



Via ODiSy

07 May 2008

PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: Atty. Pete M. Malabanan
Head, Disclosure Department

Re: SEC Form 17-Q as of 31 March 2008

Gentlemen:

We submit with this letter a copy of the Quarterly Report (SEC Form 17-Q) for the period ended 31 March 2008 of Banco De Oro Unibank, Inc. filed today with the Securities and Exchange Commission.

Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Elmer B. Serrano'.

ELMER B. SERRANO
Corporate Information Officer

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, 2008.
2. Commission identification number 34001 3. BIR Tax Identification No. 000-708-174-000

BANCO DE ORO UNIBANK, INC.

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	2,302,023,661	

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.

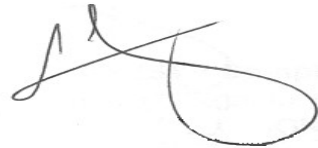
SIGNATURES

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 UNIBANK, INC.**

Signature and Title..... 
LUCY CO DY
EVP/COMPTROLLER *rac* *sh* *ky*

Date..... **May 7, 2008**

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

Signature and Title..... **EVP/COMPTROLLER**

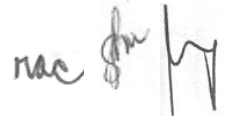
Date..... **May 7, 2008**

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 (EVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION)

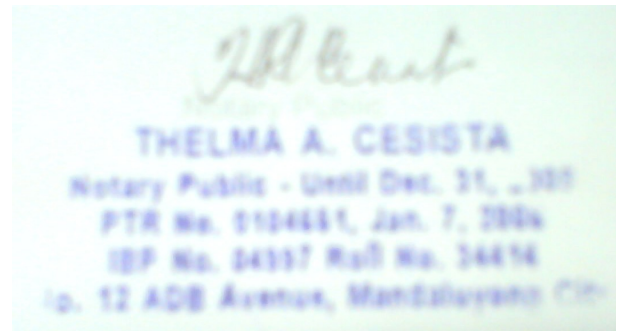


REPUBLIC OF THE PHILIPPINES }
CITY OF MANDALUYONG } S.S.

SUBSCRIBED AND SWORN TO before me this 7th day of May,

2008, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	Passport – TT0770339	06.06.2002/Manila



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- * 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 UNIBANK, INC. AND SUBSIDIARIES
(Formerly Banco de Oro Universal Bank and Subsidiaries)
 12 ADB Ave Ortigas Center, Mandaluyong City

CONDENSED STATEMENT OF CONDITION
(Amounts in Thousands of Philippine Pesos)

		<u>As of</u> <u>Mar 31, 2008</u>		<u>Audited</u> <u>As of</u> <u>Dec 31, 2007</u>
<u>RESOURCES</u>				
CASH AND OTHER CASH ITEMS	P	14,183,871	P	18,387,847
DUE FROM BANGKO SENTRAL NG PILIPINAS		54,806,573		49,461,276
DUE FROM OTHER BANKS		12,994,491		20,689,635
INVESTMENT SECURITIES				
At Fair Value Through Profit or Loss		12,798,694		20,951,513
Available-for-Sale – net		84,351,228		75,604,608
Held-to-Maturity – net		67,426,736		67,944,102
LOANS AND OTHER RECEIVABLES–net		326,029,273		311,674,939
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		12,118,837		11,431,397
INVESTMENT PROPERTIES		17,368,339		18,150,715
EQUITY INVESTMENTS – net		1,731,394		1,694,721
DEFERRED TAX ASSETS		5,456,960		5,592,305
OTHER RESOURCES - net		17,829,187		15,838,418
TOTAL RESOURCES	P	<u>627,095,583</u>	P	<u>617,421,476</u>
<u>LIABILITIES AND EQUITY</u>				
DEPOSIT LIABILITIES				
Demand	P	23,299,401	P	25,164,584
Savings		322,117,292		318,669,697
Time		118,373,699		101,562,619
Total Deposit Liabilities		<u>463,790,392</u>		<u>445,396,900</u>
BILLS PAYABLE		48,276,998		52,483,249
SUBORDINATED NOTES PAYABLE		18,706,720		18,631,298
OTHER LIABILITIES		38,568,536		40,369,401
Total Liabilities		<u>569,342,646</u>		<u>556,880,848</u>
<u>EQUITY</u>				
Attributable to Shareholders of the Parent Company		57,086,161		59,840,386
Minority Interest		666,776		700,242
Total Equity		<u>57,752,937</u>		<u>60,540,628</u>
TOTAL LIABILITIES AND EQUITY	P	<u>627,095,583</u>	P	<u>617,421,476</u>
<u>CONTINGENT</u>				
Trust department accounts	P	298,633,107	P	274,108,205
Unused commercial letters of credit		19,747,510		25,253,893
Outstanding guarantees issued		1,744,068		1,409,499
Export LC's confirmed		84,342		75,131
Bills for collection		11,232,826		9,064,716
Late deposits/payment received		5,766,850		1,941,799
Others		273,007,214		223,252,949
TOTAL CONTINGENT ACCOUNTS	P	<u>610,215,917</u>	P	<u>535,106,192</u>

Note: This financial statement is in accordance with Philippine Financial Reporting Standards (PFRS)

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
(Formerly Banco de Oro Universal Bank and Subsidiaries)
 12 ADB Ave. Ortigas Center, Mandaluyong City

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

	For the three-month Period ended <u>Mar 31, 2008</u>	For the three-month Period ended <u>Mar 31, 2007</u>
INTEREST INCOME ON		
Loans and Other Receivables	P 5,864,432	P 5,651,155
Investment and Trading Securities	2,797,767	3,251,233
Due from Other Banks	535,911	610,779
Others	<u>209,762</u>	<u>43,756</u>
	<u>9,407,872</u>	<u>9,556,923</u>
INTEREST EXPENSE ON		
Deposit Liabilities	2,954,444	3,343,252
Bills Payable and Other Liabilities	<u>1,039,096</u>	<u>1,086,631</u>
	<u>3,993,540</u>	<u>4,429,883</u>
NET INTEREST INCOME	P 5,414,332	P 5,127,040
IMPAIRMENT LOSSES	<u>869,577</u>	<u>625,233</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>4,544,755</u>	<u>4,501,807</u>
OTHER OPERATING INCOME		
Service Charges, Fees and Commissions	P 1,765,933	P 2,269,585
Trading Gain – net	-239,202	1,212,583
Trust Fees	270,337	144,690
Foreign Exchange Gain/(Loss) – net	988,845	379,488
Miscellaneous – net	<u>967,732</u>	<u>395,231</u>
	<u>P 3,753,645</u>	<u>P 4,401,577</u>
OTHER OPERATING EXPENSES		
Employee Benefits	P 1,959,386	P 1,713,760
Occupancy	805,221	798,484
Taxes and Licenses	540,378	817,266
Security, Clerical, Messengerial and Janitorial	340,009	237,775
Insurance	245,047	255,248
Advertising	188,870	147,307
Litigation/Assets Acquired	119,303	184,022
Miscellaneous	<u>2,100,476</u>	<u>2,307,579</u>
	<u>P 6,298,690</u>	<u>P 6,461,441</u>
INCOME BEFORE TAX	P 1,999,710	P 2,441,943
TAX EXPENSE (INCOME)	<u>642,811</u>	<u>631,563</u>
NET INCOME	<u>P 1,356,899</u>	<u>P 1,810,380</u>
ATTRIBUTABLE TO:		
Equitable holders of the parent	P 1,345,520	P 1,774,796
Minority Interest	<u>11,379</u>	<u>35,584</u>
	<u>P 1,356,899</u>	<u>P 1,810,380</u>
AVERAGE COMMON STOCK	2,302,032	2,270,628
INCOME PER SHARE (See annex A)		
Basic	0.58	0.78
Diluted	0.58	0.77

Note: This financial statement is in accordance with Philippine Financial Reporting Standards (PFRS)

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
(Formerly Banco de Oro Universal Bank and Subsidiaries)
STATEMENT OF CASH FLOWS
As of March 31, 2008 and March 31, 2007
(Amounts in Thousands of Philippine Pesos)

	Mar 31, 2008	Mar 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income after tax	1,356,899	1,810,380
Prior Year Adjustment		
Decrease (Increase In)		
Due from BSP	-5,345,297	-18,752,396
Due from Other Banks	7,695,144	-8,103,467
At Fair Value Through Profit or Loss	8,152,819	-11,564,529
Available-for-Sale Securities	-8,746,620	-11,154,870
Held to Maturity	517,366	39,039,384
Loans and Other Receivables	-14,354,334	7,012,753
Investment Property	782,376	1,208,774
Deferred Tax Assets	135,345	-650,109
Other Resources	-1,990,769	-2,655,765
	-13,153,970	-5,620,225
Increase (Decrease) in:		
Deposit Liabilities	18,393,492	-3,548,281
Other Liabilities	-1,800,865	2,476,955
Net Unrealized (G/L) on AFS	-2,183,698	212,416
	14,408,929	-858,910
Net cash used in operating activities	2,611,858	-4,668,755
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equity Investment	-36,673	-438,367
Bank Premises, Furniture, Fixtures and Equipment	-687,440	-65,848
Net cash used in investing activities	-724,113	-504,215
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Stock	1	3
Surplus	-1,960,893	2,514,879
Bills Payable	-4,206,251	-5,180,110
Subordinated Notes Payable	75,422	88,454
Net Cash from financing activities	-6,091,721	-2,576,774
NET INCREASE IN CASH AND OTHER CASH ITEMS	-4,203,976	-7,749,744
CASH AND OTHER CASH ITEMS AT BEGINNING OF YEAR	18,387,847	17,905,035
CASH AND CASH EQUIVALENT AT THE END OF QUARTER	14,183,871	10,155,291

Note: This financial statement is in accordance with Philippine Financial Reporting Standards (PFRS)

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
(Formerly Banco de Oro Universal Bank and Subsidiaries)
STATEMENT OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED March 31, 2008 & 2007
(Amounts in Thousands of Philippine Pesos)

	<u>Mar 31, 2008</u>	<u>Mar 31, 2007</u>
CAPITAL STOCK		
Balance end of Qtr. March	<u>23,020,328</u>	<u>22,706,293</u>
COMMON STOCK OPTION		
Balance end of Qtr. March	<u>76,280</u>	<u>28,914</u>
TREASURY SHARES – At Cost		
Balance end of Qtr. March	<u>0</u>	<u>-1,428,265</u>
ADDITIONAL PAID IN CAPITAL		
Balance beginning	15,936,419	15,694,692
Auditor's adjusting entries	-126,133	1,665,844
Balance end of Qtr. March	<u>15,810,286</u>	<u>17,360,536</u>
SURPLUS RESERVES		
Balance beginning	1,051,041	830,119
Transfer from Surplus Free	12,000	12,000
Auditor's adjusting entries	-24,924	104,753
Balance end of Qtr. March	<u>1,038,117</u>	<u>946,872</u>
SURPLUS FREE		
Balance beginning	15,774,884	10,729,117
Net Income	1,356,899	1,810,380
Transfer to Surplus Reserves	-12,000	-12,000
Declaration of Cash Dividends	-1,816,503	-769,618
Auditor's adjusting entries	37,727	37,314
Balance end of Qtr. March	<u>15,341,007</u>	<u>11,795,193</u>
APPRAISAL INCREMENT RESERVES		
Balance end of Qtr. March	<u>1,363,072</u>	<u>1,361,952</u>
UNREALIZED DECLINE IN VALUE OF ASS		
Balance end of Qtr. March	<u>442,857</u>	<u>3,523,274</u>
ACCUMULATED TRANSLATION ADJUSTMENT		
Balance end of Qtr. March	<u>-5,786</u>	<u>-3,765</u>
MINORITY INTEREST		
Balance end of Qtr. March	<u>666,776</u>	<u>667,757</u>
TOTAL EQUITY	<u>57,752,937</u>	<u>56,958,761</u>

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
(Formerly Banco de Oro Universal Bank and Subsidiaries)
 12 ABD Ave. Ortigas Center, Mandaluyong City

AGING OF LOANS AND ACCOUNTS RECEIVABLE
 As of March 31, 2008
(Amounts in Thousands of Philippine Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK CALL LOANS RECEIVABLES	15,811,912	0	0	0	0	15,811,912
Interbank Call Loan Receivable-Local Banks	131,300					131,300
Interbank Call Loan Receivable-Fx. Regular	58,882					58,882
Interbank Call Loan Receivable Fcdu(Fx Banks-Abroad)	15,621,730					15,621,730
B. LOANS AND RECEIVABLES	304,287,636	5,600,467	2,967,904	12,321,376	2,279,094	327,456,477
Loans & Discounts	218,687,658	3,639,953	774,660	4,916,590	1,954,925	229,973,786
Agra-Agri Loans	25,068,026	227,939	70,910	1,081,870	95,160	26,543,905
Development Incentive Loans	401,864	36,265	13,084	14,186	17,062	482,461
Bills Purchases	13,223,116	26,166	5,939	12,396	1,817	13,269,434
Customers Liability on draft under LC/TR	24,367,368	237,209	382,587	2,587,803	65,714	27,640,681
Customers Liability for this bank's acceptances	1,480,162					1,480,162
Credit Card Receivables	10,377,627	963,305	720,496	367,884		12,429,312
Restructured Loans	1,528,626	430,235	973,854	3,001,946	128,040	6,062,701
Other Loan & Receivables	5,159,634	39,395	26,374	338,701	16,376	5,580,480
Reverse Repurchase Agreement	3,993,555					3,993,555
C. ACCOUNTS RECEIVABLE	3,707,615	54,894	330,831	1,622,222	313	5,715,875
TOTAL	323,807,163	5,655,361	3,298,735	13,943,598	2,279,407	348,984,264

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
(Formerly Banco de Oro Universal Bank and Subsidiaries)
 12 ABD Ave. Ortigas Center, Mandaluyong City

COMPUTATION OF WEIGHTED NUMBER OF COMMON SHARES
(Amounts in Thousands of Philippine Pesos Except Per Share Data)

NO. OF SHARES – COMMON As of March	Balance of Common Shares	Average Number of Common Shares
January 2007	2,270,628	
February 2007	2,270,628	
March 2007	2,270,628	2,270,628
Weighted Average		<u>2,270,628</u>
Basic Earnings per share		
Consolidated Net Income for the three-months period ending March 31, 2007		1,774,796
Divided by the weighted average number of outstanding common shares		<u>2,270,628</u>
Basic Earnings per share		<u>0.78</u>
Diluted Earnings Per Share		
		<u>0.77</u>
January 2008	2,302,032	
February 2008	2,302,032	
March 2008	2,302,032	2,302,032
Weighted Average		<u>2,302,032</u>
Basic Earnings per share		
Consolidated Net Income for the three-months period ending March 31, 2008		1,345,520
Divided by the weighted average number of outstanding common shares		<u>2,302,032</u>
Basic Earnings per share		<u>0.58</u>
Diluted Earnings Per Share		
Consolidated Net Income for the three-months period ending March 31, 2008		1,345,520
Total Consolidated net income for DEPS computation		1,345,520
Weighted Average number of outstanding common shares	2,302,032	2,302,032
Add: Amount of Grant	52,200	
Stock Grant		
Average amount of grant	26,100	
Average market price of BDO Shares (P112.50/2)	<u>56.25</u>	464
Stock Options		
Stock Grant	464.00	
X	10.00	4,640
Total number of share to be issued		<u>5,104</u>
Treasury Shares (4,640x29/56.25)	2,392	<u>-2,392</u>
Potential Common Shares from assumed conversion of stock option plan		<u>2,712</u>
Total weighted average Common Shares after conversion		<u>2,304,744</u>
Diluted Earnings Per Share		<u>0.58</u>

CHECKLIST OF REQUIRED DISCLOSURES
BANCO DE ORO UNIBANK, INC.
For the three months ended: March 31, 2008

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 are in compliance with Philippine Financial Reporting Standards.

- 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 used the same accounting policies and methods of computation for the interim and latest annual financial statements.

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

Remarks: There is no seasonality or cyclical nature 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.

In February 2008, the Bank settled \$100M 3-year Senior Debt issued by EPCI in 2005.

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

Remarks: NONE

- 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.

- On July 26, 2007, the Bank's Board of Directors approved the declaration of a P0.80 per share cash dividends. Following BDO's receipt of BSP's approval, the record date was set at March 11, 2008. The cash dividends were paid on April 8, 2008.
- BSP approved in April BDO's capital program involving the issuance in tranches up to P15.0B worth of unsecured subordinated debt eligible as Lower Tier 2 Capital. This will refinance a maturing issue, allow further expansion of BDO's loan portfolio, and strengthen its capital adequacy ratio.
- The Bank, subject to prior approval of BSP, will consolidate its wholly owned subsidiaries Equitable Savings Bank, PCI Capital and BDO Elite Savings Bank with the parent company. This will further rationalize the Group's corporate and capital structure, unify branding and advertising, and enhance the productivity of their outlets.

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 31,2007.

- Total Contingent Accounts went up by 14% to P610.216B primarily due to the following:
 - Trust Department Accounts grew by 9% to P298.633B owing to higher levels of funds managed.
 - Outstanding Guarantees Issued rose by 24% to P1.744B due to increased levels of guarantees for foreign loans, shipside bonds and airway bills.
 - Export L/Cs Confirmed was up by 12% to P84M from higher volume of trade transactions.
 - Bills for Collection was increased by 24% to P11.233B owing to increased levels of bills, drafts and checks sent for collection.
 - Late Deposit / Payments Received was up by 197% to P5.767B as more transactions were received from clients after clearing cut-off time.
 - Other Contingent Accounts grew by 22% to P273.007B primarily due to higher volume of spot, forward and swap transactions.
- Unused L/Cs went down 22% to P19.748B owing to a lower level of unutilized balances of letters of credit as of the cut-off date.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – March 2008 vs. December 2007

-
- Cash and Other Cash Items was reduced by 23% to P14.184B to maximize earnings on reserve assets. Furthermore, the year-end 2007 level was unusually high due to cash deposits by clients, from sales generated during the Christmas season.
- Due from BSP account accordingly went up by 11% to P54.807B, coming from the Bank's cash account
- Due from Other Banks declined by 37% to P12.994B due to lower levels of foreign currency denominated placements with correspondent banks.
- Investment Securities was steadfast at P164.577B as the 12% increase in Available-for-Sale Securities (AFS) was offset by a 39% reduction in Financial Assets at Fair Value Through Profit or Loss (FVPL).
- Net Loans and Other Receivables grew by 5% to P326.029B due to a 7% increase in gross receivables from customers as the Bank continued to expand its corporate and consumer loan portfolios.
- Bank Premises went up by 6% to P12.119B owing to expenditures related to the conversion of former EPCI branches as well as investments in new equipment in anticipation of higher business volumes.
- Other Resources rose by 13% to P17.829B on account of higher levels of clearing items, floats and miscellaneous assets due to higher volume of transactions.
- Deposit Liabilities grew 4% to P463.790B due to continued deposit marketing efforts.
- Bills Payable, on the other hand, was lower by 8% to P48.277B owing to the maturities of foreign borrowings.
-
- Capital Funds went down by 5% to P57.753B, despite the Bank's profit for the first quarter of the year. The decline is attributable to cash dividend payable and lower unrealized gain on AFS Securities as of the first quarter vis-à-vis year-end 2007.

II. Balance Sheet – March 2008 vs. March 2007 (Pro-forma)

- Cash and Other Cash Items increased by 40% on account of higher levels of checks and other cash items as of cut-off date.
- Due from BSP was reduced by 10% as the Bank reallocated excess liquidity to higher- yielding earning assets.
- Due from Other Banks declined by 38%, owing to lower levels of foreign currency denominated placements and working balances with foreign banks.
- Investment Securities inched up 1% as a 70% decline in FVPL was compensated by a 13% and a 48% increase in AFS Securities and HTM Securities, respectively, as the Bank rebalanced its securities portfolio.
- Net Loans and Other Receivables rose by 7% despite a 53% and 68% decline in Interbank Loans and Securities Purchased Under Reverse Repurchase Agreements, respectively. Gross customer receivables grew by 18% year-on-year from aggressive loan marketing efforts.
- Bank Premises went up by 6% on account of expenses related to EPCI branch conversions and investments in new equipment.
-
- Equity Investments dropped by 21% to P1.731B on account of additional allowance for impairment and accounting adjustments on certain equity investments.
- Deferred Tax Assets declined by 22% to P5.457B due to the de-recognition of a portion of the Bank's tax assets, which may not be realized in the future.

- Other Resources went down by 39% primarily due to the sale of the Bank's special purpose subsidiary, Onshore Strategic Assets, Inc.
- Total Deposit Liabilities slightly contracted by 1% as the Bank reduced dependence on high cost deposits to improve interest margins.
- Bills Payable likewise declined by 9% as peso-denominated short-term borrowings and investor repos were reduced.
- Subordinated Notes Payable went up by 82% to P18.707B due to the issuance of P10.0B worth of Unsecured Subordinated Notes in November 2007.
- Capital Funds inched up 1% as the Bank's bottomline profits were partially offset by lower unrealized gain on AFS Securities.

III. Income Statement – March 2008 vs. March 2007 (Pro-forma)

- Net Income attributable to Equity holders of the Parent Company was down by 24%, registering at P1.346B for the first quarter of 2008 primarily owing to unfavorable revaluation of the Bank's trading and investment portfolios.
- Net Interest Income grew by 6% to P5.414B, from an improvement in interest margins owing to the increase in the Bank's customer loan portfolio and an improvement in its funding mix.
- Provision for Impairment Loss was 39% higher at P870M as the Bank took a more conservative approach on impairment provisioning by aligning EPCI's portfolio to BDO's provisioning policy.
- Other Income dropped 15% to P3.754B due to the following:
 - Trading Loss for the first quarter of the year registered at P239M versus a gain of P1.213B for the same period the previous year. This is owing to market volatility resulting in unfavorable revaluation of the Bank's trading and investment portfolios.
 - Service Charges and Fees was also down by 22% to P1.766B primarily owing to sizeable one-time advisory fees in the first quarter of 2007.
 - Trust Fees grew by 87% to P270M on a larger portfolio of assets managed.
 - Foreign Exchange Gain surged 161% to P989M owing to increased volume of interbank swaps, trade transactions and OFW remittances.
 - Miscellaneous Income also increased by 145% to P968M on account of a one-time gain on Visa shares from its IPO.
- Operating Expenses was slightly down by 3% to P6.299B owing to the following:
 - Taxes and Licenses declined by 34% as the previous year's level included the settlement of previous years' assessments.
 - Litigation/Assets Acquired expenses went down by 35% after considerable NPA-related expenditures last year.
 - Other Expenses also dropped 9% owing to lower expenses related to repairs and maintenance, representation, as well as management and other professional fees.
 - Employee Benefits grew by 14% from a higher manpower count brought about by business expansion.
 - Advertising expenses rose by 28% due to rebranding and advertising activities.
 - Security, Clerical, Messengerial & Janitorial expenditures increase by 43% mainly due to business expansion, branch conversions and growth in other fixed assets.

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.

	1Q2008	1Q2007 (Pro-forma)	Inc/(Dec)
1.) Return on Average Equity (Annualized)			
Net Income / Average Total Capital Account			
1,345,520 / 59,146,783	9.10%		
1,774,795 / 54,689,922		12.98%	(3.88%)
2.) Return on Average Assets (Annualized)			
Net Income / Average Total Assets			
1,345,520 / 622,258,530	0.86%		
1,774,795 / 628,067,618		1.13%	(0.27%)
3.) Net Interest Margin (Annualized)			
Net Interest Income / Average Earning Assets			
5,414,331 / 539,178,873	4.02%		
5,127,039 / 540,155,305		3.80%	0.22%
4.) Capital Adequacy Ratio (covering credit and market risk)			
Total Qualifying Capital / Total Risk Weighted Assets			
64,742,579 / 463,189,140	13.98%		
59,398,517 / 377,692,290		15.73%	(1.75%)
64,742,579 / 515,393,577*	12.56%		
<i>*includes operational risk</i>			
5.) Basic Earnings per Share			
Net Income / Average Common Stock			
1,345,520 / 2,302,032	0.58		
1,774,795 / 2,270,628		0.78	(0.20)

2. 1. Annualized return on average equity (ROE) decreased by 3.88% as a result of the lower bottomline profits and broader average capital base.
2. Annualized return on average assets (ROA) was slightly down by 0.27% from the lower Net Income.
3. Annualized Net Interest Margin rose by 0.22% from an improvement in interest spreads brought about by a higher customer loan portfolio and an improvement in funding mix.

4. **Capital Adequacy Ratio (CAR), covering only credit and market risk, fell 1.75% as the growth in risk-weighted assets outpaced the increase in capital. Meantime, CAR, in compliance with Basel 2 requirements as enforced by BSP, stood at 12.56% for the first quarter of the year.**

5.

Basic Earnings per Share was down by P0.20 due to the lower bottomline profits.

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

BDO will be issuing in tranches up to P15.0B worth of unsecured subordinated debt eligible as Lower Tier 2 Capital. This will refinance a maturing issue, allow further expansion of BDO's loan portfolio, and strengthen its capital adequacy ratio.

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.**

The Bank expects to incur capital expenditures related to the conversion of former EPCI branches, head office renovation and upgrading of IT systems. Funding will be sourced internally.

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 **The Bank booked a significant one-time gain on Visa shares from its IPO, explaining the increase in the reported Miscellaneous Income.**

The Bank booked a significant one-time gain on Visa shares from its IPO, explaining the increase in the reported Miscellaneous Income.

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 2008 vs. December 2007

Remarks: NONE

II. Balance Sheet – March 2008 vs. March 2007 (Pro-forma)

Remarks: NONE

III. Income Statement – March 2008 vs. March 2007 (Pro-forma)

- **Trading gain as a percentage of Other Income dropped to –6.4% from 27.5%, owing to the unfavorable revaluation of the Bank’s trading and investment portfolios.**
- **FX Gain to Other Income increased to 26.3% from 8.6% as a result of increased volume of interbank swaps, trade transactions and OFW remittances.**
- **Miscellaneous Income rose to 25.8% from 9.0% of Other Income due to the one-time gain on Visa shares from its IPO.**
- **Tax Expense as a percentage of Income Before Tax increased to 32.1% from 25.9% as the Bank wrote-off a portion of its deferred tax assets.**

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

Remarks: NONE