenses	3,081,273	2,377,636
	<u>9,367,112</u>	<u>8,045,467</u>
INCOME BEFORE INCOME TAX	7,051,244	5,980,842
PROVISION FOR INCOME TAX		
Current	1,226,391	1,072,311
Deferred	(35,121)	233,904
	<u>1,191,270</u>	<u>1,306,216</u>
NET INCOME FOR THE PERIOD	5,859,974	4,674,626
Attributable to:		
Equity holders of BPI	5,715,070	4,592,357
Minority interest	144,904	82,269
	<u>5,859,974</u>	<u>4,674,626</u>
Earnings per share:		
Based on 2,704,400,034 shares as of June 30, 2007	P 2.11	P 1.70
and 2,704,400,034 shares in 2006		

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 & JUNE 30, 2006
(In Thousands of Pesos)

	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
Balance, December 31, 2006	Php27,042,702	Php1,355,808	(Php93,942)	Php5,542,485	Php30,591,229	Php1,048,473	Php65,486,755
Net change in available-for-sale investments, net of deferred income tax effect				(2,246,931)			(2,246,931)
Currency translation differences			(130,990)				(130,990)
Fair value reserve on investments of insurance subsidiaries				59,971			59,971
Net income (loss) recognized directly in equity	-	-	(130,990)	(2,186,960)	-	-	(2,317,950)
Net income for the year					5,715,070	144,904	5,859,974
Total recognized income (loss) for the year	-	-	(130,990)	(2,186,960)	5,715,070	144,904	3,542,024
Change in capital stock	2						2
Change in paid-in surplus							-
Transfer/Adj to/from surplus					1,668		1,668
Transfer to reserves							-
Value of services under stock option plan				41,504			41,504
Cash dividends					(2,433,960)		(2,433,960)
Stock dividends							-
Other changes in minority interest						(8,478)	(8,478)
Balance, June 30, 2007	Php27,042,703	Php1,355,808	(Php224,932)	Php3,397,029	Php33,874,008	Php1,184,899	Php66,629,516

	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
Balance, December 31, 2005	Php22,479,092	Php1,072,629	(Php46,062)	Php1,300,339	Php33,721,180	Php1,540,591	Php60,067,770
Net change in available-for-sale investments, net of deferred income tax effect				(546,051)			(546,051)
Currency translation differences			8,690				8,690
Fair value reserve on investments of insurance subsidiaries				(18,268)			(18,268)
Net income (loss) recognized directly in equity	-	-	8,690	(564,319)	-	-	(555,629)
Net income for the year					4,592,357	82,269	4,674,626
Total recognized income (loss) for the year	-	-	8,690	(564,319)	4,592,357	82,269	4,118,998
Change in capital stock	47,499						47,499
Change in paid-in surplus		190,143					190,143
Transfer/Adj to/from surplus				1,827	(62,285)		(60,458)
Transfer to reserves				14,802	(14,802)		-
Remuneration Expense				10,928			10,928
Value of services under stock option plan							-
Cash dividends							-
Stock dividends	4,507,333	-			(4,507,333)		-
Other changes in minority interest						15,294	15,294
Balance, June 30, 2006	Php27,033,925	Php1,262,772	(Php37,372)	Php763,578	Php33,729,117	Php1,638,154	Php64,390,174

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED JUNE 30, 2007 AND JUNE 30, 2006
(In Thousands of Pesos)

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	3,120,129	2,832,369
Adjustments for:		
Impairment losses	240,000	358,721
Depreciation and amortization	458,454	396,494
Equity in net income of associates	123	832
Share based	20,746	10,928
Dividend income	-	(17,294)
Interest income	(8,137,801)	(8,532,011)
Interest received	8,349,581	8,657,268
Interest expense	2,747,581	3,272,261
Interest paid	(2,499,855)	(3,002,139)
Operating income before changes in operating assets and liabilities	4,283,371	3,977,430
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	4,830,524	(3,781,081)
Interbank loans receivable and securities purchased under agreements to resell	5,409,214	(2,518,483)
Trading securities	3,639,299	5,720,899
Loans and advances	(24,267,380)	(9,056,971)
Assets held for sale	495,811	(711,836)
Assets attributable to insurance operations	(961,923)	(2,360,805)
Other resources	1,191,850	81,237
Increase (decrease) in:		
Deposit liabilities	24,879,962	36,817,832
Due to Bangko Sentral ng Pilipinas and other banks	(685,057)	(234,661)
Manager's checks demand drafts outstanding	318,114	252,073
Accrued taxes, interest and other expenses	(27,806)	(78,066)
Liabilities attributable to insurance operations	(8,033)	767,219
Deferred credits and other liabilities	475,101	(1,358,996)
Net cash from operating activities before income tax	19,573,048	27,515,793
Income taxes paid	(422,725)	(1,592,441)
Net cash generated from operating activities	19,150,322	25,923,352
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Available for sale securities	(7,338,522)	431,356
Held-to-maturity securities	3,175,895	(7,580,854)
Bank, premises, furniture, fixtures and equipment	(652,576)	(470,054)
Dividends received	(3,750)	17,294
Equity investments	(1,953,448)	58,901
Assets attributable to insurance operations	776,776	1,705,800
Investment property	396,850	68,427
Net cash used in investing activities	(5,598,776)	(5,769,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	0	(8,995)
Collection on stock subscriptions	1	(39,807)
Increase (decrease) in bills payable	(1,162,288)	(818,898)
Net cash (used in) provided by financing activities	(1,162,287)	(867,699)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	12,389,259	19,286,523
CASH AND CASH EQUIVALENTS		
March 31	47,830,678	28,822,241
June 30	60,219,937	48,108,764

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SEMESTERS ENDED JUNE 30, 2007 AND JUNE 30, 2006
(In Thousands of Pesos)

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	7,051,244	5,980,842
Adjustments for:		
Impairment losses	959,384	727,697
Depreciation and amortization	870,309	752,208
Equity in net income of associates	157	740
Share based	41,497	10,928
Dividend income	(15,587)	(17,294)
Interest income	(16,646,831)	(16,794,306)
Interest received	16,867,173	16,743,486
Interest expense	5,791,783	6,583,938
Interest paid	(5,889,358)	(6,479,420)
Operating income before changes in operating assets and liabilities	9,029,771	7,508,820
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	(2,640,649)	(6,230,167)
Interbank loans receivable and securities purchased under agreements to resell	12,653,133	(125,955)
Trading securities	8,077,019	4,571,961
Loans and advances	(12,434,217)	(1,425,701)
Assets held for sale	176,524	(327,789)
Assets attributable to insurance operations	(734,305)	(2,502,985)
Other resources	600,073	666,989
Increase (decrease) in:		
Deposit liabilities	12,926,778	15,163,456
Due to Bangko Sentral ng Pilipinas and other banks	(502,197)	(353,273)
Manager's checks demand drafts outstanding	466,045	133,026
Accrued taxes, interest and other expenses	(490,342)	(700,961)
Liabilities attributable to insurance operations	362,009	1,241,478
Deferred credits and other liabilities	(2,054,857)	(405,665)
Net cash from operating activities before income tax	25,434,785	17,213,233
Income taxes paid	(1,339,487)	(1,185,618)
Net cash generated from operating activities	24,095,298	16,027,616
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Available for sale securities	(1,929,175)	17,691,465
Held-to-maturity securities	12,355,524	(8,430,020)
Bank, premises, furniture, fixtures and equipment	125,944	(1,028,773)
Dividends received	15,587	17,294
Equity investments	(1,984,110)	104,867
Assets attributable to insurance operations	(669,077)	1,043,206
Investment property	(774,615)	68,428
Net cash used in investing activities	7,140,079	9,466,468
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(5,138,360)	(2,028,300)
Collection on stock subscriptions	1	237,642
Increase (decrease) in bills payable	1,616,929	(6,945,824)
Net cash (used in) provided by financing activities	(3,521,430)	(8,736,482)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	27,713,947	16,757,602
CASH AND CASH EQUIVALENTS		
December 31	32,505,990	31,351,162
June 30	60,219,937	48,108,764

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

SEC REQUIREMENT	DISCLOSURE
Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	The Bank's interim financial statements have been prepared in accordance with the Phil. Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Phil. Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council).
The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:	
<ul style="list-style-type: none"> • A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change. 	<ul style="list-style-type: none"> • The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2006 which was in accordance with the PFRS (Philippine Financial Reporting Standards) adopted by the SEC.
<ul style="list-style-type: none"> • Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • The nature and amount of changes in estimates of amounts reported in prior interim periods of the current 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 	<ul style="list-style-type: none"> • In compliance with the PFRS, the Bank adopted certain accounting and measurement methods in 2006. Those changes did not materially affect the current interim period.
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • On May 28, 2007, the bank issued P5.0 billion Long Term Negotiable Certificates of Deposits (LTNCD),
<ul style="list-style-type: none"> • Dividends paid (aggregate or per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • The declaration of cash dividend on April 18, 2007 by the Board of Directors was approved by the Bangko Sentral ng Pilipinas on June 7, 2007. Total cash dividend of P 0.90 per share or a total amount of P 2.4B was paid on July 7, 2007 to common stockholders of record as of June 22, 2007.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ending June 30, 2007

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	2,764	1,124	1,080	109	5,095
Interest Income	5,413	1,210	1,100	102	7,843
Interest Expense	2,650	86	20	(8)	2,748
Other Income	1,103	596	785	563	3,047
Net Interest Income & Other Income	3,866	1,721	1,865	672	8,142
Operating and Other Expenses	3,914	454	202	211	4,782
Income Before Impairment Losses, Income Tax and Minority Interest	(48)	1,266	1,663	461	3,360
Impairment Losses	187	(375)	0	428	240
Income before Income Tax and Minority Interest	(236)	1,641	1,663	33	3,119
Provision for Income Tax					535
Minority Interest					85
Net Income					2,499
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	196,571	184,193	187,134	24,738	592,635
Liabilities	497,202	8,750	3,350	16,704	526,006
Capex	294	56	8	181	539
Depreciation	230	155	3	57	444

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Six Months Ending June 30, 2007

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	5,776	2,283	2,018	153	10,230
Interest Income	11,350	2,466	2,071	135	16,022
Interest Expense	5,575	183	53	(19)	5,792
Other Income	2,281	866	2,656	1,327	7,130
Net Interest Income & Other Income	8,056	3,150	4,674	1,480	17,360
Operating and Other Expenses	7,424	959	352	631	9,367
Income Before Impairment Losses, Income Tax and Minority Interest	632	2,190	4,322	849	7,993
Impairment Losses	327	0	0	632	959
Income before Income Tax and Minority Interest	304	2,190	4,322	217	7,033
Provision for Income Tax					1,191
Minority Interest					145
Net Income					5,697
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	196,571	184,193	187,134	24,738	592,635
Liabilities	497,202	8,750	3,350	16,704	526,006
Capex	450	57	9	248	764
Depreciation	427	291	7	146	870

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

Financial Condition

Total resources as of end June 2007 reached P592.6 billion, P10.7 billion higher than end 2006 level of P582.0 billion. Increase in resources was caused by **deposits** growth of P12.9 billion as **demand and savings deposits** grew by P7.9 billion (10.9%) and P5.1 billion (4.1%), respectively. **Bills payable** was also up by P1.6 billion or 28.3% due to additional deposit substitute transactions. **Manager's checks and demand drafts outstanding** increased by P466 million due to new manager's checks issued. These increases were partially negated by the drop in **deferred credits and other liabilities** of P4.8 billion or 22.4% due to the P5.1 billion payment of regular and cash dividends declared in October and November last year. **Due to Bangko Sentral ng Pilipinas (BSP) and Other Banks** also contracted by P502 million due to lower collection of taxes and the remittance of BSP Supervision and Examination fees. **Accrued taxes, interest and other expenses** declined by P588 million basically on payments of accrued expenses and taxes, and lower level of accrued interest on deposits.

On capital funds, the **surplus** account grew by P3.3 billion or 10.7% mainly due to the first semester's net income of P5.7 billion, reduced by the P2.4 billion regular cash dividend declared in April 2007. **Reserves** declined by P2.1 billion on account of the sell down of securities in the first semester. **Translation adjustment** debit balance on foreign currency denominated assets was up by P131 million on account of the stronger peso vis-à-vis the US dollar. **Minority interest in subsidiaries** was up by P136 million due to the higher income of the bank's subsidiaries.

On the asset side, net **loans** were up by P11.5 billion due to increased loan releases to corporate clients as well as new housing and auto loan bookings. **Trading securities** dropped by P8.1 billion due to some profit taking activities in the first semester, while the decline of P12.4 billion in **investment securities - held-to-maturity (HTM)** was partly due to the reclassification of some HTM to available-for-sale in accordance with BSP guidelines. **Cash and other cash items** were likewise down by P2.6 billion or 22% due to the lower cash requirement for the period as compared to year end. The funds released from the aforementioned assets were lent out to other banks and the BSP, hence the P12.0 billion increase in **interbank loans receivable and securities purchased under agreements to resell**; deposited with the BSP thus increasing **due from BSP** by P5.2 billion; and placed with local and foreign banks thereby resulting in a P3.1 billion rise in **due from other banks**. **Net equity investments** were higher by P1.9 billion or 204.3% due to the investment in BPI Europe, Plc in April 2007. BPI was granted authority by the Financial Services Authority (FSA) to set up a wholly-owned banking subsidiary in London. **Assets attributable to insurance operations** improved by P1.4 billion or 7.1% following new policy sales, good investment portfolio and the re-investment of realized investment income. **Other resources** on the other hand, were down by P928 million due to lower sales contract receivables, account

receivables, accrued interest and fees receivables and the set-up of allowance for non-credit write-offs. **Bank premises, furniture, fixtures & equipment** also dropped by P888 million mainly on account of the reclassification of certain ex-Prudential Bank assets to **investment property**, which in turn grew by P775 million.

Results of Operation

For the Quarters ended June 30, 2007 and 2006

The second quarter of 2007 posted a **net income** of P2.5 billion, P411 million or 19.7% better than last year's P2.1 billion. The net income increase came from the growth in total revenues of P711 million, lower impairment losses (down by P119 million) and lower income taxes (down by P168 million). All these were partially offset by the increase in operating expenses by P542 million.

Revenue growth came from both net interest income and other income. **Net interest income** showed a P167 million growth on the back of a P52.5 billion average asset expansion, despite a contraction in net interest margin. **Interest income** was down by P356 million, however, this was countered by a bigger decline of P522 million in **interest expense**.

- The low interest rate environment caused **interest income** to contract. Income on **loans and advances** declined by P362 million despite the increase in the loan levels. Income on **held-to-maturity and trading securities** slid by P249 million or 17.1% on account of lower inventory levels. These declines in income were partially reduced by the improvements in income of **available for-sale securities (AFS)** and **deposit with banks** by P193 million or 19.3% and P26 million or 5.4%, respectively, both due to higher asset bases. The lower level of interest income thus resulted in a favorable variance of P36 million in **gross receipts tax (GRT)**.
- Interest expense on **deposits** declined by P490 million or 15.7%, notwithstanding the P44.5 billion expansion in average balances. In line with the prevailing market rate, interest rate on deposits was correspondingly adjusted downwards. Similarly, interest expense on **bills payable and other borrowings** went down by P32 million or 23.1%.

Other income was at P3.0 billion or P544 million better than last year's P2.5 billion. The improvement came from **income attributable to insurance operations** (up by P417 million or 159.5%) and **other operating income** (up by P499 million or 34.8%). The increase in income from insurance operations was largely due to higher net premiums generated from new policy sales while the other operating income was attributed to higher profits from asset sales. **Income from foreign exchange and securities trading** however dropped by P178 million or 61.1% from foreign currency translation losses of the foreign currency deposit books (FCDU) relative to the strength of the peso and some interim market to market losses during the quarter. **GRT** increased by P196 million or 145.4% related to the higher level of income and the settlement of some prior period GRT assessments.

Impairment losses were lower at P240 million, with the higher level of provisioning in the first quarter.

Other expenses reached P4.8 billion, P542 million or 12.8% ahead of last year's P4.2 billion. **Compensation and fringe benefits** were higher by P238 million or 13.2% due to increases in salaries & wages and benefits to include increases agreed upon in last year's collective bargaining agreement. **Other operating expense** was likewise up by P283 million due to settlement of prior period taxes, and higher documentary stamps taxes, asset acquired expenses and advertising costs.

Current income tax was down by P98 million or 17.8% due to lower final taxes on tax paid income. **Deferred income tax** also decreased by P70 million or 47.1% due to the lower level of loss provisions. The increase of P45 million or 112.8% in the **income of minority interest** was due to the higher income of the insurance subsidiaries.

For the Six Months ended June 30, 2007 and 2006

First semester 2007 net income stood at P5.7 billion, P1.1 billion or 24.4% ahead than last year's P4.6 billion. Revenues increased by P2.6 billion or 17.8%. This is the first time since 1998 that the bank achieved a revenue growth higher than 15%. Revenue growth came from the increments of P686 million in **net interest income** and P1.9 billion in **other income**.

The 7.2% rise in **net-interest income** was mainly due to a 10% expansion in average asset base. **Interest income** dropped by P106 million but **interest expense** recorded a bigger reduction of P792 million.

- **Income on deposit with banks and available-for-sale securities** improved by P359 million and P325 million due to increased average balances. On the other hand, **income on held-to-maturity and trading securities** were down by P433 million due to decreased balances, while **income on loan and advances** ended lower by P398 million due to lower interest yields. Correspondingly, the lower level of interest income resulted in a P42 million drop in **GRT**.
- Interest expense **on deposits** was lower by P747 million on lower peso deposits cost. Interest expense on **bills payable and other borrowings** likewise diminished by P45 million due to the lower cost of issuing deposit substitutes.

The strong performance of other income was attributed largely to the insurance subsidiaries. These subsidiaries delivered a P1.0 billion increase on account of higher net premiums and investment returns to include a P416 million gain on the sale of a property. **Other operating income** also contributed P 640 million or 26.6% from higher profits on assets sold, rental income, and stock brokerage fees. **Income from foreign exchange trading and trading securities** likewise rose by P457 million or 34.3% on realized securities trading profits. Consequently, **GRT** was higher by P249 million or 88.3%.

Impairment losses were at P959 million or P232 million higher than last year on accelerated loan loss provisioning.

Other expenses reached P9.4 billion, P1.3 billion or 16.4% ahead of last year's P8.0 billion. **Compensation & fringe benefits** were higher by P475 million or 13.6% mainly due to salary increases and benefits related expenses. **Occupancy and equipment-related expenses** also went up by P143 million due to higher depreciation costs. **Other operating expenses** were up by P704 million or 29.6% coming from prior period taxes paid, higher asset acquired expenses, regulatory costs and miscellaneous expenses.

Current income tax increased by P154 million or 14.4% on account of higher taxable income. **Deferred income tax** rose by P269 million or 115% due to basically due to set-up related to accounts with timing differences. **Minority interest** was also higher by P63 million or 76.1% as insurance subsidiaries posted higher income.

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:

	June 30, 2007	June 30, 2006
Return on Equity (%)	17.5	15.5
Return on Assets (%)	2.0	1.8
Net Interest Margin (%)	4.2	4.5
Operating Efficiency Ratio (%)	53.9	54.5
Capital Adequacy Ratio (%)*	16.8	18.1

* Includes both credit and market risks;

Return on equity (ROE), net income divided by average equity, improved by 2.0% due to higher income over same period last year. **Return on assets (ROA)**, net income divided by average assets, also improved from 1.8% to 2.0%. These indicated the bank's efficient utilization of its capital and resources to generate income.

Net interest margin (NIM), net interest income divided by average interest bearing assets, narrowed by 23 basis points due to the thinner spreads derived from the bank's earning assets with the softer prevailing interest rates then.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, slightly improved by a 0.6%. This ratio measures the effective use of expenses in generating income.

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 as of June 30,

2007 was lower by 1.3% vs. June 30, 2006 in view of higher level of risk weighted assets. BPI's CAR however is still more than BSP's minimum requirement of 10%. The high level of profitability supports the bank's strong capital position even at consistently high dividend pay-out ratio.

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: August 14, 2007



ANTONIO V. PANER
Executive Vice President / Treasurer

Date: August 14, 2007

**BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2007**

No. of Days Outstanding	Amount (In Thousands)	
01-90	P	973,640
91-180		57,166
181-360		294,668
Over 360		631,890

Grand Total	P	1,957,364
Less: Allowance for Probable Losses		612,754

Net of Allowance for Probable Losses	P	1,344,610
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