

COVER SHEET

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S.E.C. Registration Number

B A N C O D E O R O U N I V E R S A L B A N K

(COMPANY'S FULL NAME)

1 2 A D B A V E N U E O R T I G A S C E N T E R

M A N D A L U Y O N G C I T Y

(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

ALBERTO D. REYES/RUBY A. CRUZ

Contact Person

702-6000 LOC 5325/5326

Company Telephone Number

0 3

Month

3 1

Day

S E C 1 7 - Q

Form Type

0 5

Month

2 6

Day

Annual Meeting

Secondary License type, if applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,624

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND BRC RULES 17 (2) (b) THEREUNDER**

1. For the quarter ended **March 31, 2007**.
2. Commission identification number **34001**
3. BIR Tax Identification No. **000-708-174-000**

BANCO DE ORO UNIVERSAL BANK

4. Exact name of issuer as specified in its charter
- Mandaluyong City, Philippines**
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code (For SEC Use Only)

12 ADB Ave. Ortigas Center, Mandaluyong City

7. Address of issuer's principal office Postal Code
- 702-6000 Loc. 5325 & 5326**
8. Issuer's Telephone number, including area code

NA

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Section 8 and 12 of the Code of Section 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding	Amount of Debt Outstanding
Common stock	962,023,048	

11. Are any or all of the securities listed on a stock exchange?
Yes No. []
If yes, state the name of such stock exchange and the class/es of securities listed
therein: Philippine Stock Exchange -Common Stock


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 Section 11 of the RSA and RSA 11 (a)-1 thereunder, and Section 26 and 141 of the Corporations Code of the Philippines, during the preceding twelve (12) months or such shorter period the registrant was required to file such reports.

Yes No. []
 - b. has been subject to such filing requirements for the last ninety (90) days
Yes No. []

SIGNATURES

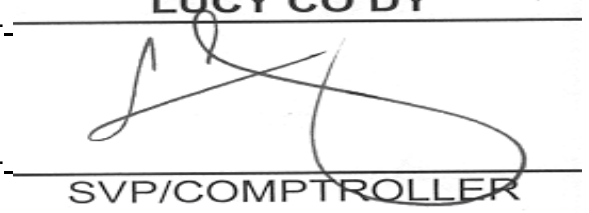
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... **BANCO DE ORO UNIVERSAL BANK**

Signature and Title..... 
LUCY CO DY
SVP/COMPTROLLER

Date..... **May 9, 2007**

Principal Financial /Accounting Officer/Comptroller..... **LUCY CO DY**

Signature and Title..... 
SVP/COMPTROLLER

Date..... **May 9, 2007**

SEC FORM 17-Q

I hereby certify that all the information set forth in the above report are true and correct of my own knowledge.


LUCY CO DY (SVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION)




REPUBLIC OF THE PHILIPPINES }
CITY OF MANDALUYONG } S.S.

SUBSCRIBED AND SWORN TO before me this 11th day of May,

2007, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	Passport – JJ891301	06.06.2002/Manila


Atty. CRISTINA G. NGO
Notary Public until 12/31/07, Mandaluyong City
No. 12 ADB Avenue Ortigas Center, Mandaluyong City
Roll No. 38228, IBP Lifetime Member No. 02468
PTR No. M0840557, Mandaluyong City. 01/03/06

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Book No. IV
Series of 2007

- * To be signed by any of the following officers pursuant to a Board Resolution filed with the Commission
1. Chief Operating Officer
 2. Chief Financial Officer
 3. Comptroller or Treasurer

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ADB Ave Ortigas Center, Mandaluyong City

CONSOLIDATED STATEMENT OF CONDITION
(Amounts in Thousands of Pesos)

		<u>As of</u> <u>Mar 31, 2007</u>		<u>Audited</u> <u>As of</u> <u>Dec 31, 2006</u>
<u>RESOURCES</u>				
CASH AND OTHER CASH ITEMS	P	4,812,183	P	9,303,950
DUE FROM BANGKO SENTRAL NG PILIPINAS		27,778,610		18,973,914
DUE FROM OTHER BANKS		7,977,269		6,494,530
INVESTMENT SECURITIES				
Financial Assets at Fair Value Through Profit or Loss		10,001,151		7,933,824
Available-for-Sale Securities – net		51,970,962		54,031,463
Held-to-Maturity Investments – net		38,024,439		44,888,856
LOANS AND OTHER RECEIVABLES –net		127,468,789		137,029,238
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		1,895,751		1,889,942
EQUITY INVESTMENTS - net		3,455,481		3,456,182
REAL AND OTHER PROPERTIES ACQUIRED				
Non-Current Assets Held for Sale		3,486,543		3,611,056
Investment Properties		1,374,454		1,347,325
OTHER RESOURCES - net		16,447,122		15,513,208
TOTAL RESOURCES	P	294,692,754	P	304,473,488
<u>LIABILITIES AND CAPITAL FUNDS</u>				
DEPOSIT LIABILITIES				
Demand	P	7,029,946	P	7,320,590
Savings		139,900,422		145,241,422
Time		73,114,934		77,465,760
Total Deposit Liabilities		<u>220,045,302</u>		<u>230,027,772</u>
BILLS PAYABLE		39,263,291		40,279,258
DERIVATIVE LIABILITIES		1,185,570		1,620,789
OTHER LIABILITIES		9,213,949		8,116,885
Total Liabilities		<u>269,708,112</u>		<u>280,044,704</u>
CAPITAL FUNDS		<u>24,984,642</u>		<u>24,428,784</u>
TOTAL LIABILITIES AND CAPITAL FUNDS		<u>294,692,754</u>		<u>304,473,488</u>
<u>CONTINGENT</u>				
Trust department accounts		99,307,616		98,115,617
Unused commercial letters of credit		16,147,128		7,924,964
Outstanding guarantees issued		696,779		658,050
Bills for collection		1,460,603		967,347
Late deposits/payment received		752,947		502,827
Others		152,824,366		114,195,002
TOTAL CONTINGENT ACCOUNTS		<u>271,189,439</u>		<u>222,363,807</u>

Note: This Financial Statement is in accordance with generally accepted accounting principle (GAAP)

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ADB Ave. Ortigas Center, Mandaluyong City

CONSOLIDATED STATEMENT OF INCOME & EXPENSES
(Amounts in Thousands of Pesos Except Per Share Data)

	For the three-month Period ended Mar 31, 2007	For the three-month Period ended Mar 31, 2006
INTEREST INCOME ON		
Loans and Receivables	P 2,367,545	P 2,209,242
Investment Securities	1,911,015	1,820,527
Due from Other Banks	236,477	76,504
Others	<u>194,232</u>	<u>82,252</u>
Total Interest Income	<u>4,709,269</u>	<u>4,188,525</u>
INTEREST EXPENSE ON		
Deposit Liabilities	2,026,813	1,818,329
Bills Payable and Others	<u>464,237</u>	<u>618,813</u>
Total Interest Expense	<u>2,491,050</u>	<u>2,437,142</u>
NET INTEREST INCOME	2,218,219	1,751,383
IMPAIRMENT LOSSES	<u>225,687</u>	<u>172,744</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>1,992,532</u>	<u>1,578,639</u>
OTHER INCOME		
Trading Gain	758,982	731,895
Service Charges and Fees	891,109	399,020
Trust Fees	33,375	153,056
Foreign Exchange Gain/(Loss) – net	160,447	-22,745
Miscellaneous – net	<u>34,628</u>	<u>-87,290</u>
Total Other Income	<u>1,878,541</u>	<u>1,173,936</u>
OTHER EXPENSES		
Employee Benefits	673,146	466,403
Occupancy	297,408	249,499
Taxes and Licenses	549,976	249,926
Security, Clerical, Messengerial and Janitorial	126,467	88,878
Insurance	118,284	89,935
Documentary Stamps Used	105,367	99,712
Advertising	61,158	47,161
Litigation/Assets Acquired	51,733	108,163
Representation and Entertainment	61,418	32,291
Repairs and Maintenance	64,536	42,041
Miscellaneous	<u>900,375</u>	<u>562,197</u>
Total Other Expenses	<u>3,009,868</u>	<u>2,036,206</u>
INCOME BEFORE TAX	861,205	716,369
TAX EXPENSE (INCOME)	23,281	9,873
NET INCOME AFTER TAX	<u><u>837,924</u></u>	<u><u>706,496</u></u>
AVERAGE COMMON STOCK	962,023	942,584
INCOME PER SHARE (See annex A)		
Basic	0.87	0.75
Diluted	0.85	0.73

Note: This financial statement is in accordance with generally accepted accounting principle (GAAP).

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
STATEMENT OF CASH FLOWS
As of March 31, 2007 and March 31, 2006
(Amounts in Thousands of Pesos)

	Mar 31, 2007	Mar 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Income after tax	837,924	706,496
Prior Year Adjustment		
Decrease (Increase In)		
Due from BSP	-8,804,696	-4,368,001
Due from Other Banks	-1,482,739	1,083,159
Financial Assets at Fair Value Through Profit or Loss	-2,067,327	1,994,646
Available-for-Sale Securities	2,060,501	-691,897
Held to Maturity	6,864,417	-219,812
Loans and Other Receivables	9,560,449	-4,233,765
Non Current Assets Held for Sale	124,513	383,295
Investment Property	-27,129	-323,134
Other Resources	-933,914	-231,928
	5,294,075	-6,607,437
Increase (Decrease) in:		
Deposit Liabilities	-9,982,470	4,947,231
Derivatives	-435,219	-244,470
Other Liabilities	1,097,064	-204,608
Net Unrealized (G/L) on AFS	-588,920	423,422
	-9,909,545	4,921,575
Net cash used in operating activities	-3,777,546	-979,366
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equity Investment	701	26,684
Bank Property & Equipment	-5,809	-85,879
Net cash used in investing activities	-5,108	-59,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Stock	3	224,302
Surplus	306,851	441,276
Bills Payable	-1,015,967	-2,433,553
Net Cash from financing activities	-709,113	-1,767,975
NET INCREASE IN CASH AND OTHER CASH ITEMS	-4,491,767	-2,806,536
CASH AND OTHER CASH ITEMS AT BEGINNING OF YEAR	9,303,950	6,621,220
CASH AND CASH EQUIVALENT AT THE END OF QUARTER	4,812,183	3,814,684

Note: This financial statement is in accordance with generally accepted accounting principle (GAAP)

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
COMPARATIVE QUARTERS ENDED March 31, 2007 & 2006
(Amounts in Thousands of Pesos)

	<u>Mar 31, 2007</u>	<u>Mar 31, 2006</u>
CAPITAL STOCK		
Beginning Balance	9,620,233	9,395,933
Issuance of Common Shares	0	224,299
Balance end of Qtr. March	<u>9,620,233</u>	<u>9,620,232</u>
COMMON STOCK OPTION		
Beginning Balance	28,914	0
Balance end of Qtr. March	<u>28,914</u>	<u>0</u>
TREASURY SHARES – At Cost		
Balance Beginning	-28,225	-28,225
Balance end of Qtr. March	<u>-28,225</u>	<u>-28,225</u>
ADDITIONAL PAID IN CAPITAL		
Balance beginning	2,439,978	2,064,277
Additional Paid in Capital on Common Stock issued during the year	0	375,701
IPO Related Expenses	0	569
Equity component of IFC convertible loan	0	-5,430
Balance end of Qtr. March	<u>2,439,978</u>	<u>2,435,117</u>
SURPLUS RESERVES		
Balance beginning	218,929	104,063
Transfer from Surplus Free	12,000	0
Balance end of Qtr. March	<u>230,929</u>	<u>104,063</u>
SURPLUS FREE		
Balance beginning	10,561,438	7,256,061
Net Income	837,924	706,496
Transfer to Surplus Reserves	-12,000	0
Declaration of Cash Dividends	-769,618	0
Auditor's adjusting entries	50,945	45,625
Balance end of Qtr. March	<u>10,668,689</u>	<u>8,008,182</u>
UNREALIZED DECLINE IN VALUE OF ASS		
Balance end of Qtr. March	<u>2,024,124</u>	<u>1,890,431</u>
TOTAL EQUITY	<u><u>24,984,642</u></u>	<u><u>22,029,800</u></u>

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
 12 ABD Ave. Ortigas Center, Mandaluyong City

AGING OF LOANS AND ACCOUNTS RECEIVABLE
 As of March 31, 2007
 (Amounts in Thousands of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK CALL LOANS RECEIVABLES	12,702,309	0	0	0	0	12,702,309
Interbank Call Loan Receivable-Local Banks	296,233					296,233
Interbank Call Loan Receivable Fcdu(Fx Banks-Abroad)	12,406,076					12,406,076
B. LOANS AND RECEIVABLES	114,536,563	1,067,705	903,521	2,924,510	883,692	120,315,991
Loans & Discounts	80,313,228	579,080	532,240	1,598,392	796,496	83,819,436
Agra-Agri Loans	5,271,462		80,900	175,717		5,528,079
Development Incentive Loans	56,443					56,443
Bills Purchases	2,518,969			12,396		2,531,365
Customers Liability on draft under LC/TR	8,234,147	223,531	110,957	276,723	59,557	8,904,915
Customers Liability for this bank's acceptances	767,317					767,317
Credit Card Receivables	2,982,049	221,577	72,666	108,860		3,385,152
Restructured Loans	435,144	35,987	92,658	444,680	11,685	1,020,154
Other Loan & Receivables	1,583,843	7,530	14,100	307,742	15,954	1,929,169
Reverse Repurchase Agreement	12,373,961					12,373,961
C. ACCOUNTS RECEIVABLE	1,343,153	3,846	1,398	181,351		1,529,748
TOTAL	128,582,025	1,071,551	904,919	3,105,861	883,692	134,548,048

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
COMPUTATION OF WEIGHTED NUMBER OF COMMON SHARES
(Amounts in Thousands of Pesos Except Per Share Data)

NO. OF SHARES – COMMON As of March	<u>Balance of Common Shares</u>		<u>Average Number of Common Shares</u>
January 2006	939,593		
February 2006	939,593	78 days	814,314
March 2006	962,023	12 days	128,270
Weighted Average			<u><u>942,584</u></u>
Basic Earnings per share			
Consolidated Net Income			706,496
Divided by the weighted average number of outstanding common shares			<u>942,584</u>
Basic Earnings per share			<u><u>0.75</u></u>
Diluted Earnings Per Share			<u><u>0.73</u></u>
January 2007	962,023		
February 2007	962,023		
March 2007	962,023		
Weighted Average			<u>962,023</u>
Basic Earnings per share			
Consolidated Net Income for the three-months period ending March 2007			837,924
Divided by the weighted average number of outstanding common shares			<u>962,023</u>
Basic Earnings per share			<u><u>0.87</u></u>
Diluted Earnings Per Share			
Consolidated Net Income for the quarter March 31, 2007			837,924
Add: Interest Expense on convertible loan	8,282		
Less: Tax benefits from Interest Expense	<u>2,899</u>		5,383
Total Consolidated net income for DEPS computation			<u>843,307</u>
Weighted Average number of outstanding common shares	962,023		962,023
Add: Convertible loans from IFC			
Peso book value of loan as of March 31, 2007	480,145		
Conversion price	<u>16.70</u>		
Potential Common Shares from assumed conversion of convertible loans			28,751
Potential Common Shares from assumed conversion of stock option plan			<u>2,722</u>
Total weighted average Common Shares after conversion			<u><u>993,496</u></u>
Diluted Earnings Per Share			<u><u>0.85</u></u>

CHECKLIST OF REQUIRED DISCLOSURES
BANCO DE ORO UNIVERSAL BANK
For the three months ended: March 31, 2007

FINANCIAL INFORMATION

6. Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles.

The Bank's interim financial statements is in compliance with generally accepted accounting principles (GAAP).

- 7.a 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.

The Bank's interim financial statements have been prepared using the same accounting policies and methods of computation as compared with the most recent annual financial statements.

- 7.b Explanatory comments about the seasonality or cyclicity of interim operations.

Remarks: There is no seasonality or cyclicity in the Bank's operations.

- 7.c 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.

Remarks: NONE

- 7.d 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.

Remarks: NONE

- 7.e Issuances, repurchases, and repayments of debt and equity securities.

Remarks: NONE

- 7.f Dividends paid (aggregate or per share) separately for ordinary shares and other shares

The Bank's Board of Directors approved the declaration of a P0.80 per share cash dividends. The record date was January 22, 2007 and the cash dividends were paid on February 8, 2007.

- 7.g 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).

Remarks: NONE. The Bank does not yet report quarterly revenues and expenses by business segment.

7.h Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Remarks: NONE

7.i The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

Remarks: NONE

7.j Changes in contingent liabilities or contingent assets from December 31,2006.

- **Total Contingent Accounts went up by 22% to P271.189B primarily due to the following:**
- **Unused Commercial Letters of Credit and Outstanding Guarantees grew by 104% and 6%, respectively, to P16.147B and P697 million on account of a higher level of trade transactions.**
- **Bills for Collection rose by 51% to P1.460B coming from an increase in bills, drafts and checks sent for collection.**
- **Late Deposit / Payments Received was up by 50% to P753M as more transactions were received from clients after clearing cut-off time.**
- **Other Contingent Accounts grew by 34% to P152.824B mainly due to increased levels of spot and forward exchange transactions.**

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – March 2007 vs. December 2006

- Total Resources slightly declined by 3% to P294.693B, from an 8% decrease in liquid assets as the Bank unwinded a portion of its high cost deposits.
- Cash and Other Cash Items was reduced by 48% to P4.812B as the Bank maximized earnings on reserve assets. In addition, the year-end 2006 level was unusually high due to cash deposits by clients, from sales generated during the Christmas season.
- Due from BSP account accordingly grew by 46% to P27.779B, coming from the Bank's cash account as well as additional reserves from a higher level of deposits.
- Due from Other Banks increased by 23% to P7.977B on account of higher levels of foreign currency denominated placements.
- Held-to-Maturity Securities dropped by 15% to P38.024B from a reclassification to Trading Account Securities and Available for Sale Securities.
- While Trading account Securities expanded by 26% to P10.001B, Available for Sale Securities, on the other hand, declined by 3% to P51.971B as the Bank sold part of its investments portfolio.
- Loans and Other Receivables declined by 7% to P127.469B owing to a 49% drop in interbank loans, which was used to fund the reduction in high cost deposits. Gross receivables from customers, on the other hand, grew by 4% as the Bank continued to aggressively expand its loan portfolio.
- Other Resources went up by 6% to P16.447B on account of an increase in miscellaneous assets.
- Deposit Liabilities went down by 4% to P220.045B as the Bank unwound a portion of its high cost deposits to improve interest margins.
- Derivative Liabilities contracted by 27% to P1.186B due to maturing transactions which were not renewed in the first quarter.
- Other Liabilities increased by 14% to P9.214B from higher levels of accruals as well as outstanding checks and acceptances payables.

II. Balance Sheet – March 2007 vs. March 2006

- Total Resources expanded by 24% or P57.068B from the previous year's level of P237.625B, owing to a growth in earning assets funded by a healthy increase in deposits.
- Cash and Other Cash Items increased by 26%, owing to the growth in deposit levels and branch network.
- Due from BSP rose by 221% on account of a higher level of reserves consistent with the deposit growth.
- Due from Other Banks went up by 97%, primarily foreign currency denominated placements and working balances with foreign banks.
- Investment Securities expanded by 13% from the deployment of excess funds, as deposit growth outpaced the increase in the loan portfolio. Financial Assets at Fair Value Through Profit or Loss, Available-for-Sale Securities and Held-to-Maturity Securities grew by 74%, 2% and 20%, respectively.
- Loans and Other Receivables went up by 20% due to a higher level of customer loans as well as securities purchased under reverse repurchase agreements. Gross receivables from customers grew by 21% year-on-year from aggressive loan portfolio expansion.

- **Non-current Assets Held for Sale** increased by 14% to P3.487B owing to the reclassification of foreclosed assets from Investment Properties, which dropped by 20% to P1.374B.
- **Deposit Liabilities** grew by 33% from effective deposit marketing as well as an expanded branch network
- **Bills Payable** was down by 10% to P39.263B primarily due to the liquidation of foreign currency borrowings.
- **Derivative Liabilities** increased by 30% from a higher level of Treasury's investment products with embedded derivatives.
- **Other Liabilities** grew by 51% coming from a year-on-year rise in unearned income and accruals consistent with the increased level of assets, liabilities and operating expenses.
- **Capital Funds** went up by 13% to P24.985B owing to the profitable operations of the Bank.

III. Income Statement –March 2007 vs. March 2006

- **Net Income** registered a 19% growth, reaching P838M for the first quarter of the year from P706M for the same period last year.
- **Interest Income** increased by 12% to P4.709B owing to an expansion in the Bank's securities and loan portfolios.
- **Interest Expense** inched up by 2% to P2.491B from the growth in deposits.
- **Consequently, Net Interest Income** went up by 27% to P2.218B.
- **The Bank** set aside P226M as Provision for Impairment Loss, 31% higher than the P173M for the same period last year.
- **Other Income** expanded by 60% to P1.879B due to the following:
 - **Trading Gain** was slightly up by 3% to P759M from profit-taking on the Bank's trading portfolio.
 - **Service Charges and Fees** surged by 123% on account of P891M brought about by increased business from investment banking, transaction banking, consumer banking, insurance and OFW remittances.
 - **Trust Fees** dropped by 78% to P33M owing to lower levels of assets managed, primarily Unit Investment Trust Funds.
 - **Foreign Exchange Gain** of P160M represents a P183M growth from the P23M loss for the same period last year. This is primarily due to increased volume of trade transactions and OFW remittances.
 - **Miscellaneous Income** likewise increased by P122M, from a loss of P87M to an income of P35M. The loss for the same period last year was related to acquired asset transactions.
- **Operating Expenses** grew by 48% to P3.010B owing to the following:
 - **Employee Benefits** increased by 44% brought about by a higher manpower count from business expansion.
 - **Occupancy and equipment-related expenses** went up by 19% owing to the expansion of the Bank's branch network and various business lines.
 - **Insurance expenses, Repairs & Maintenance, as well as Security, Clerical, Messengers & Janitorial expenditures** rose by 32%, 54% and 42%, respectively, owing to the growth in branches and other fixed assets.
 - **Taxes and Licenses as well as Documentary Stamps Used** went up by 120% and 6%, respectively, due to increased business volume as well as the settlement of previous assessments

- Information Technology and Litigation/Assets Acquired expenses both dropped by 28% and 52%, respectively, after considerable IT and ROPA-related expenditures last year.
- Advertising, Representation and Other Expenses grew by 30%, 90% and 67%, supporting the increased business volume.
- Tax Expense rose by 136% to P23M from a higher level of taxable FCDU income.

1. Discussion of the company's and its majority-owned subsidiaries' top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis.

	1Q2007	1Q2006	Inc/(Dec)
1.) Return on Average Equity (Annualized)			
Net Income / Average Total Capital Account			
837,924 / 24,706,713	13.57%		
706,496 / 21,132,052		13.37%	0.20%
2.) Return on Average Assets (Annualized)			
Net Income / Average Total Assets			
837,924 / 299,583,121	1.12%		
706,496 / 235,694,834		1.20%	(0.08%)
3.) Net Interest Margin (Annualized)			
Net Interest Income / Average Earning Assets			
2,218,219 / 263,607,200	3.37%		
1,751,383 / 202,397,835		3.46%	(0.09%)
4.) Capital Adequacy Ratio (with market risk)			
Total Qualifying Capital / Total Risk Weighted Assets (in MM PhP)			
24,330 / 154,363	15.76%		
21,566 / 116,422		18.52%	(2.76%)
5.) Earnings per share			
Net Income / Average Common Stock			
837,924 / 962,023	0.87		
706,496 / 942,584		0.75	0.12

1. Annualized return on average equity (ROE) increased by 0.20% brought about by higher net interest income and non-interest income levels.
2. Annualized return on average assets (ROA) was slightly down by 0.08% owing to a much faster expansion in resources compared to bottomline profits.

3. Annualized Net Interest Margin decreased by 0.09% following a generally lower interest rate environment this year.
4. Capital Adequacy Ratio was down by 2.76% to 15.76%, as the growth in risk-weighted assets outpaced the increase in capital.
5. Earnings per Share increased by P0.12 to P0.87 due to the increase in Net Income.

3.a Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Remarks: NONE

3.b Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Remarks: NONE

3.c Any 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.

Remarks: NONE

3.d Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

Remarks: NONE

3.e 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/revenues/income from continuing operations.

Remarks: NONE

3.f Any significant elements of income or loss that did not arise from the issuer's continuing operations.

Remarks: NONE

3.g The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item;

The term "material" in this section shall refer to changes of items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Vertical Analysis-Material Changes

- I. Balance Sheet – March 2007 vs. December 2006

Remarks: NONE

II. Balance Sheet – March 2007 vs. March 2006

- **Due from BSP increased from 3.6% to 9.4% of Total Resources owing to higher requirements following the increase in deposit levels.**
- **Deposit Liabilities went up from 69.5% to 74.7% of Total Resources brought about by aggressive deposit marketing as well as an expanded branch network.**

III. Income Statement – March 2007 vs. March 2006

- **Interest Expense on Deposit Liabilities as a percentage of Total Interest Expense increased from 74.6% to 81.4% due to higher deposit levels.**
- **Interest Expense on Bills Payable accounted for 18.6% of Total Interest Expense from the 25.4% for the same period last year owing to the liquidation of foreign borrowings.**
- **Trading Gain to Other Income decreased from 62.3% to 40.4% as Service Charges & Fees as well as FX Gain contributed significantly to Total Other Income.**
- **Service Charges & Fees as a percentage of Other Income expanded from 34.0% to 47.4% brought about by increased fee-based business volumes.**
- **Trust Fees to Other Income dropped to 1.8% from 13.0% on account of lower levels of assets managed.**
- **FX Gain accounted for 8.5% of Other Income, from an FX loss for the same period last year.**
- **Taxes & Licenses as a percentage of Operating Expenses rose from 12.3% to 18.3% due to increased business volume and the settlement of previous assessments.**

3.h Any seasonal aspects that had a material effect on the financial condition or results of operations.

Remarks: NONE