

**STANDARD DOCUMENT COVER SHEET  
FOR SEC FILINGS**

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

SEC Number **121**  
File Number

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

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

**PERIOD-ENDED March 31, 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**  
**MARCH 31, 2007 and DECEMBER 31, 2006**  
(In Thousands of Pesos)

<b>RESOURCES</b>	<b>Unaudited MARCH 31, 2007</b>	<b>Audited DEC. 31, 2006</b>
Cash and Other Cash Items	8,774,758	11,857,615
Due from Bangko Sentral ng Pilipinas	60,655,609	54,591,436
Due from Other Banks	7,413,323	7,922,944
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	36,048,718	22,942,133
Trading Securities	9,723,355	14,161,076
Investment Securities		
Available for Sale Securities, net	83,891,348	90,679,517
Held-to-Maturity Securities, net	59,572,107	68,751,736
Loans and Advances (Net)	230,843,325	243,191,472
Bank Premises, Furniture, Fixtures & Equipment, net	10,591,383	11,726,771
Investment Property, net	3,536,292	2,364,827
Assets Held for Sale, net	17,930,203	17,610,917
Equity Investments, net	934,602	932,913
Assets Attributable to Insurance Operations	20,986,766	19,794,867
Deferred Income Tax Assets, net	6,618,866	6,358,495
Other Resources, net	9,388,138	9,083,644
<b>TOTAL RESOURCES</b>	<b>566,908,791</b>	<b>581,970,365</b>
<b>LIABILITIES AND CAPITAL FUNDS</b>		
Deposit Liabilities		
Demand Deposits	76,075,370	72,407,516
Savings Deposits	127,138,901	123,416,857
Time Deposits	251,908,890	271,251,973
Sub-total	455,123,161	467,076,345
Bills Payable	8,495,173	5,715,956
Due to Bangko Sentral ng Pilipinas and Other Banks	1,189,350	1,006,489
Manager's Checks and Demand Drafts Outstanding	2,397,379	2,249,448
Accrued Taxes, Interests and Other Expenses	3,154,784	3,962,621
Liabilities Attributable to Insurance Operations	15,567,347	15,197,306
Deferred Credits and Other Liabilities	13,606,669	21,275,444
<b>TOTAL LIABILITIES</b>	<b>499,533,863</b>	<b>516,483,609</b>
<b>CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI</b>		
Capital Stock	27,042,702	27,042,702
Paid-in Surplus	1,355,808	1,355,808
Translation Adjustment	(182,309)	(93,942)
Reserves	4,241,012	5,542,485
Surplus	33,807,660	30,591,229
	<b>66,264,873</b>	<b>64,438,282</b>
<b>MINORITY INTEREST IN SUBSIDIARIES</b>	<b>1,110,055</b>	<b>1,048,473</b>
<b>TOTAL CAPITAL FUNDS</b>	<b>67,374,928</b>	<b>65,486,755</b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>	<b>566,908,791</b>	<b>581,970,365</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Quarters Ended March 31, 2007 and 2006**  
(In Thousands of Pesos)

	<u>Unaudited 2007</u>	<u>Unaudited 2006</u>
<b>INTEREST INCOME</b>		
On loans and advances	5,135,773	5,376,419
On held-to-maturity and trading securities	1,404,403	1,588,051
On available-for-sale securities	1,160,626	1,028,983
On deposits with banks	808,228	268,841
Gross Receipts Tax	(312,066)	(317,462)
	<b>8,196,964</b>	<b>7,944,833</b>
<b>INTEREST EXPENSE</b>		
On Deposits	2,923,012	3,177,443
On Bills Payable and other borrowings	121,190	134,235
	<b>3,044,203</b>	<b>3,311,677</b>
<b>NET INTEREST INCOME</b>	<b>5,152,762</b>	<b>4,633,155</b>
<b>IMPAIRMENT LOSSES</b>	<b>719,384</b>	<b>368,976</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>4,433,378</b>	<b>4,264,179</b>
<b>OTHER INCOME</b>		
Income from foreign exchange trading and trading securities	1,673,522	1,038,752
Service charges and commissions	647,630	601,409
Income attributable to insurance operations	843,833	219,647
Other operating income	1,118,652	977,581
Gross Receipts Tax	(200,736)	(147,552)
	<b>4,082,901</b>	<b>2,689,837</b>
<b>OTHER EXPENSES</b>		
Compensation and fringe benefits	1,914,648	1,676,893
Occupancy and equipment-related expenses	1,159,205	1,036,945
Other operating expenses	1,511,310	1,091,705
	<b>4,585,164</b>	<b>3,805,543</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,931,115</b>	<b>3,148,473</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	770,187	517,648
Deferred	(113,796)	85,232
	<b>656,391</b>	<b>602,880</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>3,274,724</b>	<b>2,545,593</b>
Attributable to:		
Equity holders of BPI	<b>3,214,708</b>	<b>2,503,213</b>
Minority interest	<b>60,017</b>	<b>42,380</b>
	<b>3,274,724</b>	<b>2,545,593</b>
Earnings per share:		
Based on 2,704,400,034 shares as of March 31, 2007 and 2,253,666,695 shares in 2006	<b>P 1.19</b>	<b>P 1.11</b>

**BANK OF THE PHILIPPINE ISLANDS**  
**STATEMENT OF CHANGES IN CAPITAL FUNDS**  
**FOR THE QUARTERS ENDED MARCH 31, 2007 & MARCH 31, 2006**  
(In Thousands of Pesos)

	<b>Consolidated</b>						
	<b>Attributable to equity holders of BPI</b>						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
<b>Balance, December 31, 2006</b>	Php27,042,701.60	Php1,355,808.44	(Php93,942.00)	Php5,542,485.00	Php30,591,229.00	Php1,048,473.32	Php65,486,755.00
Net change in available-for-sale investments, net of deferred income tax effect				(1,378,821.72)			(1,378,821.72)
Currency translation differences			(88,366.55)				(88,366.55)
Fair value reserve on investments of insurance subsidiaries				56,597.00			56,597.00
Net income (loss) recognized directly in equity	0.00	0.00	(88,366.55)	(1,322,224.72)	0.00	0.00	(1,410,591.27)
<b>Net income for the year</b>					3,214,707.60	60,016.54	3,274,724.14
<b>Total recognized income (loss) for the year</b>	<b>0.00</b>	<b>0.00</b>	<b>(88,366.55)</b>	<b>(1,322,224.72)</b>	<b>3,214,707.60</b>	<b>60,016.54</b>	<b>1,864,132.88</b>
Change in capital stock							0.00
Change in paid-in surplus							0.00
Transfer/Adj to/from surplus					1,723.40		1,723.40
Transfer to reserves							0.00
Value of services under stock option plan				20,752.00			20,752.00
Cash dividends							0.00
Stock dividends							0.00
Other changes in minority interest						1,564.90	1,564.90
<b>Balance, March 31, 2007</b>	Php27,042,701.60	Php1,355,808.44	(Php182,308.55)	Php4,241,012.28	Php33,807,660.00	Php1,110,054.77	Php67,374,928.18

	<b>Consolidated</b>						
	<b>Attributable to equity holders of BPI</b>						
	Capital stock	Paid-in surplus	Translation adjustments	Reserves	Surplus	Minority interest	Total
<b>Balance, December 31, 2005</b>	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				1,126,838			1,126,838
Currency translation differences			(40,134)				(40,134)
Fair value reserve on investments of insurance subsidiaries				54,770			54,770
Net income (loss) recognized directly in equity	-	-	(40,134)	1,181,608	-	-	1,141,474
<b>Net income for the year</b>					2,503,213	42,380	2,545,593
<b>Total recognized income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(40,134)</b>	<b>1,181,608</b>	<b>2,503,213</b>	<b>42,380</b>	<b>3,687,067</b>
Change in capital stock	45,794						45,794
Change in paid-in surplus		174,081					174,081
Transfer/Adj to/from surplus							-
Transfer to reserves				14,802	(14,802)		-
Value of services under stock option plan							-
Cash dividends							-
Stock dividends							-
Other changes in minority interest						22,238	22,238
<b>Balance, March 31, 2006</b>	Php22,524,886	Php1,246,710	(Php86,196)	Php2,496,749	Php36,209,591	Php1,605,209	Php63,996,950

**BANK OF THE PHILIPPINE ISLANDS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2007 AND MARCH 31, 2006**  
(In Thousands of Pesos)

	2007	2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before income tax	3,931,115	3,148,473
Adjustments for:		
Impairment losses	719,384	368,976
Depreciation and amortization	411,854	355,714
Equity in net income of associates	34	(92)
Share based compensation	20,752	-
Interest income	(8,509,030)	(8,262,294)
Interest received	8,517,592	8,086,218
Interest expense	3,044,203	3,311,677
Interest paid	(3,389,503)	(3,477,281)
Operating income before changes in operating assets and liabilities	4,746,400	3,531,390
Changes in operating assets and liabilities		
(Increase) decrease in:		
Due from Bangko Sentral in Pilipinas	(7,471,173)	(2,449,087)
Interbank loans receivable and securities purchased under agreements	7,243,919	2,392,528
Trading securities	4,437,721	(1,148,938)
Loans and advances	11,833,163	7,631,270
Assets held for sale	(319,286)	384,047
Assets attributable to insurance operations	227,617	(142,180)
Other resources	(591,777)	571,558
Increase (decrease) in:		
Deposit liabilities	(11,953,185)	(21,654,376)
Due to Bangko Sentral ng Pilipinas and other banks	182,861	(118,613)
Manager's checks demand drafts outstanding	147,931	(119,047)
Accrued taxes, interest and other expenses	(462,536)	(622,895)
Liabilities attributable to insurance operations	370,041	474,259
Deferred credits and other liabilities	(2,529,958)	953,331
Net cash from operating activities before income tax	5,861,737	(10,316,753)
Income taxes paid	(916,761)	406,823
Net cash generated from operating activities	4,944,976	(9,909,930)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase (decrease) in:		
Available for sale securities	5,409,348	17,260,109
Held-to-maturity securities	9,179,629	(849,166)
Bank, premises, furniture, fixtures and equipment	778,520	(558,719)
Dividends received	19,337	14,193
Equity investments	(30,662)	45,966
Assets attributable to insurance operations	(1,445,852)	(662,594)
Investment property	(1,171,465)	0
Net cash used in investing activities	12,738,855	15,249,791
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Dividends	(5,138,360)	(2,019,305)
Collection on stock subscriptions	-	277,449
Increase (decrease) in bills payable	2,779,217	(6,126,926)
Net cash (used in) provided by financing activities	(2,359,143)	(7,868,782)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	15,324,688	(2,528,921)
<b>CASH AND CASH EQUIVALENTS</b>		
December 31	32,505,990	31,351,162
March 31	47,830,678	28,822,241

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

<b>SEC REQUIREMENT</b>	<b>DISCLOSURE</b>
Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	The Bank's interim financial statements have been prepared in accordance with the Phil. Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Phil. Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council).
The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:	
<ul style="list-style-type: none"> <li>• A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2006 which was in accordance with the PFRS (Philippine Financial Reporting Standards) adopted by the SEC.</li> </ul>
<ul style="list-style-type: none"> <li>• Explanatory comments about the seasonality or cyclicity of interim operations</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period</li> </ul>	<ul style="list-style-type: none"> <li>• In compliance with the PFRS, the Bank adopted certain accounting and measurement methods in 2006. Those changes did not materially affect the current interim period.</li> </ul>
<ul style="list-style-type: none"> <li>• Issuances, repurchases, and repayments of debt and equity securities</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing to report</li> </ul>
<ul style="list-style-type: none"> <li>• Dividends paid (aggregate or per share) separately for ordinary shares and other shares</li> </ul>	<ul style="list-style-type: none"> <li>• Special and regular cash dividends declared on October 18, 2006 and November 15, 2006 at P1.00 and P0.90 per share, respectively, on the outstanding shares of 2.704 Bn were paid on January 11, 2007 to all stockholders of record as of December 27, 2006 amounting to a gross amount of P 5.138 Bn.</li> </ul>



**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007**

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

**BANK OF THE PHILIPPINE ISLANDS  
SEGMENT REPORT  
FOR THE QUARTER ENDING MARCH 31, 2007**

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING/ FINANCIAL MARKETS	CORP/ ELIM	TOTAL
Net Interest Income	3,011	1,159	938	45	5,153
Interest Income	5,937	1,256	971	33	8,197
Interest Expense	2,925	97	33	-11	3,044
Other Income	1,178	270	1,871	764	4,083
Net Interest Income & Other Income	4,190	1,429	2,809	809	9,236
Operating and Other Expenses	3,510	505	150	420	4,585
Income Before Impairment Losses, Income Tax and Minority Interest	680	924	2,658	388	4,650
Impairment Losses	140	375	0	204	719
Income before Income Tax & Minority Interest	540	549	2,658	184	3,931
Provision for Income Tax					656
Minority Interest					60
Net Income					3,215
	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING/ FINANCIAL MARKETS	CORP/ ELIM	TOTAL
Assets	153,211	157,589	226,633	29,475	566,909
Liabilities	472,343	8,519	3,670	15,002	499,534
Capex	156	1	1	67	224
Depreciation	197	89	4	136	426

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

### **Financial Condition**

**Total resources** as of end March 2007 stood at P566.9 billion, P15 billion or 2.6% lower than end 2006 level of P582.0 billion. **Deposits** contracted by P11.9 billion as P19.3 billion in **time deposits** matured during the quarter. **Demand and savings deposits** reflected a combined increase of P7.4 billion, partly negating this decline in time deposits. **Deferred credits and other liabilities** likewise dropped by P7.7 billion or 36.1% caused by the P5.1 billion payment of regular and cash dividends declared in October and November last year, lower contra account of bills purchased as well as sundry credit accounts. **Accrued taxes, interest and other expenses** also declined by P807 million or 20.4% on payments of accrued expenses and interests on matured/redeemed time deposits. **Bills payable** on the other hand grew by P2.8 billion or 48.6% to compensate in part for the drop in deposits. **Due to Bangko Sentral ng Pilipinas (BSP) and Other Banks** rose by P183 million coming from higher collection of taxes, accrual of BSP Supervision and Examination fees and growth in due to other banks account. **Manager's checks and demand drafts outstanding** increased by P148 million due to new manager's checks issued.

**On capital funds, surplus** account grew by P3.2 billion or 10.5% mainly due to the first quarter's net income of P3.2 billion. **Reserves** declined on account of the drop in mark to market valuation of available for sale securities. **Translation adjustment** debit balance on foreign currency denominated assets went up by P88 million or 94.1% on account of the stronger peso vis-à-vis the US dollar. **Minority interest in subsidiaries** rose by P62 million due to the higher income of the bank's subsidiaries.

On the asset side, net **loans** were down by P12.3 billion arising from the payments of maturing loans of corporate clients. **Trading securities** dropped by P4.4 billion due to some profit taking activities in the first quarter, while **Investment securities - held-to maturity and available for sale securities** declined by a total of P16.0 billion due to maturities. **Cash and other cash items** were down by P3.1 billion or 26% to normal level from the relatively higher cash requirement level at year end. The funds released from the aforementioned assets were thus invested in **interbank loans receivable and securities purchased under agreements to sell and due from BSP**, which grew by P13.1 billion (57.1%) and P6.1 billion (11.1%), respectively. **Due from other banks** contracted by P510 million due to lower balances maintained with foreign banks in line with the lower level of foreign currency deposits. **Bank premises, furniture, fixtures & equipment** also dropped by P1.1 billion mainly on account of the reclassification of certain ex-Prudential Bank assets to **Investment Property**, which in turn grew by P1.2 billion. **Assets attributable to insurance operations** improved by P1.2 billion or 6.0% from the investments of insurance premium collections relative to new policy sales.

## Results of Operation

### For the Quarters ended March 31, 2007 and 2006

The first quarter of 2007 brought in a total of P3.2 billion in **net income**, which is P711 million or 28.4% higher than last year's P2.5 billion. This noteworthy operating performance was largely attributed to improved revenues of P1.9 billion inclusive of a P416 million non-recurring gain on sale of a real estate property of an insurance subsidiary. Revenue growth was however tempered by increases in **operating expenses, impairment losses and provision for income tax** by P780 million, P350 million and P53 million, respectively.

The growth in revenues came largely from the P 1.4 billion or 51.8% improvement in **non-interest income**. **Net interest income** also contributed to revenue growth as it posted a P520 million or 11.2% increase.

The **net interest income** increase came mainly from the P53.2 billion expansion in average asset base. Net interest margin was relatively flat. **Interest income** was up by P252 million while **interest expense** went down by P267 million.

- On the **interest income** side, income on **deposit with banks and available for-sale securities (AFS)** improved by P539 million or 200.6% and P132 million or 12.8%, respectively. The improvement in the income on deposit with banks was attributed to the expanded BSP average balances while that of AFS was due to the higher yield on foreign currency denominated securities. Income on **held-to-maturity and trading securities** dropped by P184 million or 11.6% due to the lower level of financial assets – held-to-maturity, a portion of which were reclassified to available for sale as allowed by BSP Circular No. 558.
- Interest expense on **deposits** declined by P254 million or 8.0%, despite the P48.9 billion expansion in average level, due to the lower interest rates on peso deposits. Interest expense on **bills payable and other borrowings** also went down by P13 million or 9.7% on decreased average level resulting from maturities.

**Other income** reached P4.1 billion or P1.4 billion over last year's P2.7 billion. This was mostly attributed to **income from foreign exchange and securities trading** and **income attributable to insurance operations**. **Income from foreign exchange and securities trading** posted a P635 million or 61.1% increase on account of strong securities trading profits. **Income from insurance operations** grew by P624 million largely due to the gain on the sale of a property and good investment performance. **Service charges and commissions** were also up by P46 million due to higher transaction volume. **Other operating income** rose by P141 million on higher rental income on bank assets and stock brokerage fees. The higher total other income resulted to a **Gross receipts tax** increase of P53 million or 36.0%.

**Impairment losses** amounted to P719 million, up 95.0% on accelerated loan loss provisioning.

**Other expenses** at P4.6 billion were ahead by 20.5% versus last year's P3.8 billion inclusive of one-time expenses. **Compensation and fringe benefits** were higher by P238 million or 14.1% due to increase in salaries & wages and some one-off accruals. **Occupancy and equipment-related expenses** were also up by P122 million or 11.8% on account of higher depreciation, rent, software license costs and leased lines expense. The increase in **other operating expense** of P420 million was due to settlement of prior period taxes, higher regulatory costs on deposits and other miscellaneous costs.

**Current income tax** was up by P252 million or 48.89% as a result of higher taxable income. **Deferred income tax** increased by P199 million or 233.5% due to higher impairment losses level. Increase in the **income of Minority Interest** by P18 million or 41.6% was due to the higher income of our 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:

	March 31, 2007	March 31, 2006
Return on Equity (%)	20.2	16.8
Return on Assets (%)	2.3	2.0
Net Interest Margin (%)	4.3	4.3
Operating Efficiency Ratio (%)	49.7	52.0
Capital Adequacy Ratio (%)*	15.9**	19.1

\* Includes both credit and market risks;

\*\* As of December 2006 as March 31, 2007 report still in process.

**Return on equity** (ROE), net income divided by average equity, substantially improved by 3.4% on robust earnings indicating more efficient utilization of capital. **Return on assets** (ROA), net income divided by average assets, also improved from 2.0% to 2.3% indicating better utilization of the bank's resources.

On the other hand, **net interest margin** (NIM), net interest income divided by average interest bearing assets, was flat at 4.3% as the spreads were preserved despite the overall drop in the interest rates.

**Operating efficiency ratio** (cost to income), operating expenses divided by total revenues, improved by a commendable 2.3% showing the bank's efficiency in utilizing operating expenses to generate bigger profits.

**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 December 2006 was lower by 3.2% versus end March 2006 due to the higher level of risk assets in December. Latest CAR is however more than BSP's minimum requirement of 10% notwithstanding a high dividend pay-out ratio in 2006. The bank's strong capital position is a product of the bank's ability to generate profits.

### **Material Events and Uncertainties**

The Bank has nothing to report on the following:

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

**SIGNATURES**

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

**BANK OF THE PHILIPPINE ISLANDS**

Issuer



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

Date: May 15, 2007



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

Date: May 15, 2007

**BPI UNIBANK  
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE  
MARCH 31, 2007**

<b>No. of Days Outstanding</b>	<b>Amount (In Thousands)</b>	
01-90	P	738,366
91-180		227,329
181-360		233,859
Over 360		679,319
		-----
<b>Grand Total</b>	<b>P</b>	<b>1,878,873</b>
<b>Less: Allowance for Probable Losses</b>		<b>625,950</b>
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<b>Net of Allowance for Probable Losses</b>	<b>P</b>	<b>1,252,922</b>
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