

**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 September 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)

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			
SEPTEMBER 30, 2007 and DECEMBER 31, 2006			
(In Thousands of Pesos)			
	UNAUDITED	AUDITED	
	SEPTEMBER 30, 2007	DECEMBER 31, 2006	
RESOURCES			
Cash and Other Cash Items	9,134,825	11,857,615	
Due from Bangko Sentral ng Pilipinas	64,689,029	54,591,436	
Due from Other Banks	10,859,047	7,922,944	
Interbank Loans Receivable and Securities			
Purchased under Agreements to Resell	8,711,891	22,942,133	
Trading Securities	5,286,648	14,161,076	
Investment Securities			
Available for Sale Securities, net	102,776,308	90,679,517	
Held-to-Maturity Securities, net	53,592,749	68,751,736	
Loans and Advances (Net)	247,751,170	243,191,472	
Bank Premises, Furniture, Fixtures & Equipment, net	10,739,008	11,726,771	
Investment Property, net	2,831,433	2,364,827	
Assets Held for Sale, net	17,327,087	17,610,917	
Equity Investments, net	912,018	932,913	
Assets Attributable to Insurance Operations	22,853,481	19,794,867	
Deferred Income Tax Assets, net	6,464,366	6,358,495	
Other Resources, net	9,073,270	9,083,644	
TOTAL RESOURCES	573,002,329	581,970,365	
LIABILITIES AND CAPITAL FUNDS			
Deposit Liabilities			
Demand Deposits	77,713,900	72,407,516	
Savings Deposits	128,817,130	123,416,857	
Time Deposits	249,724,057	271,251,973	
Sub-total	456,255,087	467,076,345	
Bills Payable	8,740,001	5,715,956	
Due to Bangko Sentral ng Pilipinas and Other Banks	1,616,334	1,006,489	
Manager's Checks and Demand Drafts Outstanding	2,381,333	2,249,448	
Accrued Taxes, Interests and Other Expenses	3,593,697	3,962,621	
Liabilities Attributable to Insurance Operations	17,350,561	15,197,306	
Deferred Credits and Other Liabilities	14,129,157	21,275,444	
TOTAL LIABILITIES	504,066,170	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	(333,631)	(95,000)	
Reserves	3,974,459	5,543,543	
Surplus	35,798,590	30,591,229	
	67,837,930	64,438,282	
MINORITY INTEREST IN SUBSIDIARIES	1,098,228	1,048,473	
TOTAL CAPITAL FUNDS	68,936,159	65,486,755	
TOTAL LIABILITIES AND CAPITAL FUNDS	573,002,329	581,970,365	

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

	Unaudited 2007	Unaudited 2006
INTEREST INCOME		
On loans and advances	5,516,954	5,593,800
On held-to-maturity and trading securities	1,123,717	1,590,784
On available-for-sale securities	1,164,112	1,090,076
On deposits with banks	563,278	561,099
Gross Receipts Tax	(321,334)	(331,029)
	8,046,726	8,504,731
INTEREST EXPENSE		
On Deposits	2,941,743	3,375,661
On Bills Payable and other borrowings	104,888	107,980
	3,046,631	3,483,641
NET INTEREST INCOME	5,000,095	5,021,090
IMPAIRMENT LOSSES	240,000	341,257
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	4,760,095	4,679,833
OTHER INCOME		
Income from foreign exchange trading and trading securities	235,313	739,607
Service charges and commissions	705,651	574,074
Income attributable to insurance operations	167,872	250,462
Other operating income	1,498,840	1,080,337
Gross Receipts Tax	(208,513)	(169,684)
	2,399,163	2,474,797
OTHER EXPENSES		
Compensation and fringe benefits	2,059,336	2,118,289
Occupancy and equipment-related expenses	1,161,262	1,167,169
Other operating expenses	1,476,309	1,137,446
	4,696,907	4,422,904
INCOME BEFORE INCOME TAX	2,462,351	2,731,727
PROVISION FOR INCOME TAX		
Current	483,454	453,717
Deferred	5,892	(39,737)
	489,346	413,979
NET INCOME FOR THE QUARTER	1,973,005	2,317,747
Attributable to:		
Equity holders of BPI	1,924,582	2,263,681
Minority interest	48,422	54,067
	1,973,005	2,317,747

BANK OF THE PHILIPPINE ISLANDS			
CONSOLIDATED STATEMENTS OF INCOME			
For the Nine Months Ended September 30, 2007 and 2006			
(In Thousands of Pesos)			
		Unaudited 2007	Unaudited 2006
INTEREST INCOME			
On loans and advances		16,086,005	16,561,527
On held-to-maturity and trading securities		3,739,760	4,639,631
On available-for-sale securities		3,516,500	3,117,835
On deposits with banks		1,672,627	1,311,073
Gross Receipts Tax		(928,544)	(979,860)
		24,086,347	24,650,205
INTEREST EXPENSE			
On Deposits		8,505,149	9,685,954
On Bills Payable and other borrowings		333,265	381,625
		8,838,414	10,067,579
NET INTEREST INCOME		15,247,933	14,582,626
IMPAIRMENT LOSSES		1,199,384	1,068,954
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		14,048,549	13,513,672
OTHER INCOME			
Income from foreign exchange trading and trading securities		2,021,969	2,069,551
Service charges and commissions		2,007,682	1,827,418
Income attributable to insurance operations		1,689,615	731,304
Other operating income		4,550,160	3,491,171
Gross Receipts Tax		(740,361)	(452,177)
		9,529,065	7,667,267
OTHER EXPENSES			
Compensation and fringe benefits		6,018,022	5,601,614
Occupancy and equipment-related expenses		3,488,415	3,351,674
Other operating expenses		4,557,583	3,515,082
		14,064,019	12,468,371
INCOME BEFORE INCOME TAX		9,513,595	8,712,568
PROVISION FOR INCOME TAX			
Current		1,709,845	1,526,028
Deferred		(29,229)	194,167
		1,680,617	1,720,195
NET INCOME FOR THE PERIOD		7,832,979	6,992,374
Attributable to:			
Equity holders of BPI		7,639,652	6,856,038
Minority interest		193,326	136,336
		7,832,979	6,992,374
Earnings per share:			
Based on 2,704,400,034 shares as of September 30, 2007 and 2,704,400,034 shares in 2006		P 2.82	P 2.54

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 & SEPTEMBER 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	27,042,702	1,355,808	(95,000)	5,543,543	30,591,229	1,048,473	65,486,755
Net change in available-for-sale investments, net of deferred income tax effect				(1,544,742)			(1,544,742)
Currency translation differences			(238,631)				(238,631)
Fair value reserve on investments of insurance subsidiaries				(86,596)			(86,596)
Net income (loss) recognized directly in equity			(238,631)	(1,631,338)			(1,869,969)
Net income for the year					7,639,652	193,326	7,832,979
Total recognized income (loss) for the year			(238,631)	(1,631,338)	7,639,652	193,326	5,963,010
Change in capital stock	2						2
Change in paid-in surplus							0
Transfer/Adj to/from surplus					1,669		1,669
Transfer to reserves							0
Value of services under stock option plan				62,255			62,255
Cash dividends					(2,433,960)		(2,433,960)
Stock dividends							0
Other changes in minority interest						(143,571)	(143,571)
Balance, September 30, 2007	27,042,703	1,355,808	(333,631)	3,974,459	35,798,590	1,098,228	68,936,159
	Consolidated						
	Attributable to equity holders of BPI						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
Balance, December 31, 2005	22,479,092	1,072,629	(46,062)	1,300,339	33,721,180	1,540,591	60,067,770
Net change in available-for-sale investments, net of deferred income tax effect				1,132,812			1,132,812
Currency translation differences			(54,833)				(54,833)
Fair value reserve on investments of insurance subsidiaries				177,499			177,499
Net income (loss) recognized directly in equity	0	0	(54,833)	1,310,311	0	0	1,255,478
Net income for the year					6,856,038	136,336	6,992,374
Total recognized income (loss) for the year	0	0	(54,833)	1,310,311	6,856,038	136,336	8,247,852
Change in capital stock	58,755						58,755
Change in paid-in surplus		232,679					232,679
Transfer/Adj to/from surplus				0	290		290
Transfer to reserves				14,802	(14,802)		0
Remuneration Expense				16,393			16,393
Value of services under stock option plan							0
Cash dividends					(2,433,960)		(2,433,960)
Stock dividends	4,507,333	0			(4,507,333)		0
Other changes in minority interest						66,463	66,463
Balance, September 30, 2006	27,045,181	1,305,308	(100,895)	2,641,845	33,621,413	1,743,390	66,256,242

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

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	2,462,351	2,731,727
Adjustments for:		
Impairment losses	240,000	341,257
Depreciation and amortization	507,111	477,978
Equity in net income of associates	238	(487)
Share based	20,757	5,464
Dividend income	(17,108)	(12,358)
Interest income	(8,368,060)	(8,835,760)
Interest received	8,248,371	8,670,002
Interest expense	3,046,631	3,483,641
Interest paid	(2,924,088)	(3,541,424)
Operating income before changes in operating assets and liabilities	3,216,203	3,320,060
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	(5,256,944)	6,884,708
Interbank loans receivable and securities purchased under agreements to resell	(3,373,050)	294,260
Trading securities	797,409	(2,419,042)
Loans and advances	6,875,136	3,633,892
Assets held for sale	107,306	1,227,281
Assets attributable to insurance operations	(1,285,717)	(190,453)
Other resources	(897,743)	(2,800,564)
Increase (decrease) in:		
Deposit liabilities	(23,748,036)	(11,190,042)
Due to Bangko Sentral ng Pilipinas and other banks	1,112,041	459,881
Manager's checks demand drafts outstanding	(334,160)	387,261
Accrued taxes, interest and other expenses	96,450	(58,490)
Liabilities attributable to insurance operations	1,791,247	531,555
Deferred credits and other liabilities	46,930	(1,916,120)
Net cash from operating activities before income tax	(21,052,928)	(1,835,813)
Income taxes paid	(447,001)	(379,541)
Net cash generated from operating activities	(21,499,928)	(2,215,353)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Available for sale securities	(11,712,358)	742,998
Held-to-maturity securities	2,803,463	6,253,177
Bank, premises, furniture, fixtures and equipment	(308,209)	(577,313)
Dividends received	17,108	12,358
Equity investments	1,537,482	76,605
Assets attributable to insurance operations	(315,049)	(545,901)
Investment property	308,009	11,701
Net cash used in investing activities	(7,869,554)	5,973,624
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(2,433,960)	(2,433,960)
Collection on stock subscriptions	0	53,791
Increase (decrease) in bills payable	1,407,116	(554,074)
Net cash (used in) provided by financing activities	(1,026,844)	(2,934,243)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,196,326)	824,028
CASH AND CASH EQUIVALENTS		
March 31	60,219,937	48,108,764
June 30	30,023,612	48,932,791

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

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	9,513,595	8,712,568
Adjustments for:		
Impairment losses	1,199,384	1,068,954
Depreciation and amortization	1,377,420	1,230,187
Equity in net income of associates	394	272
Share based	62,255	16,393
Dividend income	(32,695)	(29,652)
Interest income	(25,014,891)	(25,630,065)
Interest received	25,115,544	25,413,488
Interest expense	8,838,414	10,067,579
Interest paid	(8,813,446)	(10,020,844)
Operating income before changes in operating assets and liabilities	12,245,975	10,828,880
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	(7,897,593)	654,540
Interbank loans receivable and securities purchased under agreements to resell	9,280,083	168,305
Trading securities	8,874,428	2,152,919
Loans and advances	(5,759,081)	2,208,191
Assets held for sale	283,831	899,492
Assets attributable to insurance operations	(2,020,022)	(2,893,437)
Other resources	(297,670)	(2,133,576)
Increase (decrease) in:		
Deposit liabilities	(10,821,259)	3,973,414
Due to Bangko Sentral ng Pilipinas and other banks	609,844	106,608
Manager's checks demand drafts outstanding	131,885	520,287
Accrued taxes, interest and other expenses	(393,892)	(759,451)
Liabilities attributable to insurance operations	2,153,255	1,773,033
Deferred credits and other liabilities	(2,007,927)	(2,321,785)
Net cash from operating activities before income tax	4,381,857	15,377,420
Income taxes paid	(1,786,487)	(1,565,158)
Net cash generated from operating activities	2,595,370	13,812,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Available for sale securities	(13,641,532)	18,434,464
Held-to-maturity securities	15,158,987	(2,176,843)
Bank, premises, furniture, fixtures and equipment	(182,265)	(1,606,085)
Dividends received	32,695	29,652
Equity investments	(446,628)	181,472
Assets attributable to insurance operations	(984,126)	497,305
Investment property	(466,606)	80,128
Net cash used in investing activities	(529,474)	15,440,092
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividends	(7,572,320)	(4,462,260)
Collection on stock subscriptions	1	291,434
Increase (decrease) in bills payable	3,024,045	(7,499,899)
Net cash (used in) provided by financing activities	(4,548,274)	(11,670,725)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,482,378)	17,581,629
CASH AND CASH EQUIVALENTS		
December 31	32,505,990	31,351,162
September 30	30,023,612	48,932,791

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 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"> • Cash dividend amounting to P2.4 B was paid by the Bank on July 13, 2007 to Common stockholders of record as of June 22, 2007.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 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 September 30, 2007

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	3,176	1,527	226	70	5,000
Interest Income	6,126	1,615	292	13	8,046
Interest Expense	2,950	87	66	(57)	3,046
Other Income	1,306	581	376	136	2,399
Net Interest Income & Other Income	4,482	2,108	602	206	7,399
Operating and Other Expenses	3,402	713	219	364	4,697
Income Before Impairment Losses, Income Tax and Minority Interest	1,081	1,396	383	(158)	2,702
Impairment Losses	254	(13)	0	(0)	240
Income before Income Tax and Minority Interest	827	1,409	383	(158)	2,461
Provision for Income Tax					490
Minority Interest					48
Net Income					1,923
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	188,360	168,088	199,459	17,095	573,002
Liabilities	475,132	8,327	7,720	12,887	504,066
Capex	244	44	1	51	341
Depreciation	171	156	3	130	459

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Nine Months Ending September 30, 2007

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net Interest Income	9,452	3,540	2,110	144	15,247
Interest Income	17,977	3,811	2,229	68	24,085
Interest Expense	8,525	270	119	(76)	8,838
Other Income	3,587	1,447	3,032	1,463	9,529
Net Interest Income & Other Income	13,039	4,987	5,142	1,607	24,776
Operating and Other Expenses	10,826	1,672	571	995	14,063
Income Before Impairment Losses, Income Tax and Minority Interest	2,214	3,316	4,571	612	10,713
Impairment Losses	581	415	0	204	1,199
Income before Income Tax and Minority Interest	1,633	2,901	4,571	408	9,513
Provision for Income Tax					1,681
Minority Interest					193
Net Income					7,639
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Assets	188,360	168,088	199,459	17,095	573,002
Liabilities	475,132	8,327	7,720	12,887	504,066
Capex	694	101	10	299	1,105
Depreciation	598	447	10	276	1,330

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

Financial Condition

Total resources as of end September 2007 was at P573.0 billion, P9.0 billion or 1.5% lower than end 2006 level of P582.0 billion. Decrease was due to contraction of **deposits** by P10.8 billion as **time deposits** declined by P21.5 billion or 7.9% in favor of other types of placements like special deposit accounts (SDA) with the Bangko Sentral ng Pilipinas (BSP). This was partly cushioned by the growth in both **demand and savings deposits** by P5.3 billion (7.3%) and P5.4 billion (4.4%), respectively. **Bills payable** increased by P3.0 billion or 52.9% due to higher deposit substitute transactions. Increases of P609 million and P131 million were also noted in **due to BSP and other banks** and **manager's checks and demand drafts outstanding** on account of higher tax remittances coursed through the bank, and increased applications for drafts and wire transfers, respectively. The P2.2 billion or 14.2% improvement in **liabilities attributable to insurance operations** was due higher reserves set-up on account of new policies issued.

Deferred credits and other liabilities, however, declined by P7.1 billion or 33.6% because of the P5.1 billion payment in January this year of regular and cash dividends declared in October and November last year, and lower bills purchased contra account. **Accrued taxes, interest and other expenses** also dropped by P369 million mostly on payments of accrued expenses and taxes, and lower level of accrued interest on deposits.

Capital funds improved by P3.4 billion or 5.3% mainly from the P5.2 billion increase in the **surplus** account, brought about by profits generated for the year but partly reduced by the P2.4 billion regular cash dividend declared in April 2007. **Reserves** declined by P1.6 billion on account of the sell down of available for sale securities. **Translation adjustment** debit balance related to foreign currency denominated assets was up by P239 million on account of the stronger peso against the US dollar.

On the asset side, **interbank loans receivable and securities purchased under agreements to resell** dropped by P14.2 billion due to maturing foreign currency denominated interbank placements. On the other hand, **net loans** were up by P4.6 billion due to higher housing and auto loan bookings.

Both **investment securities-held-to-maturity (HTM)** and **trading account securities** declined, by P15.2 billion and P8.9 billion respectively, on maturing peso and foreign currency government securities holdings. **Available for sale securities (AFS), due from BSP, and due from other banks** benefited from the proceeds of these matured securities. AFS grew by P12.1 billion or 13.3% due to the purchase of additional securities. Reserve assets are now carried in the Due from BSP account, which increased by P10.1 billion. Placements with other banks likewise resulted in a P2.9 billion increment in due from other banks. **Cash and other cash items** were down by P2.7 billion or 23.0% due to the lower cash requirement for the period as compared to year end.

Assets attributable to insurance operations rose by P3.1 billion or 15.4% from higher investment portfolio on account of new policy sales and re-investment of realized investment income. **Bank premises, furniture, fixtures & equipment** dropped by P988 million mainly on account of the reclassification of certain ex-Prudential Bank assets to **investment property**, which in turn grew by P467 million after the sale of certain bank properties.

Results of Operation

For the Quarters ended September 30, 2007 and 2006

Third quarter 2007 **net income** stood at P1.9 billion, P339 million or 15.0% behind last year's third quarter net income of P2.3 billion due to a 6.2% increase in operating expenses and a slight drop in revenues this quarter.

Total revenues slightly dropped by P97 million or 1.3% as both net interest income and other income declined. **Net interest income** was behind by P21 million, despite an expansion of P37.1 billion in average assets, as net interest margin dropped by 26 basis points. **Interest income** declined by P458 million on lower yields but this was tempered by a decrease in **interest expense** by P437 million on lower cost.

- The lower **interest income** was caused by the drop in income **on held-to-maturity and trading securities** by P467 million or 29.4% on lower inventory levels. This was partly compensated for by the P74 million improvement in income on **available for-sale securities (AFS)** due to a higher asset base but carrying lower yields than last year.
- Interest expense on **deposits** declined by P434 million or 12.9%, despite the P27.7 billion expansion in average balances, as interest rates were adjusted downwards following prevailing market rates.

Other income was at P2.4 billion, P76 million lower vs. last year's P2.5 billion. The decrease mainly came from **income from foreign exchange and securities trading**, which dropped by P504 million or 68.2% in the absence of trading gains this quarter. **Income attributable to insurance operations** also slid by P83 million or 33.0% on account of the bank's minority stake in a reinsurance company and lower investment profits. On the other hand, **other operating income** grew by P418 million or 38.7% on account of higher gains on sale of bank assets, income from the credit card business, rentals on bank premises, and trust and investment management fees. **Service charges and commissions** was also ahead by P132 million or 22.9% on higher volume of transactions. **GRT** increased by P39 million or 22.9% on account of the settlement of some prior period GRT assessments.

Impairment losses were lower by P101 million due to higher level of provisioning in the first semester.

Other expenses reached P4.7 billion, P274 million or 6.2% ahead of last year's P4.4 billion. Increase came from other operating expense, which posted a P339 million growth due to settlement of prior period taxes, and higher documentary stamps taxes, insurance costs, asset acquired expenses, and advertising costs.

Current income tax was up by P30 million due to higher taxable income of some subsidiaries. **Deferred income tax** also increased by P46 million or 114.8% due to lower loss provisions and the utilization of part of the NOLCO on account of higher taxable income. The decline in the **income of minority interest** by P6M was due to the lower income of the insurance subsidiaries.

For the Nine Months ended September 30, 2007 and 2006

Net income for nine months reached P7.6 billion, P784 million or 11.4% ahead of last year's P6.9 billion. Higher net income came from the P2.5 billion or 11.4% increase in revenues tempered by the P1.6 billion or 12.8% growth in operating expenses. Revenue increase was attributed to improvements in **net interest income** and **other income** by P665 million and P1.9 billion, respectively.

Net-interest income increase was driven by the P48 billion average asset expansion slightly reduced by a 15 basis points interest spread contraction. **Interest income** slid by P564 million however **interest expense** more than covered the drop as it exhibited a P 1.2 billion or 12.2% contraction.

- Income on **available-for-sale securities** and **deposit with banks** went up by P399 million and P362 million on higher average balances. Income on **held-to-maturity and trading securities** were however down by P900 million due to lower balances. While average loans were up by P21.7 billion, income on these were lower by P 476 million on lower yields. As a result of the lower level of interest income, **GRT** went down by P51 million.
- Interest expense on **deposits** dropped by P1.2 billion on lower deposits cost. Interest expense on **bills payable and other borrowings** likewise decreased by P48 million due to the lower cost of issuing deposit substitutes.

Substantial growth in other income was attributed largely to the P1.1 billion improvement in **other operating income** and the P958 million increase in the income of the insurance subsidiaries. Other operating income's better performance was due to higher profits on assets sold, rental income, stock brokerage fees, trust fees, underwriting/corporate finance fees, income from the credit card business and recovery on non-performing assets. Higher **income attributable to insurance operations** was due to higher net premiums and investment

income. **Service charges and commissions** likewise rose by P180 million on higher volume of transactions. Consequently, **GRT** was higher by P288 million or 63.7%.

Impairment losses were at P1.2 billion or P130 million higher than last year on accelerated loan loss provisioning.

Other expenses was at P14.1 billion, P1.6 billion or 12.8% ahead of last year's P12.5 billion. **Compensation & fringe benefits** were higher by P416 million or 7.4% mainly due to salary increases and benefits related expenses. **Other operating expenses** rose by P1.0 billion or 29.7% due to settlement of prior period taxes, higher advertising costs, asset acquired expenses, regulatory costs and miscellaneous expenses.

Current income tax increased by P184 million or 12.0% on account of higher tax paid and taxable income. **Deferred income tax** was down by P223 million or 115.0% on account of the NOLCO position. **Minority interest** was higher by P57 million or 41.8% on higher income of insurance subsidiaries.

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:

	September 30, 2007	September 30, 2006
Return on Equity (%)	15.5	15.5
Return on Assets (%)	1.8	1.8
Net Interest Margin (%)	4.2	4.5
Operating Efficiency Ratio (%)	56.8	56.0
Capital Adequacy Ratio (%)	15.2*	17.7**

* In line with Basel II guidelines affective July 1, 2007

** Basel I CAR to include credit and market risk

Return on equity (ROE), net income divided by average equity, and **return on assets (ROA)**, net income divided by average assets, were flat at 15.5% and 1.8%, respectively against same period last year. These indicate the bank's consistent effective use of its capital and resources to generate income.

Net interest margin (NIM), net interest income divided by average interest bearing assets, contracted by 28 basis points due to lower yields on the bank's earning assets following a downward trend on prevailing interest rates.

Operating efficiency ratio (cost to income), operating expenses divided by total revenues, slightly rose by a 0.8%. 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 September 30, 2007 is now under Basel II guidelines at 15.2%, down from last year due to additional risk points assigned to various risk assets. BPI's CAR is more than BSP's minimum requirement of 10%. The high level of profitability supports the bank's strong capital position even at a 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: November 14, 2007



GERTIE K. SINIO
Vice President – Corporate Planning & Accounting

Date: November 14, 2007

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

No. of Days Outstanding	Amount (In Thousands)	
01-90	P	646,235
91-180		31,835
181-360		128,221
Over 360		997,604

Grand Total	P	1,803,894
Less: Allowance for Probable Losses		616,405

Net of Allowance for Probable Losses	P	1,187,489
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