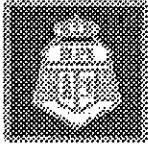


BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF INCOME
FOR THE QUARTER ENDED March 31, 2007

INTEREST INCOME	
On Loans & advances	3,551,798,283
On Held-to-maturity and trading securities	1,227,575,850
On Available for Sale Securities	867,486,399
On Deposit with Banks	641,246,494
	<u>6,288,107,026</u>
GRT	233,223,039
Total, Net of GRT	<u>6,054,883,987</u>
INTEREST EXPENSE	
On Deposits	2,075,650,009
On Bills Payable and Other Borrowings	88,757,270
	<u>2,164,407,279</u>
NET INTEREST INCOME	<u>3,890,476,708</u>
IMPAIRMENT LOSSES	<u>674,404,623</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>3,216,072,085</u>
OTHER INCOME	
Service Charges and Commissions	493,640,465
Income from foreign exchange trading and trading securities	1,238,238,335
Other operating income	1,800,901,999
	<u>3,532,780,799</u>
GRT	159,946,350
Total, Net of GRT	<u>3,372,834,449</u>
OTHER EXPENSES	
Compensation and fringe benefits	1,385,671,311
Occupancy and equipment -related expenses	912,304,586
Other operating expenses	1,331,449,788
	<u>3,629,425,685</u>
INCOME BEFORE INCOME TAX	<u>2,959,480,849</u>
PROVISION FOR INCOME TAX	
Current	523,852,881
Deferred	(163,238,314)
NET INCOME FOR THE QUARTER	<u>2,598,866,282</u>



BANK OF THE PHILIPPINE ISLANDS
Founded 1851

PRESS STATEMENT
FIRST QUARTER 2007 FINANCIAL RESULTS

The Bank of the Philippine Islands realized P3.2 billion in net income for the first quarter of the year, inclusive of a P416 million non-recurring gain on sale of a real estate property of an insurance subsidiary. This year's income was 28% higher than the same period in 2006, mainly attributable to a 26% expansion in total revenues. Correspondingly, return on equity and return on assets registered higher at 20.2% and 2.3% from the year ago levels of 15.2% and 1.7%, respectively.

Average asset base grew by 10% on year on year basis resulting in an 11% increase in net interest income. Net interest margin was relatively stable.

Non interest income contributed strongly to revenue growth, rising by 52%. Major contributors to this performance were the income from the foreign exchange and securities trading, and the insurance subsidiaries. Trading gains increased by 61%, as the bank benefited from the 255 basis points drop in the average Treasury Bill rate during the period. The pre-tax income of the insurance subsidiaries grew by 2.8x on good investment income and the realized gain on the sale of a property.

Operating expenses likewise reflected a relatively high increase of 20% to include some tax settlements pertaining to prior years and some one-off accruals. Notwithstanding this, the bank's cost to income ratio improved to 50% from 52% on stronger revenue growth.

Impairment losses on loans were likewise accelerated to P719 million from P369 million the previous year.

The bank's resources organically grew by 12% from a year ago, with deposits posting a higher rate of 14%. Total loans posted a modest increase of 5%. Consumer loans however continued to grow at a faster pace of 11%, with mortgages registering a more robust 16% rate of increase. The first quarter also saw the Bank of America, N.A. winning the bid for the purchase of the bank's P3.7 billion non-performing loans.

In line with the bank's thrust of servicing its customers regardless of country borders, the bank recently obtained the approval of the Financial Services Authority (FSA) to open a new, wholly-owned bank subsidiary in the United Kingdom. The Bank of the Philippine Islands (Europe) PLC will engage in current account, savings and time deposit taking, personal loans, credit cards and remittance business.

The bank's regular cash dividend of P0.90 per share for the first semester was declared last April 18 and will be payable after the receipt of the approval of the Bangko Sentral ng Pilipinas.