



August 5, 2008

The Philippine Stock Exchange
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 June 30, 2008

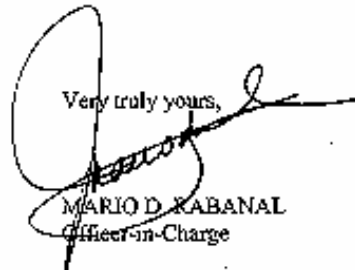
Gentlemen:

We submit with this letter the Revised SEC Form 17-Q as of June 30, 2008 of Banco De Oro Unibank, Inc. duly filed with the Securities and Exchange Commission.

We trust you will find the attached in order.

Thank you.

Very truly yours,



MARIO D. KABANAL
Officer-in-Charge

Enc. as stated.

Banco De Oro
12 ADB Avenue, Ortigas Center
Mandaluyong City 1550, Metro Manila, Philippines
P.O. Box 13280 Ortigas Post Office
SWIFT Code: BDOCPHMM
Tel +63(2) 702 6000

www.bdo.com.ph

We find ways

COVER SHEET

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S.E.C. Registration Number

B A N C O D E O R O U N I B A N K , I N C .

(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

702-6313/702-6000 LOC 5326

Company Telephone Number

0 6

Month

3 0

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

14,313

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 June 30, 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

702-6313/702-6000 LOC 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	2,302,032,661	

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.


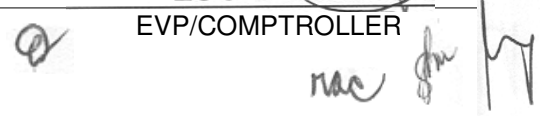
b. has been subject to such filing requirements for the last ninety (90) days

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 

Date..... **August 01, 2008**


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

Signature and Title..... 
EVP/COMPTROLLER

Date..... **August 01, 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)
me *W*

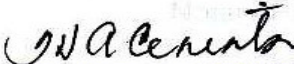
REPUBLIC OF THE PHILIPPINES }
CITY OF MANDALUYONG } S.S.

SUBSCRIBED AND SWORN TO before me this AUG 04 2008 day of August,

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

Name	CEI	Date & Place Issued
Lucy Co Dy TT0770339		09.07.2006/Manila

Doc. No. 12
Page No. 4
Book No. XIX
Series of 2008


THELMA A. CESISTA
Notary Public - Until Dec. 31, 2009
PTR No. 0104651, Jan. 7, 2008
IBP No. 04997 Roll No. 50510
12 ADR Avenue, Mandaluyong City

- * 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. & SUBSIDIARIES
12 ADB Ave Ortigas Center, Mandaluyong City

CONDENSED STATEMENT OF CONDITION
(Amounts in Thousands of Pesos)

		<u>As of</u> <u>Jun 30, 2008</u>		<u>Audited</u> <u>As of</u> <u>Dec 31, 2007</u>
<u>RESOURCES</u>				
CASH AND OTHER CASH ITEMS	P	13,990,697	P	18,387,847
DUE FROM BANGKO SENTRAL NG PILIPINAS		76,975,529		49,461,276
DUE FROM OTHER BANKS		13,088,145		20,689,635
INVESTMENT SECURITIES				
At Fair Value Through Profit or Loss		14,653,025		20,951,513
Available-for-Sale – net		94,872,518		75,604,608
Held-to-Maturity – net		69,883,411		67,944,102
LOANS AND OTHER RECEIVABLES–net		341,396,882		311,674,939
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		12,767,900		11,431,397
INVESTMENT PROPERTIES		16,394,091		18,150,715
EQUITY INVESTMENTS – net		1,701,686		1,694,721
DEFERRED TAX ASSETS		5,390,824		5,592,305
OTHER RESOURCES - net		<u>15,550,222</u>		<u>15,838,418</u>
TOTAL RESOURCES	P	<u>676,664,930</u>	P	<u>617,421,476</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>				
DEPOSIT LIABILITIES				
Demand	P	24,342,609	P	25,164,584
Savings		279,374,763		318,669,697
Time		<u>195,127,707</u>		<u>101,562,619</u>
Total Deposit Liabilities		498,845,079		445,396,900
BILLS PAYABLE		62,181,358		52,483,249
SUBORDINATED NOTES PAYABLE		20,145,992		18,631,298
OTHER LIABILITIES		40,945,322		40,369,401
Total Liabilities		<u>622,117,751</u>		<u>556,880,848</u>
<u>EQUITY</u>				
Attributable to Shareholders of the Parent Company		53,881,848		59,840,386
Minority Interest		<u>665,331</u>		<u>700,242</u>
Total Equity		54,547,179		60,540,628
TOTAL LIABILITIES AND EQUITY	P	<u>676,664,930</u>	P	<u>617,421,476</u>
<u>CONTINGENT</u>				
Trust department accounts	P	294,236,032	P	274,108,205
Unused commercial letters of credit		24,939,097		25,253,893
Outstanding guarantees issued		4,153,716		1,409,499
Export L/Cs Confirmed		214,161		75,131
Bills for collection		16,642,808		9,064,716
Late deposits/payment received		5,561,734		1,941,799
Others		<u>319,507,572</u>		<u>223,252,949</u>
TOTAL CONTINGENT ACCOUNTS	P	<u>665,255,120</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. & SUBSIDIARIES
12 ADB Ave. Ortigas Center, Mandaluyong City

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

	For the six-month Period ended <u>Jun 30, 2008</u>	For the six-month Period ended <u>Jun 30, 2007</u>	For the Quarter ending <u>Jun 30, 2008</u>	For the Quarter ending <u>Jun 30, 2007</u>
INTEREST INCOME ON				
Loans and Receivables	P 12,146,114	P 10,645,444	P 6,281,682	P 4,994,289
Investment Securities	5,557,334	5,775,697	2,759,567	2,524,464
Due from Other Banks	1,051,838	1,380,780	515,927	770,001
Others	<u>348,516</u>	<u>925,979</u>	<u>138,754</u>	<u>882,223</u>
Total Interest Income	<u>19,103,802</u>	<u>18,727,900</u>	<u>9,695,930</u>	<u>9,170,977</u>
INTEREST EXPENSE ON				
Deposit liabilities	5,956,933	6,377,855	3,002,489	3,034,603
Bills Payable and Others	<u>2,249,586</u>	<u>1,777,423</u>	<u>1,210,490</u>	<u>690,792</u>
Total Interest Expense	<u>8,206,519</u>	<u>8,155,278</u>	<u>4,212,979</u>	<u>3,725,395</u>
NET INTEREST INCOME	10,897,283	10,572,622	5,482,951	5,445,582
IMPAIRMENT LOSSES	<u>1,548,027</u>	<u>3,056,432</u>	<u>678,450</u>	<u>2,431,199</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>9,349,256</u>	<u>7,516,190</u>	<u>4,804,501</u>	<u>3,014,383</u>
OTHER INCOME				
Service Charges, Fees and Commissions	3,521,461	4,152,011	1,755,528	1,882,426
Trading Gain – net	-871,655	2,596,364	-632,453	1,383,781
Trust Fees	487,494	349,143	217,157	204,453
Foreign Exchange Gain/(Loss) – net	2,177,244	469,729	1,188,399	90,241
Miscellaneous – net	<u>1,709,357</u>	<u>2,004,129</u>	<u>741,625</u>	<u>1,608,898</u>
Total Other Income	<u>7,023,901</u>	<u>9,571,376</u>	<u>3,270,256</u>	<u>5,169,799</u>
OTHER EXPENSES				
Employee Benefits	4,688,379	3,697,097	2,728,993	1,983,337
Occupancy	1,635,367	1,680,312	830,146	881,828
Taxes and licenses	1,212,861	1,388,096	672,483	570,830
Security, Clerical, Messengerial and Janitorial	719,034	472,835	379,025	235,060
Insurance	494,382	506,680	249,335	251,432
Advertising	367,925	323,673	179,055	176,366
Litigation/Assets Acquired	236,968	300,092	117,665	116,070
Miscellaneous	<u>3,722,103</u>	<u>4,225,668</u>	<u>1,621,627</u>	<u>1,918,089</u>
Total Other Expenses	<u>13,077,019</u>	<u>12,594,453</u>	<u>6,778,329</u>	<u>6,133,012</u>
INCOME BEFORE TAX	3,296,138	4,493,113	1,296,428	2,051,170
TAX EXPENSE (INCOME)	890,315	1,256,972	247,504	625,409
NET INCOME AFTER TAX	<u>P 2,405,823</u>	<u>P 3,236,141</u>	<u>P 1,048,924</u>	<u>P 1,425,761</u>
≡ TO:				
Equitable holders of the parent	P 2,380,081	P 3,176,033	P 1,034,561	P 1,401,237
Minority Interest	<u>25,742</u>	<u>60,108</u>	<u>14,363</u>	<u>24,524</u>
	<u>P 2,405,823</u>	<u>P 3,236,141</u>	<u>P 1,048,924</u>	<u>P 1,425,761</u>
AVERAGE COMMON STOCK	2,302,032	2,270,628	2,302,032	2,270,628
INCOME PER SHARE (See annex A)				
Basic	1.03	1.40	0.45	0.62
Diluted	1.03	1.38	0.45	0.61

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

BANCO DE ORO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2008 AND 2007
(Amounts in Thousands of Pesos)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 3,296,137	P 4,493,113
Adjustments for:		
Interest income	-18,051,964	-17,347,120
Interest expense	8,206,519	8,155,277
Provision for impairment losses	1,548,027	3,056,432
Depreciation and amortization	1,344,836	1,046,946
Fair value loss (gain)	29,394,643	277,135
Amortization of deferred charges	57,071	54,420
Operating loss before changes in operating resources and liabilities	25,795,269	-263,797
Decrease (increase) in financial assets at fair value through profit or loss	-22,798,158	5,780,738
Increase in loans and other receivables	-35,626,031	26,287,358
Increase in investment properties	1,324,318	1,113,863
Decrease (increase) in other resources	-940,399	299,709
Increase (decrease) in deposit liabilities	54,880,582	-9,287,544
Increase in other liabilities	-1,238,180	5,589,137
Cash generated from (used in) operations	21,397,401	29,519,464
Interest received	18,364,080	18,629,728
Interest paid	-7,389,336	-7,676,448
Cash paid for income tax	-917,840	-3,076,036
Net Cash From (Used in) Operating Activities	31,454,305	37,396,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisitions of bank premises, furniture, fixtures and equipment	-2,249,033	-1,317,887
Net decrease (increase) in equity investment	-6,965	-523,893
Net decrease (increase) in held-to-maturity investments	572,912	29,333,072
Increase in available-for-sale financial assets	-23,218,823	-16,561,906
Dividends received		
Trust account deposit under escrow		
Net Cash From (Used in) Investing Activities	-24,901,909	10,929,386
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	0	0
Net proceeds from (payments of) bills payable	8,963,217	-21,094,350
Sale (acquisition) of treasury stock	0	1,428,104
Dividends paid	0	0
Net Cash From (Used in) Financing Activities	8,963,217	-19,666,246
NET INCREASE IN CASH AND CASH EQUIVALENTS (Carried Forward)		
	15,515,613	28,659,848
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	18,387,847	17,905,035
Due from Bangko Sentral ng Pilipinas	49,461,276	42,236,370
Due from other banks	20,689,635	12,834,782
	88,538,758	72,976,187
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	13,990,697	10,188,565
Due from Bangko Sentral ng Pilipinas	76,975,529	68,945,128
Due from other banks	13,088,145	22,502,342
	104,054,371	101,636,035

BANCO DE ORO UNIBANK, INC. & SUBSIDIARIES
12 ADB Ave. Ortigas Center, Mandaluyong City

STATEMENT OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED June 30, 2008 & 2007
(Amounts in Thousands of Pesos)

	<u>Jun 30, 2008</u>	<u>Jun 30, 2007</u>
CAPITAL STOCK		
Balance end of Qtr. June	P <u>23,020,328</u>	P <u>22,706,293</u>
COMMON STOCK OPTION		
Balance end of Qtr. June	P <u>76,280</u>	P <u>28,914</u>
Treasury Shares – At Cost		
Balance end of Qtr. June	P <u>0</u>	P <u>-161</u>
ADDITIONAL PAID IN CAPITAL		
Balance beginning	P 15,936,419	P 15,694,692
Auditor's adjusting entries	-126,133	-713,118
Balance end of Qtr. June	P <u>15,810,286</u>	P <u>14,981,574</u>
SURPLUS RESERVES		
Balance beginning	P 1,051,041	P 830,119
Transfer from Surplus Free	24,000	24,000
Auditor's adjusting entries	-24,924	104,753
Balance end of Qtr. June	P <u>1,050,117</u>	P <u>958,872</u>
SURPLUS FREE		
Balance beginning	P 15,774,884	P 10,729,117
Net Income	2,405,823	3,236,141
Transfer to Surplus Reserves	-24,000	-24,000
Declaration of Cash Dividends	-1,841,626	-769,618
Auditor's adjusting entries	136,654	977,758
Balance end of Qtr. June	P <u>16,451,735</u>	P <u>14,149,398</u>
ACCUMULATED TRANSLATION ADJUSTMENT		
Balance end of Qtr. June	P <u>-4,999</u>	P <u>-4,395</u>
APPRAISAL INCREMENT RESERVES		
Balance end of Qtr. June	P <u>1,363,072</u>	P <u>1,361,952</u>
UNREALIZED DECLINE IN VALUE OF ASS		
Balance end of Qtr. June	P <u>-3,884,971</u>	P <u>2,336,375</u>
MINORITY INTEREST	P <u>665,331</u>	P <u>953,383</u>
TOTAL EQUITY	P <u>54,547,179</u>	P <u>57,472,205</u>

BANCO DE ORO UNIBANK, INC. & SUBSIDIARIES
12 ABD Ave. Ortigas Center, Mandaluyong City

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of June 30, 2008
(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	P 22,442,629	P 0	P 0	P 0	P 0	22,442,629
Interbank Call Loan Receivable-Local Banks	3,076,133					3,076,133
Interbank Call Loan Receivable-Fx. Regular	4,490					4,490
Interbank Call Loan Receivable Fcdu(Fx Banks-Abroad)	19,362,006					19,362,006
B. LOANS AND RECEIVABLES	P 312,574,250	P 6,285,193	P 2,680,907	P 12,490,129	P 2,073,412	P 336,103,891
Loans & Discounts	218,942,817	3,574,043	744,757	4,260,162	1,771,274	229,293,053
Agra-Agri Loans	27,628,400	286,340	70,042	1,092,098	93,400	29,170,280
Development Incentive Loans	346,504	13,290	31,665	17,808	17,062	426,329
Bills Purchases	14,262,741	19,810	0	16,147	1,817	14,300,515
Customers Liability on draft under LC/TR	25,444,146	174,066	339,938	2,637,208	65,714	28,661,072
Customers Liability for this bank's acceptances	2,938,469	0	0	0	0	2,938,469
Credit Card Receivables	11,066,829	1,029,041	946,792	491,004	0	13,533,666
Restructured Loans	686,831	1,153,908	534,172	3,672,148	107,397	6,154,456
Other Loan & Receivables	3,778,422	34,695	13,541	303,554	16,748	4,146,960
Reverse Repurchase Agreement	7,479,091	0	0	0	0	7,479,091
C. ACCOUNTS RECEIVABLE	P 4,411,979	P 32,338	P 89,506	P 196,004	P 337	P 4,730,164
TOTAL	P 339,428,858	P 6,317,531	P 2,770,413	P 12,686,133	P 2,073,749	P 363,276,684

BANCO DE ORO UNIBANK, INC. & SUBSIDIARIES
12 ABD Ave. Ortigas Center, Mandaluyong City

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

NO. OF SHARES – COMMON As of June	Balance of Common Shares	Average Number of Common Shares
January 2007	2,270,628	
February 2007	2,270,628	
March 2007	2,270,628	
April 2007	2,270,628	
May 2007	2,270,628	
June 2007	2,270,628	2,270,628
Weighted Average		<u>2,270,628</u>
Basic Earnings per share		
Consolidated Net Income		3,176,033
Divided by the weighted average number of outstanding common shares		<u>2,270,628</u>
Basic Earnings per share		<u>1.40</u>
Diluted Earnings Per Share		
		<u>1.38</u>
January 2008	2,302,032	
February 2008	2,302,032	
March 2008	2,302,032	
April 2008	2,302,032	
May 2008	2,302,032	
June 2008	2,302,032	2,302,032
Weighted Average		<u>2,302,032</u>
Basic Earnings per share		
Consolidated Net Income for the six-months period ending June 2008		2,380,081
Divided by the weighted average number of outstanding common shares		<u>2,302,032</u>
Basic Earnings per share		<u>1.03</u>
Diluted Earnings Per Share		
Consolidated Net Income for the six-months period ending June 2008		2,380,081
Total Consolidated net income for DEPS computation		2,380,081
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	<u>26,100</u>	
Average market price of BDO Shares (P103.50/2)	51.75	504
Stock Options		
Stock Grant	504.35	
	X 10.00	<u>5,044</u>
Total number of share to be issued		5,548
Treasury Shares (5,044x29/51.75)	2,827	<u>-2,827</u>
Potential Common Shares from assumed conversion of stock option plan		<u>2,721</u>
Total weighted average Common Shares after conversion		<u>2,304,753</u>
Diluted Earnings Per Share		<u>1.03</u>

CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIBANK, INC.

For the six months ended: June 30, 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 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.

- The Bank issued and repaid several debt securities during the first semester. The details are disclosed in Section 7.e of this report.
- The Bank booked one-time gains on the sale of its Visa and Mastercard shares.

- 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.
- On May 30, 2008, the Bank issued P10.0B in unsecured subordinated debt eligible as Lower Tier 2 Capital. This issue supported BDO's business expansion and refinanced the Bank's existing dollar denominated Lower Tier 2 debt.
- On June 30, the Bank settled its \$200M Lower Tier 2 Unsecured Subordinated Notes.

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

- On April 8, 2008, the Bank paid P0.80 per share cash dividends.

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 31,2007.

- **Total Contingent Accounts went up by 24% to P665.255B due to the following:**
 - **Trust Department Accounts increased by 7% to P294.236B from higher levels of funds managed.**
 - **Outstanding Guarantees Issued and Export L/Cs Confirmed grew by 195% and 185% to P4.154B and P214M, respectively, on account of higher volume of trade transactions.**
 - **Bills for Collection was increased by 84% to P16.643B from increased levels of bills, drafts and checks sent for collection.**
 - **Late Deposit / Payments Received was up by 186% to P5.562B as more transactions were received from clients after clearing cut-off time.**
 - **Other Contingent Accounts expanded by 43% to P319.508B primarily owing to higher volume of spot, forward and swap transactions.**

DISCUSSION & ANALYSIS

I. Balance Sheet – June 2008 vs. December 2007

- Total Resources expanded by 10% to P676.665B from a growth in liquid assets funded by an increase in Total Deposits.
- Cash and Other Cash Items went down by 24% to P13.991B to maximize earnings on reserve assets. Additionally, 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 increased by 56% to P76.976B, coming from the Bank's cash account as well as additional reserves from a higher level of deposits.
- Due from Other Banks declined by 37% to P13.088B owing to lower levels of foreign currency denominated placements and working balances with correspondent banks.
- Investment Securities grew by 9% to P179.409B. Available-for-Sale Securities (AFS) rose by P19.269B or 25%, owing to investment of excess liquidity as well as a rebalancing of the securities portfolio from Financial Assets at Fair Value Through Profit or Loss (FVPL), which declined by P6.298B or 30%.
- Net Loans and Other Receivables went up by 10% to P341.397B from a 41% increase in interbank loans and an 8% growth in gross receivables from customers as the Bank continued to expand its corporate and consumer loan portfolios.
- Bank Premises rose by 12% to P12.768B on account of expenditures related to head office renovations, conversion of former EPCI branches, and investments in new equipment in anticipation of higher business volumes.
- Investment Properties declined by 10% to P16.394B, owing to the Bank's ROPA disposal programs.
- Total Deposit Liabilities grew by 12% to P498.845B from an increase in low cost deposits owing to continued deposit marketing efforts. Savings Deposits declined by 12% as the Bank started to convert its high-cost savings deposits into Time Deposits, which consequently increased by 92%.
- Bills Payable also increased by 18% to P62.181B on account of higher levels of interbank borrowings to support earning assets growth.
- Subordinated Notes Payable increased by 8% to P20.146B as the Bank issued P10.0B worth of Lower Tier 2 Capital and redeemed a previous \$200M Lower Tier 2 issue.
- Capital Funds went down by 10% to P54.547B, despite the Bank's profit for the first half of the year. The decline is attributable to the payment of cash dividends in April as well as unrealized losses on AFS Securities vis-à-vis unrealized gains as of year-end 2007.

II. Balance Sheet – June 2008 vs. June 2007

- Total Resources grew by 12% from an expansion in the Bank's investment securities and loan portfolios, funded by deposits and other borrowings.
- Cash and Other Cash Items as well as Due from BSP increased by 37% and 12%, respectively, on account of growth in deposit levels.
- Due from Other Banks went down by 42%, due to lower levels of foreign currency denominated placements and working balances with foreign banks.
- Investment Securities rose by 9% from a growth in AFS and Held-to-Maturity Securities of 16% and 21%, respectively. On the other hand, FVPL declined by 43%.

- Net Loans and Other Receivables grew by 24% as gross customer receivables expanded by 24% from sustained loan marketing efforts, and Securities Purchased Under Reverse Repurchase Agreements went up 96%.
- Bank Premises went up by 9% owing to investments related to head office renovations, EPCI branch conversions and investments in new equipment.
- Equity Investments declined by 26% to P1.702B due to additional allowance for impairment and the sale of certain non-core subsidiaries.
- Deferred Tax Assets dropped by 12% to P5.391B following 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 42% primarily owing to the sale of the Bank's special purpose subsidiary, Onshore Strategic Assets, Inc.
- Total Deposit Liabilities grew 9% from continued deposit marketing efforts. Savings Deposits dropped by 12% as the Bank started to convert its high-cost savings deposits into Time Deposits, which accordingly increased by 68%.
- Bills Payable likewise increased by 58% to support the expansion of earning assets.
- Subordinated Notes Payable doubled from the two P10.0B issues of Lower Tier 2 Notes and the redemption of the Bank's \$200M Lower Tier 2 Debt.
- Capital Funds slid 5% as the Bank's bottomline profits were offset by unrealized losses on AFS Securities.

III. Income Statement – June 2008 vs. June 2007

- Net Income attributable to Equity holders of the Parent Company went down by 25%, registering at P2.380B for the first half of 2008 owing to unfavorable revaluation of the Bank's trading and investment portfolios.
- Net Interest Income (NII) increased by 3% to P10.897B primarily owing to an expansion in the Bank's investment and loan portfolios as well as an improvement in its deposit funding mix.
- Provision for Impairment Loss was 49% lower at P1.548B after booking substantial provisions last year.
- Other Income declined by 27% to P7.024B due to the following:
 - Trading Loss for the first half of the year stood at P872M versus a gain of P2.596B 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 also went down by 15% to P3.521B primarily owing to sizeable one-time advisory fees in the first semester of 2007.
 - 37M on a larger portfolio of assets managed.
 - Foreign Exchange Gain surged 364% to P2.177B primarily due to treasury trading activities, and increased volume of interbank swaps, trade transactions and OFW remittances.
 - Miscellaneous Income was down by 15% to P1.709B on account of a one-time gain on sale of EPCI shares in the first half of 2007.
- Operating Expenses was slightly up by 4% to P13.077B owing to the following:
 - Employee Benefits increased 27% from a higher manpower count brought about by business expansion.
 - Taxes and Licenses decreased by 13% as the previous year's level included the settlement of previous years' assessments.
 - Security, Clerical, Messengerial & Janitorial expenditures grew by 52% primarily owing to business expansion, branch conversions and growth in other fixed assets.
 - Advertising expenses was up 14% due to rebranding and advertising activities.

- Litigation/Assets Acquired expenses declined by 21% after considerable NPA-related expenditures last year.
- Miscellaneous Expenses also dropped 12% mainly owing to lower expenses related to repairs and maintenance, representation, as well as management and other professional fees.

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.

	2Q2008	2Q2007	Inc/(Dec)
1.) Return on Average Equity (Annualized)			
Net Income / Average Total Capital Account			
2,380,081 / 57,543,904	8.27%		
3,176,033 / 54,946,644		11.56%	(3.29%)
2.) Return on Average Assets (Annualized)			
Net Income / Average Total Assets			
2,380,081 / 647,043,203	0.74%		
3,176,033 / 617,404,498		1.03%	(0.29%)
3.) Net Interest Margin (Annualized)			
Net Interest Income / Average Earning Assets			
10,897,282 / 566,454,166	3.85%		
10,572,662 / 531,572,982		3.98%	(0.13%)
4.) Capital Adequacy Ratio (covering credit and market risk)			
Total Qualifying Capital / Total Risk Weighted Assets			
67,764,515 / 460,495,036	14.72%		
57,314,804 / 367,486,556		15.60%	(0.88%)
67,764,515 / 512,699,473*	13.22%		
<i>*includes operational risk</i>			
5.) Basic Earnings per Share			
Net Income / Average Common Stock			
2,380,081 / 2,302,032	1.03		
3,176,033 / 2,270,628		1.40	(0.37)

2.
 - 1.) Annualized return on average equity (ROE) was down by 3.29% on account of the lower bottomline profits and a broader average capital base.
 - 2.) Annualized return on average assets (ROA) declined by 0.29% from the lower Net Income.
 - 3.) Annualized Net Interest Margin slightly decreased by 0.13% owing to the lag effect of loan repricing vis-à-vis movement in market rates.
 - 4.) Capital Adequacy Ratio (CAR), covering only credit and market risk, fell 0.88% as the increase in qualifying capital was outpaced by the growth in risk-weighted assets. Meantime, CAR, in compliance with Basel 2 requirements as enforced by BSP, stood at 13.22% as of June 30, 2008.
 - 5.) Basic Earnings per Share was down by P0.37 to 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.

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.

The Bank expects to incur capital expenditures related to head office renovations 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 Any significant elements of income or loss that did not arise from the issuer's continuing operations.

The Bank booked one-time gains on the sale of its Visa and Mastercard shares.

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 – June 2008 vs. December 2007

- Savings Deposits as a percentage of Total Deposits dropped to 56% from 71.5% as the Bank started to convert its high-cost savings deposits into Time Deposits, which consequently increased to 39.1% of Total Deposits from 22.8%.

II. Balance Sheet – June 2008 vs. June 2007

- Savings Deposits as a portion of Total Deposits dropped to 56% from 69.1% as the Bank started to convert its high-cost savings deposits into Time Deposits, which accordingly increased to 39.1% from 25.3% of Total Deposits.

III. Income Statement – June 2008 vs. June 2007

- Interest Income on Loans and Other Receivable grew to 63.6% of Total Interest Income from 56.8%, due to a significant expansion of the Bank's loan portfolio.
- Interest Expense on Deposits as a portion of Total Interest Expense dropped to 72.6% from 78.2%, as the Bank reduced its dependence on high cost deposits.
- Interest Expense on Bills Payable and Other Liabilities increased to 27.4% of Total Interest Expense from 21.8%, primarily owing to the two P10.0B issues of Lower Tier 2 Notes.
- Provision for Impairment Losses as a percentage of Net Interest Income went down to 14.2% from 28.9% after booking substantial provisions last year.
- Trading gain as a percentage of Other Income dropped to -12.4% from 27.1%, as a result of unfavorable revaluation of the Bank's trading and investment portfolios.
- Service Charges & Fees rose to 50.1% from 43.4% of Other Income owing to a lower level of Other Income year-on-year.
- FX Gain to Other Income surged to 31.0% from 4.9% on account of increased volume of treasury trading activities, interbank swaps, trade transactions and OFW remittances.
- Employee Benefits as a portion Operating Expenses increased from 29.4% to 35.9%, owing to a higher manpower count brought about by business expansion.
- Miscellaneous Expenses dropped to 28.5% of Operating Expenses from 33.6%, from lower expenditures for repairs and maintenance, representation, as well as management and other professional fees.

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

Remarks: NONE