



Via ODiSy

April 3, 2008

**PHILIPPINE STOCK EXCHANGE, INC.**

Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

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

Gentlemen:

We reply to your letter dated today requesting clarification on an article entitled "BDO to issue 15B of Lower Tier 2 notes" published in the April 3, 2008 edition of the Philippine Star (Internet Edition), the relevant portion of which reads:

"Banco De Oro (BDO) has been allowed to issue P15-billion worth of lower Tier 2 notes this year to help bankroll the continuing expansion of the bank's operations. According to the BSP, BDO's Plan to issue lower Tier 2 notes was approved by the Monetary Board (MB), allowing the bank to raise new capital.... According to Espenilla, the MB approved the issue which had a ten-year maturity and a 5-year non-call option...."

We confirm that Banco De Oro (BDO) has a pending request with the Bangko Sentral ng Pilipinas (BSP) for authority to issue up to P15 billion of unsecured subordinated debt eligible as Lower Tier 2 Capital, over a period of one year. This was disclosed by BDO in its letter to the Exchange dated 26 February 2008, the relevant portion of which we quote as follows:

"Public Issuance of Unsecured Subordinated Debt eligible as Lower Tier 2 Capital



Subject to the prior approval of the Bangko Sentral ng Pilipinas (BSP), BDO's Board approved a program for the public issuance in tranches of up to P15 billion of unsecured subordinated debt eligible as Lower Tier 2 Capital, over a period of one year. The first tranche is planned at P5 billion, and is meant to partially refinance an existing US\$200 million Tier 2 issue callable by July 2008. This will allow further expansion of BDO's consumer loan portfolio, and boost its capital adequacy ratio, which stood at 15.3% as of 4Q07. Management has mandated The Hongkong & Shanghai Banking Corporation, ING Bank N.V. and Standard Chartered Bank to arrange the new Tier 2 issue."

While the reported approval of the issue by the BSP is welcome news, BDO has not received official notice from the BSP of the Monetary Board's approval of BDO's lower tier 2 issue.

We trust we have satisfactorily clarified the matter.

*Thank you.*

Very truly yours,

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

**ELMER B. SERRANO**  
Corporate Information Officer