

PSE copy

# COVER SHEET

							3	4	0	0	1
--	--	--	--	--	--	--	---	---	---	---	---

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	.					
---	---	---	---	---	--	---	---	--	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--

[illegible]

(Company's Full Name)

B	D	O		C		r	p		a	t	e		C	e	n	t	e	r									
---	---	---	--	---	--	---	---	--	---	---	---	--	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--

7	8	9	9		M	a	k	a	t	i		A	v	e	n	u	e		M	a	k	a	t	i		C	i	t	y
---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---

(Business Address : No. Street City/ Town/ Province)

Atty. Elmer B. Serrano

Contact Person

840-7000/702-6000

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

SEC Form 17-A

FORM TYPE

**Last Friday of May**

Month

Day.

Annual Meeting

--

Secondary License Type, if Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

\_\_\_\_\_

Amended Articles Number/ Section

14,443

Total No. of Stockholders

### Total Amount of Borrowings

\_\_\_\_\_

Domestic

[illegible]

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document I.D.

Cashier

Cashier

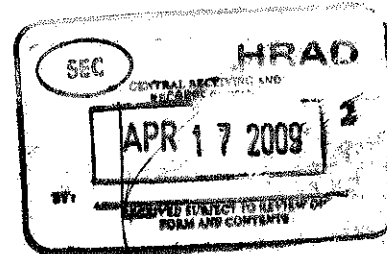
STAMPS

Remarks = pls. use black ink for scanning purposes

**SEC FORM 17-A**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED



ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: December 31, 2008
2. SEC Identification Number: 34001 3. BIR Tax Identification No. 000-708-174-000
4. Exact name of registrant as specified in its charter: BANCO DE ORO UNIBANK, INC.
5. Manila ☐ (SEC Use Only)  
Province, Country or other jurisdiction of Industry Classification Code:  
incorporation or organization
7. BDO Corporate Center 7899 Makati Avenue, Makati City 0726  
Address of principal office Postal Code
8. (632) 840-7000  
Issuer's telephone number, including area code
9. Banco de Oro-EPCI, Inc., 12 ADB Avenue, Ortigas Center, Mandaluyong City  
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock  
Outstanding and Amount of Debt Outstanding

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common Stock, Php10.00 par value	2,302,032,661
Preferred Stock, Php10.00 par value	525,000,000

11. Are any or all of these securities listed on a Stock Exchange.

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:  
**Philippine Stock Exchange** **Common**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ [ X ]

No ☐ [ ]

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

Yes ☒ [ X ]

No ☐ [ ]



## TABLE OF CONTENTS

	<u>Page No.</u>
<b>PART I - BUSINESS AND GENERAL INFORMATION</b>	<b>4</b>
Item 1 Business	4
Item 2 Properties	14
Item 3 Legal Proceedings	44
Item 4 Submission of Matters to a Vote of Security Holders	46
<b>PART II - OPERATIONAL AND FINANCIAL INFORMATION</b>	<b>46</b>
Item 5 Market for Registrant's Equity and Related Stockholders Matters	46
Item 6 Management's Discussion and Analysis or Plan of Operations	49
Item 7 Financial Statements	55
Item 8 Changes in and Disagreements With Accountants on Accounting and Financial Disclosures	55
<b>PART III - CONTROL AND COMPENSATION INFORMATION</b>	<b>55</b>
Item 9 Directors and Executive Officers of the Registrant	55
Item 10 Executive Compensation	73
Item 11 Security Ownership of Certain Beneficial Owners and Management	74
Item 12 Certain Relationships and Related Transactions	75
<b>PART IV - CORPORATE GOVERNANCE</b>	<b>76</b>
Item 13 Corporate Governance	76
<b>PART V - EXHIBITS AND SCHEDULES</b>	<b>77</b>
Item 14 Exhibits and Reports on SEC Form 17-C	77

## SIGNATURES

## EXHIBITS & ANNEXES

## PART I – BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### 1) Business Development

##### *Form and Year of Organization*

Banco De Oro Unibank Inc. (BDO), originally known as Acme Savings Bank, was acquired by the SM Group in 1976. The SM Group is one of the largest conglomerates in the Philippines, with substantial interests in financial services, real estate development, and tourism and entertainment, founded around its core business in commercial centers and retailing. BDO listed its shares on the Philippine Stock Exchange (PSE) on 21 May 2002.

BDO is now among the market leaders in its core business lines following its merger with Equitable PCI Bank (EPCI) in May 2007. The Bank offers a complete array of products and services, i.e. Retail Banking, Lending (Corporate, Commercial, Consumer, and SME), Treasury, Trust, Credit Cards, Corporate Cash Management and Remittances. Through its subsidiaries, the bank offers Leasing and Financing, Investment Banking, Private Banking, Bancassurance, Insurance Brokerage and Stock Brokerage services. It has one of the largest branch networks, with 664 branches and more than 1,200 ATMs nationwide.

As of May 2008, BDO has already completed the integration of its business units and the conversion of the former EPCI branches. The Bank also successfully embarked on a re-branding campaign to establish "one-bank, one-face, one-consistent service" to customers. The Bank is now implementing the second phase of integration, aimed at generating operational efficiency and capitalizing on the scale and synergies from the merger. This is expected to enhance customer service, product delivery efficiency and shareholder value.

Based on published Statements of Condition of Philippine universal and commercial banks as of end-December 2008, BDO ranked first in terms of total resources, trust assets, loans and receivables, and deposits, and third in terms of total capital accounts. BDO's market shares of the commercial banking sector are as follows:

- Assets – 15.1%
- Assets under Management (Trust) – 26%
- Loans and receivables – 17.5%
- Deposits – 16.1%, and
- Total Capital Accounts – 12.5%.

BDO registered a net income of P2.2 billion for the year 2008. Net Interest Income grew 7.5% to P23 billion primarily due to the expansion in the Bank's earning assets and customer loan portfolio. Total resources grew 30% year-on-year to P802 billion from an expansion in both the

Bank's liquid assets and customer receivables. Net Loans and Other Receivables surged 58% with gross customer receivables expanding by 32% from an expansion in corporate as well as consumer loans. Total Deposit Liabilities expanded 43%, supported by aggressive market efforts. Trust Assets under Management also increased 24% year-on-year to P338.2 billion. A P5 billion preferred share issuance in September boosted Total Equity to P57.8 billion

BDO's diverse subsidiaries and investments in allied undertakings provide an extensive range of banking and other financial services. The Bank's subsidiaries are as follows:

<b>Philippine-based Firms</b>	
1	BDO Private Bank, Inc. (BDO Private)
2	BDO Leasing & Finance, Inc.
3	EBC Strategic Holdings Corporation (ESHC)
4	EBC Investments, Inc. (EBCII)
5	PCIB Properties, Inc.
6	BDO Capital & Investment Corporation (BDO Capital)
7	BDO Financial Services, Inc.
8	BDO Technology Center, Inc. (BDO Technology)
9	Equimark - NFC Development Corp.
10	BDO Realty Corporation
11	PCIB Securities, Inc.
12	PCI Realty Corporation
13	BDO Insurance Brokers, Inc. (BDO Insurance)
14	PCI Insurance Brokers, Inc. (PCI Insurance)
<b>Philippine-based Affiliates</b>	
1	SM Keppel Land, Inc.
2	Generali Pilipinas Holdings, Inc.
3	Northpine Land Incorporated
4	Taal Land
<b>Foreign-based Firms</b>	
1	PCI Express Padala (HK) Ltd.
2	PCIB Europe, S.P.A.
3	Express Padala HK Ltd.
4	BDO Remittance (USA), Inc
5	Express Padala Frankfurt GmbH
6	Equitable PCI Express Padala (Nederland) B.V.

## 2) Business of Issuer – Description of the Business and its Significant Subsidiaries

### (i) Principal Products and Services

---

#### **BANK PRODUCTS & SERVICES**

---

**Peso Deposits:** Regular CA, Smart Checking, Super Checking, Peso CA Payroll, Automatic (ATF) Accounts, Peso Passbook SA, Peso ATM, Peso SA Payroll, Optimum, Super Savings, Junior Savers Club, Power Teens Club, Club 60 Peso, Smart Guarantor, Peso Time Deposit, Premium Flexi Earner

**Foreign Currency Deposits:** Dollar SA, Club 60 Dollar, Dollar Super Saver, Mega Savings Dollar, Dollar Time Deposit, US Dollar PRA Time Deposit, Two-Year Dollar Time Deposit, Three-Year Dollar Time Deposit, Five-Year Dollar Time Deposit, Third Currency Deposit

**Deposit-related Services:** Manager's Checks, Gift Checks, Customized Checks, Demand Drafts, Telegraphic Transfers, Inter-branch Deposits, Deposit Pick-Up Service, Night Depository Service, Safe Deposit Box

**Remittance Services:** Credit to BDO Account, Cash Pick Up Anywhere (at BDO Branches, SM Forex Counters, and Accredited Rural Banks and Financial Service Partners) BDO Remit Cash Card, BDO Kabayan Savings Account (USD & PHP), BDO Kabayan Time Deposit Account, Jollibee Pandalang Langhap Sarap, Direct Deposit, Other Services (Credit to Other Local Banks, Cash Door-to-Door, Global Money Transfers,) Asenso Kabayan Program

**Trust Services:** Unit Investment Trust Funds, Customized Portfolio Management (Living Trust Account, Investment Management Accounts, Employee Benefit/Retirement Accounts, Personal Pension/Retirement Accounts, Pre-Need Trust Funds, Institutional/Corporate Trust Funds, Dollar Trust Funds), Special Trust Services (Mortgage or Collateral Trust, Facility/Loan Agency, Escrow Agency Services, Registry and Transfer Agency, Paying Agency, Collection Agency, Receiving Bank, Safekeeping, Life Insurance Trust, Court Trusts, Non-Voting Trusts, Special Purpose Trust), Investment Management Advisory Services

**Treasury Dealership and Brokering Services:** Treasury Bills & Bonds, Fixed Rate Treasury Notes, Commercial Papers, Foreign Currency Denominated Bonds, FX Forwards and Swaps, Interest Rate Swaps

**Transaction Banking:** Cash Management Services: Integrated Collection solutions – Bills Payment and Auto Debit Arrangements; Institutional Payment collections – Corporate Collections, PDC Warehousing, Armored Car Cash Deposit Pick-up, Motorized Check Pick-Up; Integrated Disbursement Solutions – Direct Credit, Check Printing, Payables Warehousing, Regular Payroll, Check Disburse; Government Collections – BIR e-Payment, SSS EC Link, Philhealth, HDMF, NHMFC; Liquidity Management – Account Sweeping Facility, Warehouse & Discounting Facility; Account and Information Services – Infolink. Electronic Banking: Expressnet, Megalink, Bancnet, Visa/Plus, Mastercard, Cirrus/Maestro; Internet Banking – my BDO Internet Banking, Corporate Internet Banking; Phone Banking; Mobile Banking; Point-of-Sale (POS)

**Card Products:** Debit Cards: BDO Smarteller ATM Card, BDO ATM Debit Card Mastercard BDO ATM Debit Card Paypass, Fasteller, Speedteller; Pre-paid Cards: BDO Cash Card, BDO Cash Card International, BDO Asenso Kabayan Cash Card, Smart Money, Fast Card

---

---

**Consumer Loans & Credit Cards:** BDO Home Loan, BDO Home Equity, BDO Contract-to-Sell Financing, BDO Auto Loan, BDO Personal Loan, BDO Credit Cards: BDO Mastercard, BDO American Express Card, BDO Visa Card, and BDO JCB Card

---

**Commercial & Industrial Loans:** Credit Lines, Bills Purchase Lines, Check Discounting Lines, Term Loans, Trust Loans, US Dollar Denominated Loans, LC/TR Financing, Stand-by LC, CTS Financing, Export Bills Purchase, Export Packaging Credit, FX Settlement, Sugar Quedan Financing, Receivables Purchase Facility

---

**Special Loan & Guarantee Facilities:** Funding Facilities - Countryside Loan Fund (CLF III), Credit Support for the Environment, Agribusiness and Small and Medium Enterprises (CREAM), Micro, Small and Medium Enterprises (MSME), Industrial Guarantee & Loan Fund (IGLF), Sustainable Logistics Development Program (SLDP), Environmental Development Program, Industry Support Loan Project (ISLP-JBIC 6), Industrial and Large Projects, BSP Rediscounting Facility, SBGFC-SME Funding for Investments in Regional Markets (FIRM), SBGFC-SME Funding Access for Short-Term Loans (FAST), SSS Special Financing Program, SSS Industry Loan Program and SSS Financing Programs for Hospitals, Schools, and Tourism Projects. Guarantee Facilities – SBGFC Clean Loan Guarantee Facility, SBGFC Collateral-Short Guarantee Facility, SBGFC Collateral-Sharing Guarantee Facility, PhilExim Pre-Shipment & Post-Shipment Export Finance Guarantee Program, PhilExim Term Loan Guarantee Program (TLGP), PhilExim General Facility Program (GFP), PhilExim Omnibus Guarantee Line Under the General Facility Program, PhilExim Programs for Large Projects in Priority Sectors of the Government

---

**Foreign Exchange:** Over-the-Counter Purchase/Sale of FX, Purchase/Sale of Traveler's Checks

---

**Investment Banking.:** BDO Capital and Investment Corp.: Debt, Equity and Quasi-Equity Underwriting; Loan Syndication; Project Finance; Securitization; Private Placement of Debt and Equity, Financial Advisory, Mergers and Acquisitions, Direct Investments, Off-Balance Sheet Facilities. BDO Securities Corp: Equity Securities Brokering and Dealership

---

**Insurance Brokerage.:** Industrial/Commercial All Risk, Fire & Lightning with Allied Perils (Residential/Commercial), Business Interruption, Personal/Comprehensive General/Product Liability, Contractors' All Risks, Erection All Risk, Machinery Breakdown, Electronic Equipment, Motor Vehicle, Marine Cargo Insurance/Marine Hull/Aviation, Surety Bonds, Money Securities and Payroll, Group Life, Individual/Group Personal Accident, Travel Personal Accident, Group Health/Hospitalization/ HMO

---

**Trade Services:** Import/Export Letters of Credit, Domestic Letters of Credit, Standby Letters of Credit, Documents Against Payment, Documents Against Acceptance, Open Account Agreements, Export Negotiations, Shipping Guarantees, Trust Receipt, Inventory Financing, BSP TR Rediscounting

---

**Cross Border and Wholesale Financing:** Structured Trade Finance

---

**Private Banking:** Peso and Foreign Currency Settlement Accounts, Securities Custody and Safekeeping Accounts, Deposits, Securities Broking, Foreign Exchange, Derivatives, Consolidated Cash and Securities Statement, Wealth Advisory (Financial Planning, Financial Asset Consolidation, Investment Advisory and Management, Purpose Trust), Tax and Estate Advisory

---

---

**Securities Brokerage:** Dealership & Brokering of Equity Securities

---

**BDO Asenso Kabayan Program:** BDO Kabayan Savings Account (USD & PHP), BDO Kabayan Time Deposit Account, BDO Remit Services (Credit to BDO Account, Cash Pick-Up in any BDO Branch, BDO Onsite Outlet, SM Forex Counters, & Rural Banks), BDO Remit Cash Card (Peso Only), Kabayan Bills Bayad, Kabayan College Secure, Kabayan Loans (Kabayan Auto Loan, Kabayan Home Loan, Kabayan Personal Loan)

---

**Collection Services for major corporations:**

---

Of the foregoing, the Bank derives its income (10% or more of total revenue) as follows:

---

Income Accounts	% to Total Income
1. Interest Income on Loans & Other Receivables	49.8%
2. Interest Income on Investment & Trading Securities	19.9%
3. Service Charges, Fees and Commissions	13.2%

---

(ii) Distribution Methods of Products or Services.

The Bank's services are distributed and accessed primarily through branches, but select services are also accessible through other channels such as kiosks, call centers, mobile and landline telephones, internet, and point-of-sale terminals. The Bank's extensive distribution network provides it good market coverage that is superior to many of its competitors. Aside from 1,253 ATM machines and a branch in Hong Kong, the Bank has a consolidated domestic branch network of 664 in operation as of December 31, 2008.

(iii) Status of Publicly Announced New Products or Service

Aside from a 5-year US Dollar Time deposit product, no other new product was launched in 2008. Instead, a number of products were relaunched during the year as the Bank concentrated its efforts in harmonizing, consolidating and improving its existing product lines.

(iv) Competition

As of December 2008, the Philippine commercial banking sector consisted of 38 commercial banks, 18 of which are private domestic banks, 17 are branches/subsidiaries of foreign commercial banks and 3 are government-controlled banks. Of the 38 commercial banks, 17 are universal banks, of which 3 are branches of foreign banks.

Based on published statements of condition, the total assets of the commercial banking system as of December 31, 2008 reached P4.8 trillion. Domestic banks accounted for approximately 88% of the total while foreign banks contributed the remaining 12%. The five largest banks, namely, BDO, Metropolitan Bank and Trust Company, Bank of the Philippine Islands, Land Bank of the Philippines, and Development Bank of the Philippines, accounted for 55% of total assets.

As of December 31, 2008, the loans and receivables (net) of the commercial banking system amounted to P2.6 trillion, while total deposits was at P3.9 trillion. The total capital accounts of the commercial banking system amounted to P451 billion as of December 2008. Among the commercial banks, BDO ranks 1st in terms of total assets, deposits, loans and receivables and trust, and 3rd in terms of total capital.

(v) Transactions with and/or Dependence on Related Parties.

There has been no transaction or proposed transaction during the last 2 years to which the Bank was or is to be a party, and in which any of its directors, officers, director-nominees, significant record or beneficial owner of the Bank's securities have any interest other than those arising from the regular loan transactions granted in the ordinary course of business, approved by the Board of Directors and reported to the Bangko Sentral ng Pilipinas, subject to certain limitations provided by law and existing banking regulations.

(vi) Patents, Trademarks, Licenses, Franchises, Concession, Royalty Agreement or labor contracts including duration

The Bank has registered the following trademarks with the Intellectual Property Office of the Philippines:

Trademark	Duration
Express Padala	March 17, 2008 to March 17, 2018
We find ways	April 7, 2008 to April 7, 2018

(vii) Governmental Approval of Principal Products or Services

None.

(viii) Effect of Existing or Probable Governmental Regulations on the Business

Being a banking institution subject to the General Banking Law and banking regulations, the Bank is under the supervision of the Bangko Sentral ng Pilipinas, whose approval BDO requires to undertake certain activities:

(xi) Estimate of Amount Spent for Research and Development Activities

No expenses have been incurred by the Bank for research and development for the past three (3) years.

(x) Total Number of Employees

The Bank has a total of 18,515 employees as of 31 December 2008 broken down as follows:

	Non- Officers	Officers	Executives	Consultants	TOTAL
<b>Total Head Offices</b>	3,511	3,262	520	55	7,348
<b>Metro Manila Branches</b>	4,555	1,600	95	0	6,250
<b>Provincial Branches</b>					
Luzon	2,128	670	13	0	2,811
Visayas	875	277	4	0	1,156
Mindanao	759	187	4	0	950
<b>Total Provincial Branches</b>	3,762	1,134	21	0	4,917
<b>TOTAL EMPLOYEES</b>	<b>11,828</b>	<b>5,996</b>	<b>636</b>	<b>55</b>	<b>18,515</b>

The Bank has an existing collective bargaining agreement (CBA) with the Banco De Oro National Union of Bank Employees covering substantially all of the Bank's staff level employees, other than those expressly excluded under the new CBA. This agreement is effective for a period of five (5) years from 1 November 2005 to 31 October 2010, in so far as the representation aspect is concerned. All other provisions of the agreement shall be in effect for a period of three (3) years until 31 October 2008. The economic provisions of the CBA are under negotiation for the remaining period of 1 November 2008 to 31 October 2010. The Bank's has not suffered any strike in the past 20 years, and the Bank considers its relations with its employees and the Union to be good.



(xi) Risk Management

## **RISK MANAGEMENT**

The Bank operates an integrated risk management system to address the risks it faces in its banking activities, including market, liquidity, credit and operational risks. The Bank's Risk Management Committee has overall responsibility for the Bank's risk management systems and sets risk management policies across the full range of risks to which the Bank is exposed. The Risk Management Committee is a Board-Level committee composed of three members of the Board of Directors including the President.

Within the Bank's overall risk management system, the Asset-Liability Committee (ALCO) is responsible for managing the Bank's balance sheet, including the Bank's liquidity, interest rate and foreign exchange related risks. In addition, ALCO formulates investment and financial policies by determining the asset allocation and funding mix strategies that are likely to yield the targeted balance sheet results. ALCO includes the President of the Bank and the respective heads of the Bank's Treasury, Lending, Comptrollership, Branches, Trust, and Risk Management Group (RMG).

Separately, the RMG is tasked with managing credit risk, which is the risk that the counterpart in a transaction may default, and market risk, which is the risk of future loss from changes in the pricing of financial instruments. See "Credit Risk Management" and "Market Risk Management" below.

### **Liquidity Risk Management**

The Bank takes a multi-tiered approach to maintaining liquid assets. BSP regulations require the Bank to maintain minimum cash reserves and liquid assets as a proportion of its overall deposits. The Bank's principal source of liquidity is comprised of ₱21.8 billion of cash and short-term deposits with maturities of less than one year amounting to ₱130.9 billion as at 31 December 2008. In addition to regulatory reserves, the Bank maintains what it believes to be a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be converted to cash quickly. Of a net portfolio of trading and investment securities of ₱156.2 billion as at 31 December 2008, ₱14.1 billion, or 9.1%, comprised trading and investment securities with remaining maturities of one year or less. The Bank also uses the interbank market as a means of maintaining a sufficient level of liquid assets. It had interbank loan receivables of ₱29.2 billion as at 31 December 2008. In addition, the Bank manages liquidity by maintaining a loan portfolio with a sufficient proportion of short-term loans. As at 31 December 2008, ₱281.1 billion, or 57.2 %, of the Bank's loans and other receivables were comprised of loans with remaining maturities of less than one year, including past due loans.

## **Interest Rate Risk Management**

A critical element of the Bank's risk management program consists of measuring and monitoring the risks associated with fluctuations in market interest rates on the Bank's net interest income. The Bank employs "gap analysis" to measure the interest rate sensitivity of its assets and liabilities. The asset/liability gap analysis measures, for any given period, any mismatch between the amounts of interest-earning assets and interest-bearing liabilities, which would mature, or re-price, during that period. If there is a positive gap, there is asset sensitivity, which generally means that an increase in interest rates would have a positive effect on the Bank's net interest income. If there is a negative gap, this generally means that an increase in interest rates would have a negative effect on the Bank's net interest income.

## **Credit Risk Management**

Credit risk is the risk that the counterpart in a transaction may default and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the Bank. The Bank manages its credit risk and loan portfolio through the RMG, which undertakes several functions with respect to credit risk management.

The RMG undertakes credit analysis and review to ensure consistency in the Bank's risk assessment process. The RMG performs risk ratings for corporate accounts and risk scoring for consumer accounts. It also ensures that the Bank's credit policies and procedures are adequate to meet the demands of the business. The RMG is also responsible for developing procedures to streamline and expedite the processing of credit applications.

The RMG's portfolio management function involves the review of the Bank's loan portfolio, including the portfolio risks associated with particular industry sectors, regions, loan size and maturity, and development of a strategy for the Bank to achieve its desired portfolio mix and risk profile.

The RMG reviews the Bank's loan portfolio in line with the Bank's policy of not having significant unwarranted concentrations of exposure to individual counterparties, in accordance with the BSP's prohibition on maintaining a financial exposure to any single person or group of connected persons in excess of 25% of its net worth. See "Loan Portfolio — Size and concentration of loans" above.

Finally, the RMG has a remedial management function which includes handling the collection and servicing of loan accounts encountering repayment difficulties and overseeing "watchlisted" accounts which are accounts expected to encounter difficulties due to adverse economic or business conditions. As a matter of policy, the Bank extends as much assistance as necessary to restructure remedial accounts before taking steps to enforce legal proceedings.

## **Market Risk Management**

The Bank's exposure to market risk, the risk of future loss from changes in the price of a financial instrument, relates primarily to its holdings in foreign exchange instruments, debt securities and derivatives. The RMG's role in managing market risk is to identify, analyze and measure relevant or likely market risks. It recommends various limits based on activity indicators to the Bank's Risk Management Committee. The Risk Management Committee in turn passes its recommendations to the Board, which reviews and approves these limits. The Bank's market risk management limits are generally categorized as limits on:

- Aggregate control limits would include permitted instruments and currencies, volume or notional limits, intra-day position limits, and other similar limits. Aggregate control limits are intended to prevent over-trading, excessive concentration, and to limit financial loss supplementing other already established limits.
- Management Action Triggers ("MATs"). These limits establish management's tolerance for accepting market risk losses, actual and unrealized, on a cumulative basis.
- Value-at-risk — the RMG computes the VAR benchmarked at a level of target trading income and as a percentage of capital; and
- Earnings-at-risk — the RMG computes the earnings-at-risk based on a percentage of projected earnings and capital.

## **Foreign Exchange Risk Management**

The Bank manages its exposure to foreign exchange risk by maintaining foreign currency exposure within existing regulatory guidelines and at a level that it believes to be relatively conservative for a financial institution engaged in that type of business.

The Bank's net foreign exchange exposure is computed as its foreign currency assets less foreign currency liabilities. BSP regulations impose a cap of 20% of unimpaired capital, or U.S. \$50 million, whichever is lower, on the consolidated excess foreign exchange holding of banks in the Philippines. In the case of the Bank, its foreign exchange exposure is primarily limited to the day-to-day, over-the-counter buying and selling of foreign exchange in the Bank's branches as well as foreign exchange trading with corporate accounts and other financial institutions. The Bank, being a major market participant in the Philippine Dealing System, may engage in proprietary trading to take advantage of foreign exchange fluctuations.

The Bank's foreign exchange exposure during the day is guided by the limits set forth in the Bank's Risk Management Manual. These limits are within the prescribed ceilings mandated by the BSP. At the end of each day, the Bank reports to the BSP on its compliance with the mandated foreign currency exposure limits. In addition, it also reports to the BSP on the respective foreign currency positions of its subsidiaries.

As at 31 December 2008, the Bank's net foreign exchange exposure was a positive U.S. \$43.4 million, inclusive of the foreign exchange position of the Bank's subsidiaries.

## **Operational Risk Management**

The Bank manages its operational risks by having policies to minimize its expected losses, allocating capital for the unexpected losses, and having insurance and/or a business continuity plan to prepare for catastrophic losses.

Under the Bank's Operational Risk Management (ORM) framework, the Board is responsible for providing leadership in the management of risk. The business and service unit heads, as risk owners, are responsible for identifying, assessing and limiting the impact of risk in their businesses. RMG provides the common risk language and management tools and monitors the implementation of the ORM framework and policies.

## **Item 2. Properties**

### **Description of Property**

#### **1) Principal Properties Owned**

Presented below is a list of the Bank's real properties as of 31 December 2008 owned by the Bank and utilized as branches.

<b>BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES</b>		
	<b>BRANCH</b>	<b>ADDRESS</b>
1	ADB Avenue - Ortigas	Robinson's PCIBank Tower, ADB Avenue, Ortigas Center, 1600 Pasig City
2	Airport Road	Quirino Avenue corner Airport Road, Baclaran District, Parañaque City
3	Alfaro	Unit # 2, GF Chatham House, Herrera St. cor. Valero and San Agustin Sts., Salcedo Village., Makati City
4	Alfaro – Salcedo Village	GF PDCP Bank Center, LP Leviste corner Herrera St. , Salcedo Village, Makati City
5	Angeles City-Miranda	PCIB Bldg., Miranda St., 2009 Angeles City, Pampanga
6	Antique	Corner Gov. Villavert St. and Gov. Gella St., San Jose, Antique 5700
7	Aparri - Rizal Street	Rizal St. cor. R.F. Balisi St., Aparri, Cagayan
8	Arranque-T. Alonzo	733 T. Alonzo St., Manila

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
9	Asia Tower - Paseo	G/F Asia Tower cor. Paseo De Roxas & Benavides Sts., 1229 Makati City
10	Aurora Blvd	Aurora Boulevard corner Yale Street, Cubao, Quezon City
11	Aurora Blvd-Notre Dame	Aurora Blvd. corner Notre Dame St., Cubao, 1110 Quezon City
12	A. Santos-St. James	8406 A. Santos Ave., Sucat, Parañaque City 1700
13	Baclaran-Redemptorist Road	Redemptorist Road, Baclaran, Parañaque, M.M..
14	Bacolod Plaza	Araneta cor. Gonzaga Sts., 6100 Bacolod City- Negros Occidental
15	Bacolod - Capitol Shopping	Benigno Aquino Drive, Capitol Shopping 6100 Bacolod City, Negros Occidental
16	Bacolod - Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
17	Bacolod - Lacson	Lacson cor. Galo Sts., 6100 Bacolod City, Negros Occidental
18	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. cor. Rosario St., Bacolod City, Negros Occidental
19	Bagtican-Pasong Tamo	Unit 102 G/F Pryce Center Condo, 1179 Chino Roces Ave. cor. Bagtican St., San Antonio Village, Makati City
20	Balanga - A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
21	Baliuag - J.P. Rizal	J.P. Rizal St., San Jose, Baliuag, Bulacan
22	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., Batangas, Batangas City
23	Batangas - Sto. Tomas	Maharlika Highway, San Antonio Sto. Tomas, Batangas
24	Bel Air-Gil Puyat	Country Space 1 Condo. Building, Sen. Gil Puyat Avenue, Bel-air Village, 1209 Makati City
25	Binondo	411 Quintin Paredes Street, Binondo, Manila
26	Biñan	A. Bonifacio Street, Barrio Canlalay, Biñan, Laguna
27	Blumentritt	Rizal Avenue corner Antipolo Street, Manila
28	Blumentritt - San Juan	Lot 11-B, Blk. 127 Blumentritt cor. Sto. Toribio Sts., San Juan, Metro Manila
29	Boni Avenue	# 74 Maysilo Circle corner Boni Avenue, Mandaluyong City
30	Bukidnon - Valencia	M. L. Quezon St. cor. G. Laviña Ave., Valencia City, Bukidnon 8709
31	Cabanatuan - Maharlika Road	Maharlika Road near cor. Sanciango St., Cabanatuan City
32	Cagayan de Oro - Lapasan	CM Recto Highway, Lapasan, 9000 Cagayan de Oro City, Misamis Oriental
33	Cagayan de Oro - Velez	Velez Road corner Abejuela Street, Cagayan de Oro
34	Calamba Crossing - North	Calamba Crossing, National Highway, 4027 Calamba, Laguna
35	Caloocan - Sangandaan	No. 628 A. Mabini St., 1408 Sangandaan, Caloocan City
36	Capitol-Pasig	#125 Shaw Blvd. cor. Danny Floro St., Pasig City
37	Cavite - Dasmariñas Technopark	Governor's Drive, Brgy. Paliparan I, Dasmariñas, Cavite
38	Cavite City - P. Burgos	Cor. P. Burgos & P. Julio Sts., Caridad, 4100 Cavite City
39	Cebu Borromeo	Magallanes cor., Borromeo Sts., Cebu City
40	Cebu- F. Gonzales	F. Gonzales cor. Magallanes Sts., Cebu City
41	Cebu Fuente Circle	Fuente Osmeña Rotunda, Cebu City
42	Cebu- Gorordo	Gorordo Ave., Lahug, 6000 Cebu City, Cebu
43	Cebu-Magallanes Plaridel	Magallanes cor., Plaridel Sts., 6000 Cebu City

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
44	Cebu - North Mandaue	National Highway, Mandaue City
45	Cebu North Reclamation	Blk.20-A cor. Port Centre Ave. and Juan Luna Ave., North Reclamation Area, Cebu City
46	Cebu South Mandaue	National Highway, 6014 Mandaue City, Cebu
47	Corinthian Gardens	BDO Leasing Center, Ortigas Ave., Quezon City
48	Cotabato Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato
49	Cotabato - Makakua	Makakua St., 9600 Cotabato City, Maguindanao
50	C. Palanca-Quiapo	132 Carlos Palanca St., Quiapo, Manila
51	C.M. Recto	Nicanor Reyes Street corner Claro M. Recto Avenue, Sampaloc, Manila
52	C.M. Recto- San Sebastian	2070 C.M. Recto St., 1008 Sampaloc, Manila
53	Dagupan - Fernandez	A.B. Fernandez Ave., 2400 Dagupan City, Pangasinan
54	Dasmariñas St.-Binondo	PCIBank Bldg., Dasmariñas St. Binondo, 1006 Manila
55	Davao - C.M. Recto	383 Claro M. Recto St., Davao City
56	Davao Digos	Rizal Avenue, Zone II, Digos, Davao del Sur
57	Davao - Mati	Rizal cor.Mabini Sts., 8200 Mati, Davao Oriental
58	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
59	Dian - Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue cor. Dian St., Makati City
60	Dipolog	Quezon Ave, 7100 Dipolog City, Zamboanga Del Norte
61	Dumaguete	Colon St. fronting Bldg. V of City Public Market, Poblacion 003, Dumaguete City
62	E. Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon city
63	Fairview	Don Mariano Marcos Avenue, Barangay Fairview, Quezon City
64	General Santos - Pendatun	GF Sydney Hotel, Pioneer St. and Pendatun Avenue, General Santos City, 9500
65	General Santos - Pioneer	National Highway cor. Roxas Ave., 9500 Gen. Santos City, S. Cotabato
66	General Santos - Santiago	Ireneo Santiago Blvd., 9500 Gen. Santos St., South Cotabato
67	General Trias - Gateway	Gateway Business Park, C. Delos Reyes Ave., 4107 Gen. Trias, Cavite
68	Grace Park- 8th Avenue	Rizal Avenue Extension, Grace Park, Caloocan city
69	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City
70	Greenhills-Roosevelt	EBC Bldg., Ortigas Avenue corner Roosevelt Ave., Greenhills, San Juan, Metro Manila
71	Ilaya - M. De Santos	632 M. De Santos Street, Manila
72	Iligan-Del Pilar	B.C. Labao corner Del Pilar Street, Iligan City
73	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
74	Iloilo - Valeria	Valeria Street, Iloilo City
75	Imus	Gen. Aguinaldo Road, Anabu I, Imus, Cavite
76	Isabela - Roxas	#23 Osmeña Rd., Bantug, Mallig Plain, 3320 Roxas, Isabela
77	Juan Luna	262 Juan Luna Street, Binondo, Manila
78	Kalentong	MRDC Bldg., Shaw Boulevard corner Kalentong Street, Mandaluyong City

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
79	Laoag - Balintawak	Cor.Rizal & Balintawak Sts., 2900 Laoag City, Ilocos Norte
80	Las Piñas - Philamlife	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas, Metro Manila
81	Legaspi Village - Salcedo St.	EBC Bldg., 203 Salcedo Street, Legaspi Village, Makati City
82	Leveriza-Libertad	212 Libertad St., Pasay City, Metro Manila
83	Leyte – Ormoc	Burgos St. cor. Rizal St., 6541 Ormoc City, Leyte
84	Lipa - C.M. Recto	131 C. M. Recto St, 4217 Lipa City, Batangas
85	Lipa- Rotonda	C.M. Recto Avenue, Lipa City
86	Luneta - TM Kalaw	707 T.M. Kalaw St. corner Churruc St., Ermita, Manila
87	Main Office	BDO South Tower, Makati Avenue corner H. V. Dela Costa St., 1227 Makati City
88	Makati Avenue - Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
89	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
90	Malabon - Rizal Ave	694 Rizal Ave., 1470 Malabon, Metro Manila
91	Malolos-Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
92	Manggahan	Amang Rodriguez Avenue, Barangay Manggahan, Pasig City
93	Marikina	# 17 Bayan-bayanan Avenue, Barangay Concepcion 1, Marikina City
94	Marikina- Sumulong Highway	Corner E. Dela Paz Street Amang Rodriguez Avenue, Sto. Nino, Marikina City
95	Marulas-McArthur Highway	Lot 16 & 17 McArthur Highway, Valenzuela, Metro Manila
96	Mayon	GF, Alpha Building, 174 Mayon Street, La Loma, Quezon City
97	Medical Plaza-Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo St. cor.. Dela Rosa St. Legaspi Village, Makati City
98	Meycauayan - Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
99	Naga - Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
100	Negros Occidental - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
101	Negros Occidental Escalante	National Highway, Escalante City, 6124 Negros Occidental
102	Negros Occidental- Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
103	Novaliches - Forest Hills	Lot 2 D 1 Quirino Ave., Novaliches, Quezon City
104	Nueva Ecija - Gapan	Tinio St., 3105 Gapan, Nueva Ecija
105	Nueva Ecija - Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
106	Nueva Ecija - Munoz	T. Delos Santos St., Science City of Munoz, Nueva Ecija
107	Ortigas Avenue	Ortigas Avenue, Greenhills, San Juan, Metro Manila
108	Ortigas Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
109	Ortigas-San Juan	Units 102-103 Sunrise Condo., Ortigas Ave., 1500 San Juan, MM
110	Ozamiz City	Cebedo St., corner Gallardo St., Centro, Ozamiz City, Misamis Occidental
111	Paco- A. Linao	1635-1641 A. Linao St., Paco, Manila
112	Padre Faura-A. Mabini	A. Mabini Cor. Padre Faura Sts., 1000 Ermita, Manila
113	Pagadian	F. S. Pajaras Ave., Pagadian City, 7016 Zamboanga Del Sur
114	Pamplona	Alabang-Zapote Road, Barangay Pamplona Uno, Las Piñas City
115	Pasay	Libertad corner Colayco Streets, Pasay City
116	Pasay Road	G/F, One Corporate Plaza, #845 Antonio S. Arnaiz Avenue, Makati City

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
117	Paseo - Tower - Makati	Equitable Bank Tower, # 8751 Paseo De Roxas, Makati City
118	Perea – Paseo	G/F Universal Re Bldg., 106 Paseo De Roxas, 1228 Makati City
119	Paseo-Gil Puyat	EBC Bldg., Paseo De Roxas corner Gil Puyat Ave., Makati City
120	Plaza Sta. Cruz-Dasmariñas St.	377 Plaza Sta. Cruz, 1003 Sta. Cruz, Manila
121	Pitimini Roosevelt	EBC Bldg., Roosevelt Ave., cor.Pitimini St., San Francisco Del Monte, Quezon City
122	Potrero	#110 MacArthur Highway corner Riverside Street, Barangay Potrero, Malabon
123	Presidents. Ave.-BF	President's Ave. cor. J. Elizalde St., BF Homes Parañaque, Metro Manila
124	Puerto Princesa	261 Rizal Ave., 5300 Puerto Princesa City, Palawan
125	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
126	Quezon Candelaria	Rizal Ave cor. Valle St., 4323 Candelaria, Quezon
127	Reliance St.- EDSA	G/F Peragaon Plaza, cor. Reliance St., Mandaluyong City
128	Reposo-Makati	EBC Bldg., JP Rizal cor. N. Garcia (formerly Reposo), Makati City
129	Rizal Avenue	#2502 -2504 Rizal Avenue corner Cavite Street, Sta. Cruz District, Manila
130	Rockwell Center-Makati	Lot 3, Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
131	Roxas, Roxas Avenue	Roxas Avenue, Roxas City, Capiz
132	San Fernando-La Union-Q. Ave.	Quezon Ave., 2500 San Fernando, La Union
133	San Pablo - Rizal St	2nd Floor, Equitable PCI Bldg., Rizal St. cor. P. Alcantara, San Pablo City, Laguna
134	Shaw Blvd-Stanford	EBC Bldg., Shaw Blvd. Cor.. Stanford St., Mandaluyong City
135	Silay – Figueroa	Figueroa cor. Rizal St., Silay City, 6116 Negros Occidental
136	South Cotabato - Koronadal	R. Alunan Ave. cor. Osmeña St., 9506 Koronadal, South Cotabato
137	Sta. Rosa-South Expressway	National Road, Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
138	Strata 100-Ortigas	G/F Strata 100 Bldg., Emerald Avenue, Pasig City
139	Sultan Kudarat Isulan	#075 National Highway, Kalawag 2 Isulan, Sultan Kudarat
140	Sultan Kudarat Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
141	Taft- Vito Cruz	Bankard Bldg., 2422 Taft Ave., 1004 Malate, Manila
142	Tarlac	27 F. Tañedo Street, Tarlac, Tarlac City
143	Tarlac J. Luna	J. Luna St. near corner Mc Arthur, Tarlac, Tarlac
144	Tomas Morato- Kamuning	Corner Kamuning & Tomas Morato, Quezon City
145	Tuguegarao - Bonifacio St.	Bonifacio Street, Tuguegarao, Cagayan
146	U.N. Avenue-J. Bocobo	EBC Bldg., UN Avenue cor. J. Bocobo St., Ermita Manila
147	Urdaneta-Alexander	Alexander St., Urdaneta City, Pangasinan
148	West Trade Center-West Avenue	Unit # 1, G/F West Trade Center, West Avenue, Quezon City
149	Vigan - Quezon Avenue	Corner Bonifacio St. & Quezon Ave., 2900 Vigan, Ilocos Sur
150	BDO Zamboanga - Rizal St.	Rizal St., Zamboanga City, 7000, Zamboanga Del Sur



## 2) Leased Properties

The Group leases a majority of its banking premises for periods ranging from 1 to 15 years from the date of the contracts; terms are renewable upon the mutual agreement of the parties. Rent expense, reported as part of Occupancy under Other Operating Expense account in the income statement, amounted to P1,462,996 in 2008, P1,390,711 in 2007 and P866,867 in 2006 in the Group financial statements and P1,386,351 in 2008, P1,253,088 in 2007 and P697,984 in 2006 in the Parent Bank financial statements.

A list of these leased properties is as follows:

### (a) Metro Manila branches

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
1	ABS CBN - Mother Ignacia St.	Stall no. 25 South Wing, GF ELICC Bldg., Sgt. E. A. Esguerra Avenue corner Mother Ignacia St. Quezon City	08/05/07	08/04/12
2	Acropolis - E. Rodriguez Jr.	GF ACO Bldg., 191 E. Rodriguez Jr., Avenue, Bagumbayan, Quezon City	05/01/08	04/30/13
3	Agno – Banawe	202-204 Banawe corner Agno St., 1100 Quezon City	03/01/95	03/01/10
4	Alabang	West Service Road, Alabang, Muntinlupa City	11/06/06	10/31/11
5	Alabang Hills	RBC Corporate Center, Don Jesus Blvd., Barangay Cupang, Muntinlupa	08/01/04	07/31/14
6	Amorsolo	GF Queensway Bldg., #118 Amorsolo Street, Legaspi Village, Makati City	02/04/06	02/03/11
7	Angono - M.L. Quezon Avenue	GF AB Commercial Plaza, ML. Quezon Avenue, Brgy. San Isidro, Angono, Rizal	11/01/06	10/31/16
8	Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City	12/01/08	11/30/18
9	Anonas - Kamias	Security Bank Bldg., Anonas St. corner K-6 St., East Kamias, 1102 QC	09/01/06	08/31/11
10	Antipolo Masinag	Tripolee Building, Marcos Highway near corner Sumulong Highway, Antipolo City	09/01/03	08/31/13
11	Antipolo Plaza	Gatsby Building II M. L. Quezon Street, Antipolo City	08/15/96	08/14/16
12	Antipolo - Circumferential Road	Circumferential Road corner F. Manalo St., Antipolo City, Rizal	06/15/05	06/14/15
13	Antipolo - Sumulong Highway	BDO Bldg. Sumulong Highway, Masinag Highway, Mayamot, Antipolo	05/01/08	04/30/09
14	Arranque	1359 -1361 Soler St., Sta. Cruz, Manila	09/01/05	08/31/11

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
15	Ayala - Rufino	GF Rufino Bldg., Ayala Avenue Center corner Herrera St., 1226 Makati City	02/01/07	01/31/12
16	Ayala Alabang	GF Condominium C Unioil Center Bldg., Acacia Ave. corner Commerce Ave., Muntinlupa City	08/01/01	07/31/11
17	Ayala Alabang - Richville Center	Richville Center, 1314 Commercial Ave., Ext. Madrigal Business Park, Ayala Alabang, Muntinlupa	07/01/97	07/01/13
18	Ayala Avenue	GF Unit G People Support Center, Amorsolo Street corner Ayala Avenue, Makati City	02/01/05	01/31/10
19	Ayala Triangle 1	GM-B GF Tower 1, Ayala Triangle, Ayala Avenue, Makati City	05/01/06	04/30/11
20	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City	11/13/08	11/12/13
21	A. Santos - South Expressway	Units E & F, 8365, Dr. A Santos Avenue., Parañaque, M. M.	02/01/05	01/31/15
22	Baclaran	2987 Taft Avenue Extension, Pasay City	10/01/02	09/30/17
23	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City	01/01/01	12/31/10
24	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City	02/16/07	09/15/12
25	Banawe - N. Roxas	71-F Banawe corner N. Roxas St., Quezon City	12/01/02	11/30/12
26	Beacon Plaza - Shaw Blvd.	UG 105-UG 1-6 Beacon Plaza, Shaw Bldg. corner Ideal St., Mandaluyong City	10/15/03	10/14/13
27	Bel-Air	GF, SM Makati Cyberzone 1, Sen Gil J. Puyat Avenue, Makati City	08/16/08	08/15/13
28	Better Living	Doña Soledad Avenue corner France Street, Better Living, Parañaque City	12/01/06	11/30/26
29	Better Living - Bicutan	43 Doña Soledad Avenue, Betterliving Subd., Don Bosco, Parañaque City	03/24/07	03/23/17
30	BF Homes - Aguirre	RGM Building, 326 Aguirre Avenue, BF Homes, Parañaque City	02/16/08	02/15/18
31	BF Homes- Parañaque	65 Presidents Avenue Plaza, near corner Aguirre Avenue, BF Homes, Parañaque City	12/01/06	11/30/11
32	Bicutan - South Super Highway	Columbian Motors Cmpd., KM 16 West Service Road, South Super Highway, Bicutan, 1700 Parañaque, Metro Manila	06/22/90	06/21/10
33	Big R-Robinson's - Novaliches	Level - 1 Big R. Lobby, Robinson's Place Novaliches, Quirino Highway, QC	03/23/06	03/22/09
34	Bonifacio Global City	Space No. 101 Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM	10/01/06	09/30/08

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
35	Brixton Hill - G. Araneta	GF ILO Bldg., 195 G. Araneta Avenue, Quezon City	07/01/05	06/30/15
36	Broadway Centrum - Aurora Blvd.	Broadway Centrum Cond., Aurora Blvd. cor. Dona Juan Rodriguez St., Valencia, QC	01/01/06	12/31/10
37	Buendia-Taft	317 Sen. Gil Puyat Avenue, Pasay City	09/01/06	08/31/12
38	C5 - Taguig	Ridgewood Square, C5 Avenue, Ususan, Taguig City, Metro Manila	12/15/08	02/14/13
39	Cainta	Hipolito Bldg., Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal	02/01/04	01/31/14
40	Cainta - A. Bonifacio	Ledor Commercial Center, A. Bonifacio Avenue, corner Samonte Street, Brgy. San Juan, Cainta, Rizal	12/09/06	12/08/11
41	Caloocan	Rizal Avenue Extension near 11 <sup>th</sup> Avenue, Grace Park, Caloocan City	09/01/08	08/31/18
42	Caloocan - A. Mabini	GF Corazon Bldg., 432 - A. Mabini St., Poblacion, Caloocan City	10/15/05	10/14/15
43	Caloocan-7th Avenue	Rizal Avenue Extension near 7th Avenue, Grace Park, Caloocan City	05/01/06	04/30/11
44	Carmen Planas	812 O' Racca Bldg., Carmen Planas Street, Divisoria, Manila	Month to month	
45	Carmen Planas - Padre Rada	1033-1035 C. Palanca St., 1012 Tondo, Manila	07/14/03	07/13/18
46	Carmen Planas - Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila	08/01/05	07/15/10
47	Cash & Carry	GF Unit # GO1A, Cash & Carry Mall, South Super Highway & Filmore Street, Makati City	10/01/07	09/30/12
48	Central Market - V. Fugoso	1711 V. Fugoso St. corner Sulu St., Sta. Cruz, Manila	04/04/08	04/03/13
49	Century Park - Adriatico	Century Park Hotel corner Adriatico & Vito Cruz St., 1004 Malate, Manila	09/01/05	08/31/10
50	Chino Roces Avenue	Unit 3 & 4 La Fuerza Plaza, Chino Roces, Makati City	05/01/08	04/30/18
51	Commonwealth	GF Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City	11/01/05	10/31/15
52	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio, Don Antonio Heights Subdivision, QC	11/03/04	11/02/09
53	Congressional - Mindanao Avenue	Congressional Avenue Ext. corner Mindanao Avenue, Quezon City	10/01/04	04/30/12
54	Congressional Avenue	The Excelland System1, Congressional Avenue, Quezon City	05/15/98	07/15/13
55	Connecticut	53 Connecticut Street, Fox Square Bldg., East Greenhills, San Juan	11/01/08	10/31/13

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
56	Cordillera - Quezon Avenue	Quezon Avenue corner Cordillera St., Quezon City	04/15/00	04/14/15
57	Cubao - General Araneta	Anapolis St. corner Aurora Blvd, Cubao Quezon City	02/01/08	01/31/18
58	C.M. Recto - Reina Regente	1059 CM Recto Avenue corner Reigna Regente St., Binondo, Manila	08/01/05	07/31/10
59	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105	10/16/07	10/15/17
60	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City	03/01/08	02/28/18
61	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada Street, Legaspi Village, 1229 Makati City	05/01/08	04/30/13
62	Diliman - Capitol Hill	# 16 Capitols Hills Drive, Old Balara, Diliman, Quezon City	12/01/08	11/30/18
63	Diliman - Matalino	GF J & L Bldg., Matalino Street, Diliman, Quezon City	01/01/08	12/31/12
64	Divisoria	744-748 Ylaya Street, Tondo, Manila	04/01/03	03/31/13
65	DPC Place - Chino Roces	GF Unit #102 of DPC Place, 2322 Chino Roces Avenue, Makati City	01/31/01	01/31/11
66	Dr. A Santos Avenue	L T Bldg., Dr. A. Santos Avenue, Parañaque City	06/01/03	05/31/13
67	E. Rodriguez - Welcome Rotunda	GF AEK Building, 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City	11/01/08	10/30/18
68	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Quezon City	06/16/02	06/15/12
69	Eastwood City - IBM Plaza	GF IBM Plaza, Eastwood City, E. Rodriguez Jr. Avenue, Libis, Quezon City	07/01/05	06/30/10
70	Eastwood City - TechnoPlaza	GF Techo Plaza, One Orchard Road., Eastwood City, Libis, Quezon City	03/29/05	03/38/10
71	Echague	No. 116- 120 C. Palanca St., Quiapo, Manila	03/16/05	03/15/15
72	EDSA Cubao	#596 Simeon Medalla Bldg., Gen. MacArthur Highway, EDSA, Quezon City	02/01/06	01/31/11
73	EDSA - A. De Jesus	474 EDSA corner B. Serrano & A. De Jesus Sts., 1403 Caloocan City	03/01/02	02/29/12
74	EDSA - Balintawak	Unit 17-19 ANPN Plaza, KM 12 EDSA, Balintawak, Quezon City	03/15/07	03/15/12
75	EDSA - East Caloocan	L & E Bldg., EDSA corner Gen. Concepcion St., Caloocan City	09/01/07	11/30/14
76	EDSA - New Farmers Plaza	3rd Floor Concourse Area, New Farmers Plaza, EDSA Araneta Center, Quezon City	04/01/08	03/31/09

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
77	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City	04/16/93	04/15/13
78	EDSA - POEA	POEA Bldg., Edsa corner Ortigas Avenue, Mandaluyong	07/01/08	06/30/13
79	EDSA - Taft	EDSA corner Zamora St., Pasay City	01/16/03	01/15/13
80	Elcano	SHC Tower, 619 Elcano St., San Nicolas, Manila	11/01/08	10/31/13
81	Emerald Avenue	GF 101 Taipan Place Emerald Avenue, Ortigas Center, Pasig	07/16/06	07/15/09
82	Enterprise Center - Ayala Avenue	3rd Level Tower 1, The Enterprise Center 6766, Ayala Avenue, Makati City	02/16/08	02/15/13
83	Ermita - Adriatico	Adriatico Executive Center, Adriatico Street, Ermita, Manila	03/16/08	03/15/13
84	España	Carmen Bldg., España corner G. Tolentino Street, Sampaloc, Manila	07/03/08	07/02/13
85	España - Blumentritt	2101-2103 España Avenue corner Blumentritt St., 1008 Sampaloc, Manila	02/01/02	01/31/12
86	Evangelista - Makati	1695 Evangelista Street corner Lacuna St., Bangkal, 1233 Makati City	04/01/08	12/31/12
87	Filinvest - Alabang	GF Insular Life Corporate Center, Corporate Avenue, Filinvest Corporate City, Alabang	03/15/08	05/14/18
88	Fort Bonifacio - MC Home Depot	GF (CS 183) Mc Home Depot Fort Bonifacio, 32nd Street corner Bonifacio Avenue, Fort Bonifacio, Global City, Taguig	Month - To - Month	
89	Gandara	811-813 Sabino Padilla St., Sta. Cruz, Manila	02/01/07	01/31/12
90	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006, Binondo, Manila	03/01/98	02/28/13
91	General Luis	297 Gen. Luis Street, Bo. Kaybiga, Caloocan City	08/15/97	08/14/12
92	Gil J. Puyat	Union Ajinomoto Building Sen. Gil Puyat Avenue, Makati City	01/01/06	12/31/10
93	Glori - Del Monte	627 Del Monte Avenue, San Francisco, Del Monte, Quezon City	02/06/06	02/05/11
94	Grace Park	GF A & R Bldg., 213 Rizal Avenue Extension, Grace Park, Caloocan City	02/11/04	02/10/09
95	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City	12/16/03	12/15/13
96	Greenbelt	108 Paseo De Roxas, Legaspi Village, Makati City	11/01/08	10/31/11
97	Greenhills	Greenhills Shopping Complex, Ortigas Avenue, San Juan	01/01/06	12/31/08

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
98	Greenhills Shopping Center	Shoppesville, Greenhills, San Juan	01/01/08	12/31/09
99	Greenhills-West	101 Limketkai Bldg., Ortigas Avenue, San Juan, Metro Manila	02/11/06	02/10/09
100	Greenhills-Wilson	ESB Bldg., Wilson Street corner Don Miguel, Greenhills, San Juan, Metro Manila	05/27/05	05/25/15
101	Harrison Plaza	Unit R-5 URDI Building, Harrison Plaza Shopping Complex, F. B. Harrison, Malate, Manila	03/01/07	03/01/12
102	Head Office	#12 ADB Avenue, Ortigas Center, Mandaluyong City	01/01/08	12/31/08
103	Hemady - Aurora Blvd.	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City	05/17/94	05/16/09
104	Herrera	VA Rufino Street corner Sotto Street, Legaspi Village, Makati City	05/15/07	05/14/12
105	Ilaya	1049-1051 Ilaya Street, Divisoria, Manila	06/01/07	05/31/12
106	Ilaya - Padre Rada	940-942 Ilaya St., Tondo, Manila	03/01/90	02/28/15
107	Intramuros	GF Chamber of Commerce Bldg., #3 Magallanes Drive, Intramuros, Manila	12/16/07	12/15/17
108	Isidora Hills	BDO Bldg., Pook Ligaya, Interneighborhood Road, Isadora Hills, Brgy Holy Spirit, QC	05/07/98	05/06/18
109	J Abad Santos	GF Ching Leong Temple, J. Abad Santos Avenue, Tondo Manila	09/01/05	08/31/15
110	Jaka II - Legaspi St.	GF 150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City	12/16/05	12/15/10
111	JAS-Antipolo	GF Interast Corp., Tower, Jose Abad Santos Avenue, Tondo, Manila	08/01/06	07/31/16
112	JAS-Recto	1174 J. Abad Santos Avenue, Tondo, Manila	10/01/95	09/30/20
113	JP Rizal	872 J. P. Rizal Street, Brgy, Poblacion, Makati City	06/15/98	06/14/13
114	Julia Vargas	IBP Building, Julia Vargas Avenue, Ortigas, Pasig City	01/01/07	12/31/11
115	Kamagong	2567 P. Ocampo (Vito Cruz Ext. ) corner Madre Perla Street, City of Manila	11/05/08	11/04/11
116	Kamias Road	Trinidad Bldg., Kamias Road corner K. J St., Quezon City	08/01/07	07/31/17
117	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila	04/24/02	04/23/12
118	Katipunan	GF Olalia Building, No. 327 corner F. Dela Rosa, Loyola Heights, Quezon City	09/01/04	08/31/09

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
119	Las Piñas - Almanza	Alabang Zapote Road, Almanza Uno, Las Piñas, Metro Manila	08/16/06	08/15/16
120	Las Piñas - BF Resort	BDO Bldg. , BF Resort Drive, Phase 4, BF Resort Village, Las Piñas City	05/15/03	05/14/18
121	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba Street., Binondo, Mla	01/16/99	01/15/09
122	Ligaya - Boni Avenue	854 Boni Avenue, 1550 Mandaluyong City	04/01/97	04/01/12
123	Loyola Heights - Katipunan	331 SMRC Bldg. 3, Katipunan Avenue corner B. Gomez St., Loyola Heights, Quezon City	07/15/03	07/15/13
124	Mabini	A. Mabini corner Soldado Street, Ermita, Manila	08/16/02	08/15/12
125	Magallanes Village	Unit 104, The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City	08/01/03	07/31/13
126	Makati Shangrila Hotel	Unit 191 Shangri-la Hotel Manila, Ayala Center, Makati City	05/01/06	04/30/10
127	Makro - Cainta	Makro Cainta, Felix Avenue, Cainta Rizal	10/09/07	10/08/12
128	Makro Cubao	EDSA corner Main Street, Cubao, Quezon City	07/15/05	07/14/10
129	Malabon	685 JP Rizal St., Brgy. San Agustin, Malabon City	10/01/08	09/30/13
130	Malabon - Gov. Pascual	GF MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City	08/16/08	08/15/18
131	Malanday - McArthur Highway	KM 17 MacArthur Highway, Malanday, Valenzuela, Metro Manila	04/02/99	04/02/19
132	Manuela Metropolis - Alabang	Unit G33 Manuela Metropolis, South Super Highway, Alabang Interchange, Muntinlupa City	12/01/96	12/01/16
133	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal	07/07/92	07/07/17
134	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra, Cainta Rizal	10/01/08	09/30/18
135	Marikina - Bayan-Bayanan	BDO Bldg., Bayan-Bayanan Avenue near comer Molave Avenue, Marikina City	07/01/98	06/30/13
136	Marikina - Calumpang	Florida 1 Bldg., JP Rizal corner M. A. Roxas Sts., Calumpang, Marikina City	07/16/08	07/15/18
137	Marikina - Gil Fernando Avenue	Gil Fernando Avenue corner Dragon Street, Marikina City	10/01/07	09/30/17

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
138	Marikina - J.P. Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City	03/01/08	02/28/18
139	Masangkay	Lung Hong Townmates Association Bldg., 1226 Masangkay, Sta. Cruz, Mla.	05/01/04	04/30/14
140	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila	03/01/96	02/28/11
141	Masangkay - Luzon St.	907 Luzon St., corner Masangkay St., Tondo Manila	06/01/07	05/31/12
142	Mayon - Amoranto	489 Units A & B, Mayon Street, Sta. Mesa Heights, Quezon City	10/15/08	10/14/18
143	Mayon - N. Roxas	No. 241 Mayon Avenue corner Nicanor Roxas St., 1111, Quezon City	08/01/04	07/31/14
144	Meralco-Ortigas	GF Corporate Wellness Center, Meralco Corporate, Ortigas Avenue, Pasig City	06/01/06	05/31/09
145	Meralco - Ortigas B	Meralco Compound, Ortigas Avenue, 1804 Pasig City	Month - To - Month	
146	Metropolitan Avenue	GF Metropolitan Terraces, Metropolitan Avenue corner Dao St., Makati City	07/01/06	06/30/11
147	Monumento	MacArthur Highway corner Calle Uno, Caloocan City	10/01/92	09/30/12
148	Muñoz Roosevelt	No. 328 Mesa Holding Bldg., Roosevelt Avenue, SFDM, Quezon City	04/21/05	04/20/15
149	Muntinlupa Poblacion	GF Elizabeth Center Bldg., National Road Poblacion, Muntinlupa City	09/02/08	09/01/18
150	Nagtahan	GF SM Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Sampaloc Manila	08/28/08	10/31/13
151	NAIA	Ninoy Aquino Intl. Airport, Arrival Area, 1705 Parañaque City	Month to month	
152	Navotas	Seafront Commercial Bldg., North Bay Blvd., Navotas, Metro Manila	09/01/04	08/31/14
153	Neptune - Makati	101 Neptune Street corner Makati Avenue, 1209 Makati City	05/01/95	04/30/10
154	New Manila - E. Rodriguez Sr.	Unit 1G & 2E 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City	03/01/06	02/28/11
155	New York - EDSA	Edsa corner New York St., Cubao, 1111 Quezon City	09/01/08	08/31/13
156	Northbay - Virgo Drive	Melandrea III Bldg., Northbay Blvd. near cor. Virgo Drive, Navotas, Metro Manila	03/31/08	03/30/13
157	Novaliches	1016 Quirino Highway Town Proper, Brgy., Monica, Novaliches, Quezon City	09/01/91	08/31/16
158	Novaliches-Bayan	233 Karen Building, Gen. Luis, Novaliches, Quezon City	01/01/06	12/31/10



	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
159	OneE-comCenter	GF OneE-comCenter Palm Coast Avenue, Mall of Asia Complex, Pasay City	08/01/07	07/31/10
160	Ongpin	Unit ABC Imperial Sky Garden, Ongpin Street corner T. Pinpin, Manila	10/01/07	09/30/12
161	Ongpin - T. Alonzo	Unit 564 and 566 Gel Tower, T. Alonzo St., Sta. Cruz, Manila	01/01/05	12/31/09
162	Ongpin-Tomas Mapua	1004-1006 Ongpin Street, Sta. Cruz Manila City	03/04/06	03/03/11
163	Ortigas Avenue - Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City	07/16/08	07/15/18
164	Ortigas Avenue Ext. - Cainta	Unit 7-9 Philfoam Furnishing Bldg., KM 23 Ortigas Avenue Extension, Cainta, Rizal	11/28/03	11/27/13
165	Ortigas Avenue Ext. - St. Joseph	15 A Ortigas Avenue Extension corner Monaco St., Pasig City	01/01/08	12/31/17
166	Pacific Star - Makati	GF Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City	03/01/08	02/28/11
167	Padre Rada	Gosiupo Bldg., 480-482 Padre Rada Corner Elcano St., Tondo, Manila	01/01/03	12/31/12
168	Parañaque-Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, Sto. Niño, Parañaque City	03/01/08	02/28/18
169	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City 1700	04/26/05	04/25/15
170	Parañaque - Moonwalk	GF Seal 1 Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City	04/01/99	03/31/09
171	Parañaque - N. Aquino Avenue	JJM Bldg., 2 N. Aquino Ave., Sto. Niño, Parañaque City	06/16/98	06/15/13
172	Pasay - Domestic Road	Caltex Compound (PDSC/Park 'N Fly Bldg.), NAIA corner Domestic Road, 1300, Pasay City	10/01/05	09/30/10
173	Paseo de Roxas 2	GF BDO Plaza, 8737 Paseo de Roxas St., Makati City	12/16/07	12/15/17
174	Pasig	Mariposa Arcade, A. Mabini cor. Dr. Pilapil St., Pasig City	01/01/04	12/31/13
175	Pasig A. Mabini	GF CFM Bldg., No. 97 A. Mabini St., Pasig City	08/01/08	03/31/09
176	Pasig Blvd. Extension - Rosario	Along Pasig Blvd. Extension, Rosario, Pasig City	09/01/04	08/31/14
177	Pasig East Capitol Drive	GF Cabarrus Bldg., No. 9 East Kapitolyo, Barrio Kapitolyo, Pasig City	08/01/01	07/31/11
178	Pasig-Kapitolyo	AB Sandoval Bldg., Shaw Blvd. corner Orambo Drive, Pasig City	10/01/02	09/30/12

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
179	Paso De Blas - North Expressway	97 Paso De Blas, 1442 Valenzuela, Metro Manila	09/01/97	08/31/12
180	Pasong Tamo Ext.	GF Allegro Center, Pasong Tamo Extension, Makati City	12/01/06	11/30/11
181	Pateros	East Mansion Homes, Phase 1, Eliseo Road, Sto. Rosario, Pateros	08/01/08	07/31/13
182	Pateros - Poblacion	GF Milaor Bldg., No. 509 M. Almeda St., Poblacion, Pateros	11/01/08	09/30/18
183	Pedro Gil - A. Mabini	1567-1571 Salud Bldg., Pedro Gil corner A. Mabini St., Ermita, Manila	02/16/08	02/15/11
184	Pedro Gil - Singalong	1080 cor. Pedro Gil & Singalong Sts., 1007 Paco, Manila	09/01/04	08/31/09
185	Plaza Calderon - Pedro Gil	GF Unit C, Harmonic Seven Bldg., 2332- 2334 Pedro Gil corner Vesta St., Sta. Ana, Manila	01/21/02	01/20/12
186	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) Lower Ground Floor of Globe Telecom Plaza 1 Building, Pioneer St. corner Madison St, Mandaluyong	10/09/07	10/08/12
187	Port Area - South Harbor	GF Velco Centre, RS Oca Corner A. C. Delgado Streets, Port Area, Manila	05/01/08	04/30/16
188	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn Street, Brgy Toro, Project 8, Quezon City	10/01/99	09/30/19
189	Q. I. - E. Rodriguez Sr.	GF Ablaza Bldg., 117 E. Rodriguez Ave., Quezon City	05/01/07	04/30/12
190	Quezon Avenue	103 Aries Building, Quezon Avenue, Q.C	04/13/08	04/12/11
191	Quiapo-Quezon Blvd.	Quezon Blvd., 1001 Quiapo, Manila	05/22/07	05/21/12
192	Quiapo - Quinta Market	Don Juan Santos Blvd., No. 313 Palanca St. corner Quezon Blvd., Quiapo, Mla.	01/16/08	01/15/18
193	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St.corner Carvajal, Manila	07/01/07	06/30/17
194	Quirino Paco	CRS Tower Center, Perdigon Street, Pres. Quirino Avenue, Paco, Manila	10/01/96	09/30/11
195	Rada	GF One Legaspi Place, Rada Street, Legaspi Village, Makati City	09/01/06	08/31/11
196	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila	11/04/06	11/03/11
197	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila	09/01/98	08/31/13
198	Robinson's - Metro East	Level 1 ( L1, 160, 162 ) Robinsons Metro Manila East, Marcos Highway, Pasig	10/15/07	10/14/12

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
199	Robinsons Galleria - Ortigas	Robinson's Galleria, Ortigas Avenue, 1602 Quezon City	11/01/08	10/31/13
200	Robinson's Place - Manila	Level 1 Space No. 080 & Level 2 Space no. 047, Robinsons Place Manila, M. Adriatico corner Pedro Gil, Malate, Manila	08/16/08	08/15/13
201	Rockwell	GF Power Plant Mall, Rockwell Centre, Amapola Centre, Makati City	10/29/05	10/28/10
202	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St., corner Romero Salas St., Ermita, Manila	03/01/05	02/28/15
203	Rustan's Cubao	RC-01A, Times Square Ave. near corner Gen. Roxas St., Araneta Center, 1109 QC	12/01/04	11/30/09
204	Salcedo	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City	01/01/04	12/31/08
205	Sales St. - Raon	545 Sales St. cor. G. Puyat St. (Raon), 1016 Sta. Cruz, Manila	05/21/01	05/20/11
206	Sampaloc Dapitan	Dapitan cor. Ma. Cristina Street, Sampaloc, Manila	02/01/03	01/31/13
207	Samson Road	GF Unit G Ma. Cristina Bldg., Samson Road corner UE Tech, Caloocan City	08/01/07	07/31/17
208	San Andres	San Andres corner Linao St., Malate, Manila	07/01/02	06/30/12
209	San Juan	88 N. Domingo Street, San Juan	09/01/07	08/31/12
210	San Miguel Center - Ortigas	G/F SMPPI Corporate Centre Bldg., St. Francis Avenue, 1554 Mandaluyong City	05/01/07	04/30/10
211	Scout Albano - Quezon Avenue	1488 Quezon Ave., 1103 South Triangle, Quezon City	04/01/93	03/31/09
212	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Sgt. Limbaga Street, QC	12/03/03	12/02/13
213	Shangri-la Plaza Mall - EDSA	Unit#129-A Level 1 Shangri-la Plaza Mall, EDSA corner Shaw Blvd., Mandaluyong City	04/01/07	03/31/10
214	Shaw Blvd	555 Shaw Boulevard, Mandaluyong City	01/01/07	12/31/11
215	Shaw Blvd.-Yulo	285 Shaw Blvd. corner L. Cruz Street, Mandaluyong City	01/01/06	12/31/12
216	Silver City - Pasig	L1-012, L1-013 & L1-014, Level 1, Auto Mall, Frontera Verde Drive corner Julia Vargas St., Ortigas, Pasig City	09/08/06	09/07/11
217	Sixto Antonio - Pasig	Sixto Antonio Ave. cor. R. Bedaña St., Pasig City	10/27/04	10/26/14
218	SM City Bicutan	LGF SM City Bicutan, Doña Soledad corner West Service, Parañaque City	02/01/08	01/31/10

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
219	SM City Fairview	UGF Unit 183, 184, 185, Quirino Highway corner Regalado Street, Fairview, QC	08/16/07	07/31/09
220	SM City Fairview B	SM City Fairview, Quirino H'way cor. Regalado Ave., Fairview, Quezon City	11/01/08	07/31/10
221	SM City Manila	LGF SM City Manila Concepcion corner Arroceros, Manila	08/01/08	07/31/10
222	SM City Marikina	GF SM City Marikina, Calumpang, Marikina City	09/05/08	07/31/13
223	SM City North EDSA A	GF The Block SM City North, EDSA corner North Avenue, Quezon City	08/01/08	07/31/13
224	SM City North EDSA B	Upper Ground Floor, Units 125-127, SM City North EDSA Annex 1 Bldg., North Edsa	11/01/08	10/31/13
225	SM City North EDSA C	SM City Center Complex, North EDSA, Quezon City	02/01/07	01/31/10
226	SM City San Lazaro	Felix Huertas cor. A. H. Lacson St., Sta. Cruz Manila	08/01/07	07/31/10
227	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg., Aurora Boulevard, Quezon City	02/01/07	01/31/09
228	SM City Sucat A	GF SM Supercenter, Sucat Parañaque City	08/01/06	07/31/09
229	SM City Sucat B	GF Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Parañaque City	11/11/08	10/31/13
230	SM City Taytay	GF Building A SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal	11/09/07	10/31/12
231	SM Corporate Offices	Bldg. 104 D.J.W Diokno Blvd., Mall of Asia Complex, Pasay City	Month to Month	
232	SM Cubao	SM Cubao Department Store (Gen. Aguinaldo Avenue Side) Cubao, QC	10/31/08	10/31/13
233	SM Makati	Shoemart Annex Building, Ayala Center, Makati City	08/01/07	07/31/12
234	SM Mall Of Asia A	GF Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City	05/01/08	04/30/10
235	SM Mall Of Asia B	GF Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City	05/01/08	04/30/10
236	SM Megamall A	GF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City	11/01/08	10/31/10
237	SM Megamall B	UGF & LGF SM Megamall Bldg. B, Ortigas Center, Mandaluyong City	08/01/08	07/31/10
238	SM Southmall 2	UGF SM Southmall, Alabang - Zapote Road, Las Piñas City	11/01/08	10/31/09

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
239	SM Supercenter Muntinlupa	UGF Supercenter Muntinlupa, Barangay Tunasan, National Road, Muntinlupa City	11/16/07	01/31/13
240	SM Supercenter Pasig	GF SM Supercenter Pasig, Frontera Verde, Ortigas Centre, Pasig	08/01/08	07/31/09
241	SM Supercenter Valenzuela	GF Unit 126 SM City Valenzuela, MacArthur Highway, Karuhatan, Valenzuela City	11/01/07	10/31/12
242	Soler	U-1118 & 1120 Gracetown Building corner Soler & Alvarado Sts., Binondo, Manila	03/15/97	03/14/17
243	Soler - Reina Regente	1087 Soler St., Binondo, Manila	12/31/08	12/31/11
244	Southmall 1	UGF & LGF SM Southmall, Alabang - Zapote Road, Las Piñas City	08/01/06	07/31/09
245	St. Ignatius - Katipunan (GF)	GF & 2F 134 Katipunan Avenue, St. Ignatius Village, Quezon City	09/10/03	09/09/13
246	Sta. Cruz - Ronquillo	Unit I, G/F Carmen Bldg., Ronquillo St., Sta. Cruz, Manila	Month to Month	
247	Sta. Lucia East-Felix Avenue	GF Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta	03/01/08	03/31/10
248	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Highway corner Felix Avenue, 1900 Cainta	01/01/08	12/31/10
249	Sto. Cristo	475-477 Kim Siu Ching Foundation Building, Sto. Cristo St., Binondo, Manila	03/01/06	02/28/09
250	Sto. Cristo-Commercio	#686 Sto Cristo St. Binondo, Manila	03/01/06	04/30/10
251	Sto Domingo	6 Sto. Domingo Avenue, Quezon City	03/01/06	02/28/11
252	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Andres, 1105 San Antonio, Quezon City	10/16/08	10/15/18
253	Sucab	Parañaque Cable TV Bldg., # 8210 Dr. A Santos Avenue, Parañaque City	10/01/97	09/30/12
254	Tabora	859-861 L & J Building, Tabora Street, Divisoria, Manila	04/01/08	03/31/13
255	Taft - Libertad	MCF Building, 2250 Taft Avenue corner College Road, Pasay City	05/25/04	05/24/14
256	Taft - Pedro Gil	1430 Taft Avenue, Manila	02/16/07	02/15/12
257	Taft Avenue - J. Nakpil	1747 Taft Avenue Corner J. Nakpil Street, Manila	02/01/04	01/31/14
258	Taft Avenue - Pres. Quirino	Ground Floor, FFW Bldg., #1943 Taft Avenue, Malate, Manila	08/17/06	08/16/11

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
259	Talon, Las Piñas	GF Motion Trade Bldg, Alabang-Zapote Road, Pamplona, Las Piñas City	01/01/06	12/31/15
260	Tandang Sora	Tandang Sora Avenue, corner Marcel Road, Quezon City	10/01/07	09/30/17
261	Tandang Sora – Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay, Brgy. New Era, Quezon City	01/01/09	12/31/18
262	Taytay Metro East Road	BDO Bldg., East Road, Taytay, Rizal	07/09/98	07/08/18
263	Taytay National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Brgy. San Juan, Taytay, Rizal	10/27/04	10/26/14
264	Tayuman	GF Delton Bldg., 1808 Rizal Avenue, Sta. Cruz Manila	04/01/96	03/31/16
265	Teacher's Village	GF Luisa 2 Bldg., 107 Maginhawa Street, Teachers Village, Quezon City	08/12/99	08/11/14
266	Tierra Nueva - Alabang	Sycamore Arcade, Alabang-Zapote Nat'l. Road, 1702 Alabang, Muntinlupa City	04/01/04	03/31/09
267	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City	01/01/98	12/31/09
268	Timog - EDSA	No. 134 Timog Avenue, 1103 Quezon City	04/20/92	04/19/12
269	Timog - Rotonda	GF 102 Imperial Palace, Tomas Morato, Quezon City	01/16/03	09/15/14
270	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City	06/15/08	06/14/13
271	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila	12/02/05	12/01/15
272	Tordesillas	3 Salcedo Place, Tordesillas Street, Salcedo Village, Makati City	10/01/07	09/30/12
273	Tutuban	DS-17-18 Tutuban Prime Block, Tutuban Center, CM Recto, Manila City	09/17/96	08/22/14
274	Tutuban Centermall	M1-B055 B, Ground Floor, Centermall Bldg. Tutuban Center, CM Recto Avenue, Manila	10/22/04	10/21/13
275	UN Avenue	Puso ng Maynila Bldg., UN Avenue corner A. Mabini Street, Ermita, Manila	07/01/92	06/30/12
276	UN Avenue - Philamlife	GF & MF Philamlife U. N. Ave. Bldg., U.N. Avenue corner Orosa St., Ermita, Manila	02/01/08	01/31/18
277	Valenzuela	KM. 15 MacArthur Highway, Dalandanan, Valenzuela	03/06/90	03/05/10

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
278	Valenzuela - Gen. T. De Leon	Along Gen. T. De Leon Street, Valenzuela City	09/20/06	09/19/16
279	Valero	GF Pearl Center, 145 Valero Street, Salcedo Village, Makati City	11/16/06	11/15/11
280	Valle Verde - E. Rodriguez, Jr.	Unit 1077 & 108 Cathay Builder's Corp. Bldg., E. Rodriguez Jr. Ave. corner Carlo J. Caparas St., Bo. Ugong, Pasig City	03/16/08	03/15/13
281	Villa Mendoza - A. Santos	Cor. Villa Mendoza Subd. Road & Dr. A Santos Avenue, 1700 Parañaque City	10/01/07	09/30/17
282	Villar - Salcedo Village	Eurovilla III Cond, 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City	06/15/05	06/14/10
283	V-Mall	GF New V. Mall, Greenhills Shopping Center, San Juan, Metro Manila	01/16/06	01/15/11
284	Visayas Avenue	M & L Bldg. , Visayas Avenue corner Road 1 Brgy., Vasra, Quezon City	10/01/02	09/30/12
285	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City	09/01/98	08/31/13
286	Walter Mart - North EDSA	GF Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City	02/08/08	02/07/13
287	Washington Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City	05/05/08	05/04/18
288	West Avenue	68 Carbal Bldg., West Avenue, Quezon City	04/01/05	03/31/10
289	West Avenue-Baler	No. 118 Jafer Bldg., West Avenue, Quezon City	02/11/06	02/10/11
290	West Avenue - Del Monte	No. 40 West Ave., 1104 West Triangle, Q.C	01/02/07	01/01/12
291	West Avenue-East Maya	160 West Avenue corner East- Maya Drive, Quezon City	07/01/04	06/30/11
292	Xavierville Avenue	Xavierville Square Condominium, No. 38 Xavierville Avenue, QC	11/01/08	10/31/18
293	Zurbaran	Rizal Avenue corner Fugoso Street, Sta. Cruz, Manila	11/16/05	11/15/10

(b) Provincial branches

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
1	Abra - Bangued	Unit 12 the Rosario Bldg., Taft St., cor. Magallanes St., 2800 Benguet, Abra	01/18/06	01/17/11
2	Aklan - Kalibo	Along XIX Martyrs Street, Kalibo, Aklan	02/01/06	01/31/16
3	Albay - Daraga	Rizal St., 4501 Daraga, Albay	05/08/92	05/07/12
4	Albay - Tabaco	Along Ziga Avenue, Tabaco, Albay	09/16/05	09/15/15

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
5	Angeles - Balibago	GF Lawrence Plaza, Macarthur Highway near cor. Charlot St. Balibago, Angeles City, Pampanga	06/10/00	06/09/15
6	Angeles - MacArthur Highway	GF Excelsior Bldg., 314 Macarthur Highway, Brgy. CM Recto, Angeles City, Pampanga	11/16/06	11/15/11
7	Angeles City - Nepo Mart	GF Angeles Business Center, Teresa Avenue, Nepo Mart Complex, Angeles City, Pampanga	12/01/98	11/30/13
8	Angeles Sto. Rosario	Plaza Rafael 1, 1151- D. Sto. Rosario St., Sto. Domingo, Angeles City	05/16/08	05/15/18
9	Apalit - Pampanga	GF Quintos Bldg., Macarthur Highway, San Vicente, Apalit, Pampanga	08/28/01	08/27/21
10	Bacolod - Araneta	Cineplex Complex Araneta St., Bacolod City	08/15/99	08/14/14
11	Bacolod - Goldenfield	Goldenfield Comm'l Complex, Sincang Araneta St., Bacolod City 6100	05/01/04	04/30/14
12	Bacolod - Gonzaga	Gonzaga - Lopez Enterprise Building Gonzaga Street, Bacolod City	05/01/07	04/30/12
13	Bacolod - Hilado	Hilado cor. F/ Y Manalo Sts., 6100 Bacolod City, Negros Occidental	11/01/07	10/31/17
14	Bacolod - Lopue's East	Unit 24 & 25 Lopue's East Center, Annex Bldg., Carlos Hilado, National Highway Brgy. Villamonte, Bacolod City	10/01/06	09/30/11
15	Bacolod - Mandalagan	GF Sta. Clara Estate Building, Lacson St., Mandalagan, Bacolod City	10/06/00	10/05/10
16	Bacoar	FRC Mall Gen. Evangelista Street corner Zapote Road, Bacoar Cavite	07/16/02	07/15/12
17	Bacoar - Aguinaldo Highway	Gen. Aguinaldo Highway Panapaan, Bacoar, Cavite	10/21/94	07/31/09
18	Baguio	Luneta Hill corner, Governor Pack Road, Session Road, Baguio City	05/01/07	04/30/10
19	Baguio - Abanao Square	Abanao Square, Abanao corner Zandueta Sts., Baguio City	08/01/07	07/31/14
20	Baguio - Legarda	Our Lady of Fatima Building, Yandoc st., Kayang Extension, Baguio City	02/01/06	09/30/18
21	Baguio - Session Road	GF National Life Bldg., Session Road, Baguio City	04/01/04	03/31/09
22	Baliuag	Corner Rizal & Tagle St., Baliuag, Bulacan	02/18/06	09/30/16
23	Batac - Washington	Aoigan Bldg., Washington St. Batac 2906, Ilocos Norte	10/01/07	09/30/17
24	Batangas - Balayan	Antorcha St., Balayan Batangas	09/12/03	09/11/13
25	Batangas - Bauan	Kap. Ponso St., Bauan Batangas	07/01/94	06/30/14



	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
26	Batangas - Kumintang	Along National Highway, Brgy Kumintang Ilaya, Batangas City	08/01/08	05/31/18
27	Batangas - Lemery	Ilustre Avenue corner Lakandula St., Lemery, Batangas	01/01/08	12/31/17
28	Batangas - Pallocan	Manuel Pastor Avenue, Pallocan West, Batangas City	05/05/05	05/04/15
29	Batangas - San Juan	Marasigan corner Kalayaan Sts., San Juan, Batangas	05/02/98	05/01/13
30	Batangas - P. Burgos	CM Ilagan Building P. Burgos St., Batangas City	10/05/05	09/30/10
31	Benguet - La Trinidad	S & Bldg. KM 4 Balili 2601 La Trinidad, Benguet	10/11/06	10/11/11
32	Biñan - A. Mabini	Rey Bldg., A. Mabini St. Poblacion, 4024 Binan, Laguna	01/01/05	12/31/14
33	Biñan - San Antonio	KM 35 National, San Antonio Binan, Laguna	12/28/005	12/27/15
34	Bocaue	Macarthur Highway, Brgy. Biñang 1st, Bocaue, Bulacan	04/01/07	03/31/17
35	Bohol - Tagbilaran	CP Garcia Avenue., 6300, Tagbilaran City, Bohol	06/25/06	06/24/16
36	Bulacan - Balagtas	Macarthur Highway, Brgy. San Juan 3016 Batangas, Bulacan	09/29/92	09/28/12
37	Bulacan - Hagonoy	GF Ang Puso ng Hagonoy Shopping Center Plaza, Hagonoy, Bulacan	12/01/99	11/30/09
38	Bulacan - Pulilan Junction	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan	06/30/04	06/29/14
39	Bulacan - San Rafael	KM 60, Cagayan Valley Road, Cruz na Daan, San Rafael, Bulacan	04/05/06	04/04/11
40	Bulacan - Sta. Maria	M. De Leon St., Poblacion, 3022 Sta. Maria, Bulacan	03/15/93	03/14/13
41	Butuan - J.C. Aquino Avenue	D & V Plaza 11 Bldg. JC Aquino Avenue, Butuan City	02/18/16	02/17/12
42	Butuan - Montilla	Montilla Blvd. near corner Lopez Jaena St., Butuan City, Agusan Del Norte	12/01/07	11/30/12
43	Cabanatuan	Melencio cor. Paco Roman Street, Cabanatuan City	12/16/07	12/15/10
44	Cabanatuan - Megacenter Mall	Unit 49- B upper Grd. Flr. Megacenter, The Mall, Gen. Tinio & Melencio Sts. Cabanatuan City	10/01/98	09/30/18
45	Cabanatuan - NE Pacific Mall	GF, Unit CM-2 (Mall Entrance 2) NE Pacific Mall, KM 111 Maharlika Hway, Cabanatuan City, Nueva Ecija	05/21/07	04/30/09
46	Cabanatuan - Sanclangco	Maharlika Road, near corner Sanclangco St., Cabanatuan City	04/30/01	04/29/21

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
47	Cagayan de Oro - Carmen	Max Y. Suriel St., corner V. Neri St., Carmen, Cagayan de Oro	07/01/08	06/30/18
48	Cagayan de Oro - CM Recto	BDO Bldg. Claro M. Recto Avenue, Cagayan de Oro, 9000	12/01/05	11/30/10
49	Cagayan De Oro- Cogon	J. R Borja Street, Cagayan De Oro City	05/01/04	04/30/14
50	Cagayan de Oro - Hayes	GF Trendline Dept. Store, Arch James Hayes St., Cogon, Cagayan de Oro City	09/01/08	08/31/18
51	Cagayan de Oro - Osmeña	Pres. S. Osmeña corner Ramon Chavez Sts., Cogon 9000, Cagayan de Oro Misamis Oriental	10/01/89	10/01/09
52	Cagayan De Oro- Xavier	Library Annex Building Corrales Avenue, Cagayan de Oro City	Month - to - Month	
53	Calamba	J. Alcasid Business Center Bldg., National Highway, Crossing, Calamba, Laguna	02/15/98	02/14/10
54	Calamba-Parian	Old National Highway Sts., Cecilia Village, Parian, Calamba, Laguna	12/16/07	12/15/12
55	Camarines Norte - Daet	J. Lukban Street, corner Moreno Street Poblacion, Daet, Camarines Norte	03/07/05	03/06/15
56	Camarines Sur - Pili	Along National Highway, Poblacion Pili, Camarines Sur	10/01/08	09/30/18
57	Carmona - Governor's Drive	Governor's Drive, Bo. Maduja 4116, Carmona, Cavite	12/15/96	12/14/13
58	Catanduanes - Virac	San Juan corner Rizal Sts., 4800 Virac, Catanduanes	05/15/05	05/14/10
59	Cavite - EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite	08/14/07	08/13/17
60	Cavite - Trece Martires	El Paseo Arcade, Indang, Trece Road, near Corner Gov. Drive, Trece Martires City	06/16/08	07/15/18
61	Cebu - A.S. Fortuna	GF Tanaka Bldg., 869 A. S. Fortuna Banilad, Mandaue City	01/01/06	06/02/20
62	Cebu - Ayala Business Park	Cebu Towers, Mindanao, corner Bohol Avenue, Cebu Business Park, Cebu City	06/15/07	06/14/14
63	Cebu - Ayala Center	Stall 286A Level 2, West Entry, Ayala Center Mall Cebu, Cebu Business Park, Cebu City	09/01/08	08/31/10
64	Cebu - Banilad	GF PDI Condominium, Gov. Cuenco Avenue, Banilad, Cebu City	07/17/00	07/16/10
65	Cebu - Banilad Tambalan	Governor M. Cuenco, Banilad, Cebu City	04/18/06	04/17/16

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
66	Cebu - Bogo	P. Rodriguez corner San Vicente Sts., 6010 Bogo Cebu City, Cebu	06/18/07	06/17/17
67	Cebu - Capitol	Osmeña Blvd., cor. Ma. Cristina St., 6000 Cebu City, Cebu	12/16/05	12/15/10
68	Cebu - Consolacion	Fooda Saversmart (annex Building) Consolacion, Cebu	07/23/08	07/22/13
69	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000	01/01/05	12/31/14
70	Cebu - Juan Luna	Gokongwei Bldg., Osmeña Blvd., corner Lapu-Lapu Street., Cebu City	04/01/89	03/31/09
71	Cebu - Magallanes	Plaridel Street corner Magallanes St., 6000, Cebu City	06/01/06	05/31/11
72	Cebu - MEZ II	Unit 203 - 204 NGA Building 2, Pueblo Verde MEZ 11, Basak, Lapu Lapu City	09/01/08	08/31/18
73	Cebu - North Road	National Highway, Labogon, Mandaue City, Cebu	01/01/08	12/31/17
74	Cebu - Parkmall	Unit 29, 30, 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu	03/15/08	03/14/13
75	Cebu - Salinas Drive	117 Gorordo Avenue, Lahug, Cebu City	11/01/05	10/31/15
76	Cebu - Tabo-an	T. Abella St., San Nicolas Central, 6000, Cebu City	05/01/07	04/30/12
77	Cebu Cuenco	NSLC Building, M. J. Cuenco Avenue, Cebu City	11/01/06	10/31/11
78	Cebu Elizabeth Mall	GF Elizabeth Mall, Leon Kilat corner, South, Express Way, Cebu City	12/05/08	12/04/13
79	Cebu Escario	Cebu Escario Street, Cebu City	07/01/06	06/30/09
80	Cebu Fuente	J. Rodriguez St., Fuente Osmeña Rotonda, Cebu City	01/01/06	12/31/14
81	Cebu Legaspi	Legaspi corner Zamora Street, Cebu City	12/16/07	12/15/12
82	Cebu Mandaue	La Fuerza Building, Subangdaku, Mandaue City	09/01/06	08/31/21
83	Cebu Osmeña	Osmeña Blvd., corner Urgello Street, Cebu City	01/01/04	12/31/08
84	Cebu Tabunok	PBS Bldg., 2668, National Highway Tabunok, Talisay, Cebu City	10/16/03	10/15/13
85	Clark SEZ - Centennial	Centennial Rd., Clark Special Eco. Zone Clarkfield, Pampanga	01/01/07	01/01/22
86	Clarkfield SEZ - Puregold	Puregold Duty Free (Expansion) Bldg., Claro M. Recto Highway (formerly Dyess Hway) Clark Special Economic Zone, Clarkfield, Pampanga	09/17/05	09/16/10

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
87	Cotabato - Kabacan	Rizal Avenue, National Highway 9407, Kabacan, North Cotabato	04/28/07	04/27/12
88	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato	05/01/08	04/30/18
89	Dagupan	386 Perez Boulevard, Dagupan City	07/01/05	06/30/10
90	Dagupan - Tapuac	Unit 8-10 Mother Goose Play House Bldg., Macarthur Highway, Tapuac District, Dagupan City, Pangasinan	02/09/06	02/08/16
91	Dasmariñas - Aguinaldo Highway	GF Digital Bldg., Gen Emilio Aguinaldo H-way, Dasmariñas, Cavite	10/01/98	09/30/13
92	Dasmariñas - Cavite	El Toledo Bldg., Sampaloc 1, Dasmariñas, Cavite	02/04/06	02/03/11
93	Davao Buhangin	Carlos P. Garcia Highway, Buhangin, Davao City	12/01/08	11/30/18
94	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Davao City	Month -to- Month	
95	Davao Magsaysay	R. Magsaysay Avenue, Davao City	12/16/07	12/15/17
96	Davao Narra	Tomas Monteverde Avenue corner Narra St., Davao City	11/01/08	10/31/18
97	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City	08/22/03	08/21/13
98	Davao - Bangoy	R. Magsaysay Avenue corner C. Bangoy St., 8000 Davao City	07/01/02	06/30/12
99	Davao - Lanang	SJRDC Building, Insular Village 1 Commercial Area, Lanang, Davao City	05/01/07	04/30/17
100	Davao - Lizada	Ramon Magsaysay Avenue, cor. Lizada St., 8000 Davao City, Davao del Sur	08/07/03	08/06/13
101	Davao - Monteverde	GF Sequoia Inn., Monteverde Avenue, Davao City	09/01/08	08/31/18
102	Davao - Quirino Avenue	Nicolas 1 Bldg. Quirino Ave., 8000, Davao City	09/01/02	08/31/12
103	Davao - Rizal	Caritas Building corner Pelayo Street and Rizal Street, Davao City	06/16/06	06/15/16
104	Davao - San Pedro	GF KDC, Bldg., San Pedro Street, Davao City, Davao Del Sur	06/03/02	06/02/12
105	Davao - Sta. Ana	Monteverde cor. F. Bangoy Sts., 8000 Davao City, Davao del Sur	10/01/06	09/30/11
106	Davao - Toril	Agton St., Toril, Davao City	10/01/97	10/01/17
107	Dumaguete - Sta. Rosa	Sta. Rosa St., Dumaguete City, Negros Oriental	12/01/05	11/30/15
108	FCIE Dasmariñas - Cavite	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite	12/16/97	12/15/12
109	General Santos	Santiago Boulevard corner JP Laurel Street, General Santos City	12/16/07	12/15/10

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
110	General Santos - KCC Mall	Unit 018 Lower Ground Floor, KCC Mall of Gensan, Jose Catolico Sr. Avenue, General Santos, South Cotabato	09/08/05	09/07/10
111	Guagua - Pampanga	Yabut Bldg., Plaza Burgos 2003, Guagua, Pampanga	02/12/02	02/11/12
112	Iligan - Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao, Del Norte	03/01/08	02/28/18
113	Ilocos Sur - Candon	National Highway corner Abaya St., 2710 Candon, Ilocos Sur	04/15/97	04/15/12
114	Iloilo - Central	Iznart St., Lot 317- B - 2- A-1, 5000, Iloilo City, Iloilo	05/29/02	05/28/22
115	Iloilo-Jaro	NB Bldg., Lopez Jaena Street, Jaro, Iloilo City	07/15/98	07/14/13
116	Iloilo-JM Basa	JM Basa Street, Iloilo City	03/01/08	02/29/18
117	Iloilo-Ledesma	GF Esther Building, Ledesma Street, Iloilo City	04/01/08	03/31/18
118	Iloilo-Molo	Escoto - Natividad Building, M. H. Del Pilar Street corner Lopez Jaena Molo, Iloilo City	01/01/97	12/31/11
119	Iloilo - Quezon St.	Lots 3 & 5, Quezon St., Iloilo City	01/01/08	12/31/17
120	Iloilo - Tabuc Suba	Roger's Bldg., MacArthur Highway, Tabuc Suba, Iloilo City	07/14/05	07/13/15
121	Imus - Aguinaldo Highway	GF DCR Building, Aguinaldo Highway, 4103 Imus, Cavite	11/18/08	10/31/18
122	Imus-Nueno Avenue	358 Exodus Building, Nueno, Imus, Cavite	02/01/06	01/31/11
123	Ipil - Zamboanga	National Highway, Ipil, 7001, Zamboanga Del Sur	04/01/90	04/01/10
124	Iriga	Iriga Plaza Hotel, Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur	04/21/08	04/20/18
125	Isabela - Cauayan	Along National Highway, Cauayan, Isabela	01/01/08	12/31/22
126	Isabela - Ilagan	Along Maharlika Highway, Calamagui 2nd, Ilagan, Isabela	03/28/01	03/27/11
127	Isabela - Santiago	Maharlika Highway corner Quezon Avenue, Victory Norte, Santiago City, Isabela	09/01/07	08/31/12
128	Kawit - Binakayan	1497 National Road, Binakayan, 4104, Kawit, Cavite	Month - to - Month	
129	La Union	Rizal Avenue corner Ortega Street, San Fernando, La Union	12/16/07	12/15/17
130	Laguna - Cabuyao	GF Lim-Bell Business Center, JP Rizal St., Cabuyao, Laguna	09/18/00	09/17/10

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
131	Laguna - Sta. Cruz	Along Regidor Street, Sta. Cruz, Laguna	07/01/08	06/30/18
132	Laguna - Technopark	GF, Rustan's Sta. Rosa Bldg, (North Wing), Laguna Technopark, Ayala Land, Brgy. Don Jose, Sta. Rosa, Laguna	03/01/08	01/31/09
133	Laoag - Castro	Pichay Bldg., JP Rizal corner A. Castro St., Laoag City	11/01/07	10/31/12
134	Legaspi City	Rizal corner Gov. Imperial Street, Legaspi City, Albay	05/01/03	04/30/13
135	Legaspi City - Rotonda	Rizal St., 4500 Legaspi City, Albay	07/01/95	06/30/15
136	Leyte - Maasin	Tomas Oppus Street, 6600 Maasin, Southern Leyte	07/17/08	07/16/11
137	Lipa	Casa Esperanza Building, Pres. JP Laurel Highway, Mataas na lupa, Lipa City	10/01/03	09/30/13
138	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Brgy. Batong Malake, Los Baños	04/15/99	04/15/14
139	Lucena	Merchan Street corner San Fernando Street, Lucena City	04/02/03	04/01/13
140	Lucena - Enriquez	Enriquez corner Evangelista St., Quezon	11/20/02	11/19/12
141	Lucena - Gulang Gulang	No . 505 Quezon Avenue Ext. Brgy. Gulang Gulang, Lucena City	08/01/08	07/31/18
142	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon	09/20/05	09/19/10
143	Mactan - EPZA	Mactan - EPZA Compound, 6000 Lapu-Lapu City, Cebu	05/27/07	05/26/17
144	Malolos - MacArthur Highway	S1 Cabana Space A, The Cabanas Mall, MacArthur Highway, Malolos City	09/01/08	08/31/18
145	Marilao - MacArthur Highway	Unit 1-3 Cecila Comm. Complex, Abangan Norte, MacArthur Highway 3019, Marilao, Bulacan	03/15/03	03/14/13
146	Meycauayan	Liberty Building, MacArthur Highway, Calvario, Meycauayan, Bulacan	06/01/06	05/31/11
147	Meycauayan - Malhacan	Brgy. Northern Hills, Malhacan, Meycauayan, Bulacan	10/01/08	09/30/13
148	Mindoro - Calapan	JP Rizal St., 5200 Calapan, Oriental Mindoro	07/15/07	07/14/12
149	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental	08/01/07	07/31/17
150	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental	09/01/08	08/31/18

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
151	Naga	Brgy. San Francisco Peñafrancia Avenue, Naga City	12/01/03	11/30/13
152	Naga-General Luna	80-82 Gen. Luna Street, Dinaga, Naga City	02/15/06	02/14/16
153	Naga - Magsaysay Avenue	Magsaysay Avenue, Naga City	05/12/08	05/11/18
154	Negros Occ - Binalbagan	Biscom Compound Binalbagan, Negros Occidental	12/01/05	11/30/20
155	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran 6106, Negros Occidental	06/23/08	06/22/18
156	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental	03/01/05	02/28/15
157	Negros Occ - Victorias	Osmeña Ave., Victorias City, Negros Occidental, 6119	03/01/89	02/28/09
158	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija	12/01/08	11/30/18
159	Nueva Ecija - Talavera	Maharlika Highway, Marcos District, Talavera, Nueva Ecija	09/16/07	09/15/17
160	Nueva Vizcaya - Solano	National Highway, Solano, Nueva Vizcaya	09/15/98	09/14/13
161	Obando - J.P. Rizal	JP Rizal St., Barangay Catanghalan, 3021 Obando, Bulacan	09/01/97	09/01/12
162	Olongapo	GF & 2F KT Tower, Rizal Avenue East corner 18th St., Bajac, Olongapo City	01/16/08	01/15/18
163	Pangasinan - Alaminos	Marcos Avenue, Palamis, 2404 Alaminos, Pangasinan	06/01/00	05/31/10
164	Pangasinan - Calasiao	GF Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan	06/01/08	03/31/18
165	Pangasinan - Carmen	Macarthur Highway, Carmen East, 2441 Rosales, Pangasinan	06/11/99	06/10/14
166	Pangasinan - Lingayen	80 Avenida Rizal East, Lingayen, Pangasinan	04/06/01	04/05/16
167	Pangasinan - San Carlos	Polaris St., 2420 San Carlos City, Pangasinan	03/22/93	03/21/13
168	Robinson's Place - Lipa	Level 1, Space L1-177, Robinsons Place-Lipa, Lipa Highway, Lipa City, Batangas	10/29/08	10/28/13
169	Samar - Catbalogan	Del Rosario St. cor. Allen Ave., 6700, Catbalogan, Samar	06/17/08	06/16/18
170	San Fernando - Dolores	McArthur Highway, Dolores, 2000 City of San Fernando, Pampanga	07/01/04	06/30/09
171	San Fernando - MacArthur Highway	GF Doña IsaFel Building II, Dolores, City of San Fernando, Pampanga	10/01/07	09/30/17
172	San Fernando- Pampanga	Gen. Hizon Extension, Sn. Fernando, Pampanga	02/18/06	02/17/11

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
173	San Fernando - San Agustin	McArthur Highway, Bgy. San Agustin, San Fernando, Pampanga	05/15/02	05/15/12
174	San Fernando - Sindalan	Palm Building, McArthur Highway, Sindalan, San Fernando City, Pampanga	12/16/02	12/15/12
175	San Jose-Nueva Ecija	Maharlika Road, 3121 San Jose City, Nueva Ecija	06/19/91	06/18/11
176	San Pablo	Mary Grace Bldg., Colago Avenue, corner ML. Quezon Street, San Pablo	08/16/04	08/15/19
177	San Pablo - Maharlika Highway	GF Bien Paz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City	06/01/08	05/31/18
178	San Pedro	Tayao Bus. Ctr. Bldg., A Mabini St., San Pedro, Laguna	05/01/97	04/30/09
179	San Pedro-National Highway	Mega Building, National H-way San Pedro, Laguna	02/25/06	02/24/11
180	San Pedro - Pacita	GF M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna	01/16/08	01/15/20
181	Silang - M. Belen	194 J. Rizal corner M. Belen Street, Silang, Cavite	07/14/00	07/13/10
182	SM City Bacolod	GF Bldg. Southwing, SM City Bacolod, Poblacion Reclamation Area, Bacolod City	03/02/07	01/31/09
183	SM City Bacoor	UGF SM Bacoor, Gen. Aguinaldo Highway corner Tirona, Bacoor, Cavite	09/01/07	07/31/09
184	SM City Baguio	UGF SM City Baguio, upper Session Road, Baguio City	02/01/08	01/31/09
185	SM City Baliwag	GF SM City Baliwag, Brgy Sto. Cristo, Baliuag, Bulacan	12/12/08	10/31/13
186	SM City Batangas	GF SM City Batangas, Barangay Pallocan West, Batangas City	11/01/06	10/31/09
187	SM City Cagayan De Oro	GF SM City Cagayan de Oro, Pueblo de Oro Business Park, Cagayan de Oro	04/01/08	01/31/13
188	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City	05/01/08	04/30/10
189	SM City Cebu B	UGF, The North wing - SM City Cebu, North Reclamation Area, San Jose dela Montaña corner M.J. Cuenco Avenue, Cebu City	11/30/07	10/31/09
190	SM City Clark	GF SM City Clark, Clark Field, Pampanga	08/01/08	07/31/10
191	SM City Dasmariñas	SM City Dasmariñas, Bo. Pala-Pala, Dasmariñas, Cavite	08/01/06	07/31/09



	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
192	SM City Davao	UGF SM City Davao, Brgy., Matina, Davao City	11/01/06	10/31/09
193	SM City Iloilo	UGF SM City Iloilo, Benigno Aquino Avenue, Mandurriao. Iloilo City	09/01/07	07/31/10
194	SM City Iloilo B	Lower Ground Floor Unit No. 73, SM City Iloilo, Benigno Aquino Ave., Jaro-West Diversion, Mandurriao. Iloilo City	11/01/06	10/31/09
195	SM City Lipa	GF SM City Lipa, Ayala Highway, Lipa City Batangas	08/01/08	07/31/11
196	SM City Lucena	GF SM City Lucena (LC - 177- 178), Pagbilao National Road, Lucena City	07/01/08	07/31/13
197	SM City Marilao	GF SM City Marilao, MacArthur Highway, Marilao, Bulacan	02/01/08	01/31/13
198	SM City Pampanga	GF SM City Pampanga, San Fernando Mexico, Pampanga	08/01/07	07/31/12
199	SM City Pampanga B	GF SM City Pampanga Annex Bldg. 4, San Fernando Pampanga	10/19/07	10/30/12
200	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan	11/28/08	01/30/14
201	SM City Sta. Rosa	GF SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna	05/01/08	04/30/11
202	SM Delgado	SM Delgado Building, Valeria Street, Iloilo City	02/01/07	01/31/09
203	SM Supercenter Molino	GF SM Supercenter Molino, Molino Road, Bacoor, Cavite	02/01/08	01/31/11
204	Sorsogon	Son Bldg., R. Magsaysay Avenue, Sorsogon City	02/14/07	02/13/17
205	Sta. Maria - Bagbaguin	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan	02/01/03	01/31/13
206	Subic - Times Square	420 Rizal Highway, Subic Bay Freeport Zone, 2200 Olongapo City Zambales	03/16/99	03/15/09
207	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City	03/01/08	02/28/13
208	Tacloban	Carlos Chan Bldg. P.Zamora Street, Tacloban City	08/02/04	08/01/14
209	Tacloban - Justice Romualdez	Philamlife Bldg., Justice, Romualdez St., corner P. Paterno St., Tacloban City	07/01/07	06/30/12
210	Tacloban - Rizal Avenue	Roqson Building, Rizal Avenue corner P. Burgos St., 6500 Tacloban City, Leyte	07/01/02	07/30/12
211	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay	10/24/05	10/23/15

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
212	Tanauan - A. Mabini	A. Mabini St., Tanauan, 4232 Batangas	04/01/08	03/31/18
213	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway cor. Sixto Castillo St., Poblacion, Tanauan, Batangas	12/16/07	12/15/17
214	Tarlac - Concepcion	L. Jaena cor. L. Cortes Sts., San Nicolas, 2316 Concepcion, Tarlac	08/01/98	07/31/13
215	Tarlac - F. Tañedo	F. Tanedo cor. Juan Luna St., Tarlac City	07/01/04	06/30/14
216	Tarlac - Paniqui	M. H. Del Pilar St. McArthur H-way 2307, Paniqui, Tarlac	10/09/97	10/08/17
217	Urdaneta	182 LIS Bldg., McArthur Highway, San Vicente, Urdaneta	06/01/08	05/31/18
218	Vigan - Plaza Maestro	GF Plaza Maestro Commercial Complex, Burgos & Florentino Sts., Vigan City, Ilocos Sur	04/01/03	03/31/13
219	Walmart - Sta. Rosa	San Lorenzo Drive Cor. Balibago Rd., Brgy. Balibago, 4026 Sta. Rosa, Laguna	10/01/07	09/30/12
220	Zamboanga	Grand Astoria Hotel, Annex Building, Mayor Jaldon Street, Zamboanga City	06/01/06	05/31/11
221	Zamboanga - Mayor Jaldon	Mayor Jaldon Avenue, Brgy. Canelar, Zamboanga City	11/01/06	10/31/16

### 3) Limitations on Property

Other than the properties owned by the Bank, the other properties utilized by the Bank are subject to the respective terms of lease above enumerated.

### 4) Properties to be acquired

The Bank does not have any current plans to acquire any property within the next twelve (12) months.

## Item 3. Legal Proceedings

The Bank is party to various legal proceedings which arise in the ordinary course of its operations. No such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Bank or its consolidated financial condition, except to the extent qualified below.

The Bank is a respondent in two arbitration proceedings under the International Chamber of Commerce (ICC) arising from isolated transactions, i.e., the sale of its equity investments.

## **Sale of Bankard**

The case involves the sale of the Group's ownership in Bankard, a former subsidiary of then EPCIB. Dispute on the said sale is under arbitration with the ICC, which recently ruled in favor of the claimant (the Partial Award of September 27, 2007), stating among others that the claimant is entitled to damages, subject to proof of loss. The Group has filed a motion for reconsideration to vacate the ruling at the Regional Trial Court (RTC) level. On January 8, 2008, the RTC issued a decision affirming the ruling of the ICC. Subsequently, the Group filed a Petition for Review on Certiorari with the Supreme Court (Second Division) to vacate the ruling issued by the RTC. The Supreme Court (Second Division) issued a decision denying the Group's petition and upholding the ruling of the RTC. On January 27, 2009, the Group filed an Omnibus Motion: (i) to urge the Honorable Second Division to elevate the case to the Supreme Court en banc in view of the novelty of the legal issues and the resolution thereof demands for the Honorable Court en banc's exercise of its constitutional power in respect to the promulgation of rules and regulations concerning court procedure, and/or (ii) to move for the reconsideration of the Decision on grounds of being contrary to law and established jurisprudence, and (iii) to clarify certain portions of the Decision, which have caused confusion in the application of the pertinent laws governing arbitration.

The Partial Award sustained by the Second Division of the Supreme Court concluded that the Group is liable to the claimant but did not adjudicate the amount of damages for which the Group is liable to the claimant as the same shall still be proven by the claimant in the second phase of the arbitration (quantum phase); the hearing of which has been tentatively set by the Tribunal Chairman on October 26, 2009. However, in view of the Decision and the Omnibus Motion, as well as the continuing objection the Group raised against the procedure being followed by the Tribunal, the Group has requested for the suspension of the arbitration proceeding until the matters and issues are resolved.

As of December 31, 2008, management believes that the above claim is without merit or that the resulting liability if any, resulting from such claim, will not have material adverse effect on the Group's financial position and financial performance and will be taken up if and when a final resolution by the courts is made on the claim.

## **Sale of Maxicare**

The Group is a defendant/respondent in legal proceedings arising from the sale of its 60% stake in Maxicare in 2007. Claimants have filed an Intra-Corporate Dispute with the Regional Trial Court of Makati (RTC). The claimants filed a Petition for Issuance of Writ of Preliminary Injunction in Support of Arbitration proceedings with Prayer for Temporary Restraining Order (TRO) and Writ of Replevin to enjoin the conduct of business of Maxicare, and if already executed, for annulment of sale of the Maxicare shares. The RTC has since denied the TRO and Writ of Replevin on the ground that the petitioners have no clear and unmistakable right over the shares, as there was no perfected contract of sale between the Bank and the claimants. Moreover, the RTC also ruled that the Bank's sale of the shares to Pin-An Holdings is valid. The Petitioners filed a Motion for Reconsideration (MR) which was denied since an MR is a prohibited pleading under the Interim Rules on Intra-Corporate Dispute. The RTC ruled further that its order declaring the validity of the sale of the Maxicare shares has become

final under said Interim Rules. The claimants have since filed a Petition for Certiorari with the Court of Appeals, where the case is pending.

The claimants have also filed a Request for Arbitration with the International Chamber of Commerce (ICC) – International Court of Arbitration, where arbitration is currently ongoing on the same issue of the petitioners' right to buy the shares.

As of December 31, 2008, management believes that the above claim is baseless and without merit or that the resulting liability if any, resulting from such a claim, will not have a material adverse effect on the Group's financial position and financial performance.

## **Others**

The Group is also a defendant in various cases pending in courts for alleged claims against the Group, the outcome of which are not fully determinable at present. As of December 31, 2008, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of the Group and will be taken up if and when a final resolution by the courts is made on each claim.

## **Item 4. Submission of Matters to a Vote of Security Holders**

At the scheduled 2009 annual shareholders' meeting of BDO, among the subjects to be submitted to its shareholders for approval/confirmation is retention of the schedule for BDO's annual shareholders' meetings on the last Friday of May of each year as provided in Section 14 of the By-laws.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

## **Item 5. Market for Issuers Common Equity and Related Stockholder Matters**

### **1) Stock Prices**

The Bank's common shares are traded at the Philippine Stock Exchange, Inc. The high and low sales prices for each quarter within the last two (2) fiscal years are as follows:

(in Philippine pesos)	High	Low
First Quarter 2007	65.50	44.00
Second Quarter 2007	71.50	58.00
Third Quarter 2007	73.00	52.00
Fourth Quarter 2007	67.50	49.50
First Quarter 2008	61.50	43.50
Second Quarter 2008	55.00	43.00
Third Quarter 2008	45.00	31.50
<b>Fourth Quarter 2008</b>	<b>38.00</b>	<b>21.00</b>

Source: Bloomberg

## 2) Holders of Securities

The number of common shareholders of record as of 31 December 2008 was 14,275. Common shares outstanding as of 31 December 2008 stood at 2,302,032,661. The top twenty (20) common shareholders are as follows:

	<b>Name</b>	<b>Holdings</b>	<b>% to total</b>
1	SM Investments Corporation	639,130,302	27.76%
2	PCD Nominee Corp. (Non-Filipino)	470,939,545	20.46%
3	DBMN OT-024 Sybase Equity Investment Corporation	338,129,257	14.69%
4	DBMN OT-024 SM Investments Corporation	208,097,814	9.04%
5	DBMN OT-024 Multi Realty Development Corp.	133,686,766	5.81%
6	Trans Middle East Philippines Equities, Inc.	93,289,752	4.05%
7	PCD Nominee Corp. (Filipino)	88,238,427	3.83%
8	SM Land (formerly Shoemart, Inc.)	65,996,135	2.87%
9	Multi Realty Development Corporation	64,035,334	2.78%
10	SM Development Corporation	33,825,063	1.47%
11	International Finance Corporation	31,403,592	1.36%
12	United Overseas Bank Philippines	22,429,906	0.97%
13	Primebridge Holdings, Inc.	19,506,000	0.85%
14	Henry Sy, Sr.	8,063,274	0.35%
15	Sysmart Corporation	3,279,963	0.14%
16	Antonio C. Chua	2,619,750	0.11%
17	Edilberto Narciso	2,539,274	0.11%
18	DHS Investment	2,269,679	0.10%
19	Keng Koc Co &/or Mary D. Co	1,981,656	0.09%
20	Sybase Equity Investment Corporation	1,976,100	0.09%
	<b>Sub-Total</b>	<b>2,231,437,589</b>	<b>96.93%</b>
	<b>Others</b>	<b>70,595,072</b>	<b>3.07%</b>
	<b>Total Outstanding Shares</b>	<b>2,302,032,661</b>	<b>100.00%</b>

## 3) Dividends

The Bank's Board of Directors is authorized to declare dividends annually. Stock Dividend declarations require the further approval of stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote. Such stockholders' approval may be given at a general or special meeting duly called for the purpose. Dividends may be declared only from surplus profits after making proper provisions for the necessary reserves in accordance with applicable laws and the regulations of the BSP. The declaration of dividends by Philippine banks also requires BSP approval.

On April 30, 2008 and July 26, 2007, the Bank's Board of Directors approved the declaration of cash dividends amounting to ₱0.80 per common share or a total of ₱1,841,626 and ₱1,841,626, respectively, payable to stockholders of record as of August 18, 2008 and March 11, 2008, respectively. The cash dividends were approved by the BSP on July 18, 2008 and February 14, 2008, respectively, and were paid by the Bank on September 11, 2008 and April 8, 2008, respectively.

**4) Recent Sales of Unregistered Securities (within 3 years)**

On November 21, 2007, the Bank issued P10 billion unsecured subordinated notes eligible as Lower Tier 2 Capital due on 2017, callable with step-up in 2012 (the "notes") pursuant to the authority granted by the BSP to the Bank on October 8, 2007 and BSP Circular No. 280 Series of 2001, as amended. The issuance was approved by the BOD, in its special meeting held on June 1, 2007.

On May 20, 2008, the Bank issued another tranche of P10 billion unsecured subordinated notes eligible as Lower Tier 2 Capital due on 2018, callable with step-up in 2013 pursuant to the authority granted by the BSP to the Bank on April 3, 2008 and BSP Circular No. 280 Series of 2001, as amended. This issuance was approved by the BOD, in its special meeting held on February 23, 2008.

The Notes represent direct, unconditional unsecured and subordinated peso-denominated obligations of the Bank, issued in accordance with the Terms and Conditions under the Master Note. The Notes, like other subordinated indebtedness of the Bank, are subordinated to the claims of depositors and ordinary creditors, are not a deposit, and are not guaranteed nor insured by the Bank or any party related to the Bank, such as its subsidiaries and affiliates, or the PDIC, or any other person. The Notes shall not be used as collateral for any loan made by the Bank or any of its subsidiaries or affiliates. The Notes carry interest rates based on prevailing market rates, with a step-up provision if not called on the fifth year from issue date. The Bank has the option to call the Notes on the fifth year, subject to prior notice to Noteholders. The Notes were used to further expand BDO's consumer loan portfolio and to increase and strengthen BDO's capital base, in anticipation of continued growth in the coming years.

As of December 31, 2008, the outstanding balance of the Notes amounted to P20,145,977.

## **Item 6. Management's Discussion and Analysis or Plan of Operations**

### **1) Management's Discussion and Analysis**

#### **Balance Sheet – 2008 vs. 2007**

Total Resources expanded by 30% to P802.0 billion, owing to a 32% increase in both liquid assets and Customer Receivables.

Cash and Other Cash Items as well as Due from BSP went up by 18% and 27% to P21.8 billion and P62.7 billion, respectively, on account of higher deposit levels. Due from Other Banks went down by 17% to P17.1 billion from lower placements and working balances with foreign banks.

Investment securities slightly declined by 5% to P156.2 billion. Financial Assets at Fair Value through Profit or Loss and Available for Sale Securities went down by 67% and 53% to P6.8 billion and P35.2 billion, respectively, portions of which were reclassified to Held-to-Maturity Securities. Consequently, HTM Securities increased by 68% to P114.1 billion. The full details of the reclassification of securities are discussed in Note 9.4 in the Bank's Notes to Audited Financial Statements.

Net Loans and Other Receivables surged by 58% to P492.0 billion. Gross customer receivables expanded by 32% to P392.8 billion owing to the Bank's aggressive marketing efforts for corporate as well as consumer loans. Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements and Unquoted Debt Securities Classified as Loans, likewise grew to P29.2 billion, P60.8 billion and P20.4 billion, respectively, as these instruments served as investment outlets for the Bank's excess liquidity.

Bank Premises rose by 29% to P14.7 billion owing to head office renovations, the conversion of former EPCI and ESB branches into BDO outlets, as well as investments in new equipment to support expansion in business volumes.

Investment Properties contracted 15% to P15.2 billion on account of continued ROPA disposal programs.

Other Resources dropped 3% to P22.4 billion, from a reduction in deferred charges and a lower level of returned checks as of the cut-off date.

Total Deposits surged by 43% to P636.8 billion owing to aggressive deposit marketing efforts. Savings Deposits dropped 17% as funds shifted to Time Deposits, which increased substantially by 232%.

Subordinated Notes Payable increased by 8% to P20.1 billion as the Bank issued P10.0 billion worth of Lower Tier 2 Capital to refinance a previous \$200 million Lower Tier 2 issue.

Other Liabilities went down 11% to P35.9 billion from lower levels of Accounts Payable as well as outstanding checks and acceptances as of the cut-off date.

### **Contingent Accounts – 2008 vs. 2007**

Total Contingent Accounts grew 22% to P651.6 billion on account of the following:

- Trust Department Accounts expanded by 23% to P338.2 billion from a larger portfolio of assets managed.
- Spot, forward and swap transactions grew 16% to P199.9 billion owing to increased treasury foreign exchange activities.
- Bills for Collection increased by 17% to P10.6 billion due to higher levels of bills, drafts and checks sent for collection.
- Late Deposit / Payments Received went up 175% to P5.3 billion as more transactions were received from clients after clearing cut-off time.
- Other Contingent Accounts expanded 54% to P78.7 billion due to an expansion in committed credit card lines as well as ROP warrants obtained during the year.
- Unused L/Cs, Outstanding Guarantees Issued and Export L/Cs Confirmed declined by 29%, 49% and 35% to P18.0 billion, P724 million and P49 million, respectively, owing to lower levels of outstanding trade transactions on the cut-off date.

### **Income Statement – For the years Ended December 31, 2008 vs. 2007**

Net Income for 2008 registered at P2.2 billion, down from the previous year, due to unfavorable revaluation of the Bank's trading portfolios as well as incremental impairment provisions for securities portfolio.

Interest Income climbed 13% to P42.4 billion owing to the expansion in liquid assets and customer receivables. Interest Expense likewise went up 20% to P19.3 billion primarily due to the increase in total deposit level. The Bank set aside P5.2 billion as provisions for Impairment Losses to cover general reserves on the incremental loan portfolio as well as additional reserves for a portion of the Bank's securities portfolio.

Other Income decreased by 19% year-on-year to P13.7 billion. The Bank recorded a Trading Loss of P2.9 billion, vis-à-vis the previous year's gain of P3.9 billion. This is owing to market volatility resulting in unfavorable revaluation of the Bank's trading portfolio. Service Charges and Fees also declined 15% to P7.4 billion after substantial investment banking fees in 2007. Trust fees, on the other hand, climbed 35% to P1.2 billion on a higher level of funds managed. Foreign Exchange Gain surged 477% to P4.6 billion due to higher levels of interbank swaps, trade transactions and OFW remittances as well as increased treasury foreign exchange



activities. Miscellaneous Income also went up by 33% to P3.4 billion on account of one time gains on the Bank's sale of its Visa and Mastercard shares.

Operating Expenses increased 12% to P27.9 billion in 2008. Employee Benefits climbed 21% to P10.1 billion on account of a higher manpower count brought about by business expansion. Other Operating Expenses likewise rose by 13% to P11.7 billion primarily owing to business growth as well as rebranding and advertising campaigns.

Tax Expense fell 49% to P1.4 billion after the Bank wrote-off a portion of its deferred tax assets and settled previous years' assessments in 2007.

#### **Key Performance Indicators – 2008 vs. 2007**

	<b>2008</b>	<b>2007</b>	<b>Inc/(Dec)</b>
<b>Return on Average Equity</b>	3.8%	11.7%	(7.9%)
<b>Return on Average Assets</b>	0.3%	1.1%	(0.8%)
<b>Net Interest Margin</b>	3.7%	4.0%	(0.3%)
<b>Capital to Risk Assets</b>	13.8%	14.6%	(0.8%)
<b>Basic Earnings Per Share</b>	0.91	2.86	(1.95)

Return on Average Equity and Return on Average Assets fell to 3.8% and 0.3%, respectively, from lower bottomline profits.

Net Interest Margin went down to 3.7% primarily owing to spread compression.

Capital to Risk Assets decreased by .8% as risk-weighted assets expanded at a faster rate than qualifying capital.

Basic Earnings per Share declined to P1.95 owing to the lower Net Income.

#### **Balance Sheet – 2007 vs. 2006**

Total Resources slightly declined by 2% to P617.2 billion owing to a 12% drop in liquid assets.

Due from BSP increased by 17% to P49.5 billion on account of the Bank's Reserve Deposit Account with BSP. Due from Other Banks surged by 61% to P20.7 billion from higher foreign currency denominated placements and working balances with foreign banks.

Investment Securities contracted by 8% to fund the settlement of a portion of the Bank's high cost funding. Financial Assets at Fair Value through Profit or Loss and Held-to-Maturity Investments dropped by 32% and 20% to P21.0 billion and P67.9 billion, respectively. Available-for-Sale Securities, on the other hand, increased by 19% to P75.6 billion.

Net Loans and Other Receivables remained steadfast at P311.7 billion, despite a 68% and 47% decline in Interbank Loans and Securities Purchased Under Reverse Repurchase

Agreements, respectively. Gross Receivables from Customers climbed 15% to P297.0 billion owing to aggressive marketing efforts for both corporate and consumer loans.

Deferred Tax Assets declined by 9% to P5.7 billion 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 40% primarily due to the sale of the Bank's special purpose subsidiary, Onshore Strategic Assets, Inc.

Total Deposit Liabilities contracted by 5% to P445.4 billion as the Bank reduced dependence on high cost deposits. Bills Payable also declined by 10% to P52.5 billion primarily due to the reduction in peso-denominated short-term borrowings.

Subordinated Notes Payable went up by 83% to P18.6 billion due to the issuance of P10.0 billion worth of Unsecured Subordinated Notes in November 2007.

Other Liabilities grew by 7% to P40.4 billion on account of higher levels of derivative liabilities as well as outstanding checks and acceptances payable.

Total Equity increased by 15% to P60.3 billion due to Net Income for 2007, the exercise by IFC of its conversion option under its loan agreement with the Bank, and the sale of EPCIB shares previously held by BDO.

#### **Income Statement – For the years Ended December 31, 2007 vs. 2006 (Pro-forma)**

*The income statement for 2006, as presented in the Audited Financial Statements, combined the full-year result for BDO and the 4<sup>th</sup> quarter result of EPCIB. As explained by the external auditors in Note 1.2, the income statements for 2006 were combined from the time common control was established by the SM Group over both BDO and EPCIB. To facilitate year-on-year comparability between the income statement accounts, this section discusses the 2007 full year performance of the combined entity vis-à-vis the pro-forma 2006 full year performance of both BDO and EPCIB.*

Net Income remained at around P6.6 billion as non-recurring expenses partially offset an 11% improvement in Net Interest Income. Interest Income was slightly down by 3% to P37.6 billion on account of a lower interest rate environment. Interest Expense dropped 18% to P16.2 billion from improved funding mix as well as the generally lower interest rate environment. The Bank set aside a P4.1 billion as Impairment Losses to cover required general reserves on the incremental loan portfolio, Non-Performing Loans and Receivables from SPVs.

Other Operating Income contracted by 4% to P16.9 billion. Trading Gain fell 27% to P3.9 billion from a reduced investment securities portfolio. FX Gain decreased by 14% owing to lower margins brought about by a more competitive environment and a peso appreciation. Trust Fees dropped by 20% on account of realignment in pricing and product mix for trust services. Miscellaneous Income also dropped by 12% from reduced gains on disposal of

investment properties. Service Charges and Fees, on the other hand, went up by 18%, due to increased business volume from the Bank's other business lines.

Operating Expenses went up by 9% to P24.8 billion primarily owing to integration expenses. Employee Benefits grew 16% from a higher manpower count while Occupancy Expenses increased by 6% from the depreciation of integration-related capital expenditures.

Tax Expense rose by 17% to P2.8 billion due to the Bank write-off of a portion of its deferred tax assets as well as the settlement of previous years' assessments.

## **2) Past and Future Financial Condition and Results of Operations**

The Bank posted an audited Net Income of P2.2 billion in 2008, lower than that of the previous year, primarily owing to unfavorable revaluation as well as additional provisions set up for its trading and investment portfolios. Even so, the Bank's core business of financial intermediation remained strong with a 32% growth in customer loans and 43% expansion in deposits. Leasing, credit cards, asset management, cash management, remittances, bancassurance, private banking and investment banking likewise recorded increases in business volumes, contributing to the Bank's dominant market positions in core and ancillary business lines.

Alongside business development were integration activities such as branch conversions and rationalization of subsidiaries. During the year, the Bank completed the conversion of all EPCI and ESB branches into BDO outlets. Total branch network as of year-end stood at 665 branches complemented by 1,253 Automated Teller Machines. Subsidiaries were rationalized to simplify the Group's corporate structure, consolidate operations and provide ease of management. A number of subsidiaries were either sold, merged or dissolved last year, including PCI Capital Corporation, Equitable Savings Bank and BDO Elite Savings Bank, which were combined with the Parent Bank.

In 2008, the Bank also settled the following borrowings:

- a. \$100 million 3-year Senior Debt issued by EPCI in 2005,
- b. the remaining \$114 million Senior Notes issued by BDO in 2003,
- c. \$200 million Lower Tier 2 Unsecured Subordinated Notes.

These were refinanced with an issue of P10.0 billion unsecured subordinated debt eligible as Lower Tier 2 Capital. In September, the Bank issued P5.0 billion worth of perpetual, voting, convertible, non-participating Preferred Shares. Both the unsecured subordinated debt and the preferred share issues were meant to boost the Bank's capital position and allow it to take advantage of potential investment opportunities.

## **Prospects for the Future/Plans of Operation**

The Philippine economy, though resilient owing to strong economic fundamentals, is still expected to feel the effects of the global economic slowdown via expected declines in investments and capital inflows, deceleration in exports as well as a potential slowdown in OFW remittances. Expectedly, this would adversely impact the financial sector's asset quality and at the same time limit its growth potential. This, together with continued market volatility and spread compression, will create a more challenging environment for the banking industry in 2009.

The bank will be facing this challenge head on, aiming for sustained above-average business growth in its core business lines. The Bank's loans, deposits and service fee income targets will create a more sustainable income mix, allowing for continued profitability and increased market share. Additionally, the Bank will also look at improving operational efficiency now that the major integration activities have been completed.

Capital management initiatives are also planned for 2009. The Bank has recently issued a third tranche of Unsecured Subordinated Debt qualifying as Tier 2 Capital, with a face amount of P3.0 billion. The Bank also announced a Rights Offering of common shares to existing shareholders of the Bank. The Rights Offering is expected to generate proceeds of up to P7.0 to P8.0 billion, in the first half of 2009. Both the Tier 2 Issue and the Rights Offering will be carried out by the Bank, in anticipation of business growth, network expansion and strategic investment opportunities during the year.

### **3) Material Changes**

(a) Any Known Trends, Events or Uncertainties (material impact on Liquidity)

Any known trends, events or uncertainties, which have a material impact on liquidity, are explained under item 6(2) of SEC 17-A of the Bank.

(b) Internal and External Sources of Liquidity

The internal and external sources of liquidity are herein discussed under item 6(2) of SEC Form 17-A of the Bank.

(c) Any Material Commitments for Capital Expenditure and Expected Funds

None.

(d) Any Known Trends, Events or Uncertainties (material impact on sales)

Any known trends, events or uncertainties, which have a material impact on sales, are explained under item 6(2) of SEC 17-A of the Bank.

- (e) Causes for any Material Changes from Period to Period of Financial Statements

The causes for any material changes from 2007-2008 are explained in Item 6(1) of SEC Form 17-A of the Bank.

- (f) Seasonal Aspects that has material Effect on the Financial Statements

None.

#### **Item 7. Financial Statements**

The consolidated financial statements and schedules are filed as part of this Form 17-A

#### **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The financial statements of the Bank for the year ending 31 December 2007 and 31 December 2008 have been audited by Punongbayan and Araullo, in accordance with generally accepted accounting principles. The Bank has not had any disagreements with any of its former or present accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which led to a change in external auditors and it not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of the disagreement in connection with its report.

### **PART III – CONTROL AND COMPENSATION INFORMATION**

#### **Item 9. Directors and Executive Officers of the Issuer**

##### **1) Directors and Executive Officers**

The Board of Directors is empowered to direct, manage and supervise, under its collective responsibility, the affairs of the Bank. It is also responsible for the proper administration and management of the Bank's trust business. The following is the list of the members of the Board:

**Henry Sy, Sr.**, 84, Filipino, founder and Chairman of the SM Group of Companies is Chairman Emeritus of BDO. He is known as a visionary in Philippine retail because of his innovations in the industry. The shoe store he founded in 1958 has since evolved into a dynamic group of companies with retail merchandising and shopping centers as core businesses and complementary ventures in banking, real estate, and leisure tourism development. He remains active in the Group as Chairman of its key businesses: SM Investments Corp., the Group's holding company; SM Prime Holdings, the country's leading owner and developer of shopping centers; and SM Development Corp., its real estate and development arm.

**Teresita T. Sy**, 58, Filipino, is Chairperson of BDO. Concurrently, she sits as Chairperson and/or Director of various BDO subsidiaries such as BDO Private Bank, BDO Leasing & Finance, Inc. (formerly PCI Leasing and Finance, Inc.), BDO Capital & Investment Corporation, BDO Realty Corporation, BDO Foundation, Inc., Equitable Card Network, Inc., Strategic Property Holdings, Inc., PCIB Properties, Inc., EBC Management, Inc. and Property Care, Inc. She is also Chairperson of Supervalu, Inc., Morrison Corporation, Pilipinas Makro, Inc., Sodexo Pass, Inc. and Supervalu, Inc. Furthermore, she is the Chairperson and President of MH Holding, and the President of SM Mart, Inc., SM Retail, Inc., SM Land, Inc., Super Shopping Market, Inc., Premier Southern, Meridien Business Leader, Inc. and Tangiers Resources Corporation; and the Vice Chairperson of Generali Pilipinas Holding Co., Inc. and SM Investments Corporation. She also holds a directorship position in SM Prime Holdings, Inc., Multi-Realty Development Corporation, and First Asia Realty Development Corporation; and Treasurer of Forsyth Equity Holdings, Inc. and Watsons Personal Care Stores, Inc. Prior to the merger of BDO and Equitable PCI Bank, Inc. (EPCIB), she served as Chairperson of BDO (1996-2005) and Vice-Chairperson of EPCIB (2005-2007). She was first elected to the Board of BDO in 1977. A graduate of Assumption College, she brings to the Board varied experiences in retail merchandising, mall development, and banking.

**Corazon S. De la Paz-Bernardo**, 67, Filipino, assumed the post of Vice Chairperson of BDO in July 2007. Prior to that, she served as Chairperson of Equitable PCI Bank from February 2006 to June 2007. She also served as President and Chief Executive Officer of Social Security System from August 2001 up to July 2008. She is currently the President of the International Social Security Association, a Geneva-based organization for the triennium 2008-2010, where she is the first non-European to occupy the position. She is also a Director of Ayala Land Inc., Equitable Card Network, Inc., and Republic Glass Holdings. She is also in the Board of Trustees of Meralco Foundation, Inc. and the University of the East as well as in the Board of Advisors of Ramon V. Del Rosario-AIM Center for Corporate Social Responsibility. She is a member of the Management Association of the Philippines, the Financial Executive Institute of the Philippines, and the Asia Society (Philippine Chapter).

**Jesus A. Jacinto, Jr.**, 61, Filipino, was elected Vice Chairman of the Bank in May 1996, and is concurrently the Chairman and President of BDO Insurance Brokers, Inc. Mr. Jacinto is currently a Director and Vice President of the Bankers Association of the Philippines. He also heads Jaces Corp. as Chairman and President; and Janil Realty, Inc., JAJ Realty, Inc., and M.R. Knitwear Specialist, Inc. as President. He is likewise a Director of Philam-Equitable Life Assurance Company (PELAC), Bayer Phil., Inc., and TFS Inc. Formerly, he was Director and Executive Vice President of CityTrust Banking Corp., Director of CityTrust Investments Phil. and CityTrust Finance Corp., and Vice President and Managing Partner of Citibank N.A. Mr. Jacinto holds a Bachelor's degree in Business Administration from Fordham University in New York City and an MBA (International Business) from Columbia University, New York.

**Christopher A. Bell-Knight**, 64, Canadian, was elected Director of BDO in May 2005. He was formerly a Director of Solidbank Corp. from 1990 to 1998, and Vice President and Country Head of the Bank of Nova Scotia. He has had over 40 years of banking experience in England, Canada, and Asia. Educated in universities in England and Canada, he is an Associate of the Chartered Institute of Bankers (UK), Associate of the Institute of Canadian Bankers, and fellow of the Institute of Corporate Directors.

**Antonio C. Pacis**, 68, was elected Director of BDO in May 2008. He is currently Chairman of ISS Philippines, Inc., and Asian Silver Estate Inc., He was also appointed Chairman and President of Amigo Holdings, Inc., Asian Waterfront Holdings, Inc., Mantle Holdings Inc., and Vertical Ventures Inc. He serves as Director of Armstrong Pacific Co., Inc., Technology Investment Co., Inc., Legisforum, Inc., BDO Capital & Investment Corporation and Seawood Holdings, Inc. He is currently the Corporate Secretary of EBC Strategic Holdings, Inc. and Armstrong Securities, Inc., and a Director and Corporate Secretary of Paluwagan ng Bayan Savings Bank. He is also a member of the Board of Trustees of Central Colleges of the Philippines. Atty. Pacis is the Managing Partner of Pacis & Reyes Attorneys at Law. Prior to the merger of BDO and Equitable PCI Bank, Inc. (EPCIB), he served as Director and Corporate Secretary of Banco De Oro Universal Bank (2004-2007). Atty. Pacis obtained his law degree from the Ateneo de Manila University and his Master of Laws degree from Harvard Law School.

**Lee Wai Fai**, 48, Singaporean, was appointed Director of BDO in June 2008, and is concurrently the Executive Vice President of United Overseas Bank Singapore. He also serves as Director and Chairman of United Overseas Bank Philippines. He is a Director of Asfinc Singapore Limited, Chung Khiaw Realty Limited, CKB (2000) Limited, FEB Realty Company PTE Ltd., ICB (2002) Ltd., Industrial & Commercial Property (S) PTE Ltd., Sunwise PTE Ltd., Unicom Databank Private Ltd., United Facilities Private Ltd., United General Services (PTE) Ltd., United Overseas Bank Trustee Ltd. UOB Bullion and Futures Ltd., UOB Capital Investments PTE Ltd., UOB Capital Management PTE Ltd., UOB Developments Private Ltd., UOB Equity Holdings (PTE) Ltd., UOB Hermes Asia Management PTE Limited, UOB Holdings (USA) Inc., UOB Holdings Private Ltd., UOB International Investment Private Ltd., UOB Property Investments PTE Ltd., UOB Towers PTE Ltd., UOBGC General Partners Ltd. and UOF (2000) Ltd.

**Henry T. Sy, Jr.**, 55, Filipino, was elected BDO Director in July 2007. He is the Vice Chairman of SM Investments Corporation, SM Development Corporation, Highlands Prime, Inc. and Pico De Loro, Inc., and a Director of SM Prime Holdings, Inc. He is also the Vice Chairman and President of SM Land, Inc. He is chiefly responsible for the real estate acquisitions and development activities of the SM Group of Companies and holds Board positions in several companies within the SM Group. Prior to his election to the board of BDO, he served as a Director of China Banking Corporation. He graduated with a management degree from the De La Salle University.

**Josefina N. Tan**, 63, Filipino, is a Director of BDO. Concurrently, she serves as Director and President of BDO Private Bank and a Director of BDO Realty Corp. Ms. Tan is the Treasurer and Secretary of Regal Properties, Inc., PP & P Insurance Underwriters, and East Star Realty Corp., and a Trustee in the Development Center for Finance and Laura Vicuna Foundation. Prior to joining the BDO Board in 2000, she was an Executive Vice President of the former Far East Bank and Trust Co. where she concurrently served as Director and President of FEB Leasing and Finance Corp., Executive Director and Trustee of FEB Foundation, Inc., and Executive Vice President of FEB Investments Inc. and a Director of other related companies. Ms. Tan was a Director of EPCIB from September 2005 until its merger with BDO in May 2007.

**Nestor V. Tan**, 51, Filipino, was elected President of BDO in July 1998. He concurrently sits as Director of various subsidiaries of BDO including BDO Securities Corporation, BDO Realty Corp., Generali Pilipinas Insurance Corp., BDO Leasing & Finance, Inc. (formerly PCI Leasing & Finance, Inc.), Generali Pilipinas Life Insurance, Corp., BDO Insurance Brokers, Inc., Strategic Property Holdings, Inc., PCIB Properties, Inc., Property Care, Inc., Equitable Card Network, Inc. Mr. Tan is also the Chairman of BDO Financial Services, Inc. and BDO Technology Center, Inc., and also Vice-Chairman of BDO Capital & Investment, Inc. and BDO Private Bank, Inc. He is also the President of EBC Management, Inc. and a member of the Board of Trustees of BDO Foundation, Inc. Mr. Tan was formerly connected with the Mellon Bank, the Bankers Trust Company in New York, and the Barclays Group in New York and London. At Barclays, he served as Planning director and Head of Strategic Planning for Corporate and Institutional Services Group and as Chief Operating Officer for Financial Institution Services Group of BZW, the investment banking subsidiary of Barclays Group. Mr. Tan holds a Bachelor's degree in Commerce from the De La Salle University and received his MBA from Wharton School, University of Pennsylvania.

**Teodoro B. Montecillo**, 74, Filipino, was appointed as an Independent Director in August 2004. He is currently Independent Director in PDS Holdings Corp., Philippine Dealing Exchange Corp., Philippines Securities & Settlement Corp., Philippine Depository & Trust Corp., Citibank Savings, Inc., BDO Securities Corporation and PCD Nominee Corporation. Under the Ramos Administration, he was appointed as a member of the Monetary Board; subsequently, under the Estrada Administration, he served as Chairman of the Central Bank Board of Liquidators. He had also worked as Chief Executive Officer and President of the Philippine Central Depository, Inc. and held various positions in the areas of operations, credit and external debt management in Citibank- Manila. He holds a Bachelor of Science in Education degree from the University of the East, a Bachelor of Science in Business Administration degree from the University of the Philippines, and an MBA from the Northwestern University, Chicago.

**Jimmy T. Tang**, 73, Filipino, has served as Director of the Bank since 1984. He is also the President of Avesco Marketing Corp. and presently the Honorary President of the Federation of Filipino-Chinese Chambers of Commerce & Industry, Inc. He holds a Bachelor's Degree in Electrical Engineering from the Mapua Institute of Technology.



**Edmundo L. Tan**, 63, Filipino, was appointed Corporate Secretary of BDO in July 27, 2007. He is currently Chairman of EBC Investments, Inc. On September 19, 2007, he was likewise appointed Chairman and President of EBC Strategic Holdings Corp. He serves as Director and Corporate Secretary of APC Group, Inc., Philippine Global Communications, Inc., PhilCom Corp., Aragorn Power & Energy Corp. and Aragorn Coal Resources, Inc. He concurrently holds directorships in BDO Leasing & Finance, Inc. and Sinophil Corp., and serves as Corporate Secretary of APC Mining Corp. Atty. Tan is the Managing Partner of Tan Acut & Lopez Law Offices.

The independent directors of the Bank are **Teodoro B. Montecillo** and **Jimmy T. Tang**.

### Senior Executive Officers of the Bank

The members of Senior Management, subject to control and supervision of the Board, collectively have direct charge of all business activities of the Bank. They are responsible for the implementation of the policies set by the Board. The following is a list of the Bank's key officers:

Name	Age	Position
Nestor V. Tan	51	President and Director
Walter C. Wassmer	52	Senior Executive Vice President, Group Head – Institutional Banking
Antonio N. Cotoco	60	Senior Executive Vice President, Group Head – BDO Leasing & Finance and Hong Kong Branch
Ador A. Abrogena	55	Executive Vice President, Group Head – Trust Banking
Julie Y. Chua	58	Executive Vice President, Head – Commercial Banking (Metro Manila East)
Gerard Lee B. Co	50	Executive Vice President, Head - Commercial Banking (Visayas and Mindanao)
Lucy Co Dy	54	Executive Vice President, Comptroller and Group Head – Comptrollership
Pedro M. Florescio III	54	Executive Vice President, Treasurer and Group Head – Treasury
Eduardo V. Francisco*	48	Executive Vice President, Group Head – BDO Capital & Investment Corporation
Bienvenido M. Juat, Jr.**	56	Executive Vice President, Treasurer - BDO Private Bank
Ricardo V. Martin	51	Executive Vice President, Group Head - Central Legal
Sergio Ll. Naranjilla, Jr.	52	Executive Vice President, Portfolio Investments
Horacio C. Rodriguez	63	Executive Vice President, Group Head - Asset Management
Edmundo S. Soriano	53	Executive Vice President, Head – Corporate Banking 1
Rolando C. Tanchanco	47	Executive Vice President, Group Head – Consumer Lending
Dennis B. Velasquez	56	Executive Vice President, Group Head – Central Operations
Evelyn L. Villanueva	51	Executive Vice President, Group Head –Risk Management; Chief Risk Officer

Name	Age	Position
Aristotle L. Villaraza	57	Executive Vice President, Cross Border and Wholesale Lending
Jaime C. Yu	51	Executive Vice President, Group Head – Branch Banking
Ramon Eduardo E. Abasolo	45	Senior Vice President, Head - IT Development
Ursula A. Alano	54	Senior Vice President, Head - Treasury Marketing
Beatriz L. Bagsit	65	Senior Vice President, Region Head – Branch Banking
Melanie S. Belen	48	Senior Vice President, Risk Management
Rafael G. Besa	51	Senior Vice President, Group Head - Marketing Communications
Stella L. Cabalatungan**	45	Senior Vice President, Relationship Management Head, BDO Private Bank
Antonina M. Cabuyadao	63	Senior Vice President, Region Head – Branch Banking
Ma. Ophelia LI. Camina	56	Senior Vice President, Operations and Service Quality Head – Equitable Card Network, Inc.
Ramon S. David	50	Senior Vice President, Region Head - Branch Banking
Montiel H. De los Santos	48	Senior Vice President, Head – Investments Portfolio
Geronimo D. Diaz	53	Senior Vice President, Region Head – Branch Banking
Ismael G. Estela, Jr.	52	Senior Vice President, Group Head – Transaction Banking
Marvin V. Fausto	48	Senior Vice President, Trust Banking
Lesmes L. Garate	58	Senior Vice President, Region Head – Branch Banking
Jonathan C. B. Go	53	Senior Vice President, Asset Management Group
Marilyn K. Go	56	Senior Vice President, Deputy Group Head – Treasury
L. Jerome C. Guevarra	42	Senior Vice President, BDO Capital & Investment Corporation
Nenita C. Indiongco	58	Senior Vice President, Corporate Banking 2
Maria Elena L. Jao	60	Senior Vice President, Head - IT Standards and QA
Jeanette S. Javellana	49	Senior Vice President, Commercial Banking (Metro Manila West)
Roberto E. Lapid	53	Senior Vice President, Head - BDO Leasing and Finance, Inc.
Lee Hong Man	55	Senior Vice President, General Manager - Hong Kong Branch
Gabriel U. Lim	48	Senior Vice President, Investment Banking
Ruby G. Lim	61	Senior Vice President, Region Head – Branch Banking
Lilia E. Lising	57	Senior Vice President, Corporate Banking 2
Emerenciana H. Luistro	48	Senior Vice President, Head - Business Systems
Maria Corazon A. Mallillin	47	Senior Vice President, Branch Banking

Name	Age	Position
Ramon T. Militar	50	Senior Vice President, Region Head – Branch Banking
Annie H. Ngo	54	Senior Vice President, Region Head – Branch Banking
Virgilio C. Pamatmat	56	Senior Vice President, Consumer Lending (Home Loans)
Domingo A. Ramos, Jr.	60	Senior Vice President, Region Head – Branch Banking
Francisco P. Ramos	45	Senior Vice President, General Manager - BDO Insurance Brokers, Inc.
Luis S. Reyes, Jr.	52	Senior Vice President, Head – Investor Relations and Corporate Planning
Charles M. Rodriguez	45	Senior Vice President, Corporate Banking 1
Shirley M. Sangalang	50	Senior Vice President, Adviser to the Board Audit Committee
Arsenio L. Severino	53	Senior Vice President, Head - Remedial Management and Collection, Risk Management
Erlaster C. Sotto	51	Senior Vice President, COO - BDO Capital
Grace A. Sumalpong	53	Senior Vice President, Head - Asset Recovery and Litigation, Risk Management
Robert W. Sy	49	Senior Vice President, Region Head – Branch Banking
Arthur L. Tan	44	Senior Vice President, Head - IT Operations
Perla F. Toledo	63	Senior Vice President, Group Head – Human Resources
Rebecca S. Torres	56	Senior Vice President, Chief of Staff to the President
Edel Mary D. Vegamora	49	Senior Vice President, Head - Internal Audit
Ma. Lourdes T. de Vera	53	Senior Vice President, Trust Banking
Edward G. Wenceslao	53	Senior Vice President, Head - Corporate Banking 2
Ma. Teresita Susana L. Yap	57	Senior Vice President, Commercial Banking (Metro Manila South)

\* Seconded to BDO Capital

\*\* Seconded to BDO Private

**Walter C. Wassmer**, 52, is Senior Executive Vice President of the Bank's Institutional Banking Group. He is also a Director of BDO Leasing. He is also currently the President of L.P. Wassmer Trading, Inc. and Treasurer of WT&T, Inc.

**Antonio N. Cotoco**, 60, is Senior Executive Vice President and is a member of the Executive Committee. He supervises the Bank's Hong Kong Branch and is Vice Chairman and Managing Director of BDO Leasing. He is also Director of BDO Insurance Brokers, Inc., Express Padala (HK), Ltd., Express Padala Frankfurt GmbH, BDO Remittance (USA), PCI Express Padala (Macau), as well as of BDO Realty Corporation, of which he is also the Treasurer. He has been involved in investment banking, corporate finance, treasury, consumer banking, credit, business and development and account management over the past 29 years. He currently also serves as a Director of Oriental Assurance Corporation and OAC Realty & Development Corporation.

**Ador A. Abrogena**, 55, is Executive Vice President and Head of Trust Banking. He is also a Director of EBC Management, Inc. He holds a Bachelor's degree in Chemical Engineering from De La Salle University. He was previously connected with First Pacific Securities, Philippines, Inc. as Vice President and with Private Development Corporation of the Philippines as Assistant Vice President.

**Julie Y. Chua**, 58, Executive Vice President, holds a Bachelor's degree in Commerce, major in Banking and Finance, cum laude, from the University of Santo Tomas. She has more than 25 years of experience in branch banking and lending business. Previous to her assignment, she was connected with Far East Bank & Trust Company and Producers Bank. She is currently Unit Head on Commercial Banking Metro Manila East

**Gerard Lee B. Co**, 50, is Executive Vice President and Unit Head for Commercial Banking (Visayas, Mindanao). He is a Director of Agencia de Calidad, Inc. He served as Director of PCI Leasing and Finance, Inc. and PCI Capital Corporation from 2002-2005. He graduated from the University of San Carlos with a Bachelor of Science degree in Commerce Major in Banking and Finance. He attended the Advanced Management Program for International Bankers at the Wharton School of the University of Pennsylvania, U.S.A. He likewise completed the program for Executive Development at IMD in Lausanne, Switzerland. He joined the Bank in October 1993 as Vice President for Visayas Division.

**Lucy Co Dy**, 54, is Executive Vice President and Comptroller. She is also Director and Treasurer of BDO Financial Services, Inc., and Director of BDO Technology Center, EBC Strategic Holdings Corp., BDO Remittance (HK), Express Padala (HK), BDO Remittance (Italia), S.p.A., and, Express Padala Frankfurt GmbH. She holds a Bachelor's degree in Accounting from the University of Santo Tomas. Before joining the Bank as Assistant Comptroller in March 1985, she was Officer-in-Charge of PBP Financing and Leasing Corporation from 1983 to 1985. She became the Comptroller in 1986 and was promoted to her present position as EVP in 2007.

**Pedro M. Florescio III**, 54, Executive Vice President and Treasurer. He is also a Director of BDO Financial Services, Inc. and EBC Management, Inc. He holds a Bachelor's degree in Business Administration from the University of the East and finished the Executive Development Program at the Asian Institute of Management. He has more than 25 years of experience in treasury functions within and outside the country. He was previously connected with DHBL (Hong Kong), International Bank of Asia (Hong Kong), Chemical Bank (Manila), Societe Generale (Manila), European Asian Bank (Manila), PCIBank, Far East Bank & Trust Company, and EPCIB.

**Eduardo V. Francisco**, 48, Executive Vice President. He holds a Bachelor's degree in Business Administration from the University of the Philippines. He obtained his MBA from the Wharton School, University of Pennsylvania. He has extensive banking experience in corporate finance, investment banking, credit and risk management, strategic planning, treasury, and business development. He worked in the U.S. and Hong Kong and was previously with Standard Chartered Bank, Bank of America, SGV/Arthur Andersen, World Bank, Citibank, and Barclays. He is currently seconded as President of the Bank's wholly owned investment house, BDO Capital and is also Director and Treasurer of BDO Securities.

**Bienvenido M. Juat, Jr.**, 56, is Executive Vice President and currently seconded as Treasurer of BDO Private Bank. He holds a Bachelor of Arts degree in Economics from Ateneo de Manila University. He joined the Bank in August 2001 as Executive Vice President – Treasurer. Prior to joining the Bank, he was an EVP – Treasurer of Dao Heng Bank, Inc.

**Ricardo V. Martin**, 51, Executive Vice President for Central Legal and administratively oversees Corsec, AMLA, Compliance, and Internal Audit. He is also Director and Treasurer of Armstrong Securities, Inc. and Director of BDO Technology Center, and BDO Remittance (Italia). Prior to joining EPCIB, he served as Chief Finance Officer & Senior Vice President for Philippine Savings Bank. Earlier, he was the Chief Finance Controller of Solidbank Corporation.

**Horacio C. Rodriguez, Jr.**, 63, Executive Vice President for Asset Management, holds a Bachelor of Science degree in Business Administration and a Bachelor of Arts degree in History-Political Science from De La Salle University. He obtained his MBA degree from the Asian Institute of Management. Mr. Rodriguez is concurrently the President of BDO Realty and Head of the BDO Property Management Department. He is also the President of Strategic Property Holdings, Inc. and PCIB Properties, Inc. He also holds the following positions: Director of Chamber of Real Estate and Builders' Associations, Inc. and Director/Stockholder of Rodriguez Hermanos, Inc. He was formerly connected with Jardine Property/Land, Inc. as Executive Vice President & Chief Operating Officer/Director. He was also connected with Frigate Realty Development Corporation as President and with Frigate Holdings and Management Corporation as Executive Vice President.

**Edmundo S. Soriano**, 53, Senior Vice President and Unit Head for Corporate Banking 1, holds a Bachelor's degree in Economics (Honors) from Ateneo de Manila University. He finished his MBA (with distinction) from Adelphi University, New York, USA. Prior to joining the Bank, Mr. Soriano was President of Lightspeed Holdings, Inc., a private equity firm. He was also Vice President at JP Morgan Chase where his last assignment gave him Asia-Pacific regional responsibility for corporate and investment banking based in Hong Kong. Prior to this, he was an Assistant Vice President at First Chicago Leasing and Equipment Credit Corp., an affiliate of First National Bank of Chicago. He holds directorships in various companies. He attended continuing education programs at Euro-Insead, University of California at Berkeley and American Institute of Banking.

**Rolando C. Tanchanco**, 47, Executive Vice President for Consumer Lending. He holds a Bachelor's degree in Business Economics from the University of the Philippines. He acquired his MBM at the Asian Institute of Management. Mr. Tanchanco joined the Bank to head the Bank's Consumer Lending. Prior to his joining the Bank, Mr. Tanchanco was President of Philam Savings Bank and head of AIG Credit Card. He was also head of credit card operations of Citibank and Citytrust before his stint at AIG Credit Card. He is currently a Director of ECN. He is also President of BDO Financial Services, Inc.

**Dennis B. Velasquez**, 56, is Executive Vice President for Central Operations. He is also Director of BDO Technology Center, Inc. He served in 2000 as the Integration Manager for Retail Banking. Prior to the EPCIB merger in 1999, he was First Vice President In-charge of Operations for Branch Banking of EPCIB. He has been with the Bank since August 1995.

**Evelyn L. Villanueva**, 51, Executive Vice President of the Bank's Credit and Risk Management Group, and is the Bank's Chief Risk Officer. She is also Director of Strategic Property Holdings, Inc. and PCIB Properties, Inc. She holds a Bachelor's degree in Statistics from the University of the Philippines. She obtained her Master in Business Management ("MBM") degree from the Asian Institute of Management. She has over 20 years of banking experience in credit, risk and account management. She started out as a management trainee in Citytrust Banking Corporation and was connected with HSBC as Senior Vice President for Credit Risk Management before joining the Bank.

**Aristotle L. Villaraza**, 57, is Executive Vice President for Cross Border and Wholesale Financing. He joined the former PCIBank in September 1994 as Vice President and Head of Corporate Finance Division and became concurrent head for Corporate Banking 3 until November 1998.

**Jaime C. Yu**, 51, Executive Vice President. He holds a Bachelor of Arts degree in Economics from De La Salle University and is an MBA graduate from the Ateneo De Manila University. Mr. Yu has extensive experience in commercial, corporate and investment banking from the International Corporate Bank and Union Bank of the Philippines, where he held various positions up to his appointment as First Vice President and Region Head for the Manila-Pasay area. He joined the Bank in December 1997 and is currently the group head of Branch Banking where he manages the entire branch network.

**Ramon Eduardo E. Abasolo**, 45 is Senior Vice President of the Information Technology Group. He graduated from Ateneo de Manila with a Bachelor of Science degree in Management Engineering. He joined the Bank in October 2007. Prior to joining the Bank, he was a Vice President at Citibank, N.A.

**Ursula A. Alano**, 54, is Senior Vice President and Head of Treasury Marketing Unit. She is also a Director of Albulario and Sons, Inc. She holds a Bachelor of Arts degree in Psychology from St. Theresa's College. She joined the Bank in January 2001 as Senior Vice president for Treasury Marketing Unit. Prior to joining the Bank, she was a First Vice President & Head of Treasury Marketing Group at Far East Bank & Trust Company.

**Beatriz L. Bagsit**, 65, Senior Vice President, is a graduate of the University of the East with the degree of Bachelor of Science in Business Administration major in Banking and Finance. She was formerly a First Vice President of EPCIB where she was connected from 1995 to 2001. She was also an Assistant Vice President with Far East Bank & Trust Company where she served from 1964 to 1994. She first joined the Bank in 2002 as a Consultant and thereafter assumed the position of First Vice President with Branch Banking as Region Head.

**Melanie S. Belen**, 48, is Senior Vice President and Head of Special Recovery Unit of the Bank. She graduated from University of Sto. Tomas with a Bachelor of Science in Commerce, Major in Accounting and obtained her master's degree in Management from Asian Institute of Management. She joined the Bank in July 2008 and prior to joining the Bank, she was a Country Head at Scholastic Inc., Philippines/Grolier International.

**Rafael G. Besa**, 51, Senior Vice President, is Head of Marketing Communications. He is a graduate of De La Salle University with double degree majors in Communication Arts and Marketing Management. Mr. Besa was formerly the General Manager of Pfizer, Inc. – Consumer Healthcare Division where he was connected from 2004 to 2006. He also served as Marketing Director of Abbot Laboratories from 2002 to 2004 and as Vice President and General Manager of Zuellig Pharma Corporation from 2001 to 2002.

**Stella L. Cabalatungan**, 45, Senior Vice President, holds a Bachelor of Science degree in Marketing Management from De La Salle University. Prior to joining the Bank, she was Vice President of BSPI, and Head of the Personal Investment Banking Group from 2000 to 2005. She was also Vice President of Citibank, N.A. from 1985 to 2000 where she spent 15 years in retail and priority banking in Singapore and the Philippines, her last assignment being Citigold Priority Banking Head. She is presently seconded to BDO Private as Senior Vice President – Relationship Management Head.

**Antonina M. Cabuyadao**, 63, is Senior Vice President and Region Head of the Branch Banking. She was hired as Assistant Vice President of PCIBank in 1992. She was Division Head of Network Distribution, Branch Manager of Main Office Branch and Division Head of Metro Manila Division II until the merger of Equitable Banking Corporation and PCIBank in 1999.

**Ma. Ophelia LI. Camiña**, 56, is Senior Vice President and Division Head of CLG-Card Issuing and Operations Unit of the Bank. She graduated Magna Cum Laude from the University of San Carlos in Cebu with a Bachelor of Science degree in Commerce major in Accounting and obtained her Master's degree in Business Administration from the De La Salle University. She ranked 8th in the CPA Licensure Examinations. She joined the Bank in October 2005 as First Vice President and Comptroller for Equitable Card Network, Inc. Prior to joining the Bank, she was Executive Vice President of SM Equicom Computer Services Inc.

**Ramon S. David**, 50, Filipino, is Senior Vice President and currently with Branch Banking as Region Head. He joined the Bank as Vice President in 1993.

**Montiel H. de los Santos**, 48, is Senior Vice President and Head of Treasury's Investment Portfolio. He is a graduate of De La Salle University Manila with a Bachelor's degree major in Management of Financial Institutions. Prior to joining the Bank, Mr. de los Santos was the Head of the Bond Trading Desk with Bank of the Philippine Islands from 1996 to 1997. Prior to this, he has also worked with CityTrust Banking Corporation as Senior Foreign Currency Money Market/Asset Dealer from 1994 to 1996. He joined the Bank in 1997 as Vice President of the Treasury Department.

**Geronimo D. Diaz**, 53, Senior Vice President, holds a Bachelor's degree in Accounting, Magna Cum Laude, from the University of the East. He was previously connected with PCIBank as Vice President from 1975 to 1995. He was part of the management team that set-up DHBI in 1995 and held the position of First Vice President until 1998. Thereafter, he joined the Bank in April 1998 as head of the Corporate Planning & Marketing Support of the Bank. He is presently with Branch Banking as Region Head.

**Ismael G. Estela, Jr.**, 52, Senior Vice-President and Head of Transaction Banking. He is the Chairman and President of Express Padala International, Inc. and is a Director of BDO Financial Services, Inc. He is a certified public accountant ("CPA") and holds a Bachelor's degree in Accounting from the University of San Carlos. He has more than 24 years of combined experience in commercial and development banking. Prior to joining the Bank, he was involved in electronic commerce servicing the small and medium enterprises. Aside from commercial and development banking, he has extensive experience in product development, cash management services, marketing, lending administration, IT, project management and bank operations and processes.

**Marvin V. Fausto**, 48, is Senior Vice President and Chief Investment Officer of Trust Banking. Prior to joining the Bank in 1996, he worked as Head of Investments for Citytrust Banking Corporation and as Credit Officer at Far East Bank & Trust Company. He is the Founding President & Director of the Fund Managers Association of the Philippines. He was Director and Treasurer of the Trust Officers Association of the Philippines.

**Lesmes L. Garate**, 58, is Senior Vice President and Region Head of Branch Banking Administration. He was a financial consultant of Grand Lending, and Unity Lending Investors, Inc. from 1996 to 2000. He is presently a member of Bankers' Club of Cebu, Bayanihan Lions Club International, and Philippine Institute of Certified Public Accountants.

**Jonathan C. B. Go**, 53, is Senior Vice President of the Asset Management Group. He graduated from De La Salle University with a BSBA degree and earned an MBA degree at Pepperdine University. He joined the Bank in 1995 as Assistant Vice President for Credit & Facilities Department of former Equitable Banking Corporation.



**Marilyn K. Go**, 56, Senior Vice President and Assistant Treasurer of the Bank, holds a Bachelor of Arts degree in Mathematics from St. Paul's College of Manila. Prior to joining the Bank, she worked for Producers Finance in Hong Kong for three years. She joined the Bank in 1987 as Manager of the Treasury Department.

**L. Jerome C. Guevarra**, 42, Senior Vice President. Mr. Guevarra is currently seconded to BDO Capital where he heads the Advisory and Mergers and Acquisition practice. He joined the Bank in 2001. With over 13 years of investment banking experience, he was previously connected with Far East Bank & Trust Company, FEB Investments, Inc. and EBCI. Mr. Guevarra holds a Bachelor's degree in Economics from the University of the Philippines.

**Nenita C. Indiongco**, 58, is Senior Vice President and Team 4 Head for Corporate Banking 2. She has been involved with the Corporate Banking for the majority of her 32 years stint with the Bank. She has also served as member of the Bank's various credit committees and special projects.

**Maria Elena L. Jao**, 60, Senior Vice President and Head for IT Standards and Control, is a Bachelor of Science Chemistry graduate from the University of the Philippines. She joined the Philippine Commercial and International Bank (PCIB) in 1985 as Project Manager for application systems development. When PCIB was merged with Equitable Banking Corporation in 1999, she was one of the Application Development Division Heads. Prior to the merger of EPCIB with BDO, Ms. Jao was EPCIB's Chief Technology Officer. Currently, she is head of the IT Standards and Control department, and spearheading the Bank's information security initiatives.

**Jeanette S. Javellana**, 49, is Senior Vice President and Unit Head for Commercial Banking Metro Manila West. She joined the Bank in September 2001.

**Roberto E. Lapid**, 53, President and Director of BDO Leasing and Finance, Inc. is a Bachelor of Science in Business Administration graduate from the University of the Philippines. He completed the Management Strategy Course and the Senior Bank Managers Course from the Asian Institute of Management. He joined BDOLF in 1993 as Senior Manager/Account Officer and became Marketing Head for the Metro Manila Division. He is also the President of BDO Rental Inc., a post he has held since August 2007. Mr. Lapid's professional career covers 30 years of banking experience with stints in Banco de Oro Savings & Mortgage Bank (Treasury Manager), UCPB Savings Bank (Private Banking Officer) and AB Leasing/Asian Bank Corporation (Senior Manager). He served as the Vice-Chairman of EBC Investments from April 2002 until 2005. Prior to his appointment as Acting President of BDOLF in September 2007, Mr. Lapid was the President of Equitable Exchange, Inc. from August 2003 to July 2007.

**Norman Lee Hong Man**, 55, is Senior Vice President and General Manager of Banco De Oro Unibank, Inc., Hong Kong Branch. He finished his high school from Wah Yan College Hong Kong in 1972 and immediately joined Dao Heng Bank Limited. He was the former Senior Vice President of Dao Heng Bank (Philippines) Inc. in charge of Credit, Branches and Commercial Lending from 1996 and 2001 until the bank was merged with Banco De Oro in 2001. He joined the Bank as consultant for HK Branch in March 2006 and assumed the present position in October of the same year.

**Gabriel U. Lim**, 48, is Senior Vice President and Unit Head for Equities Practice of BDO Capital Inc. He is also Director and President of PCIB Securities, Inc. Mr. Lim's extensive banking experience includes key participation in the Philippine Government's privatization programs on behalf of both the Government and private institutions. Prior to joining PCI Capital, Mr. Lim was associated with the Development Bank of the Philippines for seven years where he held various positions. He also served as Chief of Staff to the Secretary of the Department of Finance in 1994. Mr. Lim is MBM candidate from the Asian Institute of Management and holds a B.S. in Commerce from San Beda College.

**Ruby G. Lim**, 61, Senior Vice President, is a holder of a Bachelor of Science in Commerce degree major in Accounting from Assumption College. She joined the Bank in 2001 as a Consultant and assumed the position of First Vice President with Branch Banking as Region Head based in Cebu. She was formerly with Solidbank Corporation as First Vice President where she worked from 1993 to 2000. She also worked with Citibank from 1970 to 1987 where she last held the position of Assistant Vice President. Ms. Lim is currently the President of Rainbow Tours, and sits in the boards of Mango Park Hotel and July Marketing.

**Lilia E. Lising**, 57, Senior Vice President, graduated from the University of the Philippines with a Bachelor of Arts degree in Political Science. She obtained her MBA from Ateneo de Manila University. She was connected with Far East Bank & Trust Company from 1982 to 1996. She then joined Bank of the Philippine Islands in 2000 as Vice President. She was First Vice President of EPCIB before joining the Bank in 2005. She is currently Team 6 Head of Corporate Banking 2.

**Emerenciana H. Luistro**, 48, is Senior Vice President and Division Head of Business Systems of the Bank. She joined the Bank in November 1995 as Assistant Vice President for Operations. Prior to joining the Bank, she was a Senior Manager at Far East Bank & Trust Company.

**Maria Corazon A. Mallillin**, 47, Senior Vice President, graduated from the University of the Philippines with a Bachelor of Arts degree in Economics as well as a Bachelor of Laws degree. She last worked with Maybank as Senior Vice President from 2002 to 2005. She also had working stints as First Vice President with Asiatrust Bank from 1998 to 2002 and with PCIBank from 1982 to 1998 as an Assistant Vice President. She joined Banco De Oro in March of 2005 as Region Head of Branch Banking.

**Ramon T. Militar**, 50, Senior Vice President, is a CPA and holds a Bachelor's degree in Business Administration, major in Accounting, from the University of the Philippines. He is also a graduate of the Advanced Bank Management Program (Superior Performance Awardee) of the Asian Institute of Management. Prior to joining the Bank, he served as President and CEO of Ecology Bank. Other significant work experiences include the following: President of Ecology Insurance Brokers, Inc., President of Fidelity Insurance Company, Inc., Executive Vice president for Branch Banking of Monte de Piedad, Branch Manager of SGV & Co. He is currently with Branch Banking as Region Head.

**Annie H. Ngo**, 54, is Senior Vice President and Region Head of MM West Region under the Bank's Branch Banking Group of the Bank. She graduated Magna Cum Laude from the College of the Holy Spirit and took up MBA units at the Ateneo Graduate School of Business. She joined the Bank in October 1988.

**Virgilio C. Pamatmat**, 56, is Senior Vice President for Consumer Finance. He joined the Bank in 1994 as Vice President and became First Vice President and Head of Consumer Finance Division in 2001. Previously, he served as Assistant Vice President of Solidbank Corporation under the Consumer Banking Group in 1990 and became Vice President in 1992. Likewise, he was the Vice President of MB Finance in 1987 after serving the company as Assistant Vice President since 1980. He was also a Senior Corporate Finance Officer of Bancom Finance Corp. in 1979 and was a Sales Officer of FNCB Finance in 1975 up to 1979.

**Domingo A. Ramos Jr.**, 60, is Senior Vice President and Region Head for Region 10 (Mindanao Region) of Branch Banking Group. He is a CPA and graduated from the University of the East with a degree in Business Administration (Accounting). He joined the former PCIBank in 1971 as an Examiner of the bank's Internal Audit Group. In 1977, he was transferred to PCIBank's Retail Banking Group as Assistant Manager for Davao Branch, and eventually became the Branch Manager of Cotabato Branch and Cagayan de Oro Branch. He assumed the positions of Area Head for Southern Mindanao in 1988, Division Head for Southern Mindanao for EPCIB in 1999, and his latest post as BDO's Region Head for Region 10 (Mindanao) on 1 July 2007.

**Francisco P. Ramos**, 45, Senior Vice President, is an MBA graduate from the Ateneo de Manila Graduate School of Business. Mr. Ramos was the Chief Operating Officer of Jardine Lloyd Thompson Insurance Brokers, Inc. from 2004 to 2006 and also served as Director from 2005 to 2006. He also worked with Zurich General Insurance Co. Inc., from 2000 to 2003 where he last held the position of Vice President. He is presently seconded to BDOI, the Bank's wholly-owned insurance brokerage business.

**Luis S. Reyes, Jr.**, 52, Senior Vice President for Investor Relations and Corporate Planning, holds a Bachelor's degree in Business Economics from the University of the Philippines. He was First Vice President of Far East Bank & Trust Company, Trust Banking Group before joining the Bank in 2003.

**Charles M. Rodriguez**, 45, Senior Vice President, is Team Head of Corporate Banking Unit 1. He obtained his MBA degree, major in Finance in 1991 from the University of Cincinnati (Ohio, USA) and his BS Management Engineering degree in 1985 from the Ateneo de Manila University. Mr. Rodriguez has twenty three years of corporate and investment banking experience. Prior to joining the Bank in January 2002 as Vice President and Unit Head for Corporate Banking Group, Mr. Rodriguez was connected with ABN AMRO Bank, FEB Investments, Inc. and Far East Bank and Trust Company.

**Shirley M. Sangalang**, 50, is Senior Vice President and Adviser to the Board Audit Committee. She has a Bachelor's degree in Accounting from the University of the East and is a CPA. She was connected with audit firm SGV & Co. from 1979 to 1982. She then went to Summa International Bank in 1982 as Budget and Systems Officer. She joined the Bank in 1984 as Senior Manager and Head of Internal Audit and was promoted Vice President in 1994.

**Arsenio L. Severino**, 53, is Senior Vice President and Head of Remedial Management under Risk Management. He is the Bank's representative to the Board of Victoria's Quality Packaging Corporation. Prior to joining the Bank, he worked with several financial institutions in various capacities in the areas of branch operations, treasury and corporate banking before joining the Bank in December 1996.

**Erlaster C. Sotto**, 51, Senior Vice President, is seconded as the Chief Operating Officer of BDO Capital. He was with the investment banking group of EPCIB for 20 years. He was President of the IHAP from 2001 to 2002 and Director from 2000 to 2007. Mr. Sotto is also a member of the Integrated Bar of the Philippines. He is a Bachelor of Arts and Laws graduate of Ateneo de Manila University and a graduate of Philippine Trust Institute on Trust and Investment Management. He completed all the units under the Senior Business Economic Program of the University of Asia and the Pacific.

**Grace A. Sumalpong**, 53, is Senior Vice President and Head of Asset Recovery Litigation under Risk Management. She is a member of the Integrated Bar of the Philippines. She has been serving the Bank for over 25 years.

**Robert "Sui Gui" W. Sy**, 49, is Senior Vice President and Region Head of the Bank's Branch Banking Group. He has been serving the Bank for more than 12 years.

**Arthur L. Tan**, 44, is Senior Vice President and Head of IT Operations. He graduated from the University of the Philippines with a Bachelor of Arts degree in Economics, cum laude. He joined the Bank in November 2002 as Vice-President for IT Applications Development. Prior to joining the Bank, he was an Associate Partner at Accenture.

**Perla F. Toledo**, 63, is Senior Vice President and Head of the Bank's Human Resources. She is a CPA and holds a Bachelor of Science degree in Accounting from the University of Santo Tomas. Formerly with Banco Filipino and Security Bank, she joined the Bank in 1988 as Vice President of the Bank's Human Resource Management. She also heads the Administrative and General Services. Ms. Toledo was promoted to her present position as Senior Vice President of the Bank in April 1998.

**Rebecca S. Torres**, 56, is Senior Vice President and Chief of Staff to the President. She graduated from St. Theresa's College with a Bachelor of Science degree in Accounting and has completed the Advanced Bank Management Program from the Asian Institute of Management. A CPA, she has extensive experience in banking having been assigned to Computer Audit, Sales and Service Quality, Information Resource Management, and Comptrollership. She headed the Merger Office, Customer Care, and Human Resources Management at Equitable PCI Bank. Prior to joining the Bank, she was connected with SGV & Co. She is a Past President of the Banker's Institute of the Philippines (BAIPhil).

**Edel Mary D. Vegamora**, 49, is Senior Vice President and Head of Internal Audit Division (Chief Internal Auditor) of the Bank. She graduated magna cum laude from the University of the East with a Bachelor of Science degree in Business Administration, major in Accountancy. She is a Certified Public Accountant and subsequently earned the global designation of Certified Internal Auditor. Prior to joining the Bank in 2008, she was Chief Financial Officer of Sun Life Assurance Company of Canada (Philippines) Inc. and of its subsidiaries, Sun Life Asset Management Company and Sun Life Financial Plans, Inc. She was also a member of the Board of Directors for Sun Life Asset Management Company and for four of ten companies comprising the Sun Life Prosperity Funds. Her earlier senior management positions include that of being the location CFO of ING Bank N.V.-Manila Branch, Director of Assurance at KPMG Laya Mananghaya & Co., AVP - Head of Regional Finance/Asia Pacific Internal Audit Director at Sun Life of Canada-Philippine Branch, Vice President/Controller at Philippine Savings Bank/Senior Audit Manager at PSBank/Metrobank, and Tax Compliance Manager/Auditor-In-Charge at SGV & Co.

**Ma. Lourdes T. de Vera**, 53, Senior Vice President, holds a Bachelor's degree in Economics from the Ateneo de Manila University. She is also a graduate of the Masters in Business Management Program of the Asian Institute of Management and an Executive Development Program of the Research Institute of Management Science, Delft, Netherlands. Prior to joining BDO, she worked for the Private Development Corporation of the Philippines, holding various positions in the Trust and Investments Department, Investment Banking Group, and Economic and Corporate Research. She currently heads the Business Development Group 1 of the Bank's Trust Banking Group. She is the President of the Trust Officers Association of the Philippines and is a Governor of the Market Governance Board of Philippine Dealing and Exchange Corporation (PDEx).

**Edward G. Wenceslao**, 53, is Senior Vice President of Corporate Banking and Unit Head of Corporate Banking 2. He has been with the Bank for the past 28 years and has been involved in Corporate Banking for majority of that time. He earned his college degree at the Ateneo de Manila and pursued his post-graduate studies at the Ateneo Graduate School of Business.

**Ma. Teresita Susana L. Yap**, 57, is Senior Vice President and Unit Head of Commercial Banking Metro Manila South. She joined the Bank in August 2003 and is presently Unit Head of Commercial Banking Metro Manila South. Prior to joining the Bank, she was connected with two universal banks, and has had over 30 years of experience in lending to the corporate and commercial markets.

**NOTE:** *The Bank is not dependent on the services of any particular employee and does not have any special arrangements to ensure that any employee will remain with the Bank and will not compete upon termination.*

**2) Significant Employees**

The Bank's senior executives have been enumerated above under item 9 (1).

**3) Family Relationships**

The Chairperson of the Board of Directors, Ms. Teresita T. Sy, and Mr. Henry T. Sy, Jr. are siblings.

**4) Involvement of directors/executive officers in legal proceedings**

None of the directors or executive officers is named or is involved in any legal proceedings which will have any material effect on the Bank, its operations, reputation, or financial condition.

To the knowledge of the Bank, none of its directors and senior executives has been subject of the following:

- (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- (b) a conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- (c) to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, to have violated the securities or

commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

## Item 10. Executive Compensation

### 1) President and four (4) most highly compensated executive officers:

in million pesos	Year	Salary	Bonuses	Other Annual Compensation
President and four (4) most highly compensated executive officers	2009 (estimate)	61.27	30.55	n.a.
	2008	55.70	27.77	n.a.
	2007	49.58	22.84	n.a.

Year	Name	Position/Title
2008	Nestor V. Tan	President
	Antonio C. Cotoco	SEVP
	Walter C. Wassmer	SEVP
	Eduardo V. Francisco	EVP
	Rolando C. Tanchanco	EVP
2007	Nestor V. Tan	President
	Antonio C. Cotoco	SEVP
	Walter C. Wassmer	SEVP
	Eduardo V. Francisco	EVP
	Rolando C. Tanchanco	EVP

The above compensation includes the usual bonus paid to bank officers. Except for salaries, allowances, retirement benefits provided under the Bank's retirement plan, and company-wide benefit extended to all qualified employees under the Bank's stock option plan, there is no separate stock option, stock warrant or other security compensation arrangement between the Bank and its individual officers.

### 2) Compensation of Directors and Officers as a Group

in million pesos	Year	Salary	Bonuses	Other Annual Compensation
Aggregate Officers (from senior vice presidents) & Directors	2009 (estimate)	302.63	150.81	n.a.
	2008	275.12	137.10	n.a.
	2007	250.14	118.01	n.a.

Each director shall receive a reasonable *per diem* for attendance in every Board meeting. Furthermore, every member of the Board may receive as compensation such amount as may be determined by the President. As provided by law, the total compensation of directors shall not exceed ten percent (10%) of the net income before income tax of the Bank during the preceding year.

3) **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There are no special contracts of employment between the Bank and the named directors and executive officers, as well as special compensatory plans or arrangements, including payment to be received from the Bank with respect to any named director or executive officer.

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

1) **Security Ownership of Certain Record/Beneficial Owners**

As of December 31, 2008, the following are known to the Bank to be directly or indirectly the record and/or beneficial owners of more than 5% of the Bank's voting Securities:

Class	Name of Beneficial Owner	No. of Shares	Percentage
Common	SM Investments Corp.	639,130,302	27.76%
Common	PCD Nominee Corp. (Non-Filipino)	470,939,545	20.46%
Common	DBMN OT-024 Sybase Equity Investment Corp.	338,129,257	14.69%
Common	DBMN OT-024 SM Investments Corp.	208,097,814	9.04%
Common	DBMN OT-024 Multi Realty Corp.	133,686,766	5.81%
<b>Total</b>		<b>1,789,983,684</b>	<b>77.76%</b>

2) **Security Ownership of Management**

As of December 31, 2008, the total number of shares owned by the directors and management of the registrant as a group unnamed is 1,126,149 common shares, which is equivalent to 0.0483% of the total outstanding common capital stock of the registrant. The Bank's directors and officers own the following common shares of the Bank:

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
Common	Teresita T. Sy	Chairperson	Filipino	240,400	0.0104%
Common	Corazon S. dela Paz	Vice Chairperson	Filipino	270	0.0000%
Common	Jesus A Jacinto Jr.	Director	Filipino	255,000	0.0111%
Common	Christopher Bell-Knight	Director	Canadian	100	0.0000%
Common	Teodoro B. Montecillo	Director	Filipino	640	0.0000%
Common	Henry T. Sy, Jr.	Director	Filipino	132,300	0.0057%
Common	Josefina N. Tan	Director	Filipino	154,786	0.0067%
Common	Nestor V. Tan	Director	Filipino	200,000	0.0087%
Common	Jimmy T. Tang	Director	Filipino	13,692	0.0006%



Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares	Percent of Class
Common	Antonio C. Pacis	Director	Filipino	4,108	0.0002%
Common	Lee Wai Fai	Director	Filipino	1	0.0000%
Common	Pedro M. Florescio III	EVP/Treasurer	Filipino	4,000	0.0002%
Common	Eduardo V. Francisco	EVP	Filipino	48,000	0.0021%
Common	Aristotle L. Villaraza	EVP	Filipino	10,000	0.0004%
Common	L. Jerome C. Guevarra	SVP	Filipino	2,495	0.0001%
Common	Francisco P. Ramos	SVP	Filipino	1,873	0.0001%
Common	Beatriz L. Bagsit	SVP	Filipino	1,350	0.0001%
Common	Ma. Ophelia LI Camiña	SVP	Filipino	1,207	0.0001%
Common	Ma. Lourdes De Vera	SVP	Filipino	5,147	0.0002%
Common	Ruby G. Lim	SVP	Filipino	10,000	0.0004%
Common	Lesmes L. Garate	SVP	Filipino	723	0.0000%
Common	Nenita C. Indiongco	SVP	Filipino	558	0.0000%
Common	Ma. Elena L. Jao	SVP	Filipino	723	0.0000%
Common	Jeanette S. Javellana	SVP	Filipino	414	0.0000%
Common	Emerenciana H. Luistro	SVP	Filipino	3,726	0.0002%
Common	Domingo A Ramos	SVP	Filipino	93	0.0000%
Common	Erlaster C. Sotto	SVP	Filipino	723	0.0000%
Common	Grace A. Sumalpong	SVP	Filipino	162	0.0000%
Common	Rebecca S. Torres	SVP	Filipino	16,340	0.0007%
Common	Edmundo L. Tan	FVP	Filipino	828	0.0000%
Common	Victor C. Arboleda	FVP	Filipino	4,140	0.0002%
				1,113,799	0.0484%

**(Note:** *There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with the Bank nor has there been any change in control of the Bank. The Bank is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of the Bank.*)

## Item 12. Certain Relationships and Related Transactions

In the ordinary course of business, the Bank has loan transactions with its affiliates and with certain directors, officers, stockholders and related interests (DOSRI). Under existing policies of the Bank these loans are made on substantially the same terms as loans to other individuals and businesses of comparable risks. Under the General Banking Act and BSP regulations, the total outstanding loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall be limited to an amount equivalent to their respective unencumbered deposits and book value of their paid-in capital contribution in the Bank. Unsecured loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall not exceed thirty percent (30%) of their respective total loans, other credit accommodations and guarantees.

Except with the prior approval of the Monetary Board, the total outstanding loans, other credit accommodations and guarantees to the Bank's DOSRI shall not exceed fifteen percent (15%) of the total loan portfolio of the Bank or one hundred percent (100%) of net worth whichever is lower. The total unsecured loans, other credit accommodations and guarantees to the Bank's DOSRI shall not exceed thirty percent (30%) of the aggregate ceiling or the outstanding loans, other credit accommodations and guarantees, whichever is lower. For the purpose of determining compliance with the ceiling on unsecured loans, Banks shall be allowed to average their ceiling on unsecured loans, other credit accommodations and guarantees every quarter.

## **PART IV - CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

#### **a) Evaluation System**

The Bank has required in its Manual of Corporate Governance that all Board-created committees shall report regularly to the Board of Directors on compliance with the Manual's policies and procedures. The Bank's Board of Directors is directed to designate a responsible officer of the Bank to establish an evaluation system to determine and measure compliance with the Manual.

As part of its increasing focus on corporate governance, the Bank established its Audit Committee and Corporate Governance Committee. The Audit Committee provides oversight of the Bank's internal and external auditors. It is responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor. It monitors and evaluates the adequacy and effectiveness of the Bank's internal control systems. The audit committee is chaired by Teodoro B. Montecillo. Its other members are Corazon de la Paz, Henry T. Sy, Jr., Jimmy T. Tang, Christopher A. Bell-Knight, Nazario S. Cabuquit, Jr., (Adviser), Jesus G. Tirona (Adviser), and Shirley M. Sangalang (Adviser).

The Corporate Governance Committee assists the Board of Directors in shaping the bank's corporate governance policies and practices, recommending applicable guidelines and monitoring compliance with said policies and practices. It monitors the Board of Directors' effectiveness and due observance of governance principles and guidelines. It also oversees the annual performance self-evaluation of the Board of Directors, its committees, and executive management. The Corporate Governance Committee is chaired by Teodoro B. Montecillo. Its other members are Christopher A. Bell-Knight, Jesus A. Jacinto Jr., Nazario S. Cabuquit, Jr., Jimmy T. Tang, and Antonio C. Pacis (Adviser).

**b) Measures on leading practices of good-corporate governance**

The Bank is constantly examining leading practices on good corporate governance, particularly by taking advantage of its partnership with the International Finance Corporation, the private arm of the World Bank, and where appropriate, adopts said practices in its Manual.

**c) Any deviation from the Manual**

None

**d) Improvement**

The Bank has adopted the policy of reviewing its Manual on an annual basis at the Board level with the aim of constantly improving its corporate governance.

**PART V – EXHIBITS AND SCHEDULES**

**Item 14. Exhibits and Reports on SEC Form 17-C**

**a) Exhibits**

The following exhibits are filed as a separate section of this report:

Exhibit 1. Subsidiaries of the Registrant

Exhibit 2. Branches as of December 31, 2008

**b) The summary of reports on SEC Form 17-C (Current Report) filed in 2008 is as follows:**

Date	Subject
31 January 2008	Statement of Condition of BDO, consolidated statement of condition of BDO and its financial subsidiaries, and the statement of condition of Equitable Savings Bank, all as of December 31, 2007
12 February 2008	Clarification on the news article "Banco de Oro name Switch Ok'd by the SEC"
13 February 2008	Holding of annual shareholders' meeting of BDO on May 9, 2008 with March 31, 2008 as the Record Date for the meeting; fixing March 26, 2008 as the last day for submission of nominations for directors
26 February 2008	Results of Board Meeting: (1) public issuance of unsecured Subordinated debt eligible as Lower Tier 2 capital; (2) merger of Equitable Savings Bank with BDO; and (3) record and payment dates for the P0.80 per share Cash Dividend Fixed
24 April 2008	Change of name of American Express Bank Philippines (A Savings Bank), Inc. to BDO Elite Savings Bank, Inc.

24 April 2008	Clarification on news article entitled "Banco De Oro Targets Higher Growth in '08"
30 April 2008	Declaration of cash dividend of P0.80 per common shares of BDO
7 May 2008	Submission of statement of Condition of Banco De Oro Unibank, Inc. as of 31 March 2008 to be published in a newspaper of general circulation
9 May 2008	Release of press statement on results of operation for the first quarter of 2008.
9 May 2008	2008 Income Statement Guidance
16 May 2008	Redemption Notice for Equitable PCI Bank, Inc. US\$200 million 9.375% Subordinated Notes due 203 Callable Wit Step-up in 2008 ISIN: XS0168267580
12 May 2008	Results of annual shareholders' meeting and organizational meeting of the Board of Directors
30 June 2008	<p>Resignation of Mr. Terence Ong Sea Eng, Director, effective June 28, 2008; election of Mr. Lee Wai Fai as Director effective June 28, 2008; appointment of Ms. Melanie S. Belen as Senior Vice President, Credit Risk Management, effective July 16, 2008; designation of Ms. Maria Elena Jao, Senior Vice President as Information Security Officer; Promotion of Mr. Norman Lee as Senior Vice President, Hong Kong branch, effective July 1, 2008; appointment of Mr. Roberto E. Lapid as President of BDO Leasing and Finance, Inc.</p> <p>Authority of Management to raise dollar funding fro international capital markets to address balance sheet position including refinancing of maturing senior notes</p>
1 July 2008	Clarification on the news article "BDO eyes \$150M fresh capital"
1 August 2008	Submission of Statement of Condition of Banco De Oro Unibank, Inc. as of 30 June 2008 to be published in a newspaper of general circulation
4 August 2008	<p>Resignation of Ms. Marili M. Tioseco, Senior Vice President, Consumer Lending Group – Merchant Support, effective August 1, 2008, and Mr. Ernesto T. Uy, Senior Vice President, Institutional Banking Group – Commercial Banking Metro Manila, effective August 15, 2008</p> <p>Fixing of record date and payment date of the P0.80 per share cash dividends declared on April 30, 2008 to common shareholders on August 18, 2008 and September 11, 2008, respectively</p> <p>Approval of the declaration of the semi-annual cash dividends on Preferred Shares Series B at the rate of 6.5% per annum payable in U.S. dollars</p>

22 August 2008	Amendments to Article Seven of the Articles of Incorporation of BDO (creation of Series A Preferred Shares); amendment to Section 17 of BDO's By-laws (adjustment in the nomination period)
1 September 2008	Board approval of the issuance of up to 500 million Series A Preferred Shares and the terms and conditions of the issuance  Merger of BDO Insurance Brokers, Inc. and EBC Insurance Brokerage, Inc.
1 September 2008	Resignation of Ms. Judy S. Tan, Senior Vice President, Information Technology Development, effective August 16, 2008; appointment of Ms. Edel Mary D. Vegamora as Senior Vice President and Head of Internal Audit, effective September 10, 2008; extension of services of Ms. Antonina M. Cabuyadao, Senior Vice President, in her capacity as Division Head for Branch Banking Group – Region Head Office – Region 6 – Metro Manila South, from August 1, 2008 to July 31, 2009
2 September 2008	Additional Information on the approval by the Board of Directors of the issuance of up to 500 million Series A Preferred Shares
9 September 2008	Approval of the merger of Equitable Data Center, Inc. and PCI Automation Center, Inc.
15 September 2008	Setting aside of provisions totaling P3.8 Billion to cover exposure to Lehman Brothers
19 September 2008	Gross Exposure of US\$134 Million to Lehman Brothers Holdings, Inc.
30 September 2008	Issuance of 500,000,000 perpetual, voting, non-cumulative, convertible, non-participating, Peso-denominated Series A Preferred Shares with par value of P10.00 per share
10 October 2008	Approval by the Bangko Sentral ng Pilipinas of the 4-way merger of Banco De Oro Unibank, and its wholly-owned subsidiaries, thrift banks, Equitable Savings Bank and BDO Elite Savings Bank and investment house, PCI Capital Corporation
13 October 2008	Clarification of the news article "SMIC confirms interest in Philamlife"
24 October 2008	Submission of Statement of Condition of Banco De Oro Unibank, Inc. as of 30 September 30, 2008 to be published in a newspaper of general circulation
27 October 2008	Resignation of Mr. Jose Emmanuel U. Hilado, Senior Vice President, Treasury Group (Portfolio Management) effective October 10, 2008
11 December 2008	Clarification on the news article "BDO positions for Philamlife through Generali"
12 January 2009	Results of Board Meeting - Setting of the Bank's Annual Shareholders' Meeting for May 29, 2009
27 January 2009	Clarification on the news article "BDO Capital eyes debt-raising"
29 January 2009	Clarification on the news article "BDO faces gloomy earnings prospects"

2 February 2009	Results of Board Meeting - Fixing April 3, 2009 as record date for BDO's 2009 Annual Shareholders' Meeting; Issuance of 3 <sup>rd</sup> tranche of Unsecured Subordinated Debt qualifying as Tier 2 Capital; Rights Offering; Listing of the underlying common shares of the Bank's outstanding convertible Series A Preferred Shares
2 February 2009	Release of press statement on the offer of new shares, Tier 2 Notes

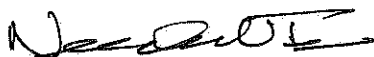
## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Bank Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Pasig on 16 April 2009.

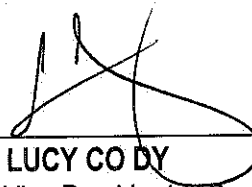
**BANCO DE ORO UNIBANK, INC.**

Issuer

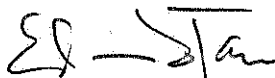
By:



**NESTOR V. TAN**  
President



**LUCY CO DY**  
Executive Vice President & Comptroller




**EDMUNDO L. TAN**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 17 2009, affiants exhibiting to me their valid IDs as follows:

Name	CEI Number	Date/Place of Issue
Nestor V. Tan	Passport No. PP0625520	01/26/2005; Manila
Lucy Co Dy	TIN 109729870	N/A
Edmundo L. Tan	TIN 132173235	N/A

Doc. No.: 85;  
Page No.: 18;  
Book No.: 1;  
Series of 2009.



**MICHAEL THOR C. SINGSON**  
Not. Com. No. 67-2008 (2009-2010)  
Notary Public for Parañaque City  
Until December 31, 2010  
Attorneys Roll No. 55736  
2170 Narra Street,  
United Hills Village (UHV) Parañaque City  
PTR No. 6834234; 02.12.09; Parañaque City  
IBP Roll No. 768734; 01.06.09; PPLM

## Exhibit 1. SUBSIDIARIES OF THE REGISTRANT

<b>Philippine Subsidiaries</b>	<b>% Interest Held</b>
BDO Private Bank, Inc. (BDO Private)	100%
BDO Leasing and Finance, Inc.	85%
EBC Strategic Holdings Corporation (ESHC)	100%
EBC Investments, Inc. (EBCII)	100%
PCIB Properties, Inc.	100%
BDO Capital & Investment Corporation (BDO Capital)	100%
BDO Financial Services, Inc.	100%
BDO Technology Center, Inc. (BDO Technology)	100%
Equimark - NFC Development Corp.	60%
BDO Realty Corporation	100%
PCIB Securities, Inc.	100%
PCI Realty Corporation	100%
BDO Insurance Brokers, Inc. (BDO Insurance)	100%
PCI Insurance Brokers, Inc. (PCI Insurance)	100%
<b>Foreign Subsidiaries</b>	<b>% Interest Held</b>
PCI Express Padala (HK) Ltd.	100%
PCIB Europe, S.P.A	100%
Express Padala HK Ltd.	100%
Express Padala (USA), Inc.	100%
Express Padala Frankfurt GbmH	100%
Equitable PCI Express Padala (Nederland) B.V.	100%



**Exhibit 2. BRANCHES AS OF DECEMBER 31, 2008**

BRANCH NAME	BRANCH ADDRESS
1 A. Arnaiz – San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City
2 A. Santos – South Expressway	Units E & F, 8385 Dr. A. Santos Avenue, Parañaque, MM
3 A. Santos – St. James	8406 A. Santos Avenue, Sucat, Parañaque City 1700
4 Abra – Bangued	Unit 12, The Rosario Bldg., Taft St. corner Magallanes St., 2800 Bangued, Abra
5 ABS CBN – Mother Ignacia St.	Stall No. 25 South Wing, G/F ELJCC Bldg. Sgt. E.A. Esguerra Avenue corner Mother Ignacia St., Quezon City
6 Acropolis – E. Rodriguez	G/F ACO Bldg., 191 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
7 ADB Avenue Ortigas	Robinson's PCIBank Tower, ADB Avenue, Ortigas Center, 1600 Pasig City
8 Agno – Banawe	202-204 Banawe corner Agno ST., 1103 Quezon City
9 Airport Road	Airport Road corner Quirino Avenue, Bacalaran, Parañaque City
10 Aklan – Kalibo	Along XIX Martyrs St., Kalibo, Aklan
11 Alabang	West Service Road, Alabang, Muntinlupa
12 Alabang Hills	RBC Corporate Centre, Don Jesus Blvd. Barangay Cupang, Muntinlupa
13 Albay – Daraga	Rizal St., 4501 Daraga, Albay
14 Albay – Tabaco	Along Ziga Avenue, Tabaco, Albay
15 Alfaro	Unit#2 G/F Chatham House, Herrera St. corner Valero & San Agustin St., Salcedo Village, Makati City
16 Alfaro – Salcedo Village	G/F PCCI Bldg., 118 Leviste St. (formerly Alfaro St.), Salcedo Village, Makati City
17 Amorsolo	G/F Queensway Bldg., No. 118 Amorsolo St. Legaspi Village, Makati City
18 Angeles – Balibago	G/F Lawrence Plaza, McArthur Highway near corner Charlot St., Balibago, Angeles City
19 Angeles - Sto. Rosario	Plaza Rafael I, 151-D Sto. Rosario St., Sto. Domingo, Angeles City
20 Angeles City - Nepo Mart	G/F Angeles Business Center, Teresa Avenue, Nepo Mart Complex, Angeles City
21 Angeles City – Miranda	PCIB Bldg., Miranda St. 2009 Angeles City, Pampanga
22 Angeles-MacArthur Highway	G/F Excelsior Bldg. 314 MacArthur Highway, Barangay Claro M. Recto, Angeles City
23 Angono – M.L. Quezon Avenue	GF AB Commercial Bldg., M.L. Quezon Avenue, Barangay San Isidro, Angono, Rizal
24 Anonas	Manahan Bldg. Aurora Blvd. corner Anonas Avenue, Quezon City
25 Anonas – Kamias	Security Bank Bldg., Anonas St. corner K-6 St. East Kamias, 1102 Quezon City
26 Antipolo - Circumferential Road	Circumferential Road corner F. Manalo St., Antipolo City
27 Antipolo - Sumulong Highway	BDO Bldg., Sumulong Highway, Masinag, Mayamot, Antipolo
28 Antipolo Masinag	Tripolee Bldg. Marcos Highway near corner Sumulong Highway, Mayamot, Antipolo

29	Antipolo Plaza	Gatsby Bldg. II M. L. Quezon St. Antipolo
30	Antique	Corner Gov. Villavert St. & Gov. Gella St., San Jose, Antique 5700
31	Apalit – Pampanga	G/F Quintos Bldg., McArthur Highway, San Vicente, Apalit, Pampanga
32	Aparri – Rizal St.	Rizal St. corner R.F Balisi St., Aparri, Cagayan
33	Arranque	1359-1361 Soler St. Sta. Cruz, Manila
34	Arranque – T. Alonzo	733 T. Alonzo St., Manila
35	Asia Tower – Paseo	G/F Asia Tower corner Paseo de Roxas & Benavidez St., 1229 Makati City
36	Aurora Blvd.	Aurora Blvd. corner Yale St. Cubao, Quezon City
37	Aurora Blvd. - Notre Dame	0137 Aurora Blvd. corner Notre Dame St. Cubao, 1110 Quezon City
38	Ayala – Rufino	G/F Rufino Bldg. Ayala Avenue corner Herrera St., 1226 Makati City
39	Ayala Alabang	G/F Condominium C Unioil Center Bldg. Acacia Avenue corner Commerce Avenue, Ayala Alabang, Muntinlupa
40	Ayala Alabang – Richville	Richville Center 1314 Commerce Avenue Extension, Madrigal Business Park, Ayala Alabang, Muntinlupa
41	Ayala Avenue	G/F People Support Center, Amorsolo St. corner Ayala Avenue, Makati City
42	Ayala Triangle 1	GM-B G/F Tower 1, Ayala Triangle, Ayala Avenue, Makati City
43	Baclaran	2987 Taft Avenue Extension, Pasay City
44	Baclaran – Redemptorist Road	Redemptorist Road, Baclaran, Parañaque, MM
45	Bacolod – Capitol Shopping	Benigno Aquino Drive, Capitol Shopping, 6100 Bacolod City, Negros Occidental
46	Bacolod – Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
47	Bacolod – Hilado	Hilado corner F.Y. Manalo St. 6100 Bacolod City, Negros Occidental
48	Bacolod – Lacson	Lacson corner Galo St., 6100 Bacolod City, Negros Occidental
49	Bacolod - Lopues's East	Unit 24 & 25 Lopue's East Center, Carlos Hilado National Highway, Barangay Villamonte, Bacolod City
50	Bacolod – Mandalagan	G/F Sta. Clara estate Bldg., Lacson St., Mandalagan, Bacolod City
51	Bacolod – Rosario Lacson	Lot 296-B-7, Lacson St. corner Rosario St., Bacolod City, Negros Occidental
52	Bacolod Araneta	Cineplex Complex Araneta St. Bacolod City
53	Bacolod Gonzaga	Gonzaga-Lopez Enterprise Bldg. Gonzaga St. Bacolod City
54	Bacolod Plaza	Araneta corner Gonzaga St., 6100 Bacolod City, Negros Occidental
55	Bacoor	FRC Mall Gen. Evangelista St. near corner Zapote-Rotonda, Bacoor, Cavite
56	Bacoor – Aguinaldo Highway	Gen. E. Aguinaldo Highway, Panapaan, Bacoor, Cavite
57	Bagtican – Pasong Tamo	Unit 102 G/F Pryce Center Condominium 1179 Chino Roces Avenue corner Bagtican St. San Antonio Village, Makati City
58	Baguio	Luneta Hill corner Gov. Pack Road, Session Road, Baguio City
59	Baguio – Abanao Square	Abanao Square, Abanao corner Zanduetta St., Baguio City
60	Baguio – Legarda	Our Lady of Fatima Bldg. Yandoc St. Kayang Extension, Baguio City

61	Baguio – Session Road	G/F National Life Bldg., Session Road, Baguio City
62	Balanga – A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
63	Baliuag	Corner Rizal & Tagle St. Baliuag, Bulacan
64	Baliwag – J.P. Rizal	J.P. Rizal St., San Jose, Baliwag, Bulacan
65	Banawe – Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City
66	Banawe – N. Roxas	71 Nicanor Roxas St. corner Banawe St., Quezon City
67	Banawe-Kitanlad	23-25 Banawe corner Kitanlad, Quezon City
68	Batac – Washington	Aoigan Bldg., Washington St., Batac 2906 Ilocos Norte
69	Batangas – Balayan	Antorcha St., Balayan, Batangas
70	Batangas – Bauan	Kapitan Ponso St., Bauan, Batangas
71	Batangas – Kumintang	Along National Highway, Barangay Kumintang, Ilaya, Batangas City, Batangas
72	Batangas – Lemery	Ilustre Avenue corner Lakandula St., Lemery, Batangas
73	Batangas - Pallocan West	Manuela Pastor Avenue, Pallocan West, Batangas City
74	Batangas – San Juan	Marasigan corner Kalayaan St., San Juan, Batangas
75	Batangas – Sto. Tomas	Maharlika Highway, San Antonio, Sto. Tomas, Batangas
76	Batangas City – Rizal Avenue	Rizal Avenue corner P. Burgos St., 4200 Batangas, Batangas City
77	Batangas-P. Burgos	CM Ilagan Bldg. P. Burgos St. Batangas City
78	Bacolod – Goldenfield	Goldenfield Commercial Complex, Singcang, Araneta St., Bacolod City
79	Beacon Plaza – Shaw Blvd.	UG 105-UG 106 Beacon Plaza, Shaw Blvd. Corner Ideal St., Mandaluyong City
80	Bel-Air	G/F SM Makati Cyberzone 1 along Sen. Gil Puyat Avenue, Makati City
81	Bel-Air – Gil Puyat	Country Space I Condominium Bldg., Sen. Gil Puyat Avenue, Bel-Air Village, 1209, Makati City
82	Benguet – La Trinidad	S & B Bldg., Km. 4 Balili, 2601 La Trinidad, Benguet
83	Better Living	Doña Soledad Avenue corner France St., Better Living, Parañaque City
84	Better Living – Bicutan	43 Doña Soledad Avenue, Better Living Subdivision, Don Bosco, Parañaque, Metro Manila
85	BF Homes – Aguirre	RGM Bldg., 326 Aguirre Avenue, BF Homes, Parañaque
86	BF Homes-Parañaque	65 President's Avenue Plaza near corner Aguirre Avenue, BF Homes, Parañaque City
87	Bicutan – South Super Highway	Columbian Motors Compound, Km 16 West Service Road, South Super Highway, Bicutan 1700 Parañaque, MM
88	Big R-Robinson's – Novaliches	Level 1 Big R Lobby, Robinson's Place, Novaliches, Quirino Highway, Quezon City
89	Biñan	A. Bonifacio St. Barrio Canlalay, Biñan, Laguna
90	Biñan – A. Mabini	Rey Bldg., A. Mabini St., Poblacion, 4024 Biñan, Laguna
91	Biñan - San Antonio	Km. 35 National Highway, San Antonio, Biñan, Laguna
92	Binondo	411 Quintin Paredes St. Binondo, Manila
93	Blumentritt	2325 Rizal Avenue corner Antipolo St. Sta. Cruz, Manila
94	Blumentritt – San Juan	Lot 11-B, Block 127 Blumentritt corner Sto. Toribio St. San Juan, Metro Manila
95	Bocaue	MacArthur Highway, Barangay Biñang 1st, Bocaue, Bulacan

96	Bohol – Tagbilaran	CP Garcia Avenue, 56300 Tagbilaran City, Bohol
97	Boni Avenue	74 Maysilo Circle corner Boni Avenue, Mandaluyong City
98	Bonifacio Global City	Space No. 101 Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM
99	Brixton Hill – G. Araneta	G/F ILO Bldg. 195 G. Araneta Avenue, Quezon City
100	Broadway Centrum – Aurora Blvd.	Broadway Centrum Condominium, Aurora blvd corner Doña Juana Rodriguez St., 1112 Valencia, Quezon City
101	Buendia-Taft	317 Sen. Gil Puyat Avenue, Pasay City
102	Bukidnon – Valencia	M.L. Quezon St. corner G. Laviña Avenue, Valencia City, Bukidnon 8709
103	Bulacan – Balagtas	McArthur Highway, Barangay San Juan, 3016 Balagtas, Bulacan
104	Bulacan – Hagonoy	G/F Ang Puso ng Hagonoy Shopping Center Plaza, Hagonoy, Bulacan
105	Bulacan – Pulilan Junction	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan
106	Bulacan – San Rafael	Km. 60, Cagayan Valley Road, Cruz na Daan, San Rafael, Bulacan
107	Bulacan – Sta. Maria	M. De Leon St., Poblacion,, 3022 Sta. Maria, Bulacan
108	Butuan – J.C. Aquino Avenue	D & V Plaza II Bldg. J. C. Aquino Avenue, Butuan City
109	Butuan – Montilla	Montilla Blvd. near corner Lopez Jaena St. Butuan City, Agusan Del Norte
110	C. Palanca – Quiapo	132 Carlos Palanca St. Quiapo, Manila
111	C.M. Recto	CM Recto Avenue corner Nicanor Reyes St. Manila
112	C.M. Recto – Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila
113	C.M. Recto – San Sebastian	2070 C.M. Recto St., 1008 Sampaloc, Manila
114	C5 – Taguig	G/F Ridgewood Square, C-5 Avenue, Ususan, Taguig City
115	Cabanatuan	Melencio corner Paco Roman St. Cabanatuan City
116	Cabanatuan – Maharlika Road	Maharlika Road, near corner Sanciangco St., Cabanatuan City
117	Cabanatuan – Megacenter Mall	Unit 49-B UG/F Megacenter, The Mall Gen. Tinio & Melencio St., Cabanatuan City
118	Cabanatuan – NE Pacific Mall	Ground Level, Unit CM-2 (Mall Entrance 2), NE Pacific Mall, Km.111, Maharlika Highway, Cabanatuan City, Nueva Ecija
119	Cabanatuan – Sanciangco	Sanciangco St., Cabanatuan City
120	Cagayan de Oro – Carmen	Max Y. Suniel St. corner V. Neri St., Carmen, Cagayan de Oro
121	Cagayan De Oro - CM Recto	BDO Bldg., Claro M. Recto Avenue, Cagayan de Oro City, 9000
122	Cagayan de Oro – Hayes	G/F Trendline Dept. Store., Arch. James Hayes St., Cogon, Cagayan de Oro City
123	Cagayan de Oro – Lapasan	C.M. Recto Highway, Lapasan, 9000 cagayan de Oro City, Misamis Oriental
124	Cagayan de Oro – Osmeña	Pres. S. Osmeña corner Ramon Chavez St., Cogon, 9000 Cagayan de Oro, Misamis Oriental
125	Cagayan de Oro – Velez	Velez Road corner Abejuela St, Cagayan de Oro
126	Cagayan de Oro-Cogon	J. R. Borja St. Cogon, Cagayan de Oro City
127	Cagayan de Oro-Xavier	Library Annex Bldg. Corrales Avenue, Cagayan de Oro City
128	Cainta	Hipolito Bldg. Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal
129	Cainta - A. Bonifacio Ave.	Ledor Commercial Center. A. Bonifacio Avenue corner Samonte St., Barangay San Juan, Cainta, Rizal

130	Calamba	J. Alcasid Business Center Bldg. National Highway, Crossing, Calamba, Laguna
131	Calamba Crossing – North	Calamba Crossing National Highway, 4027 Calamba, Laguna
132	Calamba-Parian	Old National Highway, Sta. Cecilia Village, Parian, Calamba, Laguna
133	Caloocan	Rizal Avenue Extension near corner 11th Avenue, Grace Park, Caloocan City
134	Caloocan – Sangandaan	No. 628 A. Mabini St., 1408 Sangandaan, Caloocan City
135	Caloocan-7th Avenue	Rizal Avenue Extension corner 7th Avenue, Caloocan City
136	Caloocan-A. Mabini	G/F Corazon Bldg. 432 A. Mabini St. Poblacion Caloocan City
137	Camarines Norte – Daet	J. Lukban St. corner Moreno St., Poblacion, Daet, Camarines Norte
138	Camarines Sur - Pili	Santiago, Pili, Camarines Sur
139	Capitol – Pasig	125 Shaw Blvd. Corner Danny Floro St., Pasig City
140	Carmen Planas	812 O' Racca Bldg. Carmen Planas St. Divisoria, Manila
141	Carmen Planas – Padre Rada	1033-1035 C. Planas St. 1012 Tondo, Manila
142	Carmen Planas – Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila
143	Carmona – Governor's Drive	Motorola Philippines, Inc. Compound, Carmona National Road, Barrio Maduya, 4116 Carmona, Cavite
144	Cash & Carry	G/F Unit No. G01A, Cash & Carry Mall, South Super Highway & Filmore St., Makati City
145	Catanduanes – Virac	San Juan corner Rizal St., 4800 Virac, Catanduanes
146	Cavite – Dasmarinas Techno Park	Governor's Drive, Barangay Paliparan I, Dasmarinas, Cavite
147	Cavite – EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite
148	Cavite – Trece Martires	El Paseo Arcade, Indang-Trece Road near corner Governor's Drive, Trece Martires City, Cavite
149	Cavite City – P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City
150	Cebu – Ayala Business Park	Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City
151	Cebu – Ayala Center	Stall 286A, Level 2, West Entry, Ayala Center Mall, Cebu, Cebu Business Park, Cebu City 6000
152	Cebu – Banilad	G/F PDI Condominium, Gov. Cuenco Avenue, Banilad, Cebu City
153	Cebu – Bogo	P. Rodriguez corner San Vicente St., 6010 Bogo, Cebu City
154	Cebu – Borromeo	Borromeo corner Magallanes St., Cebu City
155	Cebu – Capitol	Osmeña Blvd. Corner Ma. Cristina St., 6000 Cebu City, Cebu
156	Cebu – Consolacion	G/F Annex Bldg., Fooda Saversmart, Consolacion, Cebu
157	Cebu – F. Gonzales	F. Gonzales corner Magallanes St., Cebu City
158	Cebu – F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City
159	Cebu – Fuente Circle	Fuente Osmeña Rotunda, Cebu City
160	Cebu – Gorordo	Gorordo Avenue, Lahug 6000, cebu City, Cebu
161	Cebu – Juan Luna	Gokongwei Bldg., Osmeña Blvd. Corner Lapu-apu St., Cebu City
162	Cebu – Magallanes Plaridel	Magallanes corner Plaridel St., 6000 Cebu City
163	Cebu – MEZ II	Unit 204 NGA Bldg. 2, Pueblo Verde, MEZ II, Basak, Lapu lapu City
164	Cebu – North Mandaue	National Highway, Mandaue City
165	Cebu – North Reclamation	Block 20-A corner Port Centre Avenue & Juan Luna Avenue, North Reclamation Area, cebu City
166	Cebu – North Road	National Highway, labogon Mandaue City, Cebu

167	Cebu – Parkmall	Units 29-31 Parkmall No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu
168	Cebu - Salinas Drive	117 Gorordo Avenue, Lahug, Cebu City
169	Cebu – South Mandaue	National Highway, 6014 Mandaue City, Cebu
170	Cebu – Tabo-an	T. Abella St., San Nicolas central 6000 Cebu City
171	Cebu Banilad - Talamban	Governor M. Cuenco, Banilad, Cebu City
172	Cebu Cuenco	NSLC Bldg. M. J. Cuenco Avenue, Cebu City
173	Cebu Elizabeth Mall	G/F Elizabeth Mall, Leon Kilat corner South Expressway, Cebu City
174	Cebu Escario	Cebu Escario St. Cebu City
175	Cebu Legaspi	Legaspi corner Zamora St. Cebu City
176	Cebu Magallanes	Plaridel St. corner Magallanes St. Cebu City
177	Cebu Mandaue	La Fuerza Compound, Subangdaku, Mandaue City
178	Cebu Osmeña	Osmeña Blvd. Corner Urgello St. Cebu City
179	Cebu Tabunok	PBS Bldg. 2688 National Highway, Tabunok, Talisay, Cebu City
180	Cebu-A. S. Fortuna	G/F Tanaka Bldg. 869 A. S. Fortuna St. Banilad, Mandaue City
181	Cebu-Fuente	J. Rodriguez St. Fuente Osmeña, Rotonda, Cebu City
182	Central Market – V. Fugoso	1711 V. Fugoso St. corner Sulu St., Sta. Cruz, Manila
183	Century Park – Adriatico	Century Park Hotel, corner Adriatico St. & Vito Cruz St., 1004 Malate, Manila
184	Chino Roces Avenue	Units 3 & 4 La Fuerza Plaza, Chino Roces, Makati City
185	Clark SEZ – Centennial	Centennial Road, Clark Special Economic Zone, Clarkfield, Pampanga
186	Clarkfield SEZ – Puregold	Puregold Duty Free (Expansion) Bldg. Claro M. Recto Highway (formerly Dyess Highway) Clark Special Economic Zone, Clarkfield, Pampanga
187	Commonwealth	G/F Teresita Bldg. Holy Spirit Drive, Don Antonio Heights, Quezon City
188	Commonwealth – Don Antonio	Don Antonio Sports Center, Don Antonio (former Holy Spirit Drive), Don Antonio Heights Subdivision, Quezon City
189	Congressional – Mindanao Avenue	Congressional Avenue Extension corner Mindanao Avenue, Quezon City
190	Congressional Avenue	The Excelland System I Congressional Avenue, Quezon City
191	Connecticut	53 Connecticut St., Fox Square Bldg., National East Greenhills, San Juan
192	Cordillera – Quezon Avenue	No. 37 Quezon Avenue corner Cordillera St., Quezon City
193	Corinthian Gardens	BDO Leasing Center, Ortigas Avenue, Quezon City
194	Cotabato – Kabacan	Rizal Avenue, National Highway, 9407 Kabacan, North Cotabato
195	Cotabato – Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato
196	Cotabato – Makakua	Makakua St., 9600 Cotabato City, Maguindanao
197	Cotabato – Midsayap	Jaycee St., 9410 Midsayap, North Cotabato
198	Cubao – General Araneta	G/F Philamlife Cubao Bldg., Aurora Blvd. Corner Gen. Araneta Malvar Avenue, Cubao, Quezon City
199	Dagupan	386 Perez Blvd. Dagupan City
200	Dagupan – Fernandez	A.B. Fernandez Avenue, 2400 Dagupan City, Pangasinan
201	Dagupan - Tapuac	Units 8,9,10 Mother Goose Play School Bldg., MacArthur Highway, Tapuac District, Dagupan City, Pangasinan

202	Dasmariñas – Aguinaldo Highway	G/F Digital Bldg., Gen. Emilio Aguinaldo Highway, Dasmariñas, Cavite
203	Dasmariñas-Cavite	E. L. Toledo Bldg. Sampaloc I, Dasmariñas, Cavite
204	Dasmariñas St. - Binondo	PCIBank Bldg., Dasmariñas St., Binondo, 1006 Manila
205	Davao – Agdao	Lapu-lapu St., 8000 Agdao, Davao City
206	Davao – Bangoy	R. Magsaysay Avenue corner C. bangoy St., 8000 Davao City
207	Davao - Buhangin	Carlos P. Garcia Highway, Buhangin Diversion Road, Davao City
208	Davao – C.M. Recto	383 Claro M. Recto St., Davao City
209	Davao – Digos	Rizal Avenue, Zone II, Digos, Davao Del Sur
210	Davao – Lanang	SJRDC Bldg. Insular Village 1 Commercial Area, Lanang, Davao City
211	Davao – Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur
212	Davao – Mati	Rizal corner Mabini St., 8200 Mati, Davao Oriental
213	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City
214	Davao – Quirino Avenue	Nicolas I Bldg., Quirino Avenue, 8000 Davao City
215	Davao – San Pedro	G/F KDC Bldg. San Pedro St., Davao City, Davao del Sur
216	Davao – Sta. Ana	Monteverde corner F. Bangoy St., 8000 Davao City, Davao del Sur
217	Davao – Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
218	Davao – Toril	Agton St., Toril, Davao City
219	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Bajada, Davao City
220	Davao Magsaysay	Ramon Magsaysay Avenue, Davao City
221	Davao-Monteverde	G/F Sequoia Inn, Monteverde Avenue, Davao City
222	Davao-Rizal	Caritas Bldg. Rizal St. corner Pelayo St., Davao City
223	Del Monte – Sienna	409 Del Monte Avenue, Quezon City 1105
224	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City
225	Dela Rosa – Rada	Ace Bldg., corner Dela Rosa & Rada St., Legaspi Village, 1229 Makati City
226	Dian – Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue corner Dian St., Makati City
227	Diliman - Capitol Hills	16 Capitol Hills Drive, Old Balara, Diliman, Quezon City
228	Diliman – Matalino	G/F J & L bldg., Matalino St., Diliman, Quezon City
229	Dipolog	Quezon Avenue, 7100 Dipolog City, Zamboanga Del Norte
230	Divisoria	744-746 Ilaya St. Tondo, Manila
231	DPC Place – Chino Roces	G/F (unit 102) of DPC Place, 2322 Chino Roces Avenue, Makati City
232	Dr A Santos Avenue	LT Bldg. Dr. A. Santos Avenue, Parañaque City
233	Dumaguete	Colon St., fronting Bldg. V of City, Public, Market, Poblacion 003, Dumaguete City
234	Dumaguete - Sta. Rosa	Sta. Rosa St., Dumaguete City, Negros Oriental
235	E Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon City
236	E. Rodriguez - Welcome Rotonda	G/F AEK Bldg., 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City
237	Eastwood City – Libis	G/F Techno Plaza One, Orchard Road, Eastwood City, Libis
238	Echague	Nos. 116-120 C. Palanca St. Quiapo, Manila
239	EDSA – A. De Jesus	474 EDSA corner B. Serrano and A. De Jesus St., 1403 Caloocan City

240	EDSA – Balintawak	Unit 17-19 ANPN Plaza KM. 12 EDSA, Balintawak, Quezon City
241	EDSA – East Caloocan	L & E Bldg. EDSA corner Gen. Concepcion St, Caloocan City
242	EDSA – New Farmers Plaza	3F Concourse Area, New Farmers Plaza EDSA, Araneta Center, Quezon City
243	EDSA – Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City
244	EDSA – POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong City
245	EDSA Cubao	596 Simeon Medalla Bldg. corner Gen. McArthur Avenue, EDSA, Quezon City
246	EDSA-Taft	EDSA corner Zamora St. Pasay City
247	Elcano	SHC Tower 619 Elcano St. San Nicolas, Manila
248	Emerald Avenue	G/F Unit 101 Taipan Place, Don Francisco Ortigas Jr. Road, Pasig
249	Enterprise Center – Ayala Avenue	3 Level, Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City
250	Ermita – Adriatico	Adriatico Executive Center, Adriatico St., Ermita, Manila
251	España	Carmen Bldg. España corner G. Tolentino St. Sampaloc, Manila
252	España – Blumentritt	2101-2103 Espana Ave Cor. Blumentritt St. 1008 Sampaloc, Manila
253	Evangelista – Makati	1695 Evangelista St. corner Gen. Lacuna St. Bangkal, Makati City 1233
254	Fairview	Don Mariano Marcos Avenue, Fairview, Quezon City
255	FCIE Dasmariñas – Cavite	Governor's Drive, Barangay Langkaan, Dasmariñas, Cavite
256	Filinvest – Alabang	G/F Insular Life Corporate Centre, Corporate Avenue, Filinvest Corporate City, Alabang, 1781 Muntinlupa City
257	Fort Bonifacio – MC Home Depot	G/F MC Home Depot-Fort Bonifacio, 32nd St. corner Bonifacio Avenue, Fort Bonifacio Global City
258	Gandara	811-813 Sabino Padilla St. (formerly Gandara St. Sta. Cruz, Manila
259	Gandara – Soler	1268 Soler St. corner S. Padilla St. 1006 Binondo, Manila
260	General Luis	297 General Luis St. Barrio Kaybiga, Caloocan City
261	General Santos	Santiago Blvd. corner JP Laurel St. Gen. Santos City
262	General Santos – KCC Mall	Unit 018 LG/F KCC Mall of Gensan, Jose Catolico Sr. Avenue, General Santos City, South Cotabato
263	General Santos – Pendatun	G/F Sydney Hotel, corner Pioneer and Pendatun Avenue, General Santos City 9500
264	General Santos – Pioneer	National Highway corner Roxas Avenue, 9500 Gen. Santos City, South Cotabato
265	General Santos – Santiago St.	Ireneo Santiago Blvd., 9500 General Santos St., South Cotabato
266	General Trias – Gateway	Gateway Business Park, C. Delos Reyes Avenue, 4107 Gen. Trias, Cavite
267	Gil J. Puyat	Union Ajinomoto Bldg. Sen. Gil Puyat Avenue, Makati City
268	Glori – Del Monte	627 Del Monte Avenue, San Francisco Del Monte, Quezon City
269	Grace Park	G/F A & R Bldg. 213 Rizal Avenue Extension, Grace Park, Caloocan City
270	Grace Park - 11th Avenue	1619 Rizal Avenue Extension corner 11th Avenue, 1400 Caloocan City
271	Grace Park - 8th Avenue	Rizal Avenue Extension Grace Park, Caloocan City
272	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City



273	Greenbelt	G/F 108 Legaspi St. corner Paseo de Roxas, Pioneer House Bldg., Legaspi Village, Makati City
274	Greenhills	Greenhills Shopping Complex, Ortigas Avenue, San Juan, MM
275	Greenhills – Roosevelt	EBC Bldg., Ortigas Avenue corner Roosevelt Avenue, Greenhills, San Juan, MM
276	Greenhills - Wilson	227 Wilson St., corner Don Miguel St., San Juan, MM
277	Greenhills Shopping Center	Shopesville Greenhills, San Juan, MM
278	Greenhills- West	101 Limketkai Bldg. Ortigas Avenue, San Juan, MM
279	Guagua – Pampanga	Yabut Bldg., Plaza Burgos, 2003 Guagua, Pampanga
280	Harrison Plaza	Unit R-5 URDI Bldg. Harrison Plaza Shopping Complex, F. B. Harrison, Malate, Manila
281	Head Office	12 ADB Avenue, Ortigas Center, Mandaluyong City
282	Hemady – Aurora Blvd.	708 Aurora Blvd. Corner Hemady St., New Manila, 1110 Quezon City
283	Herrera	V.A. Rufino corner Sotto St. Legaspi Village, Makati City
284	IBM Plaza – Libis	G/F IBM Plaza Eastwood City, E. Rodriguez Jr. Avenue, Libis, Quezon City
285	Ilaya	1049-1051 Ilaya St. Divisoria, Manila
286	Ilaya – M. de Santos	632 M. de Santos St., Manila
287	Ilaya – Padre Rada	940-942 Ilaya St., Tondo, Manila
288	Iligan – Del Pilar	BC Labao corner Del Pilar St., Iligan City
289	Iligan – Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao Del Norte
290	Ilocos Sur – Candon	National Highway corner Abaya St., 2710 Candon, Ilocos Sur
291	Iloilo - Central	Iznart St. Lot 317-B-2-A-1, 5000 Iloilo City, Iloilo
292	Iloilo – Iznart	Iznart St., 5000 Iloilo City, Iloilo
293	Iloilo – Quezon St.	Lots 3 & 5 Quezon St., Iloilo City
294	Iloilo - Tabuc Suba	Roger's Bldg., McArthur Highway, Tabuc Suba, Jaro, Iloilo City
295	Iloilo – Valeria	Valeria St., Iloilo City
296	Iloilo-Jaro	NB Bldg. Lopez Jaena St. Jaro, Iloilo City
297	Iloilo-JM Basa	JM Basa St. Iloilo City
298	Iloilo-Ledesma	G/F Esther Bldg. Ledesma St. Iloilo City
299	Iloilo-Molo	Escoto-Natividad Bldg. M.H. del Pilar corner Lopez Jaena St. Molo, Iloilo City
300	Imus	Gen. Aguinaldo corner Ambrosia Road, Anabu I, Imus, Cavite
301	Imus – Aguinaldo Highway	G/F DCR Bldg., Aguinaldo Highway, 4103 Imus, Cavite
302	Imus-Nueno Avenue	358 Exodus Bldg. Nueno Avenue, Imus, Cavite
303	Intramuros	G/F Chamber of Commerce Bldg. #3 Magallanes drive, Intramuros, Manila
304	Ipil – Zamboanga	National Highway, Ipil, 7001 Zamboanga Del Sur
305	Iriga	Iriga Plaza Hotel Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur
306	Isabela – Cauayan	Along National Highway, Cauayan City, Isabela
307	Isabela – Ilagan	Along Maharlika Highway, Calamagui 2nd, Ilagan, Isabela
308	Isabela – Roxas	23 Osmeña Road, Bantug, Mallig Plain, 3320 Roxas, Isabela
309	Isabela – Santiago	Maharlika Highway corner Quezon Avenue, Victory Norte, Santiago City, Isabela
310	Isidora Hills	BDO Bldg., Pook Ligaya Riding Ground, Interneighborhood Road, Isidora Hills Subdivision, Barangay Holy Spirit, Quezon City

311	J Abad Santos	G/F Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila
312	Jaka II – Legaspi St.	G/F 150 GC Corporate Plaza, Legaspi St., Legaspi Village, 1229 Makati City
313	JAS-Antipolo	G/F Intercast Corporate Tower, 2230 J. Abad Santos Avenue, Tondo, Manila
314	JAS-Recto	1174 J. Abad Santos Avenue, Tondo, Manila
315	JP Rizal	872 JP Rizal St. Barangay Poblacion, Makati City
316	Juan Luna	262 Juan Luna St., Binondo, Manila
317	Julia Vargas	IBP Bldg. Julia Vargas Avenue, Ortigas, Pasig City
318	Kalentong	MRDC Bldg. Shaw Blvd. corner Gen. Kalentong St. Mandaluyong City
319	Kamagong	2567 P. Ocampo (Vito Cruz Extension) corner Madre Perla St. Manila
320	Kamias Road	Trinidad Bldg., Kamias Road corner K-J St., Quezon City
321	Karuhatan – MacArthur Highway	KM. 13 MacArthur Highway, 1440 Karuhatan, Valenzuela, Metro Manila
322	Katipunan	G/F Olalia Bldg. No. 327 Katipunan Avenue corner F. dela Rosa St. Loyola Heights, Quezon City
323	Kawit – Binakayan	1497 National Road, Binakayan, 4104 Kawit, Cavite
324	La Union	Rizal Avenue corner Ortega St. San Fernando, La Union
325	Laguna – Cabuyao	G/F Lim-Bell Business Center, J.P. Rizal St., Cabuyao, Laguna
326	Laguna – Sta. Cruz	Along Regidor St., Sta. Cruz, Laguna
327	Laguna – Technopark	G/F Rustan's Sta. Rosa Bldg., (North Wing), Laguna Technopark, Ayala Land, Barangay Don Jose, Sta. Rosa, Laguna
328	Laoag – Balintawak	Corner Rizal & Balintawak St., 2900 Laoag City, Ilocos Norte
329	Laoag – Castro	Pichay Bldg., J.P. Rizal corner A. Castro St., Laoag City
330	Las Piñas – Almanza	Alabang-Zapote Road, Almanza Uno, Las Piñas, Metro Manila
331	Las Piñas - BF Resort	BDO Bldg., Blk 4 Lot 9 BF Resort Drive Phase 4, BF Resort Village, Las Piñas
332	Las Piñas – Philamlife Avenue	Alabang-Zapote Road, Pamplona Tres, 1740 Las Piñas, MM
333	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba St. San Nicolas, Manila
334	Legaspi City	Rizal corner Gov. Imperial St. Legaspi City
335	Legaspi City – Rotonda	Rizal St., 4500 Legaspi City, Albay
336	Legaspi Village – Salcedo St.	EBC Bldg., 203 Salcedo St., Legaspi Village, Makati City
337	Leveriza – Libertad	212 Libertad St., Pasay City, Metro Manila
338	Leyte – Maasin	Tomas Oppus St., 6600 Maasin, Southern Leyte
339	Leyte – Ormoc	Corner Burgos & Rizal St., 6541 Ormoc City, Leyte
340	Libis	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
341	Ligaya – Boni Avenue	654 Boni Avenue, 1550 Mandaluyong City
342	Lipa	Casa Esperanza Bldg. Pres. J.P. Laurel Highway, Barangay Mataas na Lupa, Lipa City
343	Lipa – C M Recto	131 C.M. Recto St., 4217 Lipa City, Batangas
344	Lipa – Rotonda	CM Recto Avenue, Lipa City
345	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, Along National Highway, Barangay Batong Malake, Los Baños

346	Loyola Heights – Katipunan	331 SMRC Bldg. 3, Katipunan Avenue corner B. Gonzales St., Loyola Heights, Quezon City
347	Lucena	Merchan St. corner San Fernando St. Lucena City
348	Lucena – Enriquez	Enriquez corner Evangelista St., Lucena City
349	Lucena - Gulang-Gulang	505 Quezon Avenue Extension, Barangay Gulang-gulang. Lucena City
350	Lucena – Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon
351	Luneta – TM Kalaw	707 T.M. Kalaw St. corner Churruga St. Ermita, Manila
352	Mabini	A. Mabini corner Calle Soldado St. Ermita, Manila
353	Mactan – EPZA	Mactan-EPZA Compound, 6000 Lapu-lapu City, Cebu
354	Magallanes Village	Unit 104 The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City
355	Main Office	BDO South Tower, Makati Avenue corner HV Dela Costa St., 1227 Makati City
356	Makati Avenue – Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
357	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
358	Makati Shangrila Hotel	Unit 191 Shangrila Hotel Manila, Ayala Center, Makati City
359	Makro – Cainta	Makro Cainta, Felix Huerta Avenue, Cainta, Rizal
360	Makro Cubao	EDSA corner Main St. Cubao, Quezon City
361	Malabon	685 JP Rizal St. Barangay San Agustin, Malabon City
362	Malabon – Gov. Pascual	G/F MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tinejeros, Malabon City
363	Malabon – Rizal Avenue	694 Rizal Avenue, 1404 Malabon, Metro Manila
364	Malanday - McArthur Highway	KM 17 McArthur Hi- Way, Malanday, 1405 Valenzuela, Metro Manila
365	Malolos – Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
366	Malolos – MacArthur Highway	S1 Cabana Space A, The Cabanas Mall, MacArthur Highway, Malolos City
367	Manggahan	Amang Rodriguez Avenue, Manggahan, Pasig City
368	Manuela Metropolis – Alabang	Unit G33, Manuela Metropolis, South Superhighway, Alabang Interchange, Muntinlupa City
369	Marcos – Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal
370	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra St. Cainta, Rizal
371	Marikina	17 Bayan-Bayanan Avenue, Concepcion, Marikina City
372	Marikina - Bayanbayanan	BDO Bldg., Bayanbayanan Avenue corner Molave St., Concepcion, Marikina
373	Marikina – Calumpang	Florida I Bldg., J.P. Rizal corner M.A. Roxas St., Calumpang, Marikina City
374	Marikina – Gil Fernando Avenue	Gil Fernando Avenue corner Dragon St., Marikina City
375	Marikina – J.P. Rizal	265 Jose Rizal St., Sta. Elena, 1800 Marikina City
376	Marikina – Sumulong Highway	Corner E. Dela Paz St. Amang Rodriguez Avenue, Sto Nino, Marikina City
377	Marilao – MacArthur Highway	Unit I-3 Cecilia Commercial Complex, Abangan Norte, McArthur Hi-way, 3019 Marilao, Bulacan
378	Marulas – MacArthur Highway	Lot 16 & 17 McArthur Highway, Valenzuela, Metro Manila

379	Masangkay	Lun Hong Townmates Association Bldg. 1226 Masangkay St. Sta. Cruz, Manila
380	Masangkay – CM Recto	1029-1031 JP Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila
381	Masangkay – Luzon St.	907 Luzon St, corner Masangkay St., Tondo, Manila
382	Mayon	G/F Alpha Bldg. 174 Mayon St. La Loma, Quezon City
383	Mayon - Amoranto	489 Units A & B Mayon St., Sta. Mesa Heights, Quezon City
384	Mayon – N. Roxas	No. 241 Mayon Avenue corner Nicanor Roxas St., 1161 Quezon City
385	Medical Plaza – Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo St. corner Dela Rosa St. Legaspi Village, Makati City
386	Meralco – Ortigas B	Meralco Compound, Ortigas Avenue, 1604 Pasig City
387	Meralco-Ortigas	G/F Corporate Wellness Center Meralco Compound, Ortigas Avenue, Pasig City
388	Metropolitan Avenue	G/F Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart St. (formerly Dao St.), Makati City
389	Meycauayan	Liberty Bldg. MacArthur Highway, Calvario, Meycauayan, Bulacan
390	Meycauayan – Malhacan	Barangay Northern Hills, Malhacan, Meycauayan, Bulacan
391	Meycauayan – Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
392	Mindoro – Calapan	J.P. Rizal St., 5200 Calapan, Oriental Mindoro
393	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental
394	Misamis Oriental – Gingoog	National Highway, Gingoog City, Misamis Oriental
395	Monumento	MacArthur Highway corner Calle Uno, Caloocan City
396	Muñoz - Roosevelt	328 Mesa Holdings Bldg., San Francisco Del Monte, Quezon City
397	Muntinlupa - Poblacion	G/F Elizabeth Center Bldg., National Road, Poblacion, Muntinlupa
398	Naga	Barangay San Francisco, Peñafrancia Avenue, Naga City
399	Naga – Magsaysay Avenue	Magsaysay Avenue, Naga City
400	Naga – Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
401	Naga-General Luna	Nos. 80-82 General Luna St. Dinaga, Naga City
402	Nagtahan	G/F SM Nagtahan, Magsaysay Blvd. Corner Nagtahan Road, Sampaloc, Manila
403	NAIA	Ninoy Aquino International Airport, Arrival Lobby, Pasay City
404	Navotas	Seafront Commercial Bldg. North Bay Blvd., Navotas
405	Negros Occ - Binalbagan	Biscom Compound, Binalbagan, Negros Occidental
406	Negros Occ – Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
407	Negros Occ – Escalante	National Highway, Escalante City, 6124 Negros Occidental
408	Negros Occ – Hinigaran	Aguinaldo corner Rizal St. Hinigaran, 6106 Negros Occidental
409	Negros Occ – Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
410	Negros Occ – San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental
411	Negros Occ – Victorias	Osmeña Avenue, Victorias City, Negros Occidental, 6119
412	Neptune – Makati Avenue	101 Neptune St. corner Makati Avenue 1209 Makati City
413	New Manila – E. Rodriguez Sr.	Unit 1G 7 & 2E, 284 Doña Aniota Bldg., E. Rodriguez Sr. Avenue, Quezon City
414	New York – EDSA	EDSA corner New York St., Cubao 1111 Quezon City
415	Northbay – Virgo Drive	Melandrea III Bldg., Northbay Blvd. Near corner Virgo Drive, Navotas, MM

416	Novaliches	1016 Quirino Highway Town Proper, Barangay Monica Novaliches, Quezon City
417	Novaliches – Forest Hills	Lot 2 D 1 Quirino Avenue, ovaliches, Quezon City
418	Novaliches-Bayan	233 Karen Bldg. General Luis St. Novaliches, Quezon City
419	Nueva Ecija – Gapan	Tinio St., 3105 Gapan, Nueva Ecija
420	Nueva Ecija – Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
421	Nueva Ecija – Muñoz	T. Delos Santos St. Science City of Muñoz, Nueva Ecija
422	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija
423	Nueva Ecija – Talavera	Maharlika Highway, Marcos District, Talavera, Nueva Ecija
424	Nueva Vizcaya – Solano	National Highway, Solano, Nueva Vizcaya
425	Obando – J.P. Rizal	J.P. Rizal St., Barangay Catanghala, 3021 Obando, Bulacan
426	Olongapo	G/F & 2F KT Tower, Rizal Avenue east corner 18th St. Bajac, Olongapo City
427	OneE-comCenter	G/F OneE-comCenter, Palm Coast Avenue, Mall of Asia Complex, Pasay City
428	Ongpin	Unit ABC Imperial Sky Garden, Ongpin St. corner T. Pinpin St. Binondo, Manila
429	Ongpin – T. Alonzo	Unit 564 and 566 Gel Tower, T. Alonzo St. Sta. Cruz, Manila
430	Ongpin-Tomas Mapua	1004-1006 Ongpin St. Sta. Cruz, Manila
431	Ortigas – Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
432	Ortigas – San Juan	Units 102-103 Sunrise Condominium, Ortigas Avenue, 1500 San Juan, MM
433	Ortigas Avenue	209 Ortigas Avenue, Greenhills, San Juan, MM
434	Ortigas Avenue – Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City
435	Ortigas Avenue Ext. - Cainta	Units 7-9 Philfoam Furnishing Bldg., Km 23 Ortigas Avenue Extension, Cainta Rizal
436	Ortigas Avenue Ext. - St. Joseph	15 A, Ortigas Avenue Extension corner Monaco St., Pasig City
437	Ozamis	Cebedo St. corner Gallardo St. Centro, Ozamis City, Misamis Occidental
438	Pacific Star – Makati	G/F Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City
439	Paco – A. Linao	1635-1641 A. Linao St. Paco, Manila
440	Padre Faura – A. Mabini	A. Mabini corner Padre Faura St., 1000 Ermita, Manila
441	Padre Rada	Gosiupo Bldg. 480-482 Padre Rada corner Elcano St. Tondo, Manila
442	Pagadian	F.S. Pajares Avenue, Pagadian City, 7016 Zambonga Del Sur
443	Pamplona	Alabang-Zapote Road, Pamplona, Las Piñas City
444	Pangasinan – Alaminos	Marcos Avenue, Palamis 2404 Alaminos, Pangasinan
445	Pangasinan – Calasiao	G/F Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan
446	Pangasinan – Carmen	McArthur Highway, Carmen East 2441 Rosales, Pangasinan
447	Pangasinan – Lingayen	80 Avenida Rizal East, Lingayen, Pangasinan
448	Pangasinan – San Carlos	Palaris St., 2420 San Carlos City, Pangasinan
449	Parañaque – La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City 1700
450	Parañaque - Moonwalk	G/F Seal I Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City

451	Parañaque – N. Aquino Avenue	JJM Bldg., 2 N. Aquino Avenue, Sto. Niño, Parañaque, MM
452	Parañaque – Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, Sto. Niño, Parañaque City
453	Pasay	Libertad corner Colayco St. Pasay City
454	Pasay – Domestic Road	Caltex Compound (PDSC / Park 'N Fly Bldg.) NAIA corner Domestic Road, 1300 Pasay City
455	Pasay Road	845 Corporate Plaza Bldg. Pasay Road, Makati City
456	Paseo - Gil Puyat	EBC Bldg., Paseo De Roxas corner Gil Puyat Avenue, Makati City
457	Paseo de Roxas 2	G/F BDO Plaza, 8737 Paseo de Roxas St., Makati City
458	Paseo Tower – Makati	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
459	Pasig	Mariposa Arcade, A. Mabini corner Dr. Pilapil St. Pasig City
460	Pasig - A. Mabini	G/F CFM Bldg. No. 97 A. Mabini St., Pasig City
461	Pasig - East Capitol Drive	G/F Cabarrus Bldg., No. 9 East Capitol Drive, Barrio Kapitolyo, Pasig City
462	Pasig Blvd. Ext. - Rosario	Along Pasig Blvd. Extension, Rosario, Pasig City
463	Pasig-Kapitolyo	G/F A. B. Sandoval Bldg. Shaw Blvd. corner Oranbo Drive, Pasig City
464	Paso de Blas – North Expressway	97 Paso de Blas 1400 Valenzuela, MM
465	Pasong Tamo Ext.	G/F Allegro Center, Pasong Tamo Extension, Makati City
466	Pateros	East Mansion Homes, Phase I, Elisco Road, Sto. Rosario East, Pateros, MM
467	Pateros - Poblacion	G/F Milaor Bldg., Almeda St., Poblacion, Pateros, MM
468	Pedro Gil – A. Mabini	1567-1571 Salud Bldg. Pedro Gil corner A. Mabini St. Ermita Manila
469	Pedro Gil – Singalong	1080 corner Pedro Gil & Singalong St. 1007 Paco, Manila
470	Perea – Paseo	G/F Universal Re Bldg. 106 Paseo de Roxas 1228 Makati City
471	Pioneer Highlands – Madison	Unit 01 (facing Madison St.) LG/F Globe Telecom Plaza 1 Bldg., Pioneer St. Corner Madison St., Mandaluyong City
472	Pitimini - Roosevelt	EBC Bldg. Roosevelt Avenue, corner Pitimini St., SFDM, Quezon City
473	Plaza Calderon – Pedro Gil	G/F Unit C, Harmonic Seven Bldg., 2332-2334 Pedro Gil corner Vesta St., Sta. Ana, Manila
474	Plaza Sta. Cruz – Dasmariñas St.	377 Plaza Sta. Cruz 1003 Sta. Cruz, Manila
475	Port Area – South Harbor	G/F Velco Center, R.S. Oca corner A.C. Delgado St., Port Area, Manila
476	Potrero	110 MacArthur Highway corner Riverside St. Potrero, Malabon
477	President's Avenue – BF Parañaque	President's Avenue corner J. Elizalde St., BF Homes Parañaque, MM
478	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn St., Barangay Toro, Project 8, Quezon City
479	Puerto Princesa	261 Rizal Avenue, 5300 Puerto Princesa City, Palawan
480	Q. I. - E. Rodriguez Sr.	G/F Ablaza Bldg., 117 E. Rodriguez Avenue, Quezon City
481	Quezon – Candelaria	Rizal corner Valle St., Candelaria, Quezon 4323
482	Quezon Avenue	103 Aries Bldg. Quezon Avenue, Quezon City
483	Quezon Avenue – Heroes Hills	1052 Quezon Avenue, 1103 Quezon City
484	Quiapo – Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila
485	Quiapo-Quezon Blvd.	Quezon Blvd., 1001, Quiapo, Manila

486	Quintin Paredes	524 Enterprise Bldg. Quintin Paredes St. corner Carvajal St. Binondo, Manila
487	Quirino Paco	CRS Tower corner Perdigon St. Pres. Quirino Avenue, Paco, Manila
488	Rada	G/F One Legaspi Park, Rada St., Legaspi Village, Makati City
489	Reliance St. - EDSA	G/F Peragaon Plaza corner Reliance St. Mandaluyong City
490	Reposo – Makati	EBC Bldg. JP Rizal corner N. Garcia (formerly Reposo), Makati City
491	Rizal Avenue – Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila
492	Rizal Avenue	2502-2504 Rizal Avenue corner Cavite St. Sta. Cruz, Manila
493	Rizal Avenue – Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila
494	Robinson's – Metro East	Level 1 (L1 160 & 162), Robinsons Metro east, Marcos Highway, Pasig City
495	Robinsons Galleria – Ortigas	Robinson's Galleria, Ortigas Avenue, 1602 Quezon City
496	Robinson's Place – Lipa	Level 1, Space L1-177, Robinson's Place - Lipa, Lipa Highway, Lipa City, Batangas
497	Robinson's Place – Manila	G/F Robinson's Manila corner Pedro Gil M. Orosa St., Ermita, Manila
498	Rockwell	G/F Power Plant Mall, Rockwell Center, Amapola corner Estrella St. Makati City
499	Rockwell Center – Makati	Lot 3, Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
500	Roxas – Roxas Avenue	Roxas Avenue, Roxas City, Capiz
501	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila
502	Rustan's Cubao	RC-01A Times Square Avenue near corner Gen. Roxas St. Araneta Center, 1109 Quezon City
503	Salcedo	Golden Rock Bldg. 168 Salcedo St. Legaspi Village, Makati City
504	Sales St. - Raon	545 Sales St. corner G. Puyat St. (Raon) 1016 Sta. Cruz, Manila
505	Samar – Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar
506	Sampaloc - Dapitan	Dapitan corner Cristina St., Sampaloc, Manila
507	Samson Road	G/F Ma. Cristina Bldg. Samson Road corner UE Tech., Caloocan City
508	San Andres	San Andres corner A. Linao St. Malate, Manila
509	San Fernando – Dolores	McArthur Highway, Dolores 2000 City of San Fernando, (Pampanga)
510	San Fernando – MacArthur Highway	G/F Doña Isa Fel Bldg. II, MacArthur Highway, Dolores, San Fernando City, Pampanga
511	San Fernando – San Agustin	McArthur Highway, Barangay San Agustin, San Fernando, Pampanga
512	San Fernando – Sindalan	Palm Bldg., MacArthur Highway, Sindalan, San Fernando City, Pampanga
513	San Fernando La Union – Quezon Avenue	Quezon Avenue, 2500 San Fernando, La Union
514	San Fernando-Pampanga	Gen. Hizon Extension, San Fernando, Pampanga
515	San Jose-Nueva Ecija	Maharlika Road, 3121 San Jose City, Nueva Ecija
516	San Juan	88 N. Domingo St. San Juan, MM
517	San Miguel Center – Ortigas	G/F SMPPI Corporate Centre Bldg., St. Francis Avenue, 1554 Mandaluyong City

518	San Pablo	Mary Grace Bldg. Colago Avenue corner M. L. Quezon St. San Pablo
519	San Pablo - Maharlika Highway	G/F BienPaz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City
520	San Pablo – Rizal St.	2F Equitable PCI Bldg., Rizal St. corner P. Alcantara, San Pablo City, Laguna
521	San Pedro	Tayao Business Center Bldg. A. Mabini St. San Pedro, Laguna
522	San Pedro – Pacita	G/F M. Allen Bldg., Km31, Old National, National Highway, San Pedro, Laguna
523	San Pedro-National Highway	Mega Bldg. National Highway, San Pedro, Laguna
524	Scout Albano - Quezon Avenue	1488 Quezon Avenue, 1103 South Triangle, Quezon City
525	Scout Limbaga – T. Morato	102 & 103, The Forum, Tomas Morato Avenue corner Sct. Limbaga St., 1103 Quezon City
526	Shangri-la Plaza Mall – EDSA	Unit#129-A, Level 1, Shangri-la Plaza Mall, EDSA corner Shaw Blvd., Mandaluyong City
527	Shaw Blvd.	555 Shaw Blvd. Mandaluyong City
528	Shaw Blvd. - Stanford	EBC Bldg. Shaw Blvd. Corner Stanford St. Mandaluyong City
529	Shaw Blvd.-Yulo	285 A. Shaw Blvd. corner L. Cruz St. Mandaluyong City
530	Silang – M. Belen	194 J. Rizal corner M. Belen St., Silang, Cavite
531	Silay – Figueroa	Figueroa corner Rizal St., Silay City, 6116 Negros Occidental
532	Silver City – Pasig	L1-012, L1-013 & L1-014, Level 1, Auto Mall, Frontera Verde Drive corner Julia Vargas St., Ortigas, Pasig City
533	Sixto Antonio – Pasig	Sixto Antonio Avenue corner R. Bedaña St., Pasig City
534	SM City Bacolod	G/F South Wing Bldg. SM City Bacolod, Poblacion, Reclamation Area, Bacolod City
535	SM City Bacoar	UG/F SM City Bacoar, Gen, Aguinaldo Highway corner Tirona Highway, Bacoar, Cavite
536	SM City Baguio	UG/F SM City Baguio, Upper Session Road, Baguio City
537	SM City Baliwag	G/F SM City Baliwag, Barangay Sto. Cristo, Baliwag, Bulacan
538	SM City Batangas	G/F SM City Batangas, Barangay Pallocan West, Batangas City
539	SM City Bicutan	LG/F SM City Bicutan, Doña Soledad Avenue corner West Service Road, Parañaque City
540	SM City Cagayan de Oro	G/F SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan, Cagayan de Oro, Misamis Oriental
541	SM City Cebu	SM City Cebu, North Reclamation Area, Cebu City
542	SM City Cebu B	UG/F The Northwing - SM City Cebu, North Reclamation Area, San Jose dela Montaña corner M.J. Cuenco Avenue, Cebu City
543	SM City Clark	G/F SM City Clark, Clark Field, Pampanga
544	SM City Dasmariñas	SM City Dasmariñas, Barrio Pala-Pala, Dasmariñas, Cavite
545	SM City Davao	UG/F SM City Davao, Barangay Matina, Davao City
546	SM City Fairview	Quirino Highway corner Regalado St. Fairview, Quezon City
547	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
548	SM City Iloilo	UG/F SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City
549	SM City Iloilo B	LGF Unit No. 73 SM City Iloilo, Benigno Aquino Avenue, Jaro-West Diversion, Mandurriao, Iloilo City
550	SM City Lipa	G/F SM City Lipa, Ayala Highway, Lipa City, Batangas



551	SM City Lucena	G/F SM City Lucena, (LC 181-183) Pagbilao National Road, Lucena City
552	SM City Manila	LG/F SM City Manila, Concepcion corner Arroceros and San Marcelino St. Manila
553	SM City Marikina	G/F SM City Marikina, Barangay Calumpang, Marikina City
554	SM City Marilao	G/F SM City Marilao, MacArthur Highway, Marilao, Bulacan
555	SM City North EDSA A	G/F The Block SM City North EDSA corner North Avenue, Quezon City
556	SM City North EDSA B	SM City North EDSA Annex I Bldg., North Avenue corner EDSA, Quezon City
557	SM City North EDSA C	SM Center Complex North EDSA, 1105 Quezon City
558	SM City Pampanga	G/F SM City Pampanga, San Fernando, Pampanga
559	SM City Pampanga B	G/F SM City Pampanga Annex Bldg. 4, San Fernando, Pampanga
560	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan
561	SM City San Lazaro	Felix Huertas corner A. H. Lacson St. Sta. Cruz, Manila
562	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg. Aurora Blvd. Quezon City
563	SM City Sta. Rosa	G/F SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna
564	SM City Sucat A	G/F SM Supercenter Sucat, Parañaque City
565	SM City Sucat B	G/F Annex Bldg B. SM City Sucat, Dr. A. Santos Avenue, Parañaque City
566	SM City Taytay	G/F Bldg. A, SM City Taytay, Manila East Road, Barangay Dolores, Taytay, Rizal
567	SM Corporate Offices	Bldg 104 J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
568	SM Cubao	G/F SM Cubao, Cubao, Quezon City
569	SM Delgado	G/F SM Delgado Bldg. Valeria St. Iloilo City
570	SM Makati	Shoemart Annex Bldg. Ayala Center, Makati City
571	SM Mall of Asia A	G/F Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
572	SM Mall of Asia B	G/F Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
573	SM Megamall A	G/F SM Megamall Bldg. A Ortigas Center, Mandaluyong City
574	SM Megamall B	Upper & Lower Ground Floors, SM Megamall Bldg B, Julia Vargas cor EDSA, Ortigas Center, Mandaluyong City
575	SM Southmall 2	UG/F SM Southmall, Alabang-Zapote Road, Las Piñas City
576	SM Supercenter Molino	G/F SM Supercenter Molino, Molino Road, Bacoor, Cavite
577	SM Supercenter Muntinlupa	UG/F SM Supercenter Muntinlupa, Barangay Tunasan, National Road, Muntinlupa City
578	SM Supercenter Pasig	G/F SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig City
579	SM Supercenter Valenzuela	Unit 126 G/F SM Supercenter Valenzuela, McArthur Highway, Karuhatan, Valenzuela City
580	Soler	U-1118 & 1120 Gracetown Bldg. corner Soler & Alvarado St. Binondo, Manila
581	Soler – Reina Regente	1087 Soler St., Binondo, Manila
582	Sorsogon	Son Bldg., R. Magsaysay Avenue, Sorsogon City
583	South Cotabato – Koronadal	R. Alunan Avenue corner Osmeña St., 9506 Koronadal, South Cotabato

584	Southmall 1	UG/F SM Southmall, Alabang- Zapote Road, Las Piñas City
585	St. Ignatius – Katipunan	134 Katipunan Avenue, St. Ignatius Village, Quezon City
586	Sta. Cruz – Ronquillo	Unit I, G/F Carmen Bldg., Ronquillo St., Sta. Cruz, Manila
587	Sta. Lucia East – Cainta	Sta. Lucia East Grand Mall, Marcos Hi-Way corner Felix Avenue, 1900 Cainta, Rizal
588	Sta. Lucia East – Felix Avenue	G/F Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta
589	Sta. Maria – Bagbaguin	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan
590	Sta. Rosa – South Expressway	National Road Pulong Sta. Cruz, 4206 Sta. Rosa, Laguna
591	Sto. Cristo	475-477 Kim Siu Ching Foundation Bldg. Sto. Cristo St. Binondo, Manila
592	Sto. Cristo-Commercio	No. 686 Sto. Cristo St. Binondo, Manila
593	Sto. Domingo	6 Sto. Domingo Avenue, Quezon City
594	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City
595	Strata 100 – Ortigas	G/F Strata 100 Bldg., Emerald Avenue, Pasig City
596	Subic – Times Square	420 Rizal Highway Subic Bay Freeport Zone, 2200 Olongapo City, Zambales
597	Sucat	Parañaque cable TV bldg., #8210 Dr. A. Santos Avenue, Parañaque
598	Sultan Kudarat – Isulan	#075 National Highway, Kalawag 2, Isulan, Sultan Kudarat
599	Sultan Kudarat – Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
600	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City
601	Tabora	859-861 L & J Bldg. Tabora St. Divisoria, Manila
602	Tacloban	Carlos Chan Bldg. P. Zamora St. Tacloban City
603	Tacloban – Justice Romualdez	Philamlife Bldg., Rizal Avenue corner P. Burgos St., 6500 Tacloban City
604	Tacloban – Rizal Avenue	Rogson Bldg., Rizal Avenue corner P. Burgos St., 6500 Tacloban City, Leyte
605	Taft – Libertad	MCF Bldg. 2250 Taft Avenue corner College Road, Pasay City
606	Taft – Vito Cruz	Bankard Bldg., 2422 Taft Avenue, 1004 Malate, Manila
607	Taft Avenue – Pres. Quirino	G/F FFW Bldg. 1943 Taft Avenue, Malate, Manila
608	Taft Avenue-J. Nakpil	1747 Taft Avenue corner J. Nakpil St. Manila
609	Taft-Pedro Gil	1430 Taft Avenue, Manila
610	Tagaytay – Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay (Near Tagaytay Rotonda)
611	Talon, Las Piñas	G/F Motiontrade Bldg. Alabang-Zapote Road, Talon, Las Piñas City
612	Tanauan – A. Mabini	A. Mabini St., Tanauan 4232 Batangas
613	Tanauan – JP Laurel Highway	President J.P. Laurel Highway corner Sixto Castillo St., Pobalcion, Tanauan, Batangas
614	Tandang Sora	Tandang Sora Avenue corner Marcel Road, Quezon City
615	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay St., Barangay New Era, Quezon City
616	Tarlac	27 F. Tañedo St. Tarlac City
617	Tarlac – Concepcion	L. Jaena corner L. Cortes St., San Nicolas, 2316 Concepcion, Tarlac

618	Tarlac – F. Tañedo	F. Tañedo corner Juan Luna St., Tarlac City
619	Tarlac – J. Luna	J. Luna St. near corner MacArthur Tarlac, Tarlac
620	Tarlac – Paniqui	M.H. Del Pilar St., McArthur Highway, 2307 Paniqui, Tarlac
621	Taytay - Manila East Road	BDO Bldg., East Road, Taytay, Rizal
622	Taytay – National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Barangay San Juan, Taytay Rizal
623	Tayuman	G/F Delton Bldg. 1808 Rizal Avenue, Sta. Cruz, Manila
624	Teacher's Village	G/F Luisa 2 Bldg., 107 Maginhawa St., Teacher's Village, Quezon City
625	Tierra Nueva – Alabang	Sycamore Arcade, Alabang-Zapote Road, National Road, 1702 Alabang, Muntinlupa City
626	Timog	26 Cedar Executive Bldg. Timog Avenue corner Scout Tobias St. Quezon City
627	Timog – EDSA	No. 134 Timog Avenue, 1103 Quezon City
628	Timog – Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City
629	Timog-Rotonda	G/F Imperial Palace Suites Tomas Morato corner Timog Avenue, South Triangle, Quezon City
630	Tomas Morato – Kamuning	Corner Kamuning & Tomas Morato, Quezon City
631	Tondo – Pritil	1815 N. Zamora St. 1012 Tondo, Manila
632	Tordesillas	3 Salcedo Place, Tordesillas St. Salcedo Village, Makati City
633	Tuguegarao – Bonifacio St.	Bonifacio St., Tuguegarao, Cagayan
634	Tutuban	DS 17-18 Tutuban Prime Block, Tutuban Center, CM Recto, Manila
635	Tutuban Centermall	M1-B055, G/F Centermall Bldg., Tutuban Center, CM Recto Avenue, Manila
636	U.N. Avenue – J. Bocobo	EBC Bldg., UN Avenue corner J. Bocobo St., Ermita, Manila
637	UN Avenue	Puso ng Maynila Bldg. UN Avenue corner A. Mabini St. Ermita, Manila
638	UN Avenue – Philamlife	Unit G-2b (Sec. B) Times Plaza Bldg., Taft Avenue corner United Nations Avenue, Ermita, Manila
639	Urdaneta	182 LIS Bldg. McArthur Highway, San Vicente, Urdaneta
640	Urdaneta - Alexander	Alexander St., Urdaneta City, Pangasinan
641	Valenzuela	Km. 15 MacArthur Highway, Dalandanan, Valenzuela
642	Valenzuela - Gen T. De Leon	Gen. T. De Leon St., Valenzuela City
643	Valero	G/F Pearlbank Center 146 Valero St. Salcedo Village, Makati City
644	Valle Verde – E. Rodriguez, Jr.	Unit 7 & 8 Cathay Builder's Corp. Bldg. E. Rodriguez Jr. Avenue corner Carlo J. Caparas St., Barrio Ugong, Pasig City
645	Vigan – Plaza Maestro	G/F Plaza MAestro Commercial Complex, Burgos & Florentino St., Vigan City, Ilocos Sur
646	Vigan – Quezon Avenue	Corner Bonifacio St. & Quezon Avenue, 2900 Vigan, Ilocos Sur
647	Villa Mendoza – A. Santos	Corner Villa Mendoza Subdivision Road & Dr. A. Santos Avenue, 1700 Parañaque City
648	Villar – Salcedo Village	Eurovilla III Condominium 154 Villar St., corner L.P. Leviste St., Salcedo Village, Makati City
649	Visayas Avenue	M & L Bldg. Visayas Avenue corner Road 1, Barangay Vasra, Quezon City
650	Visayas Avenue – Project 6	57 Visayas Avenue (near Sanville Subdivision), Quezon City

651	V-Mall	G/F New V-Mall, Greenhills Shopping Center, San Juan, MM
652	Walter Mart – North EDSA	G/F Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City
653	Walmart – Sta. Rosa	San Lorenzo drive corner Balibago Road, Barangay Balibago, 4026 Sta. Rosa, Laguna
654	Washington – Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City
655	West Avenue	68 Carbal Bldg. West Avenue, Quezon City
656	West Avenue – Del Monte	No. 40 West Avenue, 1104 West Triangle, Quezon City
657	West Avenue-Baler	G/F Jafer Bldg. 118 West Avenue, Quezon City
658	West Avenue-East Maya	160 West Avenue corner East Maya Drive, Quezon City
659	West Trade Center – West Avenue	Unit #1, G/F West Trade Center, West Avenue, Quezon City
660	Xavierville Avenue	G/F Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights Quezon City
661	Zamboanga	Grand Astoria Hotel Annex Bldg. M. D. Jaldon St. Zamboanga City
662	Zamboanga – Mayor Jaldon	Mayor Jaldon Avenue, Barangay Canelar, Zamboanga City
663	Zamboanga – Rizal St.	Rizal St., Zamboanga City, 7000 Zamboanga Del Sur
664	Zurbaran	Rizal Avenue corner Fugoso St. Sta. Cruz, Manila

**STATEMENT OF MANAGEMENT'S  
RESPONSIBILITY**

## BD

SUBSCRIBED AND SWORN to before me this 14<sup>th</sup> day of April 2009, affiants exhibiting to me their Competent Evidence of Identity (CEI) No., as follows:

Name	CEI Number
Teresita T. Sy	TIN 139-336-978
Nestor V. Tan	TIN 903-578-380
Lucy Co Dy	TIN 109-729-870

WITNESS MY HAND AND SEAL on the day first above-mentioned at Makati City.

Doc No. 53  
Page No. 12  
Book No. XLVI  
Series of 2009

**BENJAMIN B. MATA**  
Notary Public  
Until Dec. 31, 2009  
PTR No. 9374713, Jan. 5, 2009  
IBP No. 767768, Jan. 5, 2009  
Roll No. 11106

**STATEMENTS OF CONDITION  
31 DECEMBER 2008 AND 2007**





# Punongbayan & Araullo

## Report of Independent Certified Public Accountants to Accompany Income Tax Return

20th Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 886-5511  
F +63 2 886-5506; +63 2 886-5507  
www.punongbayan-araullo.com


**The Board of Directors**  
**Banco de Oro Unibank, Inc.**  
Benguet Center, 12 ADB Avenue  
Ortigas Center, Mandaluyong City

We have audited the financial statements of Banco de Oro Unibank, Inc. for the year ended December 31, 2008, on which we have rendered the attached report dated March 2, 2009.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid and accrued by the above Bank for the year ended December 31, 2008 are shown in the Schedule of Taxes and Licenses.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Bank.

**PUNONGBAYAN & ARAULLO**

By:  **Benjamin P. Valdez**

Partner

CPA Reg. No. 0028485

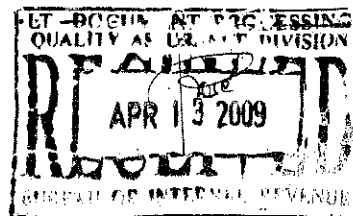
TIN 136-619-880

PTR No. 1566055, January 5, 2009, Makati City

SEC Accreditation No. 009-AR-2

BIR AN 08-002511-11-2008 (Nov. 25, 2008 to 2011)

March 2, 2009



Certified Public Accountants  
P&A is a member firm within Grant Thornton International Ltd  
Offices in Cebu, Davao, Cavite  
BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-F



# Punongbayan & Araullo

## Report of Independent Auditors

20th Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 886-5511  
F +63 2 886-5506; +63 2 886-5507  
[www.punongbayan-araullo.com](http://www.punongbayan-araullo.com)

**To the Board of Directors and the Stockholders**  
**Banco de Oro Unibank, Inc.**  
Benguet Center, 12 ADB Avenue  
Ortigas Center, Mandaluyong City

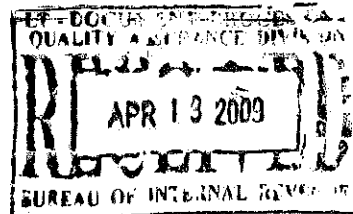
We have audited the accompanying financial statements of Banco de Oro Unibank, Inc. and subsidiaries (together hereinafter referred to as the Group) and Banco de Oro Unibank, Inc. (the Parent Bank), which comprise the statements of condition as at December 31, 2008 and 2007, and the income statements, statements of changes in equity and cash flow statements for each of the three years in the period ended December 31, 2008, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards in the Philippines for banks as described in Note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.



Certified Public Accountants  
P&A is a member firm within Grant Thornton International Ltd  
Offices in Cebu, Davao, Cavite  
BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-F


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

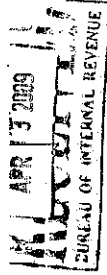
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group and of the Parent Bank as of December 31, 2008 and 2007, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2008, in accordance with the financial reporting standards in the Philippines for banks as described in Note 2 to the financial statements.

**PUNONGBAYAN & ARAULLO**

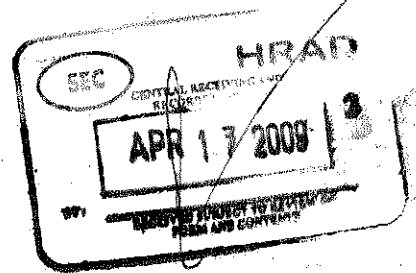
  
By: **Benjamin P. Valdez**  
Partner  
CPA Reg. No. 0028485  
TIN 136-619-880  
PTR No. 1566055, January 5, 2009, Makati City  
SEC Accreditation No. 0009-AR-2  
BIR AN 08-002511-11-2008 (Nov. 25, 2008 to 2011)

March 2, 2009

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES  
STATEMENTS OF CONDITION  
DECEMBER 31, 2008 AND 2007  
(Amounts in Thousands of Philippine Pesos)



	Notes	Group		Parent Bank		
		2008	2007	2008	2007	
<b>R E S O U R C E S</b>						
CASH AND OTHER CASH ITEMS	7	P	21,770,401	P	21,763,160	P
DUE FROM BANGKO SENTRAL NG PILIPINAS	7		62,668,428		59,939,544	
DUE FROM OTHER BANKS	8		17,101,434		14,880,967	
TRADING AND INVESTMENT SECURITIES	9		156,150,941		142,091,918	
LOANS AND OTHER RECEIVABLES - Net	10		491,986,431		467,590,333	
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11		14,676,390		12,885,796	
INVESTMENT PROPERTIES - Net	12		15,234,361		14,314,251	
OTHER RESOURCES - Net	13		22,443,688		28,160,084	
<b>TOTAL RESOURCES</b>		P	802,032,074	P	761,626,053	P
<b>LIABILITIES AND EQUITY</b>						
DEPOSIT LIABILITIES	15	P	636,753,566	P	612,967,087	P
BILLS PAYABLE	16		51,435,638		43,242,251	
SUBORDINATED NOTES PAYABLE	17		20,145,977		20,145,977	
OTHER LIABILITIES	18		35,922,673		32,010,818	
Total Liabilities			744,257,854		708,366,133	
<b>EQUITY</b>						
Attributable to Shareholders of the Parent Bank			57,056,534		53,259,920	
Minority Interest			717,686			
Total Equity	19		57,774,220		53,259,920	
<b>TOTAL LIABILITIES AND EQUITY</b>		P	802,032,074	P	761,626,053	P



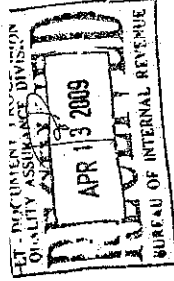
See Notes to Financial Statements.

BANCO DE OKO UNIBANK, INC. AND SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Amounts in Thousands of Philippine Pesos Except Per Share Data)



	Notes	Group			Parent Bank		
		2008	2007	2006 (Note 26)	2008	2007 (Note 26)	2006 (Note 26)
INTEREST INCOME	20	P 42,359,477	P 37,603,306	P 24,209,146	P 39,752,705	P 35,235,116	P 22,342,019
INTEREST EXPENSE	21	19,323,080	16,166,574	13,134,128	18,042,977	14,978,058	12,128,843
NET INTEREST INCOME		23,036,397	21,436,732	11,075,018	21,689,728	20,257,058	10,213,176
IMPAIRMENT LOSSES - Net	14	5,231,942	4,118,147	2,012,727	5,170,757	3,802,373	1,991,263
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		17,804,455	17,318,585	9,062,291	16,518,971	16,454,685	8,221,913
OTHER OPERATING INCOME	22	13,731,241	16,838,779	8,277,562	11,810,558	16,758,280	6,821,621
OTHER OPERATING EXPENSES	22	27,853,043	24,760,411	12,079,651	25,892,433	22,908,066	10,764,830
INCOME BEFORE TAX		3,682,653	9,416,953	5,260,202	2,437,096	10,304,899	4,278,704
TAX EXPENSE	27	1,444,684	2,846,623	1,270,326	958,359	2,633,879	1,034,475
NET INCOME		P 2,237,969	P 6,570,330	P 3,989,876	P 1,478,737	P 7,671,020	P 3,244,229
Attributable To:							
Shareholders of the Parent Bank	P	2,182,402	P 6,518,656	P 3,969,623			
Minority Interest		55,567	51,674	20,253			
Earnings Per Share:							
Basic	28	P 0.91	P 2.86	P 3.08	P 0.61	P 3.36	P 2.52
Diluted	28	P 0.90	P 2.85	P 3.03	P 0.61	P 3.36	P 2.48

See Notes to Financial Statements.

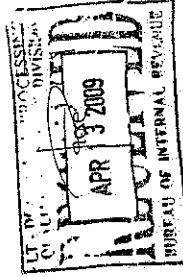
**BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006**  
*(Amounts in Thousands of Philippine Pesos)*

APR 13 2009  
**BUREAU OF INTERNAL REVENUE**

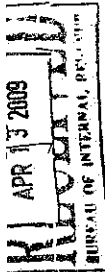
	Notes	Group			Parent Bank		
		2008	2007	2006 (Note 26)	2008	2007 (Note 26)	2006 (Note 26)
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT BANK							
Capital Stock							
Balance at Beginning of Year		P 23,020,327	P 22,706,390	P 9,395,931	P 23,020,327	P 22,706,390	P 9,395,931
Issuance of Additional Shares During the Year		5,000,000	314,037	13,310,359	5,000,000	314,037	13,310,359
Balance at End of Year	19	28,020,327	23,020,327	22,706,390	28,020,327	23,020,327	22,706,390
Common Stock Options							
Balance at Beginning of Year		76,280	28,914	13,634	76,280	28,914	13,634
Recognition of Common Stock Option		-	47,366	15,280	-	47,366	15,280
Balance at End of Year		76,280	76,280	28,914	76,280	76,280	28,914
Treasury Shares - At Cost							
Balance at Beginning of Year		-	( 1,428,265 )	( 31,967 )	-	( 1,400,000 )	( 1,400,000 )
Net Disposal (Acquisition) During the Year		-	1,428,265	1,396,298	-	1,400,000	1,400,000
Balance at End of Year		-	-	( 1,428,265 )	-	-	( 1,400,000 )
Additional Paid-in Capital							
Balance at Beginning of Year		15,936,419	15,694,692	2,064,277	15,937,161	15,694,692	2,064,277
Issuance of Additional Shares During the Year		-	241,727	13,254,714	-	222,469	13,254,714
Common Stock Subscription During the Year		-	-	375,701	-	-	375,701
Balance at End of Year		15,936,419	15,936,419	15,694,692	15,937,161	15,917,161	15,694,692
Surplus Reserves							
Balance at Beginning of Year	1, 26	1,051,041	830,119	140,868	927,203	824,873	135,724
Merger with EPCIB		-	-	603,943	-	-	605,944
Transfer from Surplus Free		278,435	220,922	83,308	97,889	102,330	83,205
Balance at End of Year		1,329,476	1,051,041	830,119	1,025,092	927,203	824,873
Surplus Free							
Balance at Beginning of Year		15,600,437	9,302,703	7,081,614	11,595,829	4,027,139	6,071,909
Reversal of Revaluation Increment		71,754	-	71,754	71,754	-	-
Net Income		2,182,402	6,518,656	3,969,623	1,478,737	7,671,020	3,244,229
Cash Dividends	13, 19	( 3,683,252 )	-	( 770,380 )	( 3,683,252 )	-	( 770,380 )
Merger with EPCIB	1, 26	-	-	894,846	-	-	3,598,473
Merger with BDO Elite, ESB and PCI Capital	26	-	-	83,308	74,889	-	836,941
Transfer to Surplus Reserves		278,435	( 220,922 )	-	( 97,889 )	( 102,330 )	( 83,205 )
Balance at End of Year		13,892,906	15,600,437	9,302,703	9,439,766	11,995,829	10,071,139
Fair Value Gain (Loss) on Available-for-sale Securities							
Balance at Beginning of Year		2,626,555	3,310,858	1,467,009	2,569,327	2,784,333	1,088,277
Merger with EPCIB	1, 26	-	-	664,251	-	-	584,419
Merger with BDO Elite, ESB and PCI Capital	26	-	-	-	-	-	59,338
Recovery (Decline) in Value of Securities	9	( 6,131,664 )	( 684,303 )	( 1,170,598 )	( 5,080,684 )	( 224,006 )	( 1,052,300 )
Balance at End of Year		( 3,505,109 )	2,626,555	3,310,858	( 2,520,357 )	2,569,327	2,784,333
Revaluation Increment							
Balance at Beginning of Year		1,360,812	1,360,812	-	1,351,876	1,351,876	-
Merger with EPCIB	1, 26	-	-	1,360,812	-	-	1,340,616
Merger with BDO Elite, ESB and PCI Capital	26	-	-	-	-	-	2,260
Sale of Land		( 50,227 )	-	-	( 50,227 )	-	-
Balance at End of Year		1,310,585	1,360,812	1,360,812	1,301,649	1,351,876	1,351,876
Accumulated Translation Adjustment							
Balance at Beginning of Year		( 5,932 )	( 208,055 )	-	-	-	-
Merger with EPCIB	1, 26	-	-	( 185,882 )	-	-	-
Translation Adjustment During the Year		1,582	202,123	( 22,173 )	-	-	-
Balance at End of Year		( 4,350 )	( 5,932 )	( 208,055 )	-	-	-
Total Equity Attributable to Shareholders of the Parent Bank (Brought Forward)							
		P 57,056,534	P 59,665,939	P 51,598,068	P 53,259,920	P 55,449,003	P 46,018,117

Notes	Group		2006 (Note 2)		Parent Bank		2006 (Note 2)	
	2008	2007	2006	2005	2008	2007	2006	2005
Total Equity Attributable to Shareholders of the Parent Bank (Carried Forward)	P 37,056,534	P 59,665,939	P 51,598,068	P 46,018,117	P 53,259,920	P 53,449,003	P 46,018,117	P 46,018,117
MINORITY INTEREST								
Balance at Beginning of Year	662,119	610,445	( 71,509 )	-	-	-	-	-
Merger with EPCIB	-	-	628,315	-	-	-	-	-
Reversal During the Year	-	-	33,586	-	-	-	-	-
Share in Net Income During the Year	55,567	51,674	20,253	-	-	-	-	-
Balance at End of Year	717,686	662,119	610,445	-	-	-	-	-
TOTAL EQUITY	P 37,774,220	P 60,328,058	P 52,208,513	P 46,018,117	P 53,259,920	P 53,449,003	P 46,018,117	P 46,018,117
Net Gain (Losses) Directly Recognized in Equity	( P 6,131,664 )	( P 684,303 )	P 1,179,598	( P 1,052,300 )	( P 5,080,684 )	( P 224,006 )	( P 1,052,300 )	( P 1,052,300 )

See Notes to Financial Statements.



BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES  
CASH FLOW STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006  
(Amounts in Thousands of Philippine Pesos Except as Stated)



Notes	Group			Percent Bank		
	2008	2007	2006 (Note 26)	2008	2007 (Note 26)	2006 (Note 26)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income before tax						
Adjustments for:						
Interest income	P 3,682,653	P 9,416,953	P 5,260,202	P 2,437,096	P 10,304,899	P 4,278,704
Interest expense	( 42,359,477 )	( 37,603,306 )	( 24,209,146 )	( 39,732,705 )	( 35,235,116 )	( 22,342,019 )
Interest received	19,323,980	16,166,574	13,134,128	18,042,977	14,978,058	12,128,843
Interest paid	35,301,091	38,292,013	21,818,929	37,876,616	35,823,198	20,144,496
Impairment losses	( 19,464,732 )	( 16,833,803 )	( 11,995,336 )	( 18,087,977 )	( 14,866,589 )	( 10,782,251 )
Depreciation and amortization	5,231,942	4,118,147	2,012,727	5,170,757	3,802,373	1,991,263
Fair value loss (gain)	2,003,947	2,748,873	2,141,732	1,787,434	1,596,698	2,161,990
Amortization of deferred charges	2,336,465	791,881	( 137,056 )	2,227,193	748,875	323,116
Operating income before changes in operating resources and liabilities	114,698	94,403	36,921	114,628	93,309	36,540
Decrease (increase) in financial assets at fair value through profit or loss	6,169,367	17,201,734	8,043,122	9,836,019	17,245,705	7,294,451
Increase in loans and other receivables	12,329,042	10,325,830	( 21,784,706 )	10,889,518	11,872,736	( 21,523,355 )
Decrease (increase) in investment properties	( 194,236,617 )	( 36,959,314 )	( 195,161,856 )	( 182,443,382 )	( 45,367,792 )	( 173,018,002 )
Decrease (increase) in other resources	2,532,696	( 463,244 )	( 17,167,292 )	2,525,721	( 301,584 )	( 16,206,771 )
Increase (decrease) in deposit liabilities	3,395,093	15,516,801	3,273,537	3,399,049	13,586,672	( 9,569,469 )
Increase (decrease) in other liabilities	195,824,749	( 20,230,254 )	311,971,596	182,458,772	( 26,524,533 )	308,318,490
	( 4,071,333 )	5,837,153	44,025,632	( 4,651,467 )	5,861,279	35,639,132
Cash generated from (used in) operations	21,942,977	( 8,771,293 )	133,200,053	22,014,230	( 23,827,517 )	130,954,475
Cash paid for income tax	( 1,833,619 )	( 4,617,942 )	( 1,349,675 )	( 1,447,373 )	( 2,757,017 )	( 958,630 )
Net Cash From (Used In) Operating Activities	20,109,358	( 13,389,235 )	131,850,378	20,566,857	( 26,584,534 )	129,995,845
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Net decrease (increase) in held-to-maturity investments	( 40,935,211 )	21,595,119	( 47,716,706 )	( 37,885,840 )	22,355,237	( 47,626,065 )
Net decrease (increase) in available-for-sale investments	36,808,760	( 7,204,676 )	( 7,932,189 )	33,463,658	( 7,532,245 )	( 6,978,657 )
Net acquisitions of premises, furniture, fixtures and equipment	( 3,078,763 )	( 1,946,244 )	( 11,560,401 )	( 3,569,296 )	( 1,614,433 )	( 9,690,138 )
Additions to equity investments	-	-	-	-	( 747,043 )	( 98,318 )
Disposals of equity investments	-	-	3,000	-	1,669,962	-
Net Cash From (Used In) Investing Activities	( 9,205,214 )	12,442,205	( 67,206,296 )	( 7,991,448 )	14,111,478	( 64,393,177 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from issuance of preferred shares	5,000,000	-	-	5,000,000	-	-
Net proceeds from (payments of) bills payable	( 3,859,363 )	( 1,369,979 )	20,122,216	( 177,568 )	6,445,204	14,179,961
Dividends paid	( 3,683,252 )	( 770,380 )	( 770,380 )	( 3,683,252 )	( 770,380 )	( 770,380 )
Sale (acquisition) of treasury shares	-	1,428,265	( 1,396,298 )	-	1,400,000	( 1,400,000 )
Proceeds from issuance of common shares	-	314,037	-	-	314,037	-
Net Cash From (Used In) Financing Activities	( 2,542,615 )	( 398,057 )	18,725,918	1,139,180	7,388,861	12,779,961
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Brought Forward)	P 8,361,529	( P 1,345,087 )	P 83,370,000	P 14,014,589	( P 5,084,194 )	P 78,382,629

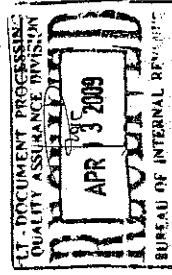


Notes	Group		2006 (Note 26)	Parent Bank								
	2008	2007		2008	2007 (Note 26)							
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Carried Forward)</b>												
	P	8,361,329	(P	1,345,087)	P	83,370,000	P	14,014,589	(P	5,084,194)	P	78,382,629
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>												
Cash and other cash items	7	18,387,847	17,905,035	6,621,220	18,436,694	18,054,702	6,620,666					
Due from Bangko Sentral ng Pilipinas	7	49,461,276	42,236,370	4,277,317	48,320,443	40,274,515	3,664,748					
Due from other banks	8	20,689,635	12,834,782	5,135,879	16,101,896	7,776,532	3,865,828					
Interbank loans receivable		9,520,571	26,428,229		4,590,644	26,428,122						
		98,059,329	99,404,416	16,034,416	87,449,677	92,533,871	14,151,242					
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>												
Cash and other cash items	7	21,770,401	18,387,847	17,905,035	21,763,160	18,436,694	18,054,702					
Due from Bangko Sentral ng Pilipinas	7	62,668,428	49,461,276	42,236,370	59,939,544	48,320,443	40,274,515					
Due from other banks	8	17,101,434	20,689,635	12,834,782	14,880,967	16,101,896	7,776,532					
Interbank loans receivable		4,880,595	9,520,571	26,428,229	4,590,644	26,428,122						
	P	106,420,858	P	98,059,329	P	99,404,416	P	101,464,266	P	87,449,677	P	92,533,871

#### Supplemental Information on Non-cash Financing and Investing Activities

The following are the significant non-cash transactions in 2008, 2007 and 2006:

- The carrying values of the resources and liabilities of ESB, BDO Elite and PCI Capital that were absorbed by BDO on October 30, 2008 were P14,790,479 and P9,249,125, respectively (see Note 26).
- In 2008, the Group made the following reclassifications of investment securities (see Note 9):
  - FVTPL with a total carrying value of P6,296,819 was reclassified to HTM both in the Group financial statements and Parent Bank financial statements.
  - CLNs with a total carrying value of P18,589,794 and P14,166,135 were reclassified from AFS to Loans in the Group financial statements and Parent Bank financial statements, respectively.
  - Embedded derivatives of CLNs with a total carrying value of (P183,166) and (P69,538) were reclassified from FVTPL to Loans and Other Receivables in the Group financial statements and Parent Bank financial statements, respectively.
  - AFS with a total carrying value of P23,539,516 and P22,474,046 were reclassified from AFS to HTM in the Group financial statements and Parent Bank financial statements, respectively.
  - FVTPL with carrying value of P101,625 was reclassified to AFS in the Group financial statements.
- In 2008, land reclassified from investment properties to bank premises amounted to P181,374 and P127,422 in the Group financial statements and Parent Bank financial statements, respectively (see Note 12).
- In 2008, building reclassified from investment properties to bank premises amounted to P358,815 both in the Group financial statements and Parent Bank financial statements (see Note 12).
- The carrying values of the resources and liabilities of EPCIB that were absorbed by BDO on May 31, 2007 were P305,779,401 and P274,556,992, respectively, in exchange for the 1,306,606,021 BDO common shares (see Notes 1 and 26).
- On April 18, 2007, the Bank received notice of exercise from International Finance Corporation (IFC) to convert the remaining US\$10 million of its convertible loan to BDO common shares, which conversion the Bangko Sentral ng Pilipinas (BSP) approved in a letter to the Bank dated July 17, 2007. Thereafter, on August 23, 2007, the Bank issued to IFC 31,403,592 common shares (see Note 17).
- On May 6, 2006, the Bank's Board of Directors approved the declaration of cash dividends amounting to P0.80 per share or a total of P769,618, which was approved by the BSP on December 28, 2006. The cash dividends were paid on February 8, 2007 (see Note 19).



**NOTES TO FINANCIAL STATEMENTS**  
**31 DECEMBER, 2008, 2007 AND 2006**

**BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008, 2007 AND 2006**  
*(Amounts in Thousands Except Per Share Data)*

**1. CORPORATE MATTERS**

***1.1 Incorporation and Operations***

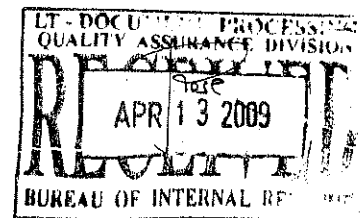
Banco de Oro Unibank, Inc. (the Bank, BDO Unibank or the Parent Bank) was incorporated in the Philippines on August 16, 1967 to engage in the business of banking. It was authorized to engage in trust operations on September 18, 1987 and in foreign currency deposit operations on November 23, 1990. The Bangko Sentral ng Pilipinas (BSP) granted approval to the Bank to operate as an expanded commercial bank on August 5, 1996. The Bank commenced operations as such in September of the same year. The Bank and its subsidiaries (collectively referred to as the Group) offer a wide range of commercial, investment, private and other banking services. These services include traditional loan and deposit products, as well as treasury, asset management, realty management, leasing and finance, remittance, trade services, retail cash cards, insurance, credit card services, stockbrokerage, trust and others.

As a banking institution, the Bank's operations are regulated and supervised by the BSP. In this regard, the Bank is required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. The Bank is subject to the provisions of the General Banking Law of 2000 (Republic Act No. 8791).

BDO Unibank recently completed a merger, effective May 31, 2007, with Equitable PCI Bank, Inc. (EPCIB), with BDO Unibank as the surviving entity (see Note 26.1).

The Bank's common shares are listed in the Philippine Stock Exchange (PSE). As of December 31, 2008, the Bank has 664 branches, and 749 on-site and 504 off-site automated teller machines, all located nationwide. The Bank's registered address is at Benguet Center, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

The Group operates mainly within the Philippines with a banking branch in Hong Kong and various remittance subsidiaries operating in Asia, Europe and the United States. In 2008 and 2007, these foreign operations accounted for 0.8% and 0.7% of the Group's total revenues, and 0.1% and 0.2% of the Group's total resources, respectively. The Bank's subsidiaries and associates are shown in Note 13.5.



### ***1.2 Merger of BDO Unibank with EPCIB***

As discussed more fully in Note 26.1, on March 29, 2007 and May 25, 2007, the BSP and the Philippine Securities and Exchange Commission (SEC), respectively, approved the merger of BDO Unibank and EPCIB which became effective on May 31, 2007. The merger was accounted for under the pooling-of-interests method of accounting as approved by the SEC since BDO Unibank and EPCIB were both under common control by SM Investments Corporation (SMIC) at the time of the merger.

Under the merger, the entire assets and liabilities of EPCIB were transferred to and absorbed by BDO Unibank. In applying the pooling-of-interests method, the financial statement items of BDO Unibank and EPCIB were combined at the beginning of the year in which the merger occurred, that is, January 1, 2007. The comparative financial data presented for 2006 have been restated to include the accounts of EPCIB into BDO Unibank's accounts from October 2, 2006, the date the two merging entities became under common control by the same controlling stockholder, SMIC.

The total carrying values of the resources and liabilities of EPCIB that were absorbed by BDO Unibank on May 31, 2007 were:

Total resources absorbed	P 305,779,401
Total liabilities assumed	274,556,992

BDO Unibank issued to EPCIB shareholders 1,308,606,021 BDO Unibank common shares with par value of P10 a share in exchange for the net assets of EPCIB based on an exchange ratio of 1.8 BDO Unibank shares for every EPCIB share. BDO Unibank's shares were quoted at P67 a share at the PSE on May 31, 2007.

### ***1.3 Approval of Financial Statements***

The financial statements of the Group for the year ended December 31, 2008 (with comparatives for the years ended December 31, 2007 and 2006) were authorized for issue by the Bank's Board of Directors on February 28, 2009.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

## 2.1 Basis of Preparation of Financial Statements

### (a) Statement of Compliance with Financial Reporting Standards in the Philippines for Banks

The financial statements of the Group and the financial statements of the Parent Bank have been prepared in accordance with the financial reporting standards in the Philippines (FRSP) for banks. The Group prepared its financial statements in accordance with Philippine Financial Reporting Standards (PFRS), except for the reclassification of the embedded derivatives in credit-linked notes (CLNs) that are linked to Republic of the Philippines (ROP) bonds from fair value through profit or loss (FVTPL) to unquoted debt securities classified as loans (UDSCL), that are outstanding as of the effective date of reclassification, which is permitted by the BSP for prudential regulation, and by the SEC for financial reporting purposes.

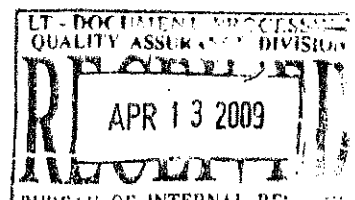
PFRSs are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared using the measurement bases specified by FRSP for each type of resource, liability, income and expense. These financial statements have been prepared on the historical basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies in the succeeding pages.

The following reconciliations and explanatory notes thereto describe the difference on the statement of condition under FRSP and PFRS. In 2007 and prior years, there is no difference between the FRSP and PFRS since the reclassification of embedded derivatives in CLNs and other similar instruments that are linked to ROP bonds out of FVTPL is effective only in 2008.

### (i) The reconciliations of the equity reported under FRSP to equity under PFRS as of December 31, 2008 follow.

	<u>Group</u>	<u>Parent Bank</u>
Equity under FRSP	P 57,774,220	P 53,259,920
Amortization of premium/discount due to change in effective interest rates	( 6,950)	1,293
Mark-to-market loss on embedded derivatives on CLNs reclassified to loans and other receivables	( 1,134,697)	( 909,227)
	( 1,141,647)	( 907,934)
Equity under PFRS	P 56,632,573	P 52,351,986



(ii) Differences in the measurement of statement of condition items as of December 31, 2008 are summarized below:

**Group**

	FRSP	Difference	PFRS
<b>Changes in resources:</b>			
Trading and investment securities	P 156,150,941	P -	P 156,150,941
Loans and other receivables	491,986,431	194,074	492,180,505
	648,137,372	194,074	648,331,446
<b>Changes in other liabilities</b>	35,922,673	1,335,721	37,258,394
	P 612,214,699		P 611,073,052
<b>Total adjustments to equity</b>		(P 1,141,647)	

**Parent Bank**

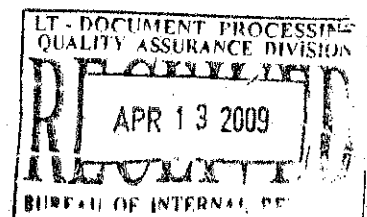
	FRSP	Difference	PFRS
<b>Changes in resources:</b>			
Trading and investment securities	P 142,091,918	P -	P 142,091,918
Loans and other receivables	467,590,333	78,407	467,668,740
	609,682,251	78,407	609,760,658
<b>Changes in other liabilities</b>	32,010,818	986,341	32,997,159
	P 577,671,433		P 576,763,499
<b>Total adjustments to equity</b>		P 907,934	

(iii) The reconciliations of the net income reported under FRSP to net income under PFRS for the year ended December 31, 2008 follow.

	Group	Parent Bank
<b>Net income under FRSP</b>	P 2,237,969	P 1,478,737
Amortization of premium/discount due to change in effective interest rates	( 6,950)	1,293
Mark-to-market loss on embedded derivatives on CLNs reclassified to loans and other receivables	( 1,134,697)	( 909,227)
	( 1,141,647)	( 907,934)
<b>Net income under PFRS</b>	P 1,096,322	P 570,803

(b) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated (see also Note 2.22).



## 2.2 Impact of New Standards, Amendments and Interpretations to Existing Standards

### (a) Effective in 2008 that are Relevant to the Group

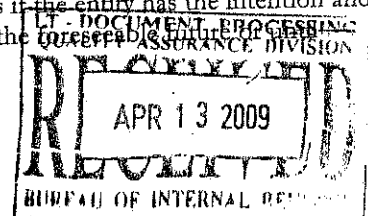
In 2008, the Group adopted for the first time the following new interpretations and amended standards which are mandatory in 2008:

Philippine Interpretation IFRIC 14, PAS 19	:	The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction
Philippine Accounting Standard (PAS) 39 and PFRS 7 (Amendment)	:	PAS 39, Financial Instruments : Recognition and Measurements and PFRS 7, Financial Instruments : Disclosures
Philippine Interpretation IFRIC 11	:	Group and Treasury Share Transactions

Discussed below are the effects in the financial statements of the new accounting interpretations and amended standards.

(i) On October 29, 2008, the FRSC approved the immediate adoption of amendments to IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures: Reclassification of Financial Assets*, issued by the IASB as amendments to PAS 39 and PFRS 7. Adoption of the amendments enables Philippine entities applying PFRSs to avail of the allowed international accounting treatments. The amendments to PAS 39 permit an entity to, among others:

- reclassify non-derivative financial assets, other than those designated at FVTPL upon initial recognition, out of the FVTPL category:
  - a. only in rare circumstances and if there is a change in intention (i.e., the financial asset is no longer held for the purpose of selling or repurchasing it in the near future); or,
  - b. if the financial asset would have met the definition of loans and receivables and if the financial asset had not been required to be classified as held-for-trading (HFT) at initial recognition and the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity.
- transfer from available-for-sale (AFS) category to the loans and receivables category a non-derivative financial asset that would have met the definition of loans and receivables if the entity has the intention and ability to hold that financial asset for the foreseeable future or until maturity.



Related to this, the Monetary Board of the BSP approved the prudential reporting guidelines for banks governing the reclassification of investments in debt and equity securities between categories in accordance with the provisions of the October 2008 amendments to the PAS 39 and PFRS 7, and provided additional guidelines (under BSP Circular No. 628) which include; among others, the reclassification of CLNs and other similar instruments that are linked to ROP bonds:

- out of the HFT into AFS/held-to-maturity (HTM)/ UDSCl; or,
- from AFS to UDSCl or HTM, without bifurcating the embedded derivatives from the host instruments;

Provided that these shall only apply for CLNs that are outstanding as of the effective date of reclassification, which shall not be on or later than November 15, 2008.

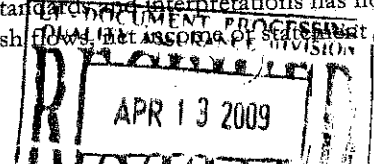
On February 2, 2009, the SEC approved the adoption of BSP Circular 628 as being compliant with generally accepted accounting principles for banks.

Pursuant to these amendments and guidelines, the Group reclassified certain financial assets out of FVTPL and AFS categories to HTM and loans and receivables categories (see Note 9).

(ii) In 2008, the Group adopted for the first time the Philippine Interpretation, International Financial Reporting Interpretation Committee (IFRIC) 14, *PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective from January 1, 2008). This Philippine Interpretation provides general guidance on how to assess the limit in PAS 19, *Employee Benefits*, on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by statutory or contractual minimum funding requirement. The Group's adoption of this interpretation does not have any impact on the Group's financial statements, as its retirement benefit plan is still partially unfunded.

(iii) In 2008, the Group adopted for the first time the Philippine Interpretation International Financial Reporting Interpretation Committee (IFRIC) 11, *Group and Treasury Shares Transactions* (effective from March 1, 2007). This standard addresses the issue relating to an entity's obligation to provide its employees, as well as other third parties, with its own equity instrument (i.e., treasury shares) or the equity instrument of its shareholder (SMIC). The Parent Bank is obligated to provide the Group's employees with its equity shares and such transaction is accounted for as equity settled in the Group financial statements. Under this Philippine Interpretation, the Group is required to measure the services received from the employees in accordance with the requirements applicable to equity-settled share-based payment transactions, with a corresponding increase recognized in the Group's equity as a contribution from the shareholders.

The first-time application of these amended standards and interpretations has not resulted in any prior period adjustments of cash flows, net assets or statement of condition line items.





(b) *Effective in 2008 but not Relevant to the Group*

Philippine Interpretation : Service Concession Arrangements  
IFRIC 12

(c) *Effective Subsequent to 2008 that are Relevant to the Group*

There are new and amended standards and Philippine Interpretation that are effective for periods subsequent to 2008. The following new standards are relevant to the Group which the Group will apply in accordance with their transitional provisions.

PAS 1 (Revised 2007) : Presentation of Financial Statements

PAS 23 (Revised 2007) : Borrowing Costs

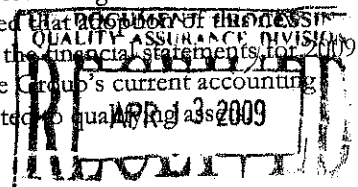
PAS 32 and PAS 1 : Financial Instruments: Presentation and  
(Amendment) Presentation of Financial Statements  
- Puttable Financial Instruments and  
Obligations Arising on Liquidation

Various Standards : 2008 Annual Improvements to PFRS

Below is a discussion of the possible impact of these accounting standards:

(i) PAS 1 (Revised 2007), *Presentation of Financial Statements* (effective from January 1, 2009). The amendment requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate income statement and a statement of comprehensive income. The income statement shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The statement of comprehensive income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). Changes in equity arising from transactions with owners are excluded from the statement of comprehensive income (e.g., dividends and capital increase). An entity would also be required to include in its set of financial statements a statement showing its financial position (or statement of condition) at the beginning of the previous period when the entity retrospectively applies an accounting policy or makes a retrospective restatement. The Group will apply PAS 1 (Revised 2007) in its 2009 financial statements.

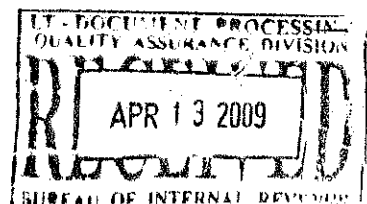
(ii) PAS 23 (Revised 2007), *Borrowing Costs* (effective from January 1, 2009). Under the revised PAS 23, all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The option of immediately expensing borrowing costs that qualify for asset recognition has been removed. The Group has initially determined that adoption of this new standard will not have significant effects on the financial statements for 2009, as well as for prior and future periods, as the Group's current accounting policy is to capitalize all interest directly related to qualifying assets.



(iii) PAS 32 (Amendment), *Financial Instruments: Presentation* and PAS 1 (Amendment), *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* (effective from January 1, 2009). The amendments require certain financial instruments that represent a residual interest in the net assets of an entity, which would otherwise be classified as financial liabilities, to be classified as equity, if both the financial instrument and the capital structure of the issuing entity meet certain conditions. The Group does not expect any impact on its financial statements when it applies the amendments in 2009.

(iv) 2008 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to International Financial Reporting Standards 2008*. These amendments become effective in the Philippines in annual periods beginning on or after January 1, 2009. The Group expects the amendments to the following standards to be relevant to the Group's accounting policies:

- PAS 23 (Amendment), *Borrowing Costs*. The amendment clarifies the definition of borrowing costs to include interest expense determined using the effective interest method under PAS 39. This amendment will be applied by the Group in 2009; however, management expects its effect to be insignificant.
- PAS 1 (Amendment), *Presentation of Financial Statements*. The amendment clarifies that financial instruments classified as held for trading in accordance with PAS 39 are not necessarily required to be presented as current assets or current liabilities. Instead, normal classification principles under PAS 1 should be applied. The Group determines that this amendment will have no impact in the Group's 2009 financial statements.
- PAS 19 (Amendment), *Employee Benefits*. The amendment includes the following:
  - Clarification that a curtailment is considered to have occurred to the extent that benefit promises are affected by future salary increases and a reduction in the present value of the defined benefit obligation results in negative past service cost.
  - Change in the definition of return of plan assets to require the deduction of plan administration costs in the calculation of plan assets return only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
  - Distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.



- Removal of the reference to recognition in relation to contingent liabilities in order to be consistent with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, which requires contingent liabilities to be disclosed and not recognized.

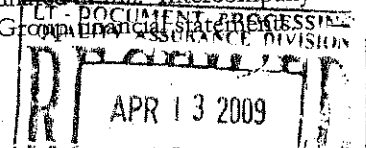
The Group will apply this amendment to PAS 19 on its 2009 financial statements.

- PAS 38 (Amendment), *Intangible Assets*. The amendment clarifies when to recognize a prepayment asset, including advertising or promotional expenditures. In the case of supply of goods, the entity recognizes such expenditure as an expense when it has a right to access the goods. For services, an expense is recognized on receiving the service. Also, prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group initially determined that adoption of this amendment will not have a material effect on its 2009 financial statements.
- PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement*. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was changed. A financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The Group initially determined that adoption of this amendment will not have a material effect on its 2009 financial statements.
- PAS 40 (Amendment), *Investment Property*. PAS 40 is amended to include property under construction or development for future use as investment property in its definition of investment property. This results in such property being within the scope of PAS 40; previously, it was within the scope of PAS 16. Also, if an entity's policy is to measure investment property at fair value, but during construction or development of an investment property the entity is unable to reliably measure its fair value, then the entity would be permitted to measure the investment property at cost until construction or development is complete. At such time, the entity would be able to measure the investment property at fair value.

Minor amendments are made to several other standards; however, those amendments are not expected to have a material impact on the Group's financial statements.

### 2.3 Basis of Consolidation

The Group obtains and exercises control through voting rights. The Group's financial statements comprise the accounts of the Parent Bank and its subsidiaries as enumerated in Note 13, after the elimination of material intercompany transactions. All significant intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the Group's financial statements.



Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Group are accounted for under the pooling-of-interests method and reflected in the financial statements as if the business combination had occurred at the beginning of the earliest comparative period presented, or if later, at the date that common control was established; for this purpose comparatives are restated. The resources and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group equity.

The Group accounts for its investments in subsidiaries and minority interest as follows:

(a) *Investments in Subsidiaries*

Subsidiaries are all entities over which the Group has the power to control the former's financial and operating policies. The Group obtains and exercises control through voting rights.

Subsidiaries are consolidated from the date the Group obtains control until such time that such control ceases.

Except as otherwise indicated, the acquisition of subsidiaries are accounted for using the purchase method of accounting (see Note 2.11). Purchase method involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group statement of condition at their revalued amounts, which are also used as bases for subsequent measurement in accordance with the Group accounting policies.

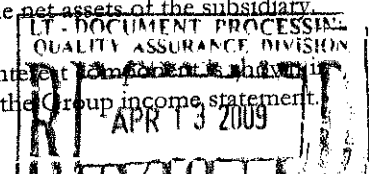
Goodwill (positive) represents the excess of acquisition cost over the Group's share in the fair value of the identifiable net assets of the acquired subsidiary at acquisition date. Negative goodwill represents the excess of Group's share in the fair value of identifiable net assets of the subsidiary at acquisition date over acquisition cost (see Note 2.12).

(b) *Minority Interests*

Minority interests represent the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the Group income statement and within equity in the Group statement of condition and changes in equity.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of equity investments to minority interests result in gains and losses for the Group that are recorded in the Group income statement. Purchases of equity shares from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired in the carrying value of the net assets of the subsidiary.

In the Group financial statements, the minority interest is presented separately in the Group income statement and in the Group statement of changes in equity and in the Group statement of condition.



## **2.4 Segment Reporting**

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

The Group's operations are organized according to the nature of products and services provided. Financial information on business segments is presented in Note 5.

## **2.5 Financial Assets**

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: at FVTPL, loans and receivables, HTM and AFS. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. Except for derivative financial instruments and financial assets designated at FVTPL, the designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

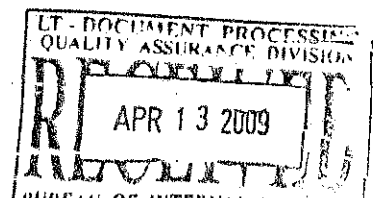
*Cash and cash equivalents* comprise of cash and non-restricted balances with the BSP and amounts due from other banks. For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, interbank call loans receivable and Securities Purchased Under Reverse Repurchase Agreement (SPURRA) with original maturities of three months or less from placement date.

Regular purchase and sales of financial assets are recognized on their settlement date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus transaction costs. Financial assets carried at FVTPL are initially recognized at fair value and transaction costs are expensed in the income statement.

The foregoing categories of financial instruments are more fully described below.

### **(a) Financial Assets at Fair Value Through Profit or Loss (FVTPL)**

This category includes derivative financial instruments and financial assets that are either classified as held for trading or are designated by the Group to be carried at FVTPL upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term or if so designated by management. Derivatives are also categorized as "held for trading" unless they are designated as hedges.



Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets (except derivatives and financial assets originally designated as financial assets at FVTPL) may be subsequently reclassified out of FVTPL category effective July 1, 2008:

- (i) only in rare circumstances and if there is a change in intention (i.e., the financial asset is no longer held for the purpose of selling or repurchasing it in the near future);
- (ii) if the financial asset would have met the definition of loans receivables and if the financial asset had not been required to be classified as HFT at initial recognition and the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity; and,
- (iii) for CLNs and derivatives embedded in CLNs linked to ROP bonds as permitted by BSP for prudential regulation and by the SEC for financial reporting purposes.

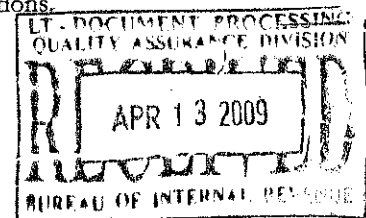
(b) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivables. Included in this category are those arising from direct loans to customers, interbank loans and receivables, sales contract receivables and all receivables from customers and other banks. Loans and receivables also include the aggregate rental on finance lease transactions. Unearned income on finance lease transactions is shown as a deduction from loans and receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in the value of loans and receivables is recognized in profit or loss.

SPURRA wherein the Group enters into short-term purchases of securities under reverse repurchase agreements of substantially identical securities with the BSP, are included in this category. The difference between the sale and repurchase price is recognized as interest and accrued over the life of the agreements using the effective interest method.

Impairment losses is the estimated amount of losses in the Group's loan portfolio, based on the evaluation of the estimated future cash flows discounted at the loan's original effective interest rate or the last repricing rate for loans issued at variable rates (see Note 2.20). Impairment is established through an allowance account which is charged to expense. Loans and receivables are written off against the allowance for impairment losses when management believes that the collectibility of the principal is unlikely, subject to BSP regulations.



(c) *Held-to-maturity Investments (HTM)*

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as HTM if the Group has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included under this category.

HTM investments consist of government and private debt securities. If the Group were to sell other than an insignificant amount of HTM assets, the entire category of HTM securities would be tainted and would be reclassified as AFS securities. The tainting provision will not apply if the sales or reclassifications of HTM investments: (i) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; (ii) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or, (iii) are attributable to an isolated event that is beyond the control of the Group, is nonrecurring and could not have been reasonably anticipated by the Group.

HTM investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment due to impairment are recognized in profit or loss.

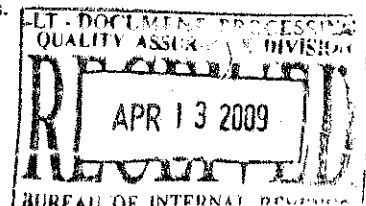
(d) *Available-for-sale Financial Assets (AFS)*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Non-derivative financial asset classified as AFS may be reclassified to loans and receivables category that would have met the definition of loans and receivables (effective July 1, 2008) if there is an intention and ability to hold that financial asset for the foreseeable future or until maturity.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as AFS are recognized in the income statement when these are sold or when the investment are impaired.

In the case of impairment, any loss previously recognized in equity is transferred to the income statement. Losses recognized in the income statement on equity instruments are not reversed through the income statement. Losses recognized in prior period income statement resulting from the impairment of debt instruments are reversed through the income statement, when there is recovery in the amount of previously recognized impairment losses.



The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value by using valuation techniques, which include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are reported as part of Trading Gain under Other Operating Income account in income statement in the period in which these arise. Gains and losses arising from changes in the fair value of AFS securities are recognized directly in equity until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. However, interest calculated using the effective interest method is recognized in the income statement. Dividends on AFS equity instruments are recognized in the income statement when the Group's right to receive payment is established.

Non-compounding interest and other cash flows resulting from holding impaired financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

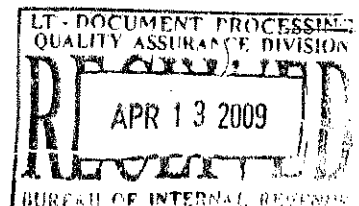
Derecognition of financial assets occurs when the right to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

## ***2.6 Derivative Financial Instruments and Hedge Accounting***

The Group is a party to various foreign-currency forward and swap contracts and cross-currency and interest rate swaps. These contracts are entered into as a service to customers and as a means of reducing or managing the Group's foreign exchange and interest rate exposures, as well as for trading purposes.

Derivatives are initially recognized at fair value on the date on which derivative contract is entered into and are subsequently measured at their fair value (except for the embedded derivatives in CLNs linked to ROP bonds which the Group reclassified to loans). Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognizes profit or loss at initial recognition.





For more complex instruments, the Group uses proprietary models, which usually are developed from recognized valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into a transaction, the financial instrument is recognized initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference in fair value indicated by valuation techniques is recognized as profit or loss depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of condition.

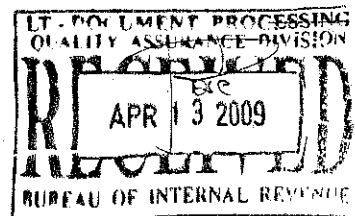
Certain derivatives embedded in other financial instruments are considered as separate derivatives when their economic characteristics and risks are not closely-related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are bifurcated from the host contracts and are measured at fair value with changes in fair value recognized in the income statement (except for the embedded derivatives in CLNs linked to ROP bonds which were not bifurcated from the host contracts and were reclassified to loans as permitted for prudential reporting).

Certain derivatives may be designated as either: (i) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or, (ii) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Changes in the fair value of derivatives are recognized in profit or loss. The method of recognizing the resulting fair value gain or loss on derivatives that qualify as hedging instrument depends on the hedging relationship designated by the Group.

## ***2.7 Non-current Assets Held-for-Sale***

Assets held-for-sale include real and other properties acquired through repossession or foreclosure that the Group intends to sell within one year from the date of classification as held for sale.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortization. The profit or loss arising from the sale of held-for-sale assets is included as part of Income from Assets Acquired under Other Operating Income account in the income statement.



## **2.8 Investment Properties**

Investment properties are stated at cost. The cost of an investment property comprises its purchase price and directly attributable cost incurred. This also includes land and building acquired by the Group from defaulting borrowers not held for sale in the next 12 months. For these assets, the cost is recognized initially at fair value. Investment properties except land are depreciated on a straight-line basis over a period of 10 years.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any impairment losses.

The Group adopted the cost model in measuring its investment property, hence, is carried at cost less accumulated depreciation and any impairment in value. Depreciation and impairment loss are recognized in the same manner as in Premises, Furniture, Fixtures and Equipment.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the income statement in the year of retirement or disposal.

## **2.9 Equity Investments**

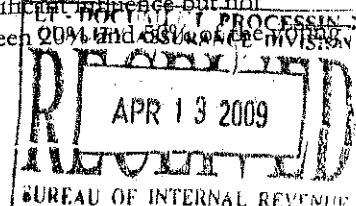
In the Group financial statements, investments in associates are accounted for under the equity method of accounting and are initially recognized at cost, less any impairment losses (see Note 2.21).

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the Group obtains control. They are de-consolidated from the date that control ceases.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.



In the Parent Bank financial statements, the investments in subsidiaries and associates are carried at cost, less any impairment in value.

### **2.10 Premises, Furniture, Fixtures and Equipment**

Premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization and any impairment in value. Property items of the former EPCIB stated at appraised values were included in the Group balances at their deemed costs at date of transition to PFRS on January 1, 2005. The revaluation increment is credited to Revaluation Increment account in the Equity section, net of applicable deferred income tax.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on straight-line basis over the estimated useful lives of the depreciable assets as follows:

Buildings	10 to 50 years
Furniture, fixtures and equipment	3 to 5 years

Leasehold rights and improvements are amortized over the terms of the leases or the estimated useful lives of the improvements, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.21).

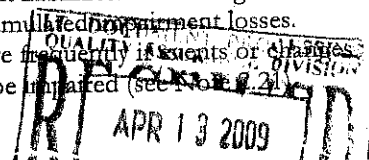
The residual values and estimated useful lives of premises, furniture, fixtures and equipment are reviewed, and adjusted if appropriate, at each statement of condition date.

An item of premises, furniture, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognized.

### **2.11 Business Combination**

Except as indicated otherwise, business acquisitions are accounted for using the purchase method of accounting.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (see Note 2.21).



Negative goodwill, if any, which is the excess of the Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost is recognized directly to income.

Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting.

### ***2.12 Intangible Assets***

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets acquired and branch licenses at the date of acquisition. Goodwill is classified as intangible asset with indefinite useful life, and thus, not subject to amortization but to an annual test for impairment (see Note 2.21). Goodwill is subsequently carried at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash generating units is represented by each primary reporting segment.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. These costs are amortized on straight-line basis over the expected useful lives of five years. Costs associated with maintaining computer software are expensed as incurred.

### ***2.13 Financial Liabilities***

Financial liabilities of the Group include deposit liabilities, bills payable, derivative liabilities, subordinated notes payable and other liabilities.

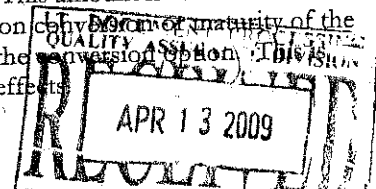
Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument.

Deposit liabilities and other liabilities are recognized initially at fair value and subsequently measured at amortized cost less settlement payments.

Bills payable and subordinated notes payable, except for government financial assistance are recognized initially at fair value, which is the issue proceeds (fair value of consideration received), net of direct issue costs. Bills payable and subordinated notes payable are subsequently measured at amortized cost; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Preferred shares, which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are presented as part of Bills Payable in the statement of condition. The dividends on these preferred shares are recognized in the income statement as interest expense on an amortized cost basis using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in equity, net of income tax effects.



Derivative liabilities are recognized initially and subsequently measured at fair value with changes in fair value recognized in the income statement.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the BSP.

Financial assistance from Philippine Deposit Insurance Corporation (PDIC) is accounted for under PAS 20, *Accounting for Government Grants*, whereby the loan received is initially recorded at the amount borrowed with no re-measurement to fair value or imputation of market interest.

Financial liabilities are derecognized in the statement of condition only when the obligations are extinguished either through discharge, cancellation or expiration.

#### ***2.14 Offsetting Financial Instruments***

Financial assets and liabilities are offset and the net amount is reported in the statement of condition when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### ***2.15 Terminal Value of Leased Assets and Deposits on Finance Lease***

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the disposal of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee.

#### ***2.16 Equity***

Capital stock is determined using the nominal value of shares that have been issued.

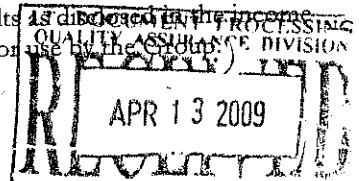
Common stock option pertains to the value of the segregated equity component of the convertible loan as required under PAS 32, *Financial Instruments: Disclosures and Presentation* and the cumulative amount of stock option arising from the stock option plan granted by the Group to its qualified officers.

Treasury shares include the cost of the Group's shares of stock which were acquired by a subsidiary.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital.

Surplus reserves pertain to a portion of the Group's income from trust operations set-up on a yearly basis in compliance with BSP regulations. Surplus reserves also consist of reserve for contingencies and self-insurance.

Surplus free includes all current and prior period results as disclosed in the income statement and which are available and not restricted for use by the Group.



Fair value gain (loss) on available-for-sale securities pertain to cumulative mark-to-market valuation of AFS financial assets.

Revaluation increment consists of gains arising from the revaluation of land.

Accumulated translation adjustment pertains to exchange differences arising on translation of the assets and liabilities of foreign subsidiaries and overseas branch that are taken directly to equity.

Minority interests represent the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the Group income statement and within equity in the Group statements of condition and changes in equity.

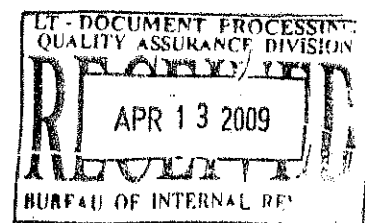
### ***2.17 Revenue and Cost Recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria of income and expenses must also be met before revenue is recognized:

- (a) *Interest* – Interest income and expenses are recognized in the income statement for all instruments measured at amortized cost using the effective interest method.

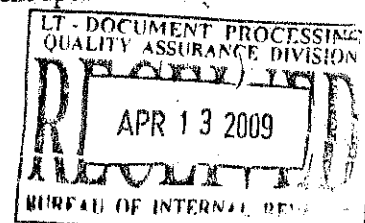
The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.



- (b) *Service charges, fees and commissions* – Service charges, fees and commissions are generally recognized when the service has been provided. Loan syndication fees are recognized as revenue when the syndication has been completed and the Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on the completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognized ratably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.
- (c) *Trading gain* – Trading gain is recognized when the ownership of the securities is transferred to the buyer (at an amount equal to the excess of the selling price over the carrying amount of securities) and as a result of the mark-to-market valuation of the securities at year end.
- (d) *Income from assets sold or exchanged* – Income from assets sold or exchanged are recognized when the title to the assets is transferred to the buyer or when the collectibility of the entire sales price is reasonably assured. This is included as part of Other Operating Income account in the income statement.
- (e) *Dividend income* – Dividend income is recognized when the Group's right to receive payment is established.
- (f) *Rental income* – Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the income statement as part of Other Operating Income.
- (g) *Commissions earned on credit cards* – Commissions earned on credit cards are taken up as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.
- (h) *Income on direct financing leases and receivables financed* – Income on loans and receivables financed with short-term maturities is recognized using the effective interest method. Interest and finance fees on finance leases on loans and receivables financed with long-term maturities and the excess of the aggregate lease rental plus the estimated terminal value of the leased equipment over its cost are credited to unearned discount and amortized over the term of the note or lease using the effective interest method. Unearned income ceases to be amortized when receivables become past due.

Cost and expenses are recognized in the income statement upon utilization of the assets or services or at the date these are incurred.



## **2.18 Provisions**

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and these can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of condition date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each statement of condition date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

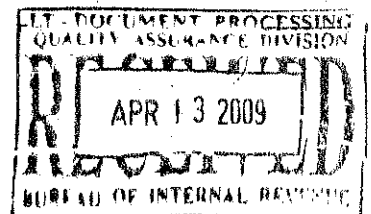
## **2.19 Leases**

The Group accounts for its leases as follows:

### **(a) Group as Lessor**

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease collections are recognized as income in the income statement on a straight-line basis over the lease term.





(b) *Group as Lessee*

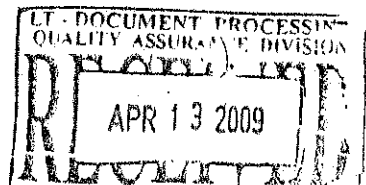
Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

**2.20 Impairment of Financial Assets**

The Group assesses at each statement of condition date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about certain loss events, including, among others: (i) significant financial difficulty of the issuer or debtor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) the probability that the borrower will enter bankruptcy or other financial reorganization; (iv) the disappearance of an active market for that financial asset because of financial difficulties; or, (v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

- (a) *Assets carried at amortized cost.* The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.



If there is objective evidence that an impairment loss on loans and receivable or HTM investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or HTM investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. When practicable, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

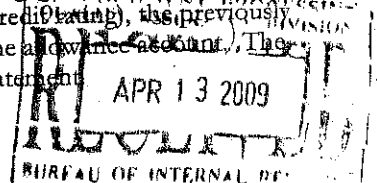
For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics, i.e., on the basis of the Group's or BSP's grading process that considers asset type, industry, collateral type, past-due status and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be consistent with changes in related observable data from period to period. The methodologies and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off, subject to BSP guidelines, against the related allowance for loan impairment. Such loans are written off after all the necessary procedures, including approval from the management and the Board of Directors, have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the impairment loss in the income statement.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.



- (b) *Assets carried at fair value with changes recognized in equity.* In the case of investments classified as AFS financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.
- (c) *Assets carried at cost.* The Group assesses at each statement of condition date whether there is objective evidence that any of the unquoted equity securities and derivative assets linked to and required to be settled in such unquoted equity instruments, which are carried at cost, may be impaired. The amount of impairment loss is the difference between the carrying amount of the equity security and the present value of the estimated future cash flows discounted at the current market rate of return of a similar asset. Impairment losses on assets carried at cost cannot be reversed.

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans' original effective interest rate. The difference between the recorded sale of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized as part of Impairment Losses account in the income statement.

## **2.21 Impairment of Non-financial Assets**

The Group's equity investments, intangible assets (recorded as part of Other Resources), premises, furniture, fixtures and equipment and investment properties are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

## ***2.22 Functional Currency and Foreign Currency Transactions***

### ***(a) Functional and Presentation Currency***

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine peso, which is also the Group's functional and presentation currency. The financial statements of the foreign currency deposit units (FCDUs) of the Group and foreign subsidiaries are translated at the prevailing current exchange rates (for statement of condition accounts) and average exchange rate during the period (for income statement accounts) for consolidation purposes.

### ***(b) Transactions and Balances***

The accounting records of the Group are maintained in Philippine pesos except for the FCDUs and foreign subsidiaries which are maintained in US dollars or Euro. BDO Remittance, an overseas branch, and Express Padala HK are maintained in Hong Kong dollars. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

### ***(c) Translation of Financial Statements of Foreign Subsidiaries and an Overseas Branch***

The operating results and financial position of foreign subsidiaries and an overseas branch, which are measured using the US dollar or Euro and Hong Kong dollars, respectively, their foreign currency, are translated to Philippine pesos, the Group's functional currency as follows:

- (i)*** Assets and liabilities are translated at the closing rate at the date of the statement of condition;
- (ii)*** Income and expenses are translated at the monthly average exchange rates (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), except for FCDU which uses the book rate or the previous month-end Philippine Dealing System closing rate in translating income and expenses; and,
- (iii)*** All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign subsidiaries and an overseas branch is taken to equity as part of Accumulated Translation Adjustment. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

The translation of the financial statements into Philippine peso should not be construed as a representation that the US dollar, Euro or Hong Kong dollar amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

## **2.23 Employee Benefits**

### **(a) Retirement Benefit Obligations**

Pension benefits are provided to employees through a defined benefit plan, as well as defined contribution plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and expected rate of salary increases. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The asset recognized in the statement of condition for defined benefit pension plans is the fair value of plan assets at the statement of condition date less the present value of the defined benefit obligation (DBO, together with adjustments for unrecognized actuarial gains or losses and past service costs). The DBO is calculated by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity, such as the Social Security System (SSS). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(b) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of condition date are discounted to present value.

(c) *Bonus Plans*

The Group recognizes a liability and an expense for bonuses based on the Group's bonus policy. The Group recognizes a provision where it is contractually obliged to pay the benefits.

(d) *Executive Stock Option Plan*

The Group grants stock option plan to its senior officers (from vice-president up) for their contribution to the Group's performance and attainment of team goals. The amount of stock option allocated to the qualified officers is based on the performance of the individual officers as determined by the management and is determined based on the Group's performance in the preceding year and amortized over five years starting from the date of the approval of the Board of Directors. The number of officers qualified at the grant date is regularly evaluated during the vesting period (at least annually) and the amount of stock option is adjusted in case there are changes in the number of qualified employees arising from resignation or disqualification. The annual amortization of stock option is shown as part of Employee Benefits in the income statement and the cumulative balance is shown as Common Stock Option in the statement of changes in equity.

(e) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the statement of condition date. These are included in Other Liabilities account at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

## **2.24 Income Taxes**

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the statement of condition date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred tax is provided, using the balance sheet liability method, on temporary differences at the statement of condition date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of condition date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

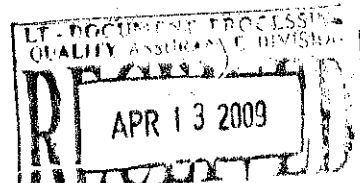
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of condition date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of resources or liabilities that is charged directly to equity are charged or credited directly to equity.

## **2.25 Earnings Per Share (EPS)**

Basic earnings per common share is determined by dividing net income by the weighted average number of common shares subscribed and issued during the period, after retroactive adjustment for any stock dividend declared in the current period.

Diluted earnings per common share is also computed by dividing net income by the weighted average number of common shares subscribed and issued during the period. However, net income attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred shares, convertible loan and stock option plan granted by the Group to the qualified officers. Convertible preferred shares are deemed to have been converted to common shares at the issuance of preferred shares. Convertible loan is deemed to have been converted into common shares at the start of the conversion period. The stock option plan is deemed to have been converted into common stock in the year the stock option plan is granted.



### **2.26 Trust Activities**

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Assets and income arising thereon are excluded from these financial statements, as these are not assets nor income of the Group.

### **2.27 Subsequent Events**

Any post-year-end event that provides additional information about the Group's position at the statement of condition date (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The Group's financial statements prepared in accordance with FRSP for banks require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may likely differ from these estimates and the differences could be significant.

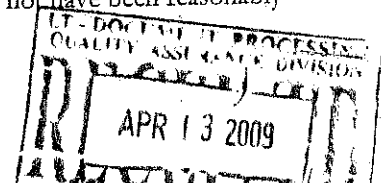
### **3.1 Critical Judgments in Applying Accounting Policies**

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

#### **(a) HTM Investments**

The Group follows the guidance of PAS 39, *Financial Instruments: Recognition and Measurement*, in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM. This classification requires significant judgment. In making this judgment, the Group considers its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments at maturity (other than for the allowed specific circumstances, e.g., selling more than an insignificant amount close to maturity), it will be required to reclassify the entire class to AFS securities. The investments would therefore be measured at fair value and not at amortized cost. However, the tainting provision will not apply if the sales or reclassifications of HTM investments: (i) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; (ii) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or, (iii) are attributable to an isolated event that is beyond the control of the Group, is nonrecurring and could not have been reasonably anticipated by the Group.





If the entire class of held-to-maturity investments is tainted, the unrealized fair value would decrease by P4,264,287 in the Group financial statements and decrease by P4,180,887 in the Parent Bank financial statement, with a corresponding entry in the Fair Value Loss on Available-for-sale Securities account in the statement of changes in equity.

(b) *Impairment of Available-for-Sale Financial Assets*

The Group follows the guidance of PAS 39, *Financial Instruments: Recognition and Measurement*, in determining when an investment is permanently impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. For investments issued by counterparty under bankruptcy, the Group determines permanent impairment based on the price of the most recent transaction and on latest indications obtained from reputable counterparties (which regularly quote prices for distressed securities) since current bid prices are no longer available.

In 2008, the Group recognized a total of P4,440,259 provision for impairment losses on available-for-sale securities in the income statement (nil in 2007) (see Note 9.2).

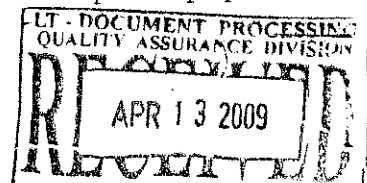
(c) *Distinction Between Investment Properties and Owner-occupied Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generated cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production and supply of goods and services or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for those portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(d) *Operating and Finance Leases*

The Group has entered into various lease agreements either as a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements.



(e) *Classification of Acquired Properties and Fair Value Determination of Non-current Assets Held for Sale and Investment Property*

The Group classifies its acquired properties as Premises, Furniture, Fixtures and Equipment if used in operations, as Non-current Assets Held-for-sale if the Group expects that the properties will be recovered through sale rather than use, as Investment Property if the Group intends to hold the properties for capital appreciation or as Financial Assets in accordance with PAS 39. At initial recognition, the Group determines the fair value of acquired properties through internally and externally generated appraisal. The appraised value is determined based on the current economic and market conditions as well as the physical condition of the property.

(f) *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision are discussed in Note 2.18 and relevant disclosures are presented in Note 31.

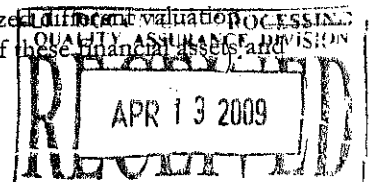
**3.2 Key Sources of Estimation Uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of condition date, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next financial year:

(a) *Impairment Losses on Financial Assets (AFS Securities, HTM Investments and Loans and Receivables)*

The Group reviews its AFS, HTM and loans and receivables portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the portfolio before the decrease can be identified with an individual item in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers or issuers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates and volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and equity.



Total provisions for impairment losses on financial assets (reported as part of Impairment Losses in the income statements) amounted to P4,737,204 in 2008, P3,291,982 in 2007 and P1,259,202 in 2006 in the Group financial statements and P4,574,719 in 2008, P3,117,441 in 2007 and P1,082,532 in 2006 in the Parent Bank financial statements (see Note 14).

(b) *Fair Value of Financial Assets and Liabilities*

At December 31, 2008, the following table summarizes the carrying amounts and fair values of those financial resources and liabilities not presented in the statement of condition at their fair value.

	Group		Parent Bank	
	Cost	Fair Value	Cost	Fair Value
<b>December 31, 2008:</b>				
Financial Resources:				
Due from other banks and BSP	P 79,769,862	P 79,769,862	P 74,820,510	P 75,197,880
Available-for-sale securities – unquoted	3,441,791	*	1,917,677	*
Held-to-maturity investments	114,128,667	109,779,712	105,276,055	101,095,169
Loans and other receivables	491,986,431	496,493,884	467,590,333	470,676,617
Financial Liabilities:				
Deposit liabilities	636,753,566	621,401,529	612,967,087	597,615,049
Bills payable	51,435,638	51,170,558	43,242,251	43,088,314
Subordinated notes payable	20,145,977	20,890,691	20,145,977	20,890,691
<b>December 31, 2007:</b>				
Financial Resources:				
Due from other banks and BSP	P 70,150,911	P 70,150,911	P 64,422,339	P 64,422,339
Available-for-sale securities – unquoted	5,779,707	*	2,175,282	*
Held-to-maturity investments	67,944,102	69,444,480	62,571,073	63,741,483
Loans and other receivables	311,674,939	308,426,740	297,630,778	301,529,554
Financial Liabilities:				
Deposit liabilities	445,396,900	435,144,881	434,295,427	423,958,425
Bills payable	52,483,249	53,053,387	41,192,386	40,885,488
Subordinated notes payable	18,631,298	19,037,282	18,631,298	19,037,282

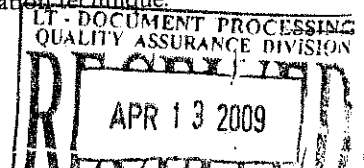
\* not available

(i) *Due from other banks and BSP*

Due from BSP pertains to deposits made by the Group to BSP for clearing and reserve requirements. Due from other banks includes interbank placements and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximates the nominal value.

(ii) *Available-for-sale securities*

The fair value of available-for-sale securities is determined by direct reference to published price quoted in an active market for traded securities. On the other hand, unquoted available-for-sale securities are carried at cost because the fair value cannot be reliably determined either by reference to similar financial instruments or through valuation technique.



*(iii) Held-to-maturity investments*

Fair value for held-to-maturity assets is based on market prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or through valuation techniques using discounted cash flow analysis.

*(iv) Loans and other receivables*

Loans and other receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

*(v) Deposits and borrowings*

The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

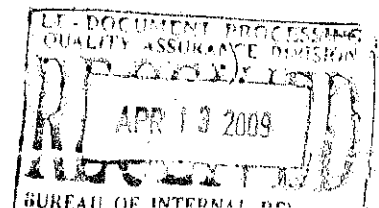
*(c) Fair Value of Derivatives*

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques using the net present value computation.

Valuation techniques are used to determine fair values which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions could affect reported fair value of financial instruments. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of condition date.

*(d) Useful Lives of Premises, Furniture, Fixtures and Equipment and Investment Properties*

The Group estimates the useful lives of premises, furniture, fixtures and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of premises, furniture, fixtures and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of premises, furniture, fixtures and equipment and investment properties is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.



It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of premises, furniture, fixtures and equipment and investment properties would increase recorded operating expenses and decrease premises, furniture, fixtures and equipment and investment properties.

(e) *Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at each statement of condition date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

(f) *Impairment of Non-financial Assets*

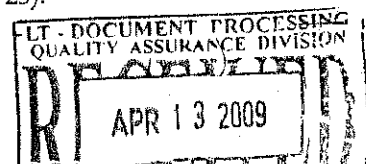
Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.21. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Provisions for impairment losses (reported as part of Impairment Losses in the income statements) amounted to P494,738 in 2008, P826,165 in 2007, and P753,525 in 2006 in the Group financial statements and P596,037 in 2008, P684,932 in 2007 and P908,731 in 2006 in the Parent Bank financial statements (see Note 14).

(g) *Retirement Benefits*

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 and include, among others, discount rates, expected return on plan assets and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The retirement benefit asset and net unrecognized actuarial losses amounted to P13,778 and P3,778,348 respectively, in 2008 and P55,069 and P3,627,117, respectively, in 2007 in the Group financial statements. In the Parent Bank financial statements, the retirement benefit asset and net unrecognized actuarial losses amounted to P57,976 and P3,603,468, respectively, in 2008 and P68,697 and P3,552,697 respectively, in 2007 (see Note 23).



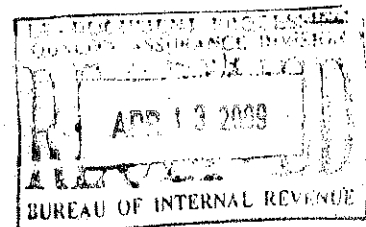
#### 4. RISK MANAGEMENT

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at fixed and floating rates for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due. The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities and bonds and in currency and interest rate prices.

To manage the financial risk for holding financial assets and liabilities, the Group operates an integrated risk management system to address the risks it faces in its banking activities, including liquidity, interest rate, credit and market risks. The Group's risk management objective is to adequately and consistently evaluate, manage, control, and monitor the risk profile of the Group's statement of condition to optimize the risk-reward balance and maximize return on the Group's capital. The Group's Risk Management Committee (RMC) has overall responsibility for the Group's risk management systems and sets risks management policies across the full range of risks to which the Group is exposed. Specifically, the Group's RMC places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

Within the Group's overall risk management system, the Assets and Liabilities Committee (ALCO) is responsible for managing the Group's statement of condition, including the Group's liquidity, interest rate and foreign exchange related risks. In addition, ALCO formulates investment and financial policies by determining the asset allocation and funding mix strategies that are likely to yield the targeted financial results.

Separately, the Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the over-all risk profile of the Bank's activities across the different risk areas (i.e., credit, market, liquidity, and operational) to optimize the risk-reward balance and maximize return on capital. RMG has responsibility for the setting of risk policies across the full range of risks to which the Group is exposed to.



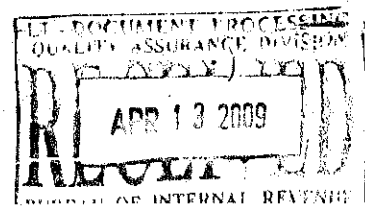
In the performance of its function, RMG observes the following framework:

- It is responsible for policy formulation in coordination with the relevant businesses/functions and ensures that proper approval for the manuals/policies is obtained from the appropriate body.
- It then disseminates down the approved policies to the relevant businesses/functions after which, pertinent authorities are delegated down to the businesses/functions to guide them in the conduct of their businesses/functions. RMG then performs compliance monitoring and review to ensure approved policies are adhered to.
- It is responsible for clarifying interpretations of risk policies/guidelines raised by the Business Heads/Units.
- When adverse trends are observed in the account/portfolio, RMG is responsible for flagging these trends and ensuring relevant policies for problem accounts/portfolio management are properly applied.
- RMG is responsible for the direct management of accounts in the Group's Non-Performing Loan (NPL)/property-related items in litigations portfolio and ensure that appropriate strategies are formulated to maximize collection and/or recovery of these assets.
- It is also responsible for regular review and monitoring of accounts under their supervision and ensuring that the account's loan classification is assessed timely and accurately.

#### **4.1 Liquidity Risk**

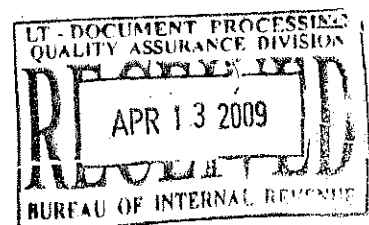
Liquidity risk is the risk that there could be insufficient funds available to adequately meet the credit demands of the Group's customers and repay deposits on maturity. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure short-term funding requirements are met and by maintaining a balanced loan portfolio which is repriced on a regular basis. In addition, the Group seeks to maintain sufficient liquidity to take advantage of interest rate and exchange rate opportunities when they arise.

The analysis of the maturity groupings of resources, liabilities and off-statement of condition items as of December 31, 2008 and 2007 in accordance with account classification of the BSP, are presented below (amounts in millions). The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amounts included in the statement of condition because the statement of condition amounts are based on discounted cash flows.



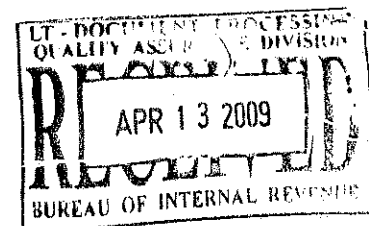
Group

	<u>One to three months</u>	<u>More than three months to one year</u>	<u>More than one year to three years</u>	<u>More than three years</u>	<u>Total</u>
<b>December 31, 2008:</b>					
Resources:					
Cash	P 21,770	P -	P -	P -	P 21,770
Loans	230,490	50,656	44,846	165,994	491,986
Investments	6,129	8,000	39,274	102,748	156,151
Placements	79,722	48	-	-	79,770
Other resources	-	10,642	( 177)	41,890	52,355
Total Resources	338,111	69,346	83,943	310,632	802,032
Liabilities and Equity:					
Deposit liabilities	126,270	4,598	14,960	490,926	636,754
Bills payable	29,909	13,423	697	27,552	71,581
Other liabilities	3,689	29,645	2,724	( 135)	35,923
Total Liabilities	159,868	47,666	18,381	518,343	744,258
Equity	-	-	-	57,774	57,774
Total Liabilities and Equity	159,868	47,666	18,381	576,117	802,032
On-book gap	178,243	21,680	65,562	( 265,485)	-
Cumulative on-book gap	178,243	199,923	265,485	-	-
Contingent assets	63,992	6,939	11,434	5,360	87,725
Contingent liabilities	55,060	12,598	10,178	708	78,544
Off-book gap	8,932	( 5,659)	1,256	4,652	9,181
Net Periodic Gap	187,175	16,021	66,818	( 260,833)	9,181
Cumulative Total Gap	P 187,175	P 203,196	P 270,014	P 9,181	P -



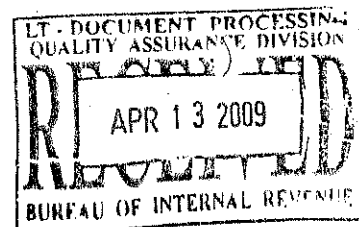


	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
<u>December 31, 2007:</u>					
Resources:					
Cash	P 18,388	P -	P -	P -	P 18,388
Loans	134,360	40,120	38,656	98,539	311,675
Investments	13,995	6,411	28,759	115,335	164,500
Placements	70,151	-	-	-	70,151
Other resources	13	48	-	52,434	52,495
Total Resources	236,907	46,579	67,415	266,308	617,209
Liabilities and Equity:					
Deposit liabilities	83,468	21,189	12,253	328,487	445,397
Bills payable	34,955	14,261	5,070	16,829	71,115
Other liabilities	6,931	18,622	1,808	13,008	40,369
Total Liabilities	125,354	54,072	19,131	358,324	556,881
Equity	-	1,702	-	58,626	60,328
Total Liabilities and Equity	125,354	55,774	19,131	416,950	617,209
On-book gap	111,553	( 9,195)	48,284	( 150,642)	-
Cumulative on-book gap	111,553	102,358	150,642	-	-
Contingent assets	65,251	18,906	2,796	162	87,115
Contingent liabilities	40,425	16,261	1,027	691	58,404
Off-book gap	24,826	2,645	1,769	( 529)	28,711
Net Periodic Gap	136,379	( 6,550)	50,053	( 151,171)	28,711
Cumulative Total Gap	P 136,379	P 129,829	P 179,882	P 28,711	P -



Parent Bank

	<u>One to three months</u>	<u>More than three months to one year</u>	<u>More than one year to three years</u>	<u>More than three years</u>	<u>Total</u>
<u>December 31, 2008:</u>					
Resources					
Cash	P 21,763	P -	P -	P -	P 21,763
Loans	215,609	48,717	40,779	162,485	467,590
Investments	4,900	5,851	32,420	98,921	142,092
Placements	74,821	-	-	-	74,821
Other resources	-	10,574	-	44,786	55,360
Total Resources	<u>317,093</u>	<u>65,142</u>	<u>73,199</u>	<u>306,192</u>	<u>761,626</u>
Liabilities and Equity					
Deposit liabilities	111,010	1,870	13,139	486,948	612,967
Bills payable	22,329	12,859	647	27,553	63,388
Other liabilities	<u>3,367</u>	<u>27,645</u>	<u>1,534</u>	<u>( 537)</u>	<u>32,011</u>
Total Liabilities	136,708	42,374	15,320	513,964	708,366
Equity	-	-	-	53,260	53,260
Total Liabilities and Equity	<u>136,708</u>	<u>42,374</u>	<u>15,320</u>	<u>567,224</u>	<u>761,626</u>
On-book gap	<u>180,385</u>	<u>22,768</u>	<u>57,879</u>	<u>( 261,032)</u>	-
Cumulative on-book gap	<u>180,385</u>	<u>203,153</u>	<u>261,032</u>	-	-
Contingent assets	<u>57,411</u>	<u>6,423</u>	<u>7,228</u>	<u>5,347</u>	<u>76,409</u>
Contingent liabilities	<u>54,688</u>	<u>11,565</u>	<u>5,674</u>	<u>685</u>	<u>72,612</u>
Off-book gap	<u>2,723</u>	<u>( 5,142)</u>	<u>1,554</u>	<u>4,662</u>	<u>3,797</u>
Net Periodic Gap	<u>183,108</u>	<u>17,626</u>	<u>59,432</u>	<u>( 256,369)</u>	<u>3,797</u>
Cumulative Total Gap	<u>P 183,108</u>	<u>P 200,734</u>	<u>P 260,166</u>	<u>P 3,797</u>	<u>P -</u>



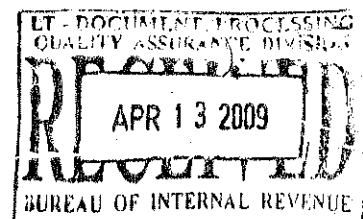
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
<u>December 31, 2007:</u>					
Resources:					
Cash	P 18,437	P -	P -	P -	P 18,437
Loans	141,909	37,137	35,087	83,498	297,631
Investments	11,376	5,665	25,962	105,879	148,882
Placements	64,422	-	-	-	64,422
Other resources	-	-	-	57,117	57,117
Total Resources	<u>236,144</u>	<u>42,802</u>	<u>61,049</u>	<u>246,494</u>	<u>586,489</u>
Liabilities and Equity:					
Deposit liabilities	89,098	20,236	4,172	320,789	434,295
Bills payable	26,039	13,232	3,736	16,817	59,824
Other liabilities	<u>6,142</u>	<u>18,549</u>	<u>1,808</u>	<u>10,422</u>	<u>36,921</u>
Total Liabilities	121,279	52,017	9,716	348,028	531,040
Equity	-	1,702	-	53,747	55,449
Total Liabilities and Equity	<u>121,279</u>	<u>53,719</u>	<u>9,716</u>	<u>401,775</u>	<u>586,489</u>
On-book gap	<u>114,865</u>	<u>( 10,917)</u>	<u>51,333</u>	<u>( 155,281)</u>	-
Cumulative on-book gap	<u>114,865</u>	<u>103,948</u>	<u>155,281</u>	-	-
Contingent assets	<u>62,574</u>	<u>16,480</u>	<u>2,388</u>	<u>113</u>	<u>81,555</u>
Contingent liabilities	<u>39,737</u>	<u>14,053</u>	<u>448</u>	<u>111</u>	<u>54,349</u>
Off-book gap	<u>22,837</u>	<u>2,427</u>	<u>1,940</u>	<u>2</u>	<u>27,206</u>
Net Periodic Gap	<u>137,702</u>	<u>( 8,490)</u>	<u>53,273</u>	<u>( 155,279)</u>	<u>27,206</u>
Cumulative Total Gap	<u>P 137,702</u>	<u>P 129,212</u>	<u>P 182,485</u>	<u>P 27,206</u>	<u>P -</u>

## 4.2 Market Risk

The Group's exposure to market risk, the risk of future loss from changes in the price of a financial instrument, relates primarily to its holdings in foreign exchange instruments, debt securities and derivatives. The Group manages its risk by identifying, analyzing and measuring relevant or likely market risks. Market Risk Management recommends market risk limits based on relevant activity indicators for approval by the Group's RMC and Board of Directors.

### 4.2.1 Foreign Exchange Risk

The Group manages its exposure to effects of fluctuations in the foreign currency exchange rates by maintaining foreign currency exposure within the existing regulatory guidelines and at a level that it believes to be relatively conservative for a financial institution engaged in that type of business.



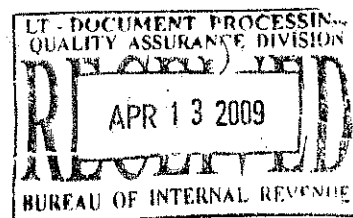
The Group's net foreign exchange exposure is computed as its foreign currency assets less foreign currency liabilities. BSP regulations impose a cap of 20% of unimpaired capital or US\$50 million, whichever is lower, on the group excess foreign exchange holding of banks in the Philippines. The Group's foreign exchange exposure is primarily limited to the day-to-day, over-the-counter buying and selling of foreign exchange in the Group's branches as well as foreign exchange trading with corporate accounts and other financial institutions. The Group, being a major market participant in the Philippine Dealing System, may engage in proprietary trading to take advantage of foreign exchange fluctuations.

The Group's foreign exchange exposure during the day is guided by the limits set forth in the Group's Risk Management Manual. These limits are within the prescribed ceilings mandated by the BSP. At the end of each day, the Group reports to the BSP on its compliance with the mandated foreign currency exposure limits. In addition, it also reports to the BSP on the respective foreign currency positions of its subsidiaries.

The breakdown of the financial resources and liabilities as to foreign and peso-denominated balances as of December 31, 2008 and 2007 follows:

Group

	2008			2007		
	Foreign Currency	Peso	Total	Foreign Currency	Peso	Total
<b>Resources:</b>						
Cash and other cash items						
and due from BSP	P -	P 84,438,829	P 84,438,829	P 9,970,508	P 57,878,615	P 67,849,123
Due from other banks	16,973,150	128,284	17,101,434	19,869,053	820,582	20,689,635
Trading and investment securities:						
At FVTPL	3,562,103	3,286,828	6,848,931	8,299,834	12,651,679	20,951,513
AFS securities	13,807,854	21,365,489	35,173,343	49,289,658	26,314,950	75,604,608
HTM	84,268,526	29,860,141	114,128,667	48,369,114	19,574,988	67,944,102
Loans and other receivables	68,815,028	423,171,403	491,986,431	41,784,989	269,889,950	311,674,939
Other resources	1,137,527	13,829,051	14,966,578	1,824,980	13,864,900	15,689,880
	<u>P 188,564,188</u>	<u>P 576,080,025</u>	<u>P 764,644,213</u>	<u>P 172,408,145</u>	<u>P 400,295,673</u>	<u>P 580,403,818</u>
<b>Liabilities:</b>						
Deposit liabilities	P 172,667,256	P 464,086,310	P 636,753,566	P 116,933,054	P 328,463,846	P 445,396,900
Bills payable	16,878,870	34,556,768	51,435,638	27,578,701	24,904,548	52,483,249
Subordinated notes	-	20,145,977	20,145,977	18,631,298	-	18,631,298
Other liabilities	10,934,806	24,987,867	35,922,673	31,668,227	8,701,174	40,369,401
	<u>P 200,480,932</u>	<u>P 543,776,922</u>	<u>P 744,257,854</u>	<u>P 194,811,280</u>	<u>P 362,069,568</u>	<u>P 556,880,848</u>

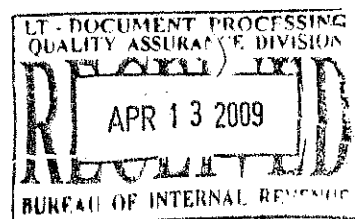


**Parent Bank**

	2008			2007		
	Foreign Currency	Peso	Total	Foreign Currency	Peso	Total
<b>Resources:</b>						
Cash and other cash items						
and due from BSP	P -	P 81,702,704	P 81,702,704	P 9,357,390	P 57,399,747	P 66,757,137
Due from other banks	14,572,866	308,101	14,880,967	15,648,443	453,453	16,101,896
Trading and investment securities:						
At FVTPL	3,448,302	1,711,806	5,160,108	8,235,825	9,512,025	17,747,850
AFS securities	11,887,278	19,768,477	31,655,755	44,165,541	24,397,455	68,562,996
HTM	80,325,293	24,950,762	105,276,055	45,901,054	16,670,019	62,571,073
Loans and other receivables	68,280,789	399,309,544	467,590,333	41,158,290	256,472,488	297,630,778
Other resources	1,448,058	13,382,703	14,830,760	1,840,566	13,717,920	15,558,486
	<u>P 179,962,586</u>	<u>P 541,134,097</u>	<u>P 721,096,682</u>	<u>P 166,307,109</u>	<u>P 378,623,107</u>	<u>P 544,930,216</u>
<b>Liabilities:</b>						
Deposit liabilities	P 163,338,147	P 449,628,940	P 612,967,087	P 105,360,617	P 328,934,810	P 434,295,427
Bills payable	16,878,870	26,363,381	43,242,251	25,909,086	15,283,300	41,192,386
Subordinated notes	-	20,145,977	20,145,977	8,557,516	10,073,782	18,631,298
Other liabilities	10,766,151	21,244,667	32,010,818	4,894,912	32,026,322	36,921,241
	<u>P 190,983,168</u>	<u>P 517,382,965</u>	<u>P 708,366,133</u>	<u>P 144,722,138</u>	<u>P 386,318,214</u>	<u>P 531,040,352</u>

**4.2.2 Interest Rate Risk**

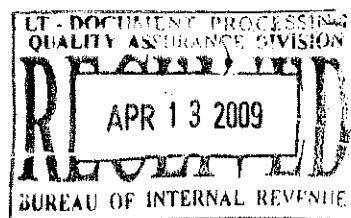
The Group prepares gap analysis to measure the sensitivity of its resources, liabilities and off-statement of condition positions to interest rate fluctuations. The focus of analysis is the impact of changes in interest rates on accrual or reported earnings. This analysis would give management a glimpse of maturity and re-pricing profile of its interest sensitive resources and liabilities. An interest rate gap report is prepared by classifying all assets and liabilities into various time buckets according to contracted maturities or anticipated repricing dates, and other applicable behavioral assumptions. The difference in the amount of resources and liabilities maturing or being repriced in any time period category would then give the Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income.



The analyses of the groupings of resources, liabilities and off-statement of condition items as of December 31, 2008 and 2007 based on the expected interest realization or recognition are presented below (amounts in millions):

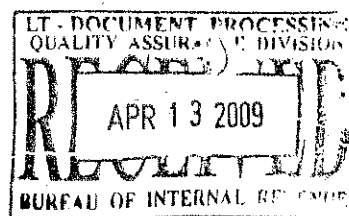
**Group**

	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
<b>December 31, 2008:</b>						
Resources:						
Cash	P 21,770	P -	P -	P -	P -	P 21,770
Loans	387,549	42,667	36,036	21,904	3,830	491,986
Investments	20,701	8,472	54,934	72,044	-	156,151
Placements	79,722	48	-	-	-	79,770
Other Resources	-	-	-	-	52,355	52,355
Total Resources	509,742	51,187	90,970	93,948	56,185	802,032
Liabilities and Equity:						
Deposit liabilities	293,705	23,150	53,563	69	266,267	636,754
Bills payable	29,908	13,423	27,119	1,131	-	71,581
Other liabilities	227	430	1,380	-	33,886	35,923
Total Liabilities	323,840	37,003	82,062	1,200	300,153	744,258
Equity	-	-	-	-	57,774	57,774
Total Liabilities and Equity	323,840	37,003	82,062	1,200	357,927	802,032
On-book gap	185,902	14,184	8,908	92,748	(301,742)	-
Cumulative on-book gap	185,902	200,086	208,994	301,742	-	-
Contingent assets	18,628	3,042	15,648	-	-	37,318
Contingent liabilities	15,266	2,123	16,869	-	-	34,258
Off-book gap	3,361	920	(1,221)	-	-	3,060
Net Periodic Gap	189,263	15,104	7,687	92,748	(301,742)	3,060
Cumulative Total Gap	P 189,263	P 204,367	P 212,054	P 304,802	P 3,060	P -



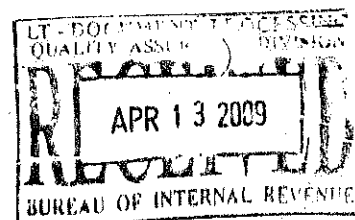
**Group**

	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
<u>December 31, 2007:</u>						
Resources:						
Cash	P 18,388	P -	P -	P -	P -	P 18,388
Loans	240,390	33,865	30,638	6,782	-	311,675
Investments	39,678	11,841	45,127	67,854	-	164,500
Placements	61,539	249	107	8,256	-	70,151
Other Resources	13	48	10	55	52,369	52,495
Total Resources	360,008	46,003	75,882	82,947	52,369	617,209
Liabilities and Equity:						
Deposit liabilities	167,991	24,706	28,228	1,551	222,921	445,397
Bills payable	36,088	13,735	5,777	15,515	-	71,115
Other liabilities	151	73	-	134	40,011	40,369
Total Liabilities	204,230	38,514	34,005	17,200	262,932	556,881
Equity	-	-	-	-	60,328	60,328
Total Liabilities and Equity	204,230	38,514	34,005	17,200	323,260	617,209
On-book gap	155,778	7,489	41,877	65,747	(270,891)	-
Cumulative on-book gap	155,778	163,267	205,144	270,891	-	-
Contingent assets	34,933	4,553	3,666	-	-	43,152
Contingent liabilities	33,318	4,597	3,538	-	-	41,453
Off-book gap	1,615	(44)	128	-	-	1,699
Net Periodic Gap	157,393	7,445	42,005	65,747	(270,891)	1,699
Cumulative Total Gap	P 157,393	P 164,838	P 206,843	P 272,590	P 1,699	P -



**Parent Bank**

	One to three months	More than three months to one year	More than one year to five years	More than five years	Non-rate sensitive	Total
<b>December 31, 2008:</b>						
Resources:						
Cash	P 21,763	P -	P -	P -	P -	P 21,763
Loans	371,408	36,227	35,381	21,195	3,379	467,590
Investments	15,374	8,401	49,148	69,169	-	142,092
Placements	74,821	-	-	-	-	74,821
Other Resources	-	-	-	-	55,360	55,360
Total Resources	483,366	44,628	84,529	90,364	58,739	761,626
Liabilities and Equity:						
Deposit liabilities	279,790	19,201	48,160	-	265,816	612,967
Bills payable	22,329	12,859	27,069	1,131	-	63,388
Other liabilities	-	-	-	-	32,011	32,011
Total Liabilities	302,119	32,060	75,229	1,131	297,827	708,366
Equity	-	-	-	-	53,260	53,260
Total Liabilities and Equity	302,119	32,060	75,229	1,131	351,087	761,626
On-book gap	181,247	12,568	9,292	89,233	( 292,348)	-
Cumulative on-book gap	181,247	193,814	203,113	292,347	-	-
Contingent assets	11,739	1,547	6,864	-	-	20,151
Contingent liabilities	8,448	713	8,093	-	-	17,254
Off-book gap	3,291	835	( 1,228)	-	-	2,897
Net Periodic Gap	184,538	13,402	8,071	89,234	( 292,348)	2,897
Cumulative Total Gap	P 184,538	P 197,939	P 206,011	P 295,245	P 2,897	P -





**Parent Bank**

	<u>One to three months</u>	<u>More than three months to one year</u>	<u>More than one year to five years</u>	<u>More than five years</u>	<u>Non-rate sensitive</u>	<u>Total</u>
<u>December 31, 2007:</u>						
Resources:						
Cash	P 18,437	P -	P -	P -	P -	P 18,437
Loans	239,489	26,390	26,516	5,236	-	297,631
Investments	37,801	11,072	39,327	60,682	-	148,882
Placements	56,059	-	107	8,256	-	64,422
Other Resources	-	-	-	-	57,117	57,117
Total Resources	<u>351,786</u>	<u>37,462</u>	<u>65,950</u>	<u>74,174</u>	<u>57,117</u>	<u>586,489</u>
Liabilities and Equity:						
Deposit liabilities	170,811	21,920	21,881	-	219,683	434,295
Bills payable	26,039	13,232	5,037	15,516	-	59,824
Other liabilities	-	-	-	-	36,921	36,921
Total Liabilities	<u>196,850</u>	<u>35,152</u>	<u>26,918</u>	<u>15,516</u>	<u>256,604</u>	<u>531,040</u>
Equity	-	-	-	-	55,449	55,449
Total Liabilities and Equity	<u>196,850</u>	<u>35,152</u>	<u>26,918</u>	<u>15,516</u>	<u>312,053</u>	<u>586,489</u>
On-book gap	<u>154,936</u>	<u>2,310</u>	<u>39,032</u>	<u>58,658</u>	<u>( 254,937)</u>	<u>-</u>
Cumulative on-book gap	<u>154,936</u>	<u>157,246</u>	<u>196,278</u>	<u>254,936</u>	<u>-</u>	<u>-</u>
Contingent assets	<u>30,328</u>	<u>377</u>	<u>2,426</u>	<u>-</u>	<u>-</u>	<u>33,131</u>
Contingent liabilities	<u>29,380</u>	<u>330</u>	<u>2,234</u>	<u>-</u>	<u>-</u>	<u>31,945</u>
Off-book gap	<u>948</u>	<u>47</u>	<u>192</u>	<u>-</u>	<u>-</u>	<u>1,186</u>
Net Periodic Gap	<u>155,884</u>	<u>2,357</u>	<u>39,224</u>	<u>58,659</u>	<u>( 254,936)</u>	<u>1,186</u>
Cumulative Total Gap	<u>P 155,884</u>	<u>P 158,241</u>	<u>P 197,465</u>	<u>P 256,124</u>	<u>(P 1,188)</u>	<u>P -</u>

The Group's market risk management limits are generally categorized as limits on:

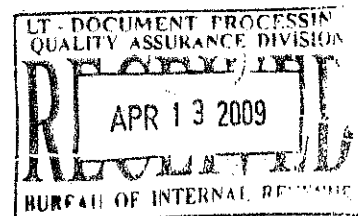
- Value-at-risk – The RMG computes the value-at-risk benchmarked at a level which is a percentage of projected earnings. The Group uses the value at risk (VaR) model to estimate the daily potential loss that the Group can incur from its trading book, based on a number of assumptions with a confidence level of 99%. The measurement is designed such that exceptions over dealing limits should only arise in very exceptional circumstances.
- Stop loss – The RMG sets the amount of each risk-bearing activity at a percentage of the budgeted annual income for such activity.
- Nominal position – The RMG sets the nominal amount of US dollar denominated instruments at the BSP-mandated US dollar overbought position limit.
- Trading volume – The RMG sets the volume of transactions that any employee may execute at various levels based on the rank of the personnel making the risk-bearing decision.

- Earnings-at-risk – The RMG computes the earnings-at-risk based on a percentage of projected annual net interest income.

The Group uses the VaR model to estimate the daily potential loss that the Group can incur from its trading book. VaR is one of the key measures in the Group's management of market risk. VaR is defined as a statistical estimate of the maximum possible loss on a given position during a time horizon within a given confidence interval. The Group uses a 99% confidence level and a 260-day observation period in VaR calculation. The Group's VaR limit is established as a percentage of projected earnings and is used to alert senior management whenever the potential losses in the Group's portfolios exceed tolerable levels. Because the VaR measure is tied to market volatility, it therefore allows management to react quickly and adjust its portfolio strategies in different market conditions in accordance with its risk philosophy and appetite. The VaR model is validated through back-testing.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.



The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position. Stress VaR is also performed on all portfolios as a complementary measure of risk. While VaR deals with risk during times of normality, stress testing is used to measure the potential effect of a crisis or low probability event.

A summary of the VaR position of the trading portfolios at December 31, 2008 and 2007 follows (amounts in thousands):

**Group**

	2008		2007	
	VaR	Stress VaR	VaR	Stress VaR
Foreign currency risk	(P 25,004)	(P 294,075)	(P 3,046)	(P 21,385)
Interest rate risk – Peso	( 29,026)	( 171,391)	( 47,612)	( 629,005)
Interest rate risk – USD	( 5,661)	( 28,397)	( 21,260)	( 294,317)
Total	(P 59,691)	(P 493,863)	(P 71,918)	(P 944,707)

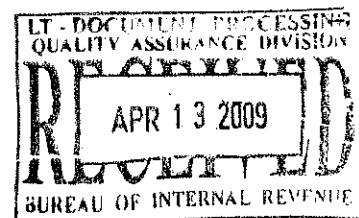
**Parent Bank**

	2008		2007	
	VaR	Stress VaR	VaR	Stress VaR
Foreign currency risk	(P 20,842)	(P 253,993)	(P 2,743)	(P 20,561)
Interest rate risk – Peso	( 27,643)	( 165,054)	( 37,257)	( 591,770)
Interest rate risk – USD	( 3,153)	( 18,588)	( 21,222)	( 293,918)
Total	(P 51,638)	(P 437,635)	(P 61,222)	(P 906,249)

The earnings-at-risk before tax in a rising and declining interest rate scenario for financial assets and liabilities repriced during 2008 and 2007 is shown below:

**Group**

	2008			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 906,360)	P 906,360	(P 453,180)	P 453,180
As a percentage of the Group's net income for 2008	( 3.9%)	3.9%	( 2.0%)	2.0%
Earnings-at-risk	P 830,600			



		2007			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income	(P	869,960)	P 869,960	(P 434,980)	P 434,980
As a percentage of the Bank's net income for 2007	(	4.1%	4.1%	( 2.0%)	2.0%
Earnings-at-risk	P	1,141,440			

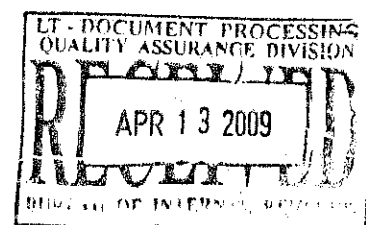
#### **Parent Bank**

		2008			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income	(P	939,530)	P 939,530	(P 469,760)	P 469,760
As a percentage of the Bank's net income for 2008	(	4.3%	4.3%	( 2.2%)	2.2%
Earnings-at-risk	P	820,540			

		2007			
		Change in interest rates (in basis points)			
		-100	+100	-50	+50
Change on annualized net interest income	(P	957,530)	P 957,530	(P 478,770)	P 478,770
As a percentage of the Bank's net income for 2007	(	4.7%	4.7%	( 2.4%)	2.4%
Earnings-at-risk	P	1,200,290			

#### **4.2.3 Price Risk**

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statement of condition either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.



The table below summarizes the impact of increases of the financial assets at FVTPL and available-for-sale securities on the Group's 2008 and 2007 net income after tax for the year and on equity. The analysis is based on the assumption that the correlated equity indices had decreased by 46.4% in 2008 and increased by 19.2% in 2007 for securities under fair value through profit or loss and available-for-sale securities with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

**Group**

	Impact on		Impact on	
	net income after tax		other components of equity	
	2008	2007	2008	2007
Fair value through profit or loss	(P 27,856)	P 17,606	P -	P -
Available-for-sale	-	-	(188,500)	51,159
Total	(P 27,856)	P 17,606	(P 188,500)	P 51,159

**4.2.4 Credit Risk**

Credit risk is the risk that the counterparty in a transaction may default and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the Group. The Group manages its credit risk and loan portfolio through the RMG, which undertakes several functions with respect to credit risk management.

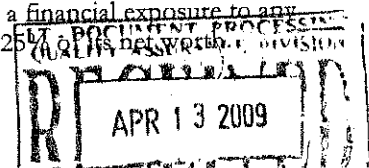
The RMG undertakes credit analysis and review to ensure consistency in the Group's risk assessment process. The RMG performs risk ratings for corporate accounts and assists the design and development of scorecards for consumer accounts. It also ensures that the Group's credit policies and procedures are adequate to meet the demands of the business. The RMG is also responsible for developing procedures to streamline and expedite the processing of credit applications.

The RMG also undertakes portfolio management by reviewing the Group's loan portfolio, including the portfolio risks associated with particular industry sectors, loan size and maturity, and development of a strategy for the Group to achieve its desired portfolio mix and risk profile.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved quarterly by the RMC.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

The RMG reviews the Group's loan portfolio in line with the Group's policy of not having significant unwarranted concentrations of exposure to individual counterparties, in accordance with the BSP's prohibitions on maintaining a financial exposure to any single person or group of connected persons in excess of 25% of the net worth of the

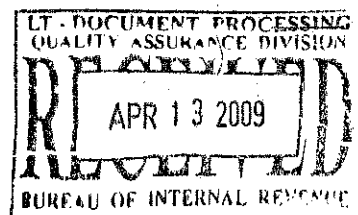


#### 4.2.4.1 Exposure to Credit Risk

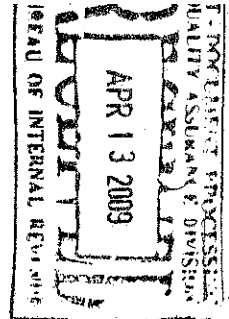
The following table shows the exposure to credit risk as of December 31, 2008 and 2007 for each internal risk grade and the related allowance for impairment losses:

##### Group

	2008		
	Loans and Receivables	Due from Other Banks	Investment Securities
<b>Carrying Amount</b>	<b>P 491,986,431</b>	<b>P 17,101,434</b>	<b>P 153,697,813</b>
<b>Individually Impaired</b>			
Grade: Unclassified	P 12,438	P 160,402	P 15,000
Grade C: Impaired	4,223,707	-	-
Grade D: Impaired	10,303,499	-	5,248,848
Grade E: Impaired	4,375,399	-	120,346
Grade F: Impaired	5,193,018	-	655,260
Gross Amount	24,108,061	160,402	6,039,454
Allowance for impairment	( 16,382,496 )	-	( 5,128,662 )
Carrying amount	7,725,565	160,402	910,792
<b>Collectively Impaired</b>			
Grade: Unclassified	3,229,727	-	-
Grade C: Impaired	7,526	-	-
Grade D: Impaired	305,343	-	-
Grade E: Impaired	112,069	-	-
Grade F: Impaired	-	-	-
Gross Amount	3,654,665	-	-
Allowance for impairment	( 2,718,112 )	-	-
Carrying amount	936,553	-	-
<b>Past Due But Not Impaired</b>			
Grade: Unclassified	4,498,250	-	-
Grade C: Impaired	-	-	490
Carrying amount	4,498,250	-	490
<b>Neither Past Due Nor Impaired</b>			
Grade: Unclassified	478,826,063	16,941,032	152,786,531
<b>Total Carrying Amount</b>	<b>P 491,986,431</b>	<b>P 17,101,434</b>	<b>P 153,697,813</b>



The aging of past due but not impaired is presented below.



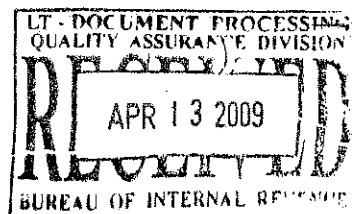
2008			
	Loans and Receivables	Investment Securities	
Below 30 days	P 507,253	P -	
30 to 60 days	293,027	-	
61 to 90 days	375,225	-	
91 to 180 days	604,312	490	
More than 180 days	2,718,433	-	
	<b>P 4,498,250</b>	<b>P 490</b>	
2007			
	Loans and Receivables	Due from Other Banks	Investment Securities
Carrying Amount	P 311,674,939	P 20,689,635	P 164,500,223
<b>Individually Impaired</b>			
Grade: Unclassified	P -	P -	P 5,530
Grade C: Impaired	11,159,985	-	-
Grade D: Impaired	14,930,542	-	205,707
Grade E: Impaired	4,603,593	-	1,139,016
Grade F: Impaired	6,121,701	-	841,260
Gross amount	36,815,821	-	2,191,513
Allowance for impairment	( 15,067,322 )	-	( 1,851,790 )
Carrying amount	21,748,499	-	339,723
<b>Collectively Impaired</b>			
Grade: Unclassified	11,385,384	-	7,914
Grade C: Impaired	2,187	-	-
Grade D: Impaired	226	-	2,590
Grade E: Impaired	2,103,272	-	-
Grade F: Impaired	114,355	-	-
Gross amount	13,605,424	-	10,504
Allowance for impairment	( 1,650,037 )	-	( 1,071 )
Carrying amount	11,955,387	-	9,433
<b>Past Due But Not Impaired</b>			
Grade: Unclassified	4,232,318	-	485
Grade F: Impaired	15	-	-
Carrying amount	4,232,333	-	485
<b>Neither Past Due Nor Impaired</b>			
Grade: Unclassified	272,118,028	20,689,635	164,150,582
Accounts with Negotiated Terms	1,620,692	-	-
<b>Total Carrying Amount</b>	<b>P 311,674,939</b>	<b>P 20,689,635</b>	<b>P 164,500,223</b>

The aging of past due but not impaired is presented below.

	2007	
	Loans and Receivables	Investment Securities
30 to 60 days	P 2,817,542	P -
61 to 90 days	557,357	58
91 to 180 days	738,061	40
More than 180 days	<u>119,373</u>	<u>387</u>
	<u>P 4,232,333</u>	<u>P 485</u>

**Parent Bank**

	2008		
	Loans and Receivables	Due from Other Banks	Investment Securities
<b>Carrying Amount</b>	<u>P 467,590,333</u>	<u>P 14,880,967</u>	<u>P 140,558,339</u>
<b>Individually Impaired</b>			
Grade: Unclassified	P -	P -	P 15,000
Grade C: Impaired	4,223,707	-	-
Grade D: Impaired	10,272,824	-	5,248,848
Grade E: Impaired	4,375,399	-	120,346
Grade F: Impaired	<u>5,193,018</u>	<u>-</u>	<u>655,260</u>
Gross amount	24,064,948	-	6,039,454
Allowance for impairment	<u>( 16,382,496 )</u>	<u>-</u>	<u>( 5,128,662 )</u>
Carrying amount	<u>7,682,452</u>	<u>-</u>	<u>910,792</u>
<b>Collectively Impaired</b>			
Grade: Unclassified	3,229,737	-	-
Allowance for impairment	<u>( 2,575,182 )</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>654,555</u>	<u>-</u>	<u>-</u>
<b>Past Due But Not Impaired</b>			
Grade: Unclassified	3,863,200	-	-
Grade C: Impaired	<u>-</u>	<u>-</u>	<u>490</u>
Carrying amount	<u>3,863,200</u>	<u>-</u>	<u>490</u>
<b>Neither Past Due Nor Impaired</b>			
Grade: Unclassified	<u>455,390,126</u>	<u>14,880,967</u>	<u>139,647,057</u>
<b>Total Carrying Amount</b>	<u>P 467,590,333</u>	<u>P 14,880,967</u>	<u>P 140,558,339</u>



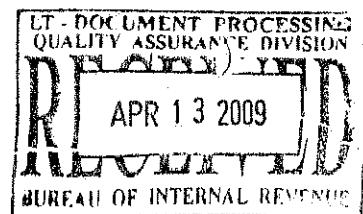


The aging of past due but not impaired is presented below.

	2008	
	<u>Loans and Receivables</u>	<u>Investment Securities</u>
Below 30 days	P 507,253	P -
30 to 60 days	211,586	-
61 to 90 days	349,833	-
91 to 180 days	546,555	490
More than 180 days	<u>2,247,973</u>	<u>-</u>
	<u>P 3,863,200</u>	<u>P 490</u>

**Parent Bank**

	2007		
	<u>Loans and Receivables</u>	<u>Due from Other Banks</u>	<u>Investment Securities</u>
<b>Carrying Amount</b>	<u>P 297,630,778</u>	<u>P 16,101,896</u>	<u>P 148,881,919</u>
<b>Individually Impaired</b>			
Grade C: Impaired	P 11,258,550	P -	P 972,194
Grade D: Impaired	14,635,077	-	170,308
Grade E: Impaired	4,348,843	-	104,957
Grade F: Impaired	<u>6,022,217</u>	<u>-</u>	<u>726,260</u>
Gross Amount	36,264,687	-	1,973,719
Allowance for impairment	<u>( 15,726,482 )</u>	<u>-</u>	<u>( 999,596 )</u>
Carrying amount	<u>20,538,205</u>	<u>-</u>	<u>974,123</u>
<b>Collectively Impaired</b>			
Grade E: Impaired	2,101,540	-	-
Allowance for impairment	<u>( 1,068,350 )</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>1,033,190</u>	<u>-</u>	<u>-</u>
<b>Past Due But Not Impaired</b>			
Grade: Unclassified	<u>4,055,831</u>	<u>-</u>	<u>485</u>
<b>Neither Past Due Nor Impaired</b>			
Grade: Unclassified	<u>270,382,860</u>	<u>16,101,896</u>	<u>147,907,311</u>
Accounts with Negotiated Terms	<u>1,620,692</u>	<u>-</u>	<u>-</u>
<b>Total Carrying Amount</b>	<u>P 297,630,778</u>	<u>P 16,101,896</u>	<u>P 148,881,919</u>



The aging of past due but not impaired is presented below.

	2007	
	Loans and Receivables	Investment Securities
61 to 90 days	P 2,815,573	P 58
91 to 180 days	549,452	40
More than 180 days	<u>690,806</u>	<u>387</u>
	<u>P 4,055,831</u>	<u>P 485</u>

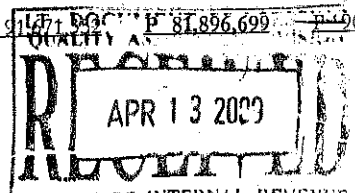
Exposure to credit risk also includes unused commercial letters of credit amounting to P17,998,121 and P25,253,893 for 2008 and 2007, respectively, in the Group financial statements and P17,998,121 and P25,251,893 for 2008 and 2007, respectively, in the Parent Bank financial statements (see Note 31.3).

#### 4.2.4.2 Collateral Held as Security and Other Credit Enhancements

The Group holds collateral against loans and receivables from customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated periodically, e.g., annually for real estate properties, as provided in the Bank's Credit Policy Manual. Collateral generally is not held over due from other banks, interbank loans and investment securities, except when securities are held as part of reverse repurchase and securities borrowing activity.

The Group holds collateral against loans and other receivables in the form of property, debt securities, equities and others. An estimate of the fair value of collateral and other security enhancements held against loans and other receivables as of December 31, 2008 and 2007 is shown below:

	Group		Parent Bank	
	2008	2007	2008	2007
Against individually impaired				
Property	P 49,964,130	P 67,450,338	P 49,964,130	P 67,450,338
Debt Security	1,600	1,600	1,600	1,600
Equity	247,531	4,395,453	247,531	4,395,453
Other	<u>24,200,305</u>	<u>11,636,438</u>	<u>24,200,305</u>	<u>11,636,438</u>
	<u>74,413,566</u>	<u>83,483,829</u>	<u>74,413,566</u>	<u>83,483,829</u>
Against past due but not impaired				
Property	5,710,079	7,488,233	5,560,774	6,641,307
Debt Security	5,070	4,566	5,070	4,566
Equity	22,700	1,141	22,700	2,500
Other	<u>2,167,573</u>	<u>693,583</u>	<u>1,894,589</u>	<u>104,438</u>
	<u>7,905,422</u>	<u>8,187,523</u>	<u>7,483,133</u>	<u>6,752,811</u>
Sub total (brought forward)	<u>P 82,318,988</u>	<u>P 91,671,352</u>	<u>P 81,896,699</u>	<u>P 90,236,640</u>



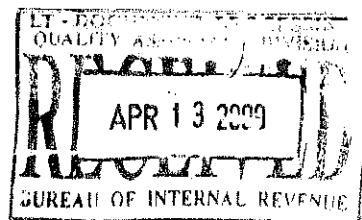
	<u>Group</u>		<u>Parent Bank</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Sub total <i>(carried forward)</i>	<u>P 82,318,988</u>	<u>P 91,671,352</u>	<u>P 81,896,699</u>	<u>P 90,236,640</u>
Against neither past due nor impaired				
Property	236,722,677	332,244,835	141,546,491	321,470,389
Debt Security	474,668	987,485	7,733	874,261
Equity	58,609,617	78,127,938	58,185,104	78,030,332
Other	<u>70,242,886</u>	<u>32,339,692</u>	<u>83,605,902</u>	<u>23,534,978</u>
	<u>366,049,848</u>	<u>443,699,950</u>	<u>283,345,230</u>	<u>423,909,960</u>
Total	<u>P 448,368,836</u>	<u>P 535,371,302</u>	<u>P 365,241,929</u>	<u>P 514,146,600</u>

#### 4.2.4.3 Concentrations of Credit Risk

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

##### Group

	<u>2008</u>			<u>2007</u>		
	<u>Cash and Cash Equivalents</u>	<u>Loans Receivables</u>	<u>Investment Securities</u>	<u>Cash and Cash Equivalents</u>	<u>Loans Receivables</u>	<u>Investment Securities</u>
Concentration by sector:						
Financial intermediaries	P 101,540,197	P 65,451,613	P 81,036,646	P 88,360,383	P 36,326,281	P 53,105,420
Manufacturing	-	82,782,873	15,470,928	-	67,762,653	625,242
Real estate, renting and business activities	-	30,608,567	796,782	-	23,893,265	2,997,717
Other community, social and personal activities	<u>66</u>	<u>213,951,254</u>	<u>65,164,440</u>	<u>178,375</u>	<u>169,047,951</u>	<u>109,223,539</u>
	<u>P 101,540,263</u>	<u>P 392,794,307</u>	<u>P 162,468,796</u>	<u>P 88,538,758</u>	<u>P 297,030,150</u>	<u>P 165,951,918</u>
Concentration by location:						
Philippines	P 84,579,847	P 390,188,632	P 127,164,927	P 69,283,757	P 293,178,762	P 119,532,807
Others	<u>16,960,417</u>	<u>2,605,675</u>	<u>35,303,869</u>	<u>19,255,001</u>	<u>3,851,388</u>	<u>46,419,111</u>
	<u>P 101,540,264</u>	<u>P 392,794,307</u>	<u>P 162,468,796</u>	<u>P 88,538,758</u>	<u>P 297,030,150</u>	<u>P 165,951,918</u>



### **Parent Bank**

	2008			2007		
	Cash and Cash Equivalents	Loans Receivables	Investment Securities	Cash and Cash Equivalents	Loans Receivables	Investment Securities
Concentration by sector:						
Financial intermediaries	P 96,583,671	P 66,401,201	P 67,906,009	P 82,859,033	P 35,661,132	P 47,310,335
Manufacturing	-	79,993,631	14,966,998	-	66,433,274	638,103
Real estate, renting and business activities	-	30,330,523	43,385	-	19,609,789	2,406,399
Other community, social and personal activities	-	207,058,624	64,562,370	-	164,610,571	99,629,091
	<u>P 96,583,671</u>	<u>P 383,783,979</u>	<u>P 147,478,762</u>	<u>P 82,859,033</u>	<u>P 286,314,766</u>	<u>P 149,983,928</u>
Concentration by location:						
Philippines	P 82,111,304	P 381,211,209	P 112,255,001	P 67,511,407	P 283,139,096	P 106,613,942
Others	<u>14,472,367</u>	<u>2,572,770</u>	<u>35,223,761</u>	<u>15,347,626</u>	<u>3,175,670</u>	<u>43,369,986</u>
	<u>P 96,583,671</u>	<u>P 383,783,979</u>	<u>P 147,478,762</u>	<u>P 82,859,033</u>	<u>P 286,314,766</u>	<u>P 149,983,928</u>

### ***4.3 Operational Risk***

Operational risk is the risk of loss due to the Group's:

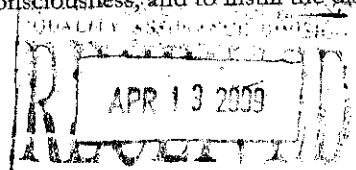
- Failure to comply with defined operational procedures;
- Inability to address fraud committed internally or externally;
- Inability to handle system failures; and,
- Inability to cope with the impact of external events.

The Group manages its operational risks by having policies to minimize its expected losses, allocating capital for the unexpected losses, and having insurance and/or a business continuity plan to prepare for catastrophic losses.

### ***Framework***

True to its commitment to sound management and corporate governance, the Group considers operational risk management as a critical element in the conduct of its business. Under the Group's Operational Risk Management (ORM) framework, the Board of Directors is ultimately responsible for providing leadership in the management of risk in the Group. The business and service unit heads, as risk owners, are responsible for identifying, assessing and limiting the impact of risk in their businesses. The RMG provides the common risk language and management tools across the Group as well as monitors the implementation of the ORM framework and policies.

Since 2006, RMG has been conducting workshops with management and their operational risk coordinators to promote risk consciousness, and to instill the discipline of risk self-assessment.



In 2007, the ORM Policy Manual, which defines the Group's minimum requirements that must be strictly adhered to by all units within the Group, was officially released to the merged Bank's business and service units and subsidiaries. Alignment of their respective policies to this Manual has been on-going.

In 2008, RMG continued to focus on business continuity, information security, legal and regulatory compliance, outsourcing guidelines and complaints management, where substantial mitigating measures have been reinforced.

Operational risks are monitored to assess, measure and, eventually, manage/mitigate risks using appropriate management tools (e.g. identification of key risk indicators and key controls; key controls self-assessment; building of the loss database, etc.).

## 5. BUSINESS SEGMENTS

For management purposes, the Group is organized into four major business segments, namely commercial banking, investment banking, private banking and others. These are also the basis of the Group in reporting its primary segment information.

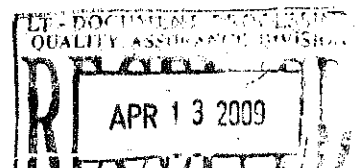
- (a) **Commercial banking** – handles the entire lending (corporate and consumer), trade financing and cash management services for corporate and retail customers;
- (b) **Investment banking** – provides services to corporate clients outside the traditional loan and deposit products. These services include loan syndications, underwriting and placing of debt and equity securities, and financial advisory services;
- (c) **Private banking** – provides traditional and non-traditional investment and structured products to high net worth individuals and institutional accounts; and,
- (d) **Others** – includes asset management, insurance brokerage, realty management, leasing, financing, remittance, accounting service, credit card service and computer service, none of which individually constitutes a separate reportable segment.

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.



Primary segment information (by business segment) as of and for the years ended December 31, 2008 and 2007 follows:

	<u>Commercial Banking</u>	<u>Investment Banking</u>	<u>Private Banking</u>	<u>Others</u>	<u>Eliminations</u>	<u>Group</u>
<b>December 31, 2008</b>						
<b>Interest Income</b>						
External	P 39,719,670	P 27,914	P 1,562,967	P 1,048,926	P -	P 42,359,477
Inter-segment	<u>13,035</u>	<u>18,534</u>	<u>28</u>	<u>40,803</u>	<u>(72,400)</u>	-
Total interest income	<u>39,732,705</u>	<u>46,448</u>	<u>1,562,995</u>	<u>1,089,729</u>	<u>(72,400)</u>	<u>42,359,477</u>
<b>Interest Expense</b>						
External	17,984,294	-	1,118,448	220,338	-	19,323,080
Inter-segment	<u>58,683</u>	<u>1,763</u>	<u>681</u>	<u>11,273</u>	<u>(72,400)</u>	-
Total interest expense	<u>18,042,977</u>	<u>1,763</u>	<u>1,119,129</u>	<u>231,611</u>	<u>(72,400)</u>	<u>19,323,080</u>
<b>Net Interest Income</b>	<u>P 21,689,728</u>	<u>P 44,685</u>	<u>P 443,866</u>	<u>P 858,118</u>	<u>P -</u>	<u>P 23,036,397</u>
<b>Investment Banking Fees</b>	<u>P -</u>	<u>P 462,367</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 462,367</u>
<b>Profit for the Period Before Tax</b>	<u>P 2,437,096</u>	<u>P 188,751</u>	<u>P 173,663</u>	<u>P 849,221</u>	<u>P 33,922</u>	<u>P 3,682,653</u>
<b>Statement of Condition</b>						
Total resources	<u>P 761,524,248</u>	<u>P 1,930,994</u>	<u>P 36,627,794</u>	<u>P 17,364,772</u>	<u>(P 15,415,734)</u>	<u>P 802,032,074</u>
Total liabilities	<u>P 708,366,132</u>	<u>P 248,456</u>	<u>P 33,315,164</u>	<u>P 11,129,962</u>	<u>(P 8,801,860)</u>	<u>P 744,257,854</u>
<b>December 31, 2007</b>						
<b>Interest Income</b>						
External	P 34,537,037	P 255,827	P 1,392,492	P 1,417,951	P -	P 37,603,306
Inter-segment	<u>714,344</u>	<u>8,255</u>	<u>1,906</u>	<u>58,147</u>	<u>(782,652)</u>	-
Total interest income	<u>35,251,381</u>	<u>264,082</u>	<u>1,394,398</u>	<u>1,476,098</u>	<u>(782,652)</u>	<u>37,603,306</u>
<b>Interest Expense</b>						
External	14,911,162	-	948,360	307,052	-	16,166,574
Inter-segment	<u>69,429</u>	<u>2,445</u>	<u>1,427</u>	<u>22,141</u>	<u>(95,442)</u>	-
Total interest expense	<u>14,980,591</u>	<u>2,445</u>	<u>949,787</u>	<u>329,193</u>	<u>(95,442)</u>	<u>16,166,574</u>
<b>Net Interest Income</b>	<u>P 20,270,790</u>	<u>P 261,637</u>	<u>P 444,611</u>	<u>P 1,146,905</u>	<u>P -</u>	<u>P 21,436,733</u>
<b>Investment Banking Fees</b>	<u>P -</u>	<u>P 351,200</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 351,200</u>
<b>Profit for the Period Before Tax</b>	<u>P 10,304,899</u>	<u>P 482,597</u>	<u>P 459,110</u>	<u>P 686,401</u>	<u>(P 2,516,054)</u>	<u>P 9,416,953</u>
<b>Statement of Condition</b>						
Total resources	<u>P 587,851,624</u>	<u>P 1,982,181</u>	<u>P 24,563,971</u>	<u>P 18,428,542</u>	<u>(P 15,617,412)</u>	<u>P 617,208,906</u>
Total liabilities	<u>P 531,720,600</u>	<u>P 304,978</u>	<u>P 20,991,171</u>	<u>P 11,747,792</u>	<u>(P 7,883,693)</u>	<u>P 556,880,848</u>

## 6. FINANCIAL ASSETS AND LIABILITIES

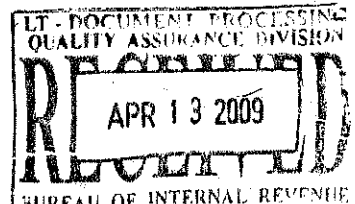
These consist of the following:

### Group

		2008			
		Classes			
		At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial Assets:					
Cash and other cash items	P	-	P 21,770,401	P 21,770,401	P 21,770,401
Due from BSP	-	-	62,668,428	62,668,428	62,668,428
Due from other banks	-	-	17,101,434	17,101,434	17,101,434
Financial assets at FVTPL	-	-	6,848,931	6,848,931	6,848,931
AFS securities	-	-	35,173,343	35,173,343	35,173,343
HTM investments		114,128,667	-	114,128,667	109,779,712
Loans and other receivables		<u>491,986,431</u>	<u>-</u>	<u>491,986,431</u>	<u>496,493,884</u>
		<u>P 606,115,098</u>	<u>P 143,562,537</u>	<u>P 749,677,635</u>	<u>P 749,836,133</u>

		At Amortized Cost	Carrying Amount	Fair Value
Financial Liabilities:				
Deposit liabilities		P 636,753,566	P 636,753,566	P 621,401,529
Bills payable		51,435,638	51,435,638	51,170,558
Subordinated notes		20,145,977	20,145,977	20,890,691
Other liabilities		<u>35,922,673</u>	<u>35,922,673</u>	<u>35,922,673</u>
		<u>P 744,257,854</u>	<u>P 744,257,854</u>	<u>P 729,385,451</u>

		2007			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets:					
Cash and other cash items	P	-	P 18,387,847	P 18,387,847	P 18,387,847
Due from BSP	-	-	49,461,276	49,461,276	49,461,276
Due from other banks	-	-	20,689,635	20,689,635	20,689,635
Financial assets at FVTPL	-	-	20,951,513	20,951,513	20,951,513
AFS securities	-	-	75,604,608	75,604,608	75,604,608
HTM investments	67,944,102	-	-	67,944,102	69,444,480
Loans and other receivables	<u>311,674,939</u>	-	-	<u>311,674,939</u>	<u>308,426,740</u>
		<u>P 379,619,041</u>	<u>P 185,094,879</u>	<u>P 564,713,920</u>	<u>P 562,966,099</u>

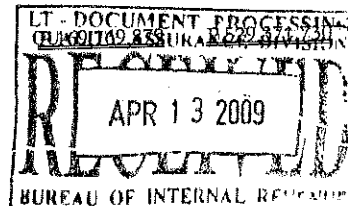


	2007		
	At Amortized Cost	Carrying Amount	Fair Value
Financial Liabilities:			
Deposit liabilities	P 445,396,900	P 445,396,900	P 435,144,881
Bills payable	52,483,249	52,483,249	53,053,387
Subordinated notes	18,631,298	18,631,298	19,037,282
Other liabilities	<u>40,369,401</u>	<u>40,369,401</u>	<u>40,369,401</u>
	<u>P 556,880,848</u>	<u>P 556,880,848</u>	<u>P 547,604,951</u>

**Parent Bank**

	2008			
	Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and other cash items	P -	P 21,763,160	P 21,763,160	P 21,763,160
Due from BSP	-	59,939,544	59,939,544	59,939,544
Due from other banks	-	14,880,967	14,880,967	14,880,967
Financial assets at FVTPL	-	5,160,108	5,160,108	5,160,108
AFS securities	-	31,655,755	31,655,755	31,655,755
HTM investments	105,276,055	-	105,276,055	101,095,169
Loans and other receivables	<u>467,590,333</u>	<u>-</u>	<u>467,590,333</u>	<u>470,676,617</u>
	<u>P 572,866,388</u>	<u>P 133,399,534</u>	<u>P 706,265,922</u>	<u>P 705,171,320</u>
Financial Liabilities:				
Deposit liabilities		P 612,967,087	P 612,967,087	P 597,615,049
Bills payable		43,242,251	43,242,251	43,088,314
Subordinated notes		20,145,977	20,145,977	20,890,691
Other liabilities		<u>32,010,818</u>	<u>32,010,818</u>	<u>32,010,818</u>
		<u>P 708,366,133</u>	<u>P 708,366,133</u>	<u>P 693,604,872</u>

	2007			
	Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	P -	P 18,436,694	P 18,436,694	P 18,436,694
Due from BSP	-	48,320,443	48,320,443	48,320,443
Due from other banks	-	16,101,896	16,101,896	16,101,896
Financial assets at FVTPL	-	17,747,850	17,747,850	17,747,850
AFS securities	-	68,562,996	68,562,996	68,562,996
HTM investments	62,571,073	-	62,571,073	63,741,483
Loans and other receivables	<u>297,630,778</u>	<u>-</u>	<u>297,630,778</u>	<u>301,522,554</u>
	<u>P 360,201,851</u>			<u>P 534,440,916</u>





	2007		
	At Amortized Cost	Carrying Amount	Fair Value
Financial Liabilities:			
Deposit liabilities	P 434,295,427	P 434,295,427	P 423,958,425
Bills payable	41,192,386	41,192,386	40,885,488
Subordinated notes	18,631,298	18,631,298	19,037,282
Other liabilities	<u>36,921,241</u>	<u>36,921,241</u>	<u>36,921,241</u>
	<u>P 531,040,352</u>	<u>P 531,040,352</u>	<u>P 520,802,436</u>

## 7. CASH AND BALANCES WITH THE BSP

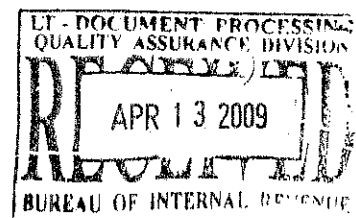
These accounts are composed of the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Cash and other cash items	P 21,770,401	P 18,387,847	P 21,763,160	P 18,436,694
Due from BSP:				
Mandatory reserves	14,978,098	41,825,598	13,505,163	40,939,808
Other than mandatory reserves	<u>47,690,330</u>	<u>7,635,678</u>	<u>46,434,381</u>	<u>7,380,635</u>
	<u>62,668,428</u>	<u>49,461,276</u>	<u>59,939,544</u>	<u>48,320,443</u>
	<u>P 84,438,829</u>	<u>P 67,849,123</u>	<u>P 81,702,704</u>	<u>P 66,757,137</u>

Mandatory reserves represent the balance of the deposit account maintained with the BSP to meet reserve requirements and to serve as clearing account for interbank claims. Due from BSP bears annual interest rates ranging from 4.0% to 5.7% in 2008 and 3.0% to 5.7% in 2007 and 2006, except for the amounts within the required reserve as determined by BSP. Total interest income earned amounted to P1,810,838, P1,333,559, and P544,223 in 2008, 2007 and 2006, respectively, in the Group financial statements and P1,789,012, P1,010,943, and P250,325, in 2008, 2007 and 2006, respectively, in the Parent Bank financial statements (see Note 20).

Cash and balances with the BSP are included in cash and cash equivalents for cash flow statement purposes.

Under Section 254 of the Manual of Regulations for Banks (MORB), a bank is required to maintain at least 25 percent of its reserve requirements in the form of deposits with the BSP as among the allowable instruments for reserve cover. Section 254.1 of the MORB further provides that such deposit account with the BSP is not considered as a regular current account as BSP checks for drawings against such deposits shall be limited to: (i) settlement of obligations with the BSP; and, (ii) withdrawals to meet cash requirements.



## 8. DUE FROM OTHER BANKS

The balance of this account represents regular deposits with the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Foreign banks	P 16,735,380	P 18,836,797	P 14,465,890	P 14,707,933
Local banks	366,054	1,852,838	415,077	1,393,963
	<u>P 17,101,434</u>	<u>P 20,689,635</u>	<u>P 14,880,967</u>	<u>P 16,101,896</u>

The breakdown of the account as to currency follows:

	Group		Parent Bank	
	2008	2007	2008	2007
US dollar	P 13,817,945	P 17,967,144	P 12,037,543	P 14,393,104
Other currencies	3,155,205	1,901,909	2,535,323	1,255,339
Peso	128,284	820,582	308,101	453,453
	<u>P 17,101,434</u>	<u>P 20,689,635</u>	<u>P 14,880,967</u>	<u>P 16,101,896</u>

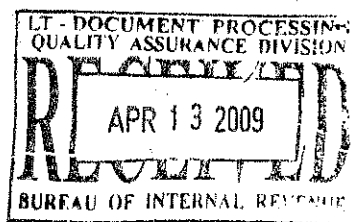
Annual interest rates on these deposits range from 0% to 5.9% in 2008, 0% to 4.8% in 2007 and 0% to 5.9% in 2006 in the Group financial statements and 0% to 4.5% in 2008, 0% to 4.8% in 2007 and 0% to 5% in 2006 in the Parent Bank financial statements.

Due from other banks are included in cash and cash equivalents for cash flow statement purposes.

## 9. TRADING AND INVESTMENT SECURITIES

The components of this account are shown below:

	Group		Parent Bank	
	2008	2007	2008	2007
Financial assets at FVTPL	P 6,848,931	P 20,951,513	P 5,160,108	P 17,747,850
AFS securities	35,173,343	75,604,608	31,655,755	68,562,996
HTM investments	114,128,667	67,944,102	105,276,055	62,571,073
	<u>P 156,150,941</u>	<u>P 164,500,223</u>	<u>P 142,091,918</u>	<u>P 148,881,919</u>



### 9.1 Financial Assets at FVTPL

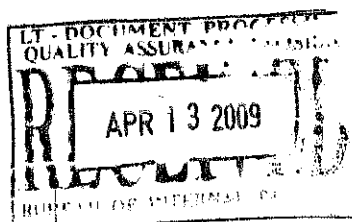
This account is composed of the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Derivative financial assets	P 4,255,865	P 4,563,673	P 2,910,605	P 3,915,281
Government bonds	1,505,189	12,903,136	1,194,425	10,674,051
Other debt securities	995,516	3,030,297	982,016	3,158,518
	6,756,570	20,497,106	5,087,046	17,747,850
Equity securities - listed	92,361	454,407	73,062	-
	P 6,848,931	P 20,951,513	P 5,160,108	P 17,747,850

All financial assets at FVTPL are held for trading. For government bonds and other debt securities, the amounts presented have been determined directly by reference to published prices quoted in an active market. On the other hand, the fair value of derivative financial assets is determined through valuation technique using net present value of future cash flows method. The Group recognized total fair value gain (loss) on financial assets at FVTPL amounting to (P1,356,085), P104,329 and P1,452,487 in 2008, 2007 and 2006, respectively, in the Group financial statements and (P1,451,828), (P83,458) and P1,405,200 in 2008, 2007 and 2006, respectively, in the Parent Bank financial statements which were included as part of Other Operating Income in the income statements.

Foreign currency-denominated securities amounted to P3,562,103 and P8,299,834 as of December 31, 2008 and 2007, respectively, in the Group financial statements and P3,448,302 and P8,235,825 as of December 31, 2008 and 2007, respectively, in the Parent Bank financial statements.

Derivative instruments used by the Group include foreign currency and interest rate forwards/futures, foreign currency and interest rate swaps. Also in 2007, derivatives included embedded credit default swaps bifurcated from CLNs or credit-linked deposits (CLDs) (which were reclassified to loans together with their host contracts in 2008). Foreign currency and interest rate forwards/futures represent commitments to purchase/sell or are contractual obligations to receive or pay a new amount based on changes in currency rates or interest rates on a future date at a specified price. Foreign currency and interest rate swaps are commitments to exchange one set of cash flows for another. The credit default swaps represent commitment of the counterparty to swap the note and deposit with high yielding securities upon the occurrence of the reference event by the reference entity.



The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and liabilities are shown below:

**Group**

	2008			2007		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 122,635,663	P 2,104,839	P 1,342,500	P 132,578,639	P 3,349,874	P 2,922,600
CLNs (see Note 10)	-	-	-	12,495,704	123,708	229,393
Interest rate swaps	14,636,822	809,371	1,031,299	4,004,100	436,151	492,340
Currency swaps	26,280,795	1,270,830	1,153,512	1,571,845	645,828	130,321
Credit default swap	818,300	-	-	4,157,450	8,112	69,376
Others	8,553,600	70,825	46,994	-	-	-
	<u>P 172,925,180</u>	<u>P 4,255,865</u>	<u>P 3,574,305</u>	<u>P 154,807,738</u>	<u>P 4,563,673</u>	<u>P 3,844,030</u>

**Parent Bank**

	2008			2007		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 108,131,867	P 1,483,154	P 1,071,682	P 132,467,716	P 3,040,627	P 2,533,831
Credit-linked notes (see Note 10)	-	-	-	12,495,704	123,708	229,393
Interest rate swaps	9,841,800	493,255	588,088	2,539,100	263,900	346,810
Currency swaps	21,249,026	863,372	988,082	1,117,000	486,957	97,779
Credit default swap	-	-	-	1,068,750	89	3,232
Others	8,553,600	70,824	46,994	-	-	-
	<u>P 147,776,293</u>	<u>P 2,910,605</u>	<u>P 2,694,846</u>	<u>P 149,688,270</u>	<u>P 3,915,281</u>	<u>P 3,211,054</u>

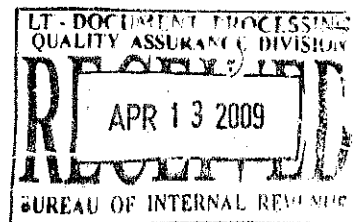
The Group reclassified certain equity securities from FVTPL to AFS and debt securities and embedded derivatives of CLNs from FVTPL to HTM and Loans and Other Receivables, respectively (see Note 9.4).

Derivatives embedded in CLNs and CLDs amounting to (P183,166) and (P69,538) in the Group and Parent Bank financial statements, respectively, as of reclassification date, were reclassified to Loans together with their related host contracts (see Note 9.4).

**9.2 Available-for-Sale Securities**

The Group's available-for-sale securities consist of the following:

	Note	Group		Parent Bank	
		2008	2007	2008	2007
Government debt securities		P 25,101,700	P 47,877,324	P 23,302,287	P 45,167,842
Other debt securities:					
Quoted		11,650,073	22,026,696	11,001,043	21,195,877
Not quoted		634,199	3,291,521	347,937	-
Equity securities:					
Quoted		625,002	528,750	148,960	282,178
Not quoted		2,807,592	2,488,186	1,562,740	2,175,282
Allowance for impairment	14	( 40,818,566 )	( 76,212,477 )	( 36,369,967 )	( 68,821,179 )
		( 5,645,223 )	( 607,869 )	( 4,714,212 )	( 258,183 )
Net		<u>P 35,173,343</u>	<u>P 75,604,608</u>	<u>P 31,655,755</u>	<u>P 68,562,996</u>



As to currency, this account is composed of the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Foreign currency	P 13,807,854	P 49,289,658	P 11,887,278	P 44,165,541
Peso	21,365,489	26,314,950	19,768,477	24,397,455
	<u>P 35,173,343</u>	<u>P 75,604,608</u>	<u>P 31,655,755</u>	<u>P 68,562,996</u>

Government debt securities issued by the Republic of the Philippines and foreign sovereigns and other debt securities issued by resident and non-resident corporations earn interest at annual rates ranging from 0% to 13% in 2008, 4.2% to 18% in 2007 and 4.2% to 22.9% in 2006 in the Group financial statements and 0% to 13% in 2008, 5.2% to 18% in 2007 and 4.2% to 22.9% in 2006 in the Parent Bank financial statements.

Other debt securities also include investments in a foreign financial institution under bankruptcy amounting to P5,052,967 both in the Group and Parent Bank Financial statements. As of December 31, 2008, allowance for impairment losses on such investments amounted to P4,440,259 in the Group and Parent Bank financial statements.

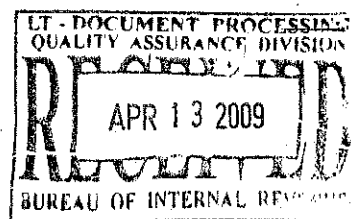
In 2008, all CLNs linked to ROP bonds were reclassified to loans and other receivables together with the embedded derivative (see Note 9.4). As of December 31, 2007, other debt securities include the host contract of CLNs with carrying value of P7,636,800 while the embedded derivatives were bifurcated and presented separately from the CLN as FVTPL (see Note 9.1).

A CLN is an instrument under which the issuer issues a note to the investor whereby both parties agree that upon the occurrence of a credit event in relation to the reference entity, the CLN accelerates and the investor is delivered the defaulted asset of the reference entity, or paid a net settlement amount equal to the market price of the defaulted asset or reference obligation adjusted for any transaction unwind costs.

Unquoted equity securities consist of club shares, preferred shares and common shares of various unlisted local companies.

The fair values of government debt and quoted available-for-sale securities (other debt securities and equity shares) have been determined directly by reference to published prices generated in an active market. For unquoted available-for-sale securities, the fair value is not reliably determinable either by reference to similar financial instruments or through valuation technique using the net present value of the future cash flows. Accordingly, unquoted available-for-sale securities are carried at cost.

Total unrealized fair value gain (loss) on the balance of available-for-sale securities amounted to (P6,131,664), (P684,303) and P1,179,598 as of December 31, 2008, 2007 and 2006, respectively, in the Group financial statements and (P5,080,684), (P224,006) and P1,052,300 as of December 31, 2008, 2007 and 2006, respectively, in the Parent Bank financial statements.



Changes in available-for-sale securities are presented below:

	Group		Parent Bank	
	2008	2007	2008	2007
Balance at beginning of year	P 75,604,608	P 56,428,325	P 68,562,996	P 49,679,449
Additions	385,018,177	136,952,374	380,230,157	134,367,383
Disposals	( 378,020,100)	( 114,588,942)	( 378,643,411)	( 113,930,937)
Reclassification to HTM (Note 9.4)	( 25,539,516)	-	( 22,474,046)	-
Reclassification to loans and other receivables (Note 9.4)	( 18,589,784)	-	( 14,166,335)	-
Reclassification from FVTPL (Note 9.4)	101,625	-	-	-
Reclassification from loans and other receivables (Note 10)	437,500	-	437,500	-
Unrealized fair value losses in equity	( 6,131,664)	( 684,303)	( 5,080,684)	( 224,006)
Foreign currency revaluation	7,329,851	( 1,681,963)	7,245,607	( 1,155,595)
Allowance for impairment loss	( 5,037,354)	( 820,883)	( 4,456,022)	( 173,298)
	<u>P 35,173,343</u>	<u>P 75,604,608</u>	<u>P 31,655,755</u>	<u>P 68,562,996</u>

In 2008, the Group and Parent Bank reclassified private and sovereign debt securities with total carrying value of P25,539,516 and P22,474,046, respectively, to held-to-maturity investments (see Note 9.4). In addition, the Group and the Parent Bank reclassified all CLNs that are linked to ROP bonds, with carrying value of P18,589,784 and P14,166,335, respectively, to loans and other receivables (see Note 9.4).

In 2008, the Group recognized a total of P4,440,259 provision for impairment losses on available-for-sale securities in the income statements (nil in 2007).

### 9.3 Held-to-Maturity Investments

The balance of this account is composed of the following:

Note	Group		Parent Bank	
	2008	2007	2008	2007
Government debt securities	P 92,220,475	P 43,864,184	P 83,751,524	P 38,827,426
Other debt securities:				
Listed	13,388,170	6,876,605	13,388,170	6,540,335
Nonlisted	<u>9,192,655</u>	<u>18,047,139</u>	<u>8,808,994</u>	<u>18,047,138</u>
	114,801,300	68,787,928	105,948,688	63,414,899
Allowance for impairment	14 ( 672,633)	( 843,826)	( 672,633)	( 843,826)
Net	<u>P 114,128,667</u>	<u>P 67,944,102</u>	<u>P 105,276,055</u>	<u>P 62,571,073</u>

Government debt securities issued by the Republic of the Philippines and foreign sovereigns include securities deposited with BSP as security for the Group's faithful compliance of its fiduciary obligations in connection with the Group's trust operations (see Notes 25 and 31.3).

Other debt securities include investments in a sinking fund set up by the Group as required by BSP in connection with the Group's redemption of the preferred shares it issued to SM Prime Holdings, Inc. (SMPHI) at the original issue price five years from the date of issue (see Note 16). The carrying balance of the sinking fund as of December 31, 2008 and 2007 amounted to P2,109,709 and P1,357,083, respectively, in the Group and Parent Bank financial statements.

As to currency, held-to-maturity investments comprise of the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Foreign currency	P 84,268,526	P 48,369,114	P 80,325,293	P 45,901,054
Peso	29,860,141	19,574,988	24,959,762	16,670,019
	<u>P 114,128,667</u>	<u>P 67,944,102</u>	<u>P 105,276,055</u>	<u>P 62,571,073</u>

The maturity profile of this account is presented below:

	Group		Parent Bank	
	2008	2007	2008	2007
Less than one year	P 11,677,508	P 6,526,508	P 11,025,548	P 5,702,807
One to five years	49,079,129	37,841,571	44,671,420	35,721,017
Beyond five years	53,372,030	23,576,023	49,579,087	21,147,249
	<u>P 114,128,667</u>	<u>P 67,944,102</u>	<u>P 105,276,055</u>	<u>P 62,571,073</u>

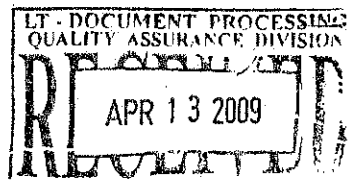
Changes in the held-to-maturity account are summarized below:

	Group		Parent Bank	
	2008	2007	2008	2007
Balance at beginning of year	P 67,944,102	P 84,730,287	P 62,571,073	P 80,609,887
Additions	82,649,709	76,518,139	79,210,494	73,517,709
Maturities	( 76,479,138)	( 81,265,398)	( 72,882,248)	( 79,724,500)
Reclassification from FVPIL (Note 9.4)	6,296,819	-	6,296,819	-
Reclassification from AFS (Note 9.4)	25,539,516	-	22,474,046	-
Foreign currency revaluation	8,671,744	( 12,038,926)	8,099,957	( 11,832,023)
Impairment during the year	( 494,085)	( - )	( 494,086)	( - )
	<u>P 114,128,667</u>	<u>P 67,944,102</u>	<u>P 105,276,055</u>	<u>P 62,571,073</u>

The fair values of the held-to-maturity investments are as follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Government debt securities	P 77,294,898	P 45,994,312	P 68,958,699	P 40,646,820
Other debt securities	32,484,814	23,450,168	32,136,470	23,094,663
	<u>P 109,779,712</u>	<u>P 69,444,480</u>	<u>P 101,095,169</u>	<u>P 63,741,483</u>

The fair value is determined through valuation techniques by determining the net present value of estimated future cash flows. Annual interest rates on these investments range from 0% to 16.5% in 2008, 0.9% to 18% in 2007 and 4% to 18% in 2006 for both the Group and the Parent Bank accounts.



#### 9.4 Reclassification of Investment Securities

The Group recognized the deterioration of the world's financial markets that occurred in the third quarter of 2008. The enormity and extent of the global credit crisis was crystallized by the substantial government programs instituted by major economies in response to the crisis, including temporary liquidity facilities, outright purchase of commercial papers and mortgage-backed securities, guarantee of new unsecured debt issued by banks and purchase of equity stakes in financial institutions.

Related to above in 2008, the Group chose to avail of the regulatory relief on specific financial assets granted by the BSP under the governing provisions of Circular No. 628, which permitted the reclassification of certain financial assets to help banks cope with the adverse impact of the global financial crisis.

Presented below are the reclassifications made by the Group and the Parent Bank in 2008:

##### Group

		At Reclassification Date			At December 31, 2008	
		Carrying Value	Fair Value	Estimated Cash Flows	Carrying Amount	Fair Value
Reclassification from FVTPL to HTM	P	6,296,819	P 6,296,819	P 9,174,438	P 6,400,174	P 6,218,556
Reclassification of CLNs from AFS to Loans		18,589,784	18,589,784	22,591,406	19,973,139	19,231,764
Reclassification of embedded derivatives of CLNs from FVTPL to Loans	(	183,166)	( 183,166)	-	-	-
Reclassification of debt securities from AFS to HTM		25,539,516	25,539,516	*	27,223,047	25,092,560
Reclassification from FVTPL to AFS		101,625	101,625	*	35,744	35,744

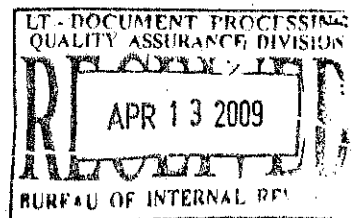
##### Parent Bank

		At Reclassification Date			At December 31, 2008	
		Carrying Value	Fair Value	Estimated Cash Flows	Carrying Amount	Fair Value
Reclassification from FVTPL to HTM	P	6,296,819	P 6,296,819	P 9,174,438	P 6,400,174	P 6,218,556
Reclassification of CLNs from AFS to Loans		14,166,335	14,166,335	18,727,623	15,210,975	14,844,881
Reclassification of embedded derivatives of CLNs from FVTPL to Loans	(	69,538)	( 69,538)	-	-	-
Reclassification of debt securities from AFS to HTM		22,474,046	22,474,046	*	24,181,980	22,172,790

\* Not required to be disclosed

Trading losses of FVTPL transferred to AFS amounted to P38,547. The net trading loss that would have been recognized in the period following the reclassification during 2008 if the reclassification had not been made would have amounted to P65,881.

Total trading losses of FVTPL reclassified to HTM both in the Group and Parent Bank financial statements which were recognized in profit or loss amounted to P199,335. On the other hand, the net trading loss that would have been recognized in the period following the reclassification during 2008 if the reclassifications had not been made would have amounted to P125,185. Effective interest rates of FVTPL reclassified to HTM range from 7% to 8.8% in the Group and Parent Bank financial statements.





Unrealized fair value losses in equity of debt securities reclassified from AFS to HTM at reclassification dates amounted to P102,100 and P45,675 in the Group and Parent Bank financial statements, respectively. The net trading loss that would have been recognized in equity during the period following the reclassification in 2008 if the reclassifications had not been made would have amounted to P2,132,290.

Unrealized fair value losses in equity of CLNs linked to ROP bonds reclassified from AFS to Loans at reclassification dates amounted to P627,075 and P623,915 in the Group and Parent Bank financial statements, respectively. Effective interest rates at reclassification date range from 4.7% to 11.4% and 7.3% to 9.6% in the Group and Parent Bank financial statements. Additional unrealized fair value losses from the reclassification dates to December 31, 2008 that would have been recognized in equity had the CLNs not been reclassified to loans and other receivables would have amounted to P494,832 and P554,552 in the Group and Parent Bank financial statements, respectively. Additional trading losses to be recognized in profit or loss had the embedded derivatives not been reclassified totaled to P1,134,697 and P909,227 in the Group and Parent Bank financial statements, respectively.

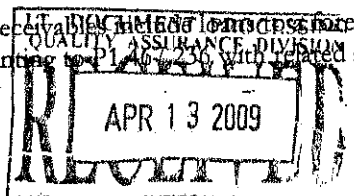
## 10. LOANS AND OTHER RECEIVABLES

This account consists of the following:

Note	Group		Parent Bank	
	2008	2007	2008	2007
Receivables from customers:				
Loans and discounts	P 322,729,022	P 239,232,877	P 313,727,976	P 229,191,511
Customers' liabilities under letters of credit and trust receipts	40,721,896	28,861,108	40,721,896	28,861,108
Bills purchased	13,408,212	16,891,879	13,408,212	16,891,879
Others	15,935,177	12,044,286	15,925,898	11,370,268
	392,794,307	297,030,150	383,783,979	286,314,766
Allowance for impairment 14	(15,720,939)	(16,606,495)	(15,485,393)	(16,269,011)
Net	377,073,368	280,423,655	368,298,586	270,045,755
Other receivables:				
SPURRA	60,770,362	8,952,219	48,647,520	4,502,625
Interbank loans receivables	29,193,940	15,513,958	29,193,940	15,095,814
UDSCL (see Note 9)	20,388,255	412,800	15,626,091	412,800
Accounts receivable	5,948,208	6,185,926	7,306,004	7,484,270
Sales contract receivables	1,981,806	1,959,794	1,891,265	1,920,644
Others	40,201	164,592		64,705
	118,322,772	33,189,296	102,664,820	29,480,858
Allowance for impairment 14	(3,409,709)	(1,938,012)	(3,373,073)	(1,895,835)
Net	114,913,063	31,251,284	99,291,747	27,585,023
	P 491,986,431	P 311,674,939	P 467,590,333	P 297,630,778

Included in loans and other receivables are nonaccruing loans amounting to P23,109,959 and P24,550,908 as of December 31, 2008 and 2007, respectively, in the Group financial statements and P22,608,692 and P22,516,380 as of December 31, 2008 and 2007, respectively, in the Parent Bank financial statements.

As of December 31, 2008, interbank loans receivable from a foreign financial institution under bankruptcy amounted to P1,308,050 with an allowance for impairment of P1,308,050.



The Group's concentration of credit as to industry follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Manufacturing (various industries)	P 82,782,873	P 67,762,653	P 79,993,631	P 66,433,274
Financial intermediaries	65,451,613	36,326,281	66,401,201	35,661,132
Wholesale and retail trade	54,794,326	44,785,252	53,398,300	43,405,135
Other community, social and personal activities	31,712,284	36,455,031	31,201,574	38,448,612
Real estate, renting and other related activities	30,608,567	23,893,265	30,330,523	19,609,789
Transportation and communication	31,186,785	15,322,038	29,362,472	13,668,254
Agriculture, fishing and forestry	5,229,037	3,728,232	5,182,269	3,670,501
Others	91,028,822	68,757,398	87,914,009	65,418,069
	<u>P 392,794,307</u>	<u>P 297,030,150</u>	<u>P 383,783,979</u>	<u>P 286,314,766</u>

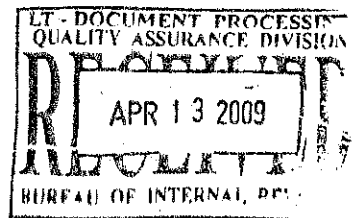
The breakdown of total loans as to secured and unsecured follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Secured:				
Real estate mortgage	P 74,475,200	P 61,779,114	P 73,502,141	P 60,809,052
Chattel mortgage	30,851,037	19,695,515	24,458,111	13,473,738
Other securities	64,892,176	40,181,986	64,821,949	40,102,032
	170,218,413	121,656,615	162,782,201	114,384,822
Unsecured	222,575,894	175,373,535	221,001,778	171,929,944
	<u>P 392,794,307</u>	<u>P 297,030,150</u>	<u>P 383,783,979</u>	<u>P 286,314,766</u>

The breakdown of total loans as to type of interest rate follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Variable interest rates	P 292,114,867	P 197,730,250	P 285,008,870	P 196,860,435
Fixed interest rates	100,679,440	99,299,900	98,775,109	89,454,331
	<u>P 392,794,307</u>	<u>P 297,030,150</u>	<u>P 383,783,979</u>	<u>P 286,314,766</u>

Loans and other receivables bear annual interest rates of 0.0% to 51.1% per annum in 2008, 1.1% to 41.7% in 2007 and 1.5% to 58.6% in 2006 in the Group and Parent Bank financial statements.



The Bank's receivables from customers amounting to P6,806,836 and P256,518 as of December 31, 2008 and 2007, respectively, were pledged as collaterals with the BSP to secure borrowings under rediscounting privileges. In addition, receivables from customers amounting to P55,046 and P171,814 as of December 31, 2008 and 2007, respectively, have been rediscounted under the Development Bank of the Philippines, Land Bank of the Philippines and SSS rediscounting facilities.

On May 30, 2008, the Bank reclassified CLDs included under other receivables with carrying amount of P437,500 to AFS (see Note 9.2).

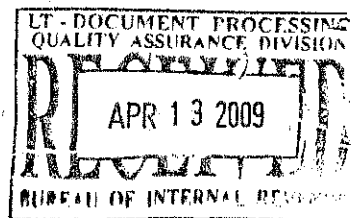
In 2008, the Group reclassified to loans and receivables CLNs linked to ROPs (classified as AFS) and the embedded derivatives (classified as FVTPL) with total fair value, as of the date of reclassification, of P18,589,784 and (P183,166), respectively (see Note 9.4). The related accrued interest receivables of CLNs amounting to P1,811,915 was also transferred to loans and other receivables.

## 11. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2008 and 2007 are shown below:

### Group

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
<b><u>December 31, 2008</u></b>					
Cost	P 4,955,969	P 5,356,584	P 1,767,540	P 14,626,634	P 26,706,727
Accumulated depreciation and amortization		( 1,499,148)	( 338,232)	( 10,192,957)	( 12,030,337)
Net carrying amount	<u>P 4,955,969</u>	<u>P 3,857,436</u>	<u>P 1,429,308</u>	<u>P 4,433,677</u>	<u>P 14,676,390</u>
<b><u>December 31, 2007</u></b>					
Cost	P 4,876,467	P 4,481,676	P 1,445,190	P 12,506,625	P 23,309,958
Accumulated depreciation and amortization		( 1,618,868)	( 577,990)	( 9,707,581)	( 11,904,439)
Net carrying amount	<u>P 4,876,467</u>	<u>P 2,862,808</u>	<u>P 867,200</u>	<u>P 2,799,044</u>	<u>P 11,405,519</u>



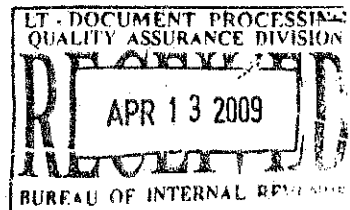
**Parent Bank**

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
<b>December 31, 2008</b>					
Cost	P 4,955,969	P 5,237,340	P 1,644,360	P 12,629,104	P 24,466,773
Accumulated depreciation and amortization		( 1,438,351)	( 269,929)	( 9,872,697)	( 11,580,977)
<b>Net carrying amount</b>	<b>P 4,955,969</b>	<b>P 3,798,989</b>	<b>P 1,374,431</b>	<b>P 2,756,407</b>	<b>P 12,885,796</b>
<b>December 31, 2007</b>					
Cost	P 4,876,467	P 4,198,289	P 1,264,943	P 10,071,117	P 20,410,816
Accumulated depreciation and amortization		( 1,399,547)	( 453,582)	( 7,621,061)	( 9,474,197)
<b>Net carrying amount</b>	<b>P 4,876,467</b>	<b>P 2,798,742</b>	<b>P 811,354</b>	<b>P 2,450,056</b>	<b>P 10,936,619</b>

A reconciliation of the carrying amounts at the beginning and end of 2008 and 2007, of premises, furniture, fixtures and equipment is shown below:

**Group**

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
Balance at January 1, 2008, net of accumulated depreciation and amortization	P 4,876,467	P 2,862,808	P 867,200	P 2,799,044	P 11,405,519
Additions	189,702	1,208,370	873,899	2,984,516	5,256,487
Disposals	( 110,200)	( 5,109)	( 7,790)	( 54,626)	( 117,725)
Depreciation and amortization charges for the year		( 208,633)	( 304,001)	( 1,295,257)	( 1,807,891)
<b>Balance at December 31, 2008, net of accumulated depreciation and amortization</b>	<b>P 4,955,969</b>	<b>P 3,857,436</b>	<b>P 1,429,308</b>	<b>P 4,433,677</b>	<b>P 14,676,390</b>
Balance at January 1, 2007, net of accumulated depreciation and amortization	P 4,888,813	P 2,795,566	P 701,853	P 2,986,020	P 11,372,252
Additions	1,166	361,825	471,135	2,139,807	2,973,933
Disposals	( 13,512)	( 23,612)	( 51,089)	( 940,533)	( 1,028,746)
Depreciation and amortization charges for the year		( 270,971)	( 254,692)	( 1,386,250)	( 1,911,920)
<b>Balance at December 31, 2007, net of accumulated depreciation and amortization</b>	<b>P 4,876,467</b>	<b>P 2,862,808</b>	<b>P 867,200</b>	<b>P 2,799,044</b>	<b>P 11,405,519</b>



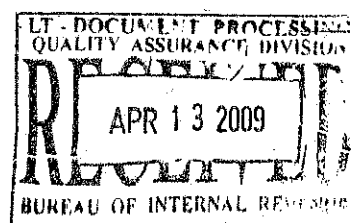
**Parent Bank**

	Land	Buildings	Leasehold Rights and Improvements	Furniture, Fixtures and Equipment	Total
Balance at January 1, 2008, net of accumulated depreciation and amortization	P 4,876,467	P 2,798,742	P 811,354	P 2,450,056	P 10,936,619
Additions	189,702	1,207,856	839,615	1,503,798	3,740,971
Disposals	( 110,200)	( 5,108)	( 6,609)	( 49,758)	( 171,675)
Depreciation and amortization charges for the year		( 202,501)	( 269,922)	( 1,147,689)	( 1,620,112)
<b>Balance at December 31, 2008, net of accumulated depreciation and amortization</b>	<b>P 4,955,969</b>	<b>P 3,798,989</b>	<b>P 1,374,431</b>	<b>P 2,756,407</b>	<b>P 12,885,796</b>
Balance at January 1, 2007, net of accumulated depreciation and amortization	P 4,889,926	P 2,698,815	P 660,576	P 2,460,828	P 10,710,145
Additions	-	350,690	458,631	1,706,984	2,516,305
Disposals	( 13,459)	( 123,535)	( 120,308)	( 644,569)	( 901,871)
Depreciation and amortization charges for the year		( 127,228)	( 187,545)	( 1,073,187)	( 1,387,960)
<b>Balance at December 31, 2007, net of accumulated depreciation and amortization</b>	<b>P 4,876,467</b>	<b>P 2,798,742</b>	<b>P 811,354</b>	<b>P 2,450,056</b>	<b>P 10,936,619</b>

Under BSP rules, investments in premises, furniture, fixtures and equipment should not exceed 50% of a bank's unimpaired capital. As of December 31, 2008 and 2007, the Bank has satisfactorily complied with this requirement.

**12. INVESTMENT PROPERTIES**

Investment properties include land and buildings held for capital appreciation and for rental. Income earned from investment properties under rental agreement amounted to P64,213 and P56,923 in 2008 and P35,358 and P28,513 in 2007 in the Group and Parent Bank financial statements, respectively. Direct expenses incurred from these properties amounted to P22,358 and P11,340 in 2008 and P18,058 and P10,751 in 2007 in the Group and Parent Bank financial statements, respectively.



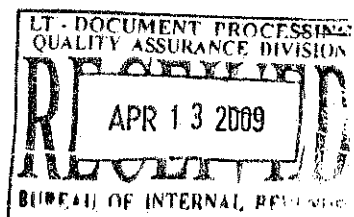
The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2008 and 2007 are shown below:

**Group**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b><u>December 31, 2008</u></b>			
Cost	P 12,994,210	P 4,646,857	P 17,641,067
Accumulated depreciation	-	( 1,378,480)	( 1,378,480)
Accumulated impairment (see Note 14)	( 1,018,812)	( 9,414)	( 1,028,226)
<b>Net carrying amount</b>	<b><u>P 11,975,398</u></b>	<b><u>P 3,258,963</u></b>	<b><u>P 15,234,361</u></b>
<b><u>December 31, 2007</u></b>			
Cost	P 14,951,831	P 5,327,336	P 20,279,167
Accumulated depreciation	-	( 1,236,494)	( 1,236,494)
Accumulated impairment (see Note 14)	( 1,056,707)	( 22,853)	( 1,079,560)
<b>Net carrying amount</b>	<b><u>P 13,895,124</u></b>	<b><u>P 4,067,989</u></b>	<b><u>P 17,963,113</u></b>

**Parent Bank**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b><u>December 31, 2008</u></b>			
Cost	P 12,240,884	P 4,398,469	P 16,639,353
Accumulated depreciation	-	( 1,315,742)	( 1,315,742)
Accumulated impairment (see Note 14)	( 992,945)	( 9,415)	( 1,002,360)
<b>Net carrying amount</b>	<b><u>P 11,240,939</u></b>	<b><u>P 3,073,312</u></b>	<b><u>P 14,314,251</u></b>
<b><u>December 31, 2007</u></b>			
Cost	P 14,184,639	P 5,059,376	P 19,244,015
Accumulated depreciation	-	( 1,185,574)	( 1,185,574)
Accumulated impairment (see Note 14)	( 1,051,154)	-	( 1,051,154)
<b>Net carrying amount</b>	<b><u>P 13,133,485</u></b>	<b><u>P 3,873,802</u></b>	<b><u>P 17,007,287</u></b>



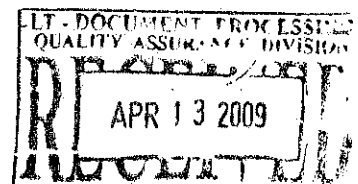
A reconciliation of the carrying amounts at the beginning and end of 2008 and 2007, of investment property is shown below:

**Group**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2008, net of accumulated depreciation and impairment	P 13,895,124	P 4,067,989	P 17,963,113
Additions	125,616	197,096	322,713
Disposals	( 1,885,818)	( 457,019)	( 2,342,836)
Reclassifications	( 181,374)	( 358,815)	( 540,189)
Depreciation for the year	-	( 196,056)	( 196,056)
Impairment recovery	<u>21,850</u>	<u>5,768</u>	<u>27,616</u>
<b>Balance at December 31, 2008, net of accumulated depreciation and impairment</b>	<b><u>P 11,975,398</u></b>	<b><u>P 3,258,963</u></b>	<b><u>P 15,234,361</u></b>
Balance at January 1, 2007, net of accumulated depreciation and impairment	P 13,586,511	P 4,747,254	P 18,333,765
Additions	2,482,609	1,128,865	3,611,474
Disposals	( 1,482,122)	( 1,562,403)	( 3,044,525)
Impairment for the year	( 691,874)	-	( 691,874)
Depreciation for the year	<u>-</u>	<u>( 245,727)</u>	<u>( 245,727)</u>
<b>Balance at December 31, 2007, net of accumulated depreciation and impairment</b>	<b><u>P 13,895,124</u></b>	<b><u>P 4,067,989</u></b>	<b><u>P 17,963,113</u></b>

**Parent Bank**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2008, net of accumulated depreciation and impairment	P 13,133,485	P 3,873,802	P 17,007,287
Additions	42,717	165,278	207,995
Disposals	( 1,843,869)	( 445,406)	( 2,289,275)
Reclassification	( 127,422)	( 358,815)	( 486,237)
Impairment recovery	36,028	5,768	41,796
Depreciation for the year	<u>-</u>	<u>( 167,315)</u>	<u>( 167,315)</u>
<b>Balance at December 31, 2008, net of accumulated depreciation and impairment</b>	<b><u>P 11,240,939</u></b>	<b><u>P 3,073,312</u></b>	<b><u>P 14,314,251</u></b>



	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2007, net of accumulated depreciation and impairment	P 12,840,260	P 4,566,694	P 17,406,954
Additions	2,435,102	1,080,642	3,515,744
Disposals	( 1,450,595)	( 1,564,796)	( 3,015,391)
Impairment for the year	( 691,282)	-	( 691,282)
Depreciation for the year	-	( 208,738)	( 208,738)

Balance at December 31, 2007, net of accumulated depreciation and impairment	<u>P 13,133,485</u>	<u>P 3,873,802</u>	<u>P 17,007,287</u>
--	---------------------	--------------------	---------------------

The fair value of investment properties as of December 31, 2008 and 2007, determined based on the present value of the estimated future cash flows discounted at the current market rate, amounted to P23,021,247 and P19,060,606, respectively, for the Group accounts and P22,055,410 and P17,727,894, respectively, for the Parent Bank accounts.

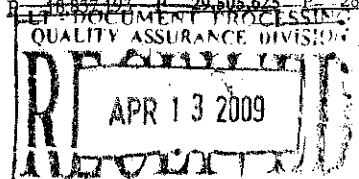
Real and other properties acquired (ROPA) in settlement of loans through foreclosure or dacion in payment are accounted for as financial assets, investment properties, non-current assets held-for-sale and other resources - others. As of December 31, 2008 and 2007, ROPA gross of allowance comprise of the following:

	<u>Group</u>		<u>Parent Bank</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Investment properties	P 14,767,642	P 16,203,405	P 13,977,664	P 16,277,969
Non-current assets held-for-sale	2,209,296	1,586,347	2,180,609	1,586,347
Available-for-sale securities	844,350	1,048,961	844,350	1,048,961
Other resources - others	-	27,614	-	-
	<u>P 17,821,288</u>	<u>P 18,866,327</u>	<u>P 17,002,623</u>	<u>P 18,913,277</u>

### 13. OTHER RESOURCES

The components of this account are shown below:

		<u>Group</u>		<u>Parent Bank</u>	
	<u>Notes</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Deferred tax assets	27	P 5,779,921	P 5,740,575	P 5,746,581	P 5,614,341
Receivables from SPVs		3,435,268	3,435,268	3,435,268	3,435,268
Deposits under escrow		2,931,054	2,931,054	2,931,054	2,931,054
Foreign currency notes and coins on hand		2,220,153	1,742,435	2,220,153	1,735,994
Non-current assets held for sale		1,950,370	1,441,432	1,932,484	1,400,822
Equity investments		1,704,013	1,695,881	10,873,939	11,560,433
Interoffice float items - net		1,194,078	1,103,331	1,618,929	1,108,013
Goodwill	26	<u>747,217</u>	<u>747,217</u>	<u>747,217</u>	<u>747,217</u>
Balance brought forward		<u>P 19,962,074</u>	<u>P 18,837,193</u>	<u>P 20,505,625</u>	<u>P 28,533,142</u>





	Note	Group		Parent Bank	
		2008	2007	2008	2007
Balance carried forward		P 19,962,074	P 18,837,193	P 29,505,625	P 28,533,142
Returned checks and other cash items		464,631	2,742,664	464,631	2,739,791
Deferred charges - net of amortization		456,037	1,037,969	445,675	1,025,473
Others		8,859,921	7,464,914	7,330,113	6,940,040
		29,742,663	30,082,740	37,746,044	39,238,446
Allowance for impairment	14	( 7,298,975)	( 6,956,386)	( 9,585,960)	( 10,064,727)
		P 22,443,688	P 23,126,354	P 28,160,084	P 29,173,719

### 13.1 Receivables from SPVs

Receivables from SPVs represent the amount due from sale of certain non-performing assets to the SPVs. In 2005, the former EPCIB sold certain nonperforming assets having book value of P15,068,639 to Philippine Investment One, Philippine Investment Two and Cameron Granville Asset Management, Inc. (CGAM) for a consideration of P4,134,472. Cash received from the SPVs amounted to P98,416 in 2005 and the balance of P3,336,056, through issuance of SPV Notes, shall be paid based on a cash flow waterfall arrangement and interest rate of 20% and 50% per annum on the P2,776,056 and P560,000, respectively. Also, in 2005, the former Equitable Savings Bank, Inc. (ESB) entered into sale and purchase agreements with CGAM and LNC (SPV-AMC) Corporation (LNC) for the sale of the former ESB's loans to CGAM for P620,982 and for the sale of its investment properties to LNC for P98,031. The former ESB received SPV Notes amounting to P60,000 for loans from CGAM and P39,200 for investment properties from LNC, in addition to cash received amounting to P23,155 from CGAM and P4,196 from LNC.

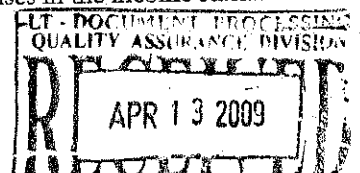
As of December 31, 2008 and 2007, allowance for impairment losses on receivables from SPVs amounted to P2,991,212.

### 13.2 Deposits Under Escrow

Deposits under escrow pertain to the portion of the cash received by the Group in consideration for its assumption of First e-Bank Corporation's deposits and other liabilities in October 2002. This amount is held in escrow pending compliance by the Group with certain terms and conditions as stipulated in the MOA. Deposits under escrow earn an annual effective interest of 4.7% and 3.4% in 2008 and 2007, respectively.

### 13.3 Deferred Charges

Deferred charges mainly pertain to computer software licenses. Amortization expense on deferred charges amounted to P114,698, P94,402, and P36,922 in 2008, 2007 and 2006, respectively, in the Group financial statements and P114,628, P93,309, and P36,540 in 2008, 2007 and 2006, respectively, in the Parent Bank financial statements. These are included as part of Other Operating Expenses in the income statement (see Note 22).



### 13.4 Non-current Assets Held-for-sale

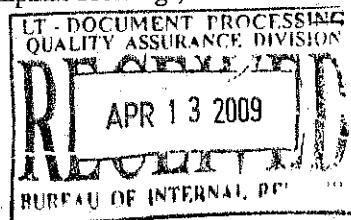
Non-current assets held-for-sale consist of real and other properties acquired through repossession or foreclosure that the Group intends to sell within one year from the date of classification as held for sale.

### 13.5 Equity Investments

Equity investments consist of the following:

	% Interest	Group		Parent Bank	
	Held	2008	2007	2008	2007
<b>Philippine Subsidiaries:</b>					
BDO Private Bank, Inc. (BDO Private)	100%	P -	P -	P 2,579,460	P 2,579,460
BDO Leasing Finance, Inc.	85%	-	-	1,854,073	1,854,073
EBC Strategic Holdings Corporation (ESHC)	100%	-	-	1,420,850	1,420,850
EBC Investments, Inc. (EBCII)	100%	-	-	1,003,225	1,003,225
PCIB Properties, Inc.	100%	-	-	891,692	891,692
BDO Elite Savings Bank, Inc. (BDO Elite)	100%	-	-	-	677,086
BDO Capital Investment Corporation (BDO Capital)	100%	-	-	300,000	300,000
BDO Financial Services, Inc.	100%	-	-	200,000	200,000
BDO Technology Center, Inc. (BDO Technology)	100%	-	-	47,443	47,443
Equimark - NFC Development Corp.	60%	-	-	44,997	44,997
BDO Realty Corporation	100%	-	-	40,000	40,000
PCIB Securities, Inc.	100%	-	-	39,177	39,177
PCI Realty Corporation	100%	-	-	33,510	33,510
BDO Insurance Brokers, Inc. (BDOI)	100%	-	-	11,249	11,249
PCI Insurance Brokers, Inc. (PCI Insurance)	100%	-	-	7,800	7,800
<b>Foreign Subsidiaries:</b>					
PCI Express Padala (HK) Ltd.	100%	-	-	215,282	215,282
PCIB Europe, S.P.A.	100%	-	-	32,921	32,921
Express Padala HK Ltd.	100%	-	-	27,956	27,956
BDO Remittance (USA), Inc	100%	-	-	26,494	26,494
Express Padala Frankfurt GmbH	100%	-	-	1,247	1,247
Equitable PCI Express Padala (Nederland) B.V.	100%	-	-	823	823
<b>Associates:</b>					
SM Keppel Land, Inc.	50%	1,294,044	1,294,044	1,294,044	1,294,044
Generali Pilipinas Holdings, Inc.	40%	446,192	446,192	378,000	378,000
Northpine Land Incorporated	20%	232,000	232,000	232,000	232,000
Taal Land	33%	170,382	170,382	170,382	170,382
Others		9,084	9,084	9,084	9,084
		<u>2,151,702</u>	<u>2,151,702</u>	<u>10,861,708</u>	<u>11,538,795</u>
Accumulated equity in net losses:					
Balance at beginning of year		( 506,657)	( 434,725)	-	-
Equity in net income (losses) during the year		<u>46,737</u>	<u>( 71,932)</u>	-	-
Balance at end of year		<u>( 459,920)</u>	<u>( 506,657)</u>	-	-
At cost		<u>12,231</u>	<u>50,836</u>	<u>12,231</u>	<u>21,638</u>
Gross		1,704,013	1,695,881	10,873,939	11,560,433
Allowance for impairment (see Note 14)		<u>( 6,824)</u>	<u>-</u>	<u>( 3,291,197)</u>	<u>( 3,559,541)</u>
Net		<u>P 1,697,189</u>	<u>P 1,695,881</u>	<u>P 7,582,742</u>	<u>P 8,000,892</u>

The Parent Bank's percentage of interest held in each subsidiary and associate is the same as that of the Group, except for Generali Pilipinas Holdings, Inc. which is at 30% at the Parent Bank and 40% at the Group level.



The Group's subsidiaries and associates are all incorporated in the Philippines, except for the following:

<u>Subsidiaries</u>	<u>Country of Incorporation</u>
PCI Express Padala (HK) Ltd.	Hong Kong
Express Padala HK Ltd.	Hong Kong
BDO Remittance (USA), Inc.	United States of America
Express Padala Frankfurt GmbH	Germany
Equitable PCI Express Padala (Nederland) BV	Netherlands
PCIB Europe, S.P.A	Italy

The following table presents financial information on the Group's associates as of and for the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Net Income</u> <u>(Loss)</u>
SM Keppel Land, Inc.	P	1,765,085	P 233,723	P 254,049	P 63,010
Generali Pilipinas Holdings, Inc.	(	252,760)	347,182	( 455,766)	( 468,171)
Northpine Land Incorporated		1,660,500	464,200	81,700	36,100
Taal Land		140,599	12	979	965
	<u>2007</u>				
SM Keppel Land, Inc.	P	1,724,387	P 256,034	P 250,913	P 59,756
Generali Pilipinas Holdings, Inc.		729,931	336,197	7,560	( 514,439)
Northpine Land Incorporated		1,422,700	500,300	101,700	57,100
Taal Land		158,718	200,125	577	351

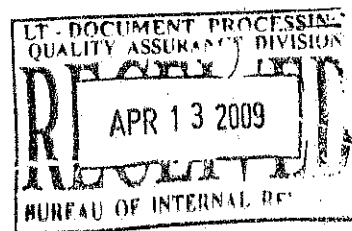
### ***13.5.1 Dividend Declarations***

In 2008 and 2007, the Group's wholly-owned subsidiaries declared and paid cash dividends amounting to P108,500 and P2,384,054, respectively, and are presented as Dividend Income under Other Operating Income in the Parent Bank income statements.

### ***13.5.2 Mergers Among Subsidiaries***

In 2008, the following mergers among subsidiaries of the Group have taken place:

- (a) On April 23, 2008, the respective Board of Directors of EBCII, Jardine Equitable Finance Corporation, EBC Capital Corporation, Equitable Exchange, Inc. and Express Padala International, Inc., approved the plan of Merger with EBCII as the surviving entity. The merger was approved by the SEC on October 6, 2008.
- (b) On April 7, 2008, the respective Board of Directors of BDO Technology (formerly Equitable Data Center, Inc.) and PCI Automation Center, Inc., approved the Plan of Merger with BDO Technology as the surviving entity. The merger was approved by the SEC on September 5, 2008.



- (c) On April 7, 2008, the respective Board of Directors of BDOI and EBC Insurance Brokerage, Inc. approved a Plan of Merger with BDOI as the surviving entity. The merger was approved by the SEC on August 21, 2008.

The above mergers were accounted for using the pooling-of-interests method since the merging entities are under the common control of the Group.

### ***13.5.3 Decrease in Authorized Capital Stock***

On July 30, 2007, the Board of Directors and stockholders of ECN approved the decrease in authorized capital stock of ECN from P2,000,000 divided into 20.0 million shares to P675,000 divided into 6.75 million shares. The Board also approved the return to stockholders of P1,336,250 to be sourced from the funds of ECN representing surplus capital. On September 28, 2007, the SEC approved the decrease in authorized capital stock and P1,300,000 was returned by ECN on the same day. The remaining P36,250 was returned to stockholders on October 1, 2007.

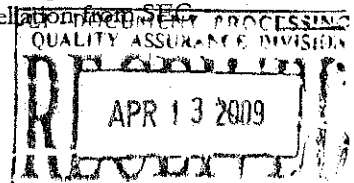
### ***13.5.4 Acquisitions/Disposals***

On a special meeting dated August 17, 2007, the Board of Directors approved the purchase of BDO Elite Savings Bank, Inc. (see Note 26) and the American Express Philippine Dollar Charge Card Portfolio in the amount of P762,587.

On May 30, 2007, the then EPCIB entered into a MOA with ECN to purchase its outstanding credit card receivables and related liabilities as of March 31, 2007 for the amount of P3,650,000. ECN has also agreed to continue to provide the technical, marketing, collection and other credit card services with respect to the receivables and liabilities. On December 1, 2007, an addendum to the above-mentioned MOA was entered into with the Parent Bank for the assignment and transfer of ECN's assets and assumption of ECN's liabilities amounting to P402,505 and P490,102, respectively. The parties understand and agree that the liabilities assumed by the Parent Bank are more than the assets assigned and transferred to the Parent Bank. ECN undertakes and agrees to pay the net liability to the Parent Bank.

On February 22, 2007, the Group granted the management the authority and discretion to determine the manner and time of the implementation of the following corporate actions, taking into consideration the best interest of the Group and subject to applicable statutory and regulatory requirements:

- (a) The sale or disposal of the Group's equity investments in certain publicly listed and non-listed corporations; the engagement of the services of a broker to handle the equity placement of the listed shares, and the engagement of the services of an investment/portfolio manager to implement the sale and disposition of the non-listed shares; and,
- (b) The sale or dissolution of certain non-operating non-stock companies. As of December 31, 2008, one of the subsidiaries is planned for dissolution, two subsidiaries are undergoing merger or planned to be merged with another subsidiary and two other subsidiaries were dissolved awaiting clearance from the Bureau of Internal Revenue or approval of license cancellation from SEC.



#### 14. ALLOWANCE FOR IMPAIRMENT LOSSES

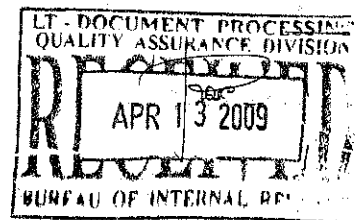
Changes in the allowance for impairment losses are summarized as follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Balance at beginning of year:				
Available-for-sale securities	P 607,869	P 1,145,892	P 258,183	P 102,117
Held-to-maturity investments	843,826	1,124,978	843,826	1,127,743
Loans and other receivables	18,544,507	16,653,957	18,164,846	16,261,949
Investment properties	1,079,560	365,534	1,051,154	359,872
Other resources	6,956,386	3,136,597	10,064,727	7,552,389
	<u>28,032,148</u>	<u>22,426,958</u>	<u>30,382,736</u>	<u>25,404,070</u>
Provisions during the year - net	<u>5,231,942</u>	<u>4,118,147</u>	<u>5,170,757</u>	<u>3,802,373</u>
Reclassification/write-off	<u>511,615</u>	<u>1,487,043</u>	<u>( 712,862)</u>	<u>1,176,293</u>
Balance at end of year:				
Available-for-sale securities	5,645,223	607,869	4,714,212	258,183
Held-to-maturity investments	672,633	843,826	672,633	843,826
Loans and other receivables	19,130,648	18,544,507	18,858,466	18,164,846
Investment properties	1,028,226	1,079,560	1,009,360	1,051,154
Other resources	<u>7,298,975</u>	<u>6,956,386</u>	<u>9,585,960</u>	<u>10,064,727</u>
	<u>P 33,775,705</u>	<u>P 28,032,148</u>	<u>P 34,840,631</u>	<u>P 30,382,736</u>

Total provisions for impairment losses on financial assets amounted to P4,737,204, P3,291,982 and P1,259,202 in 2008, 2007 and 2006, respectively, in the Group financial statements and P4,574,719, P3,117,441 and P1,082,532 in 2008, 2007 and 2006, respectively in the Parent Bank financial statements.

Total provision for impairment losses on non-financial assets amounted to P494,738, P826,165 and P753,525 in 2008, 2007 and 2006, respectively, in the Group financial statements and P596,037, P684,932 and P908,731 in 2008, 2007 and 2006, respectively, in the Parent Bank financial statements.

In 2008, the Group reversed excess allowance on Loans amounting to P1,505,834 reported as part of Impairment Losses account in the Group and Parent Bank income statements.



# 15. DEPOSIT LIABILITIES

The breakdown of this account as to type follows:

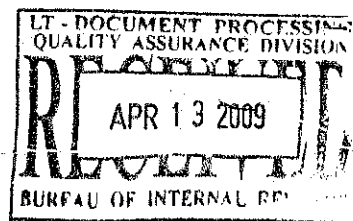
	Group		Parent Bank	
	2008	2007	2008	2007
Demand	P 36,321,331	P 25,164,584	P 22,813,738	P 23,201,539
Savings	263,247,504	318,669,697	264,803,455	319,864,349
Time	<u>337,184,731</u>	<u>101,562,619</u>	<u>325,349,894</u>	<u>91,229,539</u>
	<u>P 636,753,566</u>	<u>P 445,396,900</u>	<u>P 612,967,087</u>	<u>P 434,295,427</u>

This account is composed of the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Due to banks:				
Demand	P 878,817	P 571,131	P 909,861	P 571,129
Savings	3,156,539	1,768,442	3,156,539	1,749,779
Time	<u>3,439,584</u>	<u>408,604</u>	<u>1,753,235</u>	<u>408,604</u>
	<u>7,474,940</u>	<u>2,748,177</u>	<u>5,819,635</u>	<u>2,729,512</u>
Due to customers:				
Demand	35,442,514	24,593,453	21,903,876	22,630,410
Savings	260,090,965	316,901,255	261,646,916	318,114,570
Time	<u>333,745,147</u>	<u>101,154,015</u>	<u>323,596,660</u>	<u>90,820,935</u>
	<u>629,278,626</u>	<u>442,648,723</u>	<u>607,147,452</u>	<u>431,565,915</u>
	<u>P 636,753,566</u>	<u>P 445,396,900</u>	<u>P 612,967,087</u>	<u>P 434,295,427</u>

The breakdown of this account, as to currency, follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Foreign currency	P 172,667,256	P 116,933,054	P 163,338,147	P 105,360,617
Peso	<u>464,086,310</u>	<u>328,463,846</u>	<u>449,628,940</u>	<u>328,934,810</u>
	<u>P 636,753,566</u>	<u>P 445,396,900</u>	<u>P 612,967,087</u>	<u>P 434,295,427</u>



The maturity profile of this account is presented below:

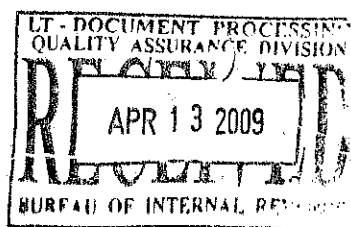
	Group		Parent Bank	
	2008	2007	2008	2007
Less than one year	P 567,926,223	P 400,090,642	P 553,154,995	P 393,130,845
One to five years	39,936,742	36,322,607	31,751,068	32,180,931
Beyond five years	28,890,601	8,983,651	28,061,024	8,983,651
	<u>P 636,753,566</u>	<u>P 445,396,900</u>	<u>P 612,967,087</u>	<u>P 434,295,427</u>

The Group's deposit liabilities are in the form of demand, savings and time deposit accounts bearing annual interest rates of 0% to 10% in 2008 and 2007. Demand and savings deposits usually have both fixed and variable interest rates while time deposit has fixed interest rate except for the peso-denominated long-term negotiable certificates of deposits which are repriced every quarter.

On December 23, 2004, the BSP approved the Parent Bank's application to issue in two or more tranches of up to P5,000,000 worth of peso-denominated long-term negotiable certificates of deposits (LTNCDs) within one year from date of approval. The first tranche amounting to P2,100,000 was issued on June 1, 2005 and will mature on June 2, 2010 and the second tranche amounting to P2,900,000 was issued on November 23, 2005 and will mature on November 24, 2010. The first tranche bears a variable interest based on MART 1 plus 0.3% spread while the second tranche pays a fixed rate of 9.7%. Also, on September 25, 2006, the BSP approved the Parent Bank's application to issue another P5,000,000 LTNCDs in one tranche. The P5,000,000 LTNCDs bear a fixed interest rate of 8.3% per annum. These are presented as part of the Time Deposit under Deposit Liabilities account in the statement of condition.

Also on April 26, 2007, the Monetary Board (MB) of the BSP authorized BDO Private to issue up to P5,000,000 worth of fixed rate or zero coupon LTNCDs in one or more tranches. The first tranche, consisting of P2,191,400 in zero coupon LTNCDs, was issued on June 18, 2007 and will mature on December 18, 2012. These LTNCDs are presented, net of discount and including P16,700 in capitalized transaction costs, as part of the Time Deposit Liabilities account in the statement of condition.

Under existing BSP regulations, non-FCDU deposit liabilities of the Group are subject to liquidity reserve equivalent to 11% starting July 15, 2005 (under BSP Circular 491) and statutory reserve equivalent to 10%. As of December 31, 2008, the Group is in compliance with these regulations.



## 16. BILLS PAYABLE

This account is composed of the following:

Note	Group		Parent Bank	
	2008	2007	2008	2007
Foreign banks	P 13,304,878	P 18,529,192	P 13,304,878	P 14,222,654
Deposit substitutes	12,378,514	6,715,602	11,797,770	6,715,602
BSP	6,786,817	3,072,407	6,786,817	257,584
PDIC	4,437,717	4,437,717	4,437,717	4,437,717
Local banks	3,083,149	4,846,908	1,437,197	4,403,051
SMPHII (preferred shares)	2,407,317	2,158,285	2,407,317	2,158,285
Senior notes	-	8,997,493	-	8,997,493
Others	9,037,246	3,725,645	3,070,555	-
	<u>P 51,435,638</u>	<u>P 52,483,249</u>	<u>P 43,242,251</u>	<u>P 41,192,386</u>

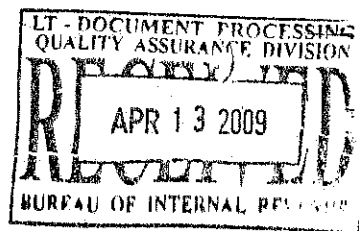
The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Foreign currency	P 34,556,768	P 27,578,701	P 16,878,870	P 25,909,086
Peso	16,878,870	24,904,548	26,363,381	15,283,300
	<u>P 51,435,638</u>	<u>P 52,483,249</u>	<u>P 43,242,251</u>	<u>P 41,192,386</u>

The maturity profile of this account is presented below:

	Group		Parent Bank	
	2008	2007	2008	2007
Less than one year	P 42,996,125	P 38,814,367	P 34,809,489	P 31,053,790
One to five years	6,425,455	10,920,192	6,425,455	8,080,449
Beyond five years	2,014,058	2,748,690	2,007,307	2,058,147
	<u>P 51,435,638</u>	<u>P 52,483,249</u>	<u>P 43,242,251</u>	<u>P 41,192,386</u>

Bills payable bear annual interest rates of 0.6% to 12% in 2008 and 3.6% to 12.2% in 2007. Certain bills payable to local banks and the BSP are collateralized by certain receivables from customers.





The following comprise the interest expense on bills payable in the income statements (see Note 21):

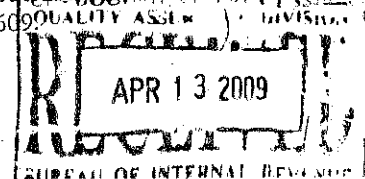
	Group		Parent Bank	
	2008	2007	2008	2007
Deposit substitutes	P 889,822	P 430,913	P 661,193	P 429,991
Foreign banks	558,503	213,015	485,236	213,015
Senior notes	290,127	637,485	290,127	637,485
Local banks	288,808	400,103	208,012	383,527
BSP	271,123	27,785	69,546	27,785
PDIC	175,253	174,774	175,253	174,774
SMPHI	145,735	164,842	145,735	164,842
Amortization on deferred charges	9,106	39,883	9,106	39,883
Others	1,332	-	1,332	-
	<u>P 2,629,809</u>	<u>P 2,088,800</u>	<u>P 2,045,540</u>	<u>P 2,071,302</u>

### Senior Notes

On November 23, 2004, the Board of Directors approved the issuance of senior bonds. Relative to this, on February 18, 2005 the Parent Bank issued US\$100 million, 6.5% senior notes due in 2008 (the "Senior Note"). The issuance of the bonds under the terms approved by the Board of Directors was approved by the BSP on January 31, 2005. Among the significant terms and conditions of the issuance of the senior notes are:

- Issue price at 99.3% of the principal amount;
- The senior notes bear interest at the rate of 6.5% per annum from and including February 18, 2005 to but excluding February 19, 2008. Interest will be payable semi-annually in arrears on February 19 and August 19 of each year, commencing August 19, 2005, except that the first payment of interest will be in respect of the period from and including February 18, 2005 but excluding August 19, 2005;
- The senior notes will constitute direct, senior, unconditional, and unsecured obligations of the Bank and claims in respect of the notes shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Bank under the senior notes shall at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Parent Bank, including liabilities in respect of deposits;
- The Bank may redeem the senior notes in whole but not in part at redemption price equal to 100% of the principal amount of the Senior Notes together with accrued and unpaid interest to the date fixed for redemption upon the occurrence of certain changes affecting taxation in the Philippines, as more particularly specified in the covering offering circular; and,
- The 2008 senior notes are not guaranteed or insured by the PDIC and are not deposit liabilities of the Parent Bank.

On February 15, 2008, the Group settled in full the outstanding senior notes amounting to P4,173,609, inclusive of accrued interest of P118,609.



On October 16, 2003, the Group listed 6.5% US\$150,000 senior notes in the Singapore Stock Exchange with maturity on October 16, 2008. The net proceeds from the issuance of the senior notes amounted to US\$146,621 or about P8,890,000. Interest expense incurred by the Group on these senior notes amounted to P290,127 in 2008, P637,485 in 2007 and P478,088 in 2006 (shown as part of Interest Expense on Bills Payable and Others under Interest Expense account in the income statement). On October 16, 2006, \$35,740 worth of senior notes was redeemed by various noteholders. The Group settled in full the outstanding senior notes of P5,536,091 on October 15, 2008 inclusive of accrued interest of P160,158.

### ***SMPHI (Preferred Shares)***

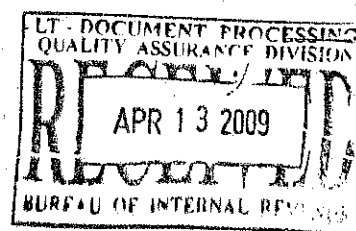
As required under PAS 32, *Financial Instruments: Disclosures and Presentation*, the Group recognized as financial liability 25,000,000 shares of redeemable, cumulative and non-participating preferred shares with a par value of P10 per share issued to SMPHI on October 18, 2004. The preferred shares were issued at US\$2 per share or an aggregate subscription price of US\$50,000. The preferred shares entitle SMPHI to cumulative dividends, payable in US dollars semi-annually in arrears, equal to 6.5% of the issue price per annum. The Group is also required to redeem the preferred shares from SMPHI at the original issue price five years from the date of issue. As required by BSP, the Bank set up a sinking fund on October 17, 2005 for the redemption of the preferred shares. The balance of the sinking fund as of December 31, 2008 and 2007 amounted to P2,109,709 and P1,357,083, respectively, and is invested in debt securities, shown as part of HTM investments (see Note 9.3). Dividends in arrears (recognized as interest expense) as of December 31, 2008 and 2007 amounted to P31,317 and P94,285, respectively, computed using the exchange rate at year end and are presented as part of Bills Payable account in the statements of condition.

## **17. SUBORDINATED NOTES PAYABLE**

The components of this account are shown below:

	<u>Group</u>		<u>Parent Bank</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Unsecured subordinated notes				
- P20 billion	P 20,145,977	P 10,073,782	P 20,145,977	P 10,073,782
Unsecured subordinated notes				
- US\$200 million		8,557,516	-	8,557,516
	<u>P 20,145,977</u>	<u>P 18,631,298</u>	<u>P 20,145,977</u>	<u>P 18,631,298</u>

Total interest expense on subordinated notes payable amounted to P1,687,131, P970,586 and P276,523 in 2008, 2007 and 2006, respectively, both in the Group and Parent Bank financial statements (see Note 21).



### ***P20 Billion Unsecured Subordinated Notes***

On November 21, 2007, the Group issued P10 billion unsecured subordinated notes eligible as Lower Tier 2 Capital due on 2017, callable with step-up in 2012 (the "notes") pursuant to the authority granted by the BSP to the Group on October 8, 2007 and BSP Circular No. 280 Series of 2001, as amended. The issuance was approved by the Board of Directors, in its special meeting held on June 1, 2007.

On May 20, 2008, the Group issued another tranche of P10 billion unsecured subordinated notes eligible as Lower Tier 2 Capital due on 2018, callable with step-up in 2013 pursuant to the authority granted by the BSP to the Group on April 3, 2008 and BSP Circular No. 280 Series of 2001, as amended. This issuance was approved by the Board of Directors, in its special meeting held on February 23, 2008.

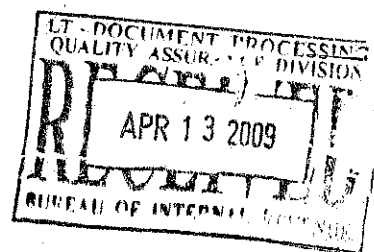
The Notes represent direct, unconditional unsecured and subordinated peso-denominated obligations of the Group, issued in accordance with the Terms and Conditions under the Master Note. The Notes, like other subordinated indebtedness of the Group, are subordinated to the claims of depositors and ordinary creditors, are not a deposit, and are not guaranteed nor insured by the Group or any party related to the Group, such as its subsidiaries and affiliates, or the PDIC, or any other person. The Notes shall not be used as collateral for any loan made by the Group or any of its subsidiaries or affiliates. The Notes carry interest rates based on prevailing market rates, with a step-up provision if not called on the fifth year from issue date. The Group has the option to call the Notes on the fifth year, subject to prior notice to Noteholders. The Notes will be used further to expand BDO Unibank's consumer loan portfolio and to refinance its existing issue of Lower Tier 2 debt. The Notes will also increase and strengthen BDO Unibank's capital base, in anticipation of continued growth in the coming years.

As of December 31, 2008, the outstanding balance of the Notes amounted to P20,145,977.

### ***US\$200 Million Unsecured Subordinated Notes***

On October 15, 2002, the Board of Directors of former EPCIB approved the raising of Lower Tier 2 capital through the issuance in the international capital market of subordinated bonds maturing in ten years but with a call option exercisable after five years subject to the provisions of BSP Circular No. 280. The bonds bear a coupon rate of 9.4% per annum with provision for step-up after five years.

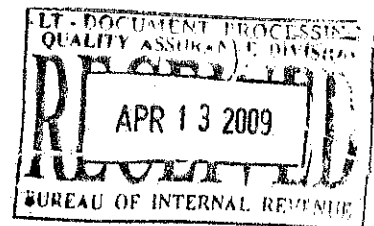
The issuance of the foregoing subordinated notes under the terms approved by the Board of Directors was approved by the BSP under MB Resolution No. 1660 dated November 12, 2002, as amended by MB Resolution No. 753 dated May 29, 2003.



Relative to this, on May 16, 2003 and June 5, 2003, the former EPCIB issued US\$130 million and US\$70 million, respectively, 9.4% subordinated notes due 2013. Among the significant terms and conditions of the issuance of the subordinated notes are:

- (a) Issue price at 98.7% and 101.5% of their principal amount;
- (b) The subordinated notes bear interest at the rate of 9.4% per annum from and including May 23, 2003 to but excluding July 1, 2008. Unless the call option is exercised, the interest rate from and including July 1, 2008 to but excluding July 1, 2013 will be reset at the US Treasury rate plus 10.8% per annum. Interest will be payable semi-annually in arrears on January 1 and July 1 of each year, commencing July 1, 2003;
- (c) The subordinated notes will constitute direct, unconditional, unsecured and subordinated obligations of the Parent Bank and will at all times rank *pari passu* and without any preference among themselves but in priority to the rights and claims of holders of all classes of equity securities of the Parent Bank including holders of preference shares (if any);
- (d) The Group may redeem the subordinated notes in whole but not in part at redemption price equal to 100% of the principal amount of the subordinated notes together with accrued and unpaid interest on July 1, 2008, subject to the prior consent of the BSP and the compliance by the Group with the prevailing requirements for the granting by the BSP of its consent thereof;
- (e) Each noteholder by accepting a 2013 subordinated note will irrevocably agree and acknowledge that: (i) it may not exercise or claim any right of set-off in respect of any amount owed to it by the Group arising under or in connection with the subordinated notes; and, (ii) it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off; and,
- (f) The subordinated notes are not deposits of the Group and are not guaranteed or insured by the Group or any party related to the Group or the PDIC and they may not be used as collateral for any loan made by the Group or any of its subsidiaries or affiliates. Also, the subordinated notes may not be redeemed at the option of the noteholders.

On June 30, 2008, the Group settled the outstanding balance of the notes amounting to P9,160,156, inclusive of interest expense of P410,156.



### *International Finance Corporation (IFC)*

On June 27, 2002, the Group entered into a US\$20,000 convertible loan agreement with IFC. IFC has the option to convert a portion of the loan into common shares of the Group commencing two years after the date of the agreement for P16.70 per share. Total proceeds of the loan amounted to P1,111,720. In compliance with PAS 32, *Financial Instruments: Disclosure and Presentation* and PAS 39, *Financial Instruments: Recognition and Measurement*, the Group separated the equity component of the conversion option and unsecured loan with IFC. The loan bears interest at a rate of 5.4% per annum and will mature in 2008.

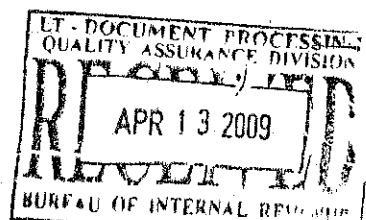
Upon approval by the Board of Directors on February 11, 2005, the Group converted US\$10,000 convertible loan from IFC, qualified as Tier 2 capital, and issued 31,403,592 common shares of the Group based on the conversion price of P16.70 per share and exchange rate of P52.44 to a dollar. The BSP subsequently approved the conversion on May 3, 2005.

On April 18, 2007, the Group received notice of exercise from IFC to convert the remaining US\$10,000 of its convertible loan to BDO Unibank, which conversion the BSP approved in a letter to the Group dated July 17, 2007. Subsequently, the Board of Directors, in its special meeting dated July 26, 2007, approved the conversion of the remaining US\$10,000 of the convertible loan from IFC, qualified as Tier 2 capital. Thereafter, on August 23, 2007, the Group issued to IFC 31,403,592 common shares based on the pre-agreed conversion price of P16.70 per share and exchange rate of P52.44 to a dollar.

## 18. OTHER LIABILITIES

Other liabilities consist of the following:

	Group		Parent Bank	
	2008	2007	2008	2007
Bills purchased-contra	P 13,389,109	P 16,564,232	P 13,389,109	P 16,597,974
Accounts payable	3,979,268	4,332,326	3,776,826	4,078,468
Derivative liabilities	3,574,305	3,844,030	2,694,846	3,211,054
Manager's checks	3,381,536	4,167,663	3,370,886	4,139,022
Accrued taxes, licenses and other expenses	2,280,700	2,065,258	2,103,269	1,828,695
Outstanding acceptances payable	1,308,064	1,697,054	1,308,064	1,697,054
Capitalized interest and other charges	809,116	192,675	891,927	192,675
Due to BSP and Treasurer of the Philippines	792,185	566,051	781,365	555,270
Withholding taxes payable	689,708	289,154	642,466	274,434
Income tax payable	182,511	206,424	40,688	46,522
Others	5,536,171	6,444,534	3,011,372	4,300,073
	<u>P 35,922,673</u>	<u>P 40,369,401</u>	<u>P 32,010,818</u>	<u>P 36,921,241</u>



## 19. EQUITY

### *19.1 Capital Management and Regulatory Capital*

The Group's lead regulator, the BSP, sets and monitors capital requirements for the Group. In implementing current capital requirements, the BSP requires the Group to maintain a prescribed ratio of qualifying capital to risk-weighted assets.

Under current banking regulations, the combined capital accounts of each bank should not be less than an amount equal to ten percent of its risk assets. The qualifying capital of the Group for purposes of determining the capital-to-risk assets ratio is total equity excluding:

- (a) Unbooked valuation reserves and other capital adjustments as may be required by the BSP;
- (b) Total outstanding unsecured credit accommodations to directors, officers, stockholders and related interests (DOSRI);
- (c) Deferred tax asset or liability;
- (d) Goodwill;
- (e) Sinking fund for redemption of redeemable preferred shares; and,
- (f) Other regulatory deductions.

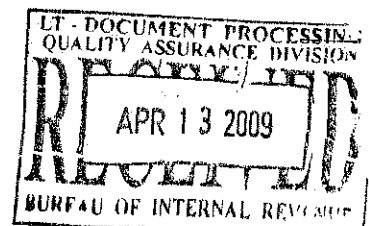
Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the MB of the BSP.

The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

The Group's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and the Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group's regulatory capital is analyzed into two tiers, which are Tier 1 Capital plus Tier 2 Capital less deductions from the total of Tier 1 and Tier 2 capital for the following:

- (a) Investments in equity of unconsolidated subsidiary banks and other financial allied undertakings, but excluding insurance companies;
- (b) Investments in debt capital instruments of unconsolidated subsidiary banks;
- (c) Investments in equity of subsidiary insurance companies and non-financial allied undertakings;
- (d) Reciprocal investments in equity of other banks/enterprises; and,



- (e) Reciprocal investments in unsecured subordinated term debt instruments of other banks/quasi-banks qualifying as Hybrid Tier 1, Upper Tier 2 and Lower Tier 2, in excess of the lower of: (i) an aggregate ceiling of 5% of total Tier 1 capital of the bank excluding Hybrid Tier 1; or, (ii) 10% of the total outstanding unsecured subordinated term debt issuance of the other bank/quasi-banks.

Provided that any asset deducted from the qualifying capital in computing the numerator of the risk-based capital ratio shall not be included in the risk-weighted assets in computing the denominator of the ratio.

As of the dates of the statements of condition, the Group has complied with the requirement on the ratio of combined capital accounts against the risk assets.

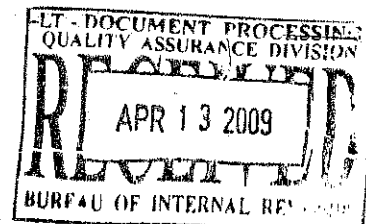
Under an existing BSP circular, expanded commercial banks are required to comply with the minimum capital requirement of P4,950,000. As of the dates of the statements of condition, the Group has complied with the above capitalization requirement.

There have been no material changes in the Group's management of capital during the period.

### ***19.2 Capital Allocation***

The allocation of capital between specific operations and activities is, to a large extent driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible of the operation and is subject to review by the ALCO.

Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by its Board of Directors.

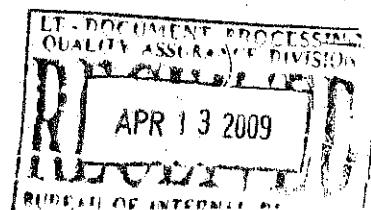


### 19.3 Capital Stock

Capital stock consists of the following:

	Number of Shares		
	2008	2007	2006
Common shares – P10 par value			
Authorized – 5,500,000,000 shares			
Issued and outstanding – 2,302,032,661 shares			
in 2008 and 2007; and 2,270,629,069 shares in 2006			
Balance at beginning of year	2,302,032,661	2,270,629,069	939,593,142
Issued during the year	-	31,403,592	1,331,036,927
	<u>2,302,032,661</u>	<u>2,302,032,661</u>	<u>2,270,630,069</u>
Preferred shares – P10 par value			
Authorized – 1,000,000,000 shares			
Issued and outstanding – 500,000,000 shares			
in 2008; none in 2007 and 2006			
	<u>500,000,000</u>	<u>-</u>	<u>-</u>
	Amount		
	2008	2007	2006
Common shares – P10 par value			
Authorized – 5,500,000,000 shares			
Issued and outstanding – 2,302,032,661 shares			
in 2008 and 2007; and 2,270,629,069 shares in 2006			
Balance at beginning of year	P 23,020,327	P 22,706,290	P 9,395,930
Issued during the year	-	314,037	13,310,360
	<u>23,020,327</u>	<u>23,020,327</u>	<u>22,706,290</u>
Preferred shares - P10 par value			
Authorized – 1,000,000,000 shares			
Issued and outstanding – 500,000,000 shares			
in 2008; none in 2007 and 2006			
	<u>5,000,000</u>	<u>-</u>	<u>-</u>
	<u>P 28,020,327</u>	<u>P 23,020,327</u>	<u>P 22,706,290</u>

On August 30, 2008, the Board of Directors approved the issuance of up to 500,000,000 perpetual, voting, non-cumulative, convertible, non-participating, peso-denominated Series A preferred shares qualifying as Tier 1 capital of the Group. The conversion right is at the option of the holder after three years from the issue date or at the option of the Group at any time after issue date upon the occurrence of certain trigger events such as: (i) a change in tax status of the preferred shares; or, (ii) the preferred shares do not qualify as Tier 1 capital of the Group as determined by the BSP or other applicable laws and regulations. Dividend rate is at 6.5% per annum of the par value. Subsequently, on September 30, 2008, the Bank issued 500,000,000 preferred shares at P10 per share or a total value of P5,000,000.





#### ***19.4 Increase in Authorized Capital Stock***

On November 6, 2006 and December 27, 2006, the Board of Directors and stockholders, respectively, approved the increase in the Group's authorized capital stock from P15,000,000 divided into 1,015,000,000 common shares with a par value of P10 per share and 485,000,000 preferred shares with a par value of P10 per share to P65,000,000 divided into 5,500,000,000 common shares with a par value of P10 per share and 1,000,000,000 preferred shares with a par value of P10 per share, subject to the approval of the BSP and the SEC. The increase in the Group's authorized capital stock was filed with the BSP and SEC on January 8, 2007. Subsequently, this was approved by the BSP and the SEC on March 29, 2007 and May 25, 2007, respectively.

As indicated in Note 2.13, mandatory redeemable preferred shares are classified as financial liabilities as part of bills payable.

#### ***19.5 Issuance of Global Depositary Receipts by Primebridge***

On various dates in 2006, Primebridge Holdings, Inc. ("Primebridge"), a stockholder owning 22.1% of the Group's total outstanding shares as of December 31, 2005, offered and sold in aggregate 9,399,700 global depositary receipts (GDRs) with each GDR representing 20 shares of the Group's common stock.

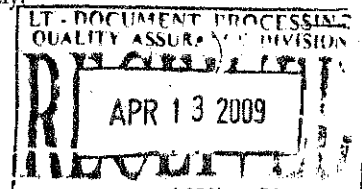
The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1993 (the "Securities Act") and an offering outside the United States in reliance on Regulation under the Securities Act. The offered price for each GDR was US\$12.70 on January 25, 2006 and February 14, 2006; and US\$14.55 on May 15, 2006. The GDRs are listed and are being traded at the London Stock Exchange.

As part of the offering, Primebridge, while remaining as the registered holder of the Group shares underlying the GDRs, transferred all rights and interests in the Bank's shares underlying the GDRs to the depository on behalf of the holders of the GDRs and the latter are entitled to receive dividends paid on the shares. However, GDR holders have no voting rights or other direct rights of a shareholder with respect to the Group's shares.

As of December 31, 2006, 4,724,214 GDRs issued, covering shares originally held by Primebridge, were converted into 94,484,280 shares of the Group. As of December 31, 2008, 1,246,375 GDRs equivalent to 24,927,500 shares of the Bank remained unconverted.

#### ***19.6 Surplus Free***

On April 30, 2008 and July 26, 2007, the Board of Directors approved the declaration of cash dividends amounting to P0.80 per common share or a total of P1,841,626 and P1,841,626, respectively, payable to stockholders of record as of August 18, 2008 and March 11, 2008, respectively. The cash dividends were approved by the BSP on July 18, 2008 and February 14, 2008, respectively, and were paid by the Bank on September 11, 2008 and April 8, 2008, respectively.



On May 6, 2006, the Board of Directors approved the declaration of cash dividend amounting to P0.80 per share or a total of P769,618 payable to stockholders of record as of January 22, 2007. The cash dividend was approved by the BSP on December 28, 2006 and was paid on February 8, 2007.

Dividends also include the portion of interest expense paid by the Group to IFC attributable to the equity component (see Note 17). Total amount of dividends allocated to the equity component amounted to P430 in 2007.

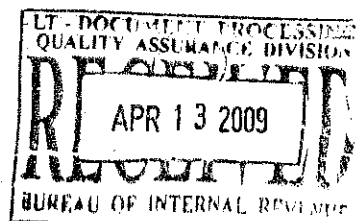
## 20. INTEREST INCOME

Interest income consists of the following:

		<u>Group</u>		
<u>Notes</u>		<u>2008</u>	<u>2007</u>	<u>2006</u>
Loans and other receivables	10	P 27,938,524	P 21,414,488	P 12,508,324
Investment and trading securities	9	11,136,264	11,743,428	10,563,883
Due from other banks	7, 8	2,619,912	2,338,609	570,841
Others		664,777	2,106,781	566,098
		<u>P 42,359,477</u>	<u>P 37,603,306</u>	<u>P 24,209,146</u>
		<u>Parent Bank</u>		
<u>Notes</u>		<u>2008</u>	<u>2007</u>	<u>2006</u>
Loans and other receivables	10	P 26,862,430	P 20,639,394	P 12,181,558
Investment and trading securities	9	9,800,369	10,572,420	9,163,739
Due from other banks	7, 8	2,505,727	2,132,055	471,683
Others		564,179	1,891,247	525,039
		<u>P 39,732,705</u>	<u>P 35,235,116</u>	<u>P 22,342,019</u>

## 21. INTEREST EXPENSE

		<u>Group</u>		
<u>Notes</u>		<u>2008</u>	<u>2007</u>	<u>2006</u>
Deposit liabilities	15	P 14,996,649	P 12,374,722	P 9,862,104
Bills payable and other liabilities	16, 18	4,326,431	3,791,852	3,272,024
		<u>P 19,323,080</u>	<u>P 16,166,574</u>	<u>P 13,134,128</u>
		<u>Parent Bank</u>		
<u>Notes</u>		<u>2008</u>	<u>2007</u>	<u>2006</u>
Deposit liabilities	15	P 14,300,864	P 11,809,057	P 9,577,969
Bills payable and other liabilities	16, 18	3,742,113	3,169,001	2,550,874
		<u>P 18,042,977</u>	<u>P 14,978,058</u>	<u>P 12,128,843</u>



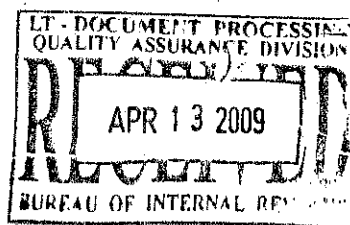
## 22. OTHER OPERATING INCOME AND EXPENSES

Other operating income is composed of the following:

		Group		
Notes		2008	2007	2006
	P	7,419,158	P 8,778,060	P 3,196,685
		4,605,738	798,441	316,541
9	(	2,868,347)	3,854,605	3,346,213
26		1,152,530	852,468	600,246
12		180,867	259,717	38,057
		103,173	380,724	252,966
13		57,526	53,840	355,654
		<u>3,080,596</u>	<u>1,880,224</u>	<u>171,200</u>
	P	<u>13,731,241</u>	P <u>16,858,779</u>	P <u>8,277,562</u>
		Parent Bank		
Notes		2008	2007	2006
	P	6,200,343	P 6,641,203	P 2,117,089
		4,168,222	628,674	224,798
9	(	2,710,516)	3,634,182	3,068,423
26		1,093,848	806,135	600,246
13		132,499	2,426,086	369,373
		<u>2,926,162</u>	<u>2,622,000</u>	<u>441,692</u>
	P	<u>11,810,558</u>	P <u>16,758,280</u>	P <u>6,821,621</u>

Other operating expenses consist of the following:

		Group		
Notes		2008	2007	2006
23	P	10,095,967	P 8,362,962	P 3,957,092
31		3,501,404	3,392,853	1,639,742
		2,587,118	2,646,252	1,335,138
		1,599,047	1,108,813	529,234
		1,074,347	784,178	500,308
		1,044,335	997,096	381,773
		785,998	650,528	429,368
		783,306	826,019	353,961
		604,803	381,174	196,524
13		<u>5,776,718</u>	<u>5,610,536</u>	<u>2,756,511</u>
	P	<u>27,853,043</u>	P <u>24,760,411</u>	P <u>12,079,651</u>



	Notes	Parent Bank		
		2008	2007	2006
Employee benefits	23	P 9,378,235	P 7,591,759	P 3,553,057
Occupancy	31	3,157,407	3,069,862	1,494,159
Taxes and licenses		2,327,262	2,378,720	1,131,538
Security, clerical, messengerial and janitorial		1,570,082	1,058,646	515,436
Advertising		1,027,720	640,799	260,956
Insurance		1,009,668	989,481	481,146
Repairs and maintenance		775,080	779,193	328,273
Documentary stamp tax used		766,846	576,572	425,504
Travelling		552,170	336,464	172,277
Representation and entertainment		534,824	612,613	256,826
Power, light and water		515,963	487,040	213,741
Miscellaneous		4,277,176	4,386,917	1,931,917
		<u>P 25,892,433</u>	<u>P 22,908,066</u>	<u>P 10,764,830</u>

### 23. EMPLOYEE BENEFITS

Expenses recognized for employee benefits are presented below:

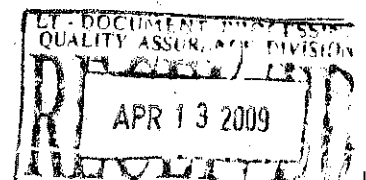
	Group		
	2008	2007	2006
Salaries and wages	P 6,193,994	P 4,879,140	P 2,395,214
Bonuses	1,684,665	1,315,152	633,967
Retirement – defined benefit plan	946,890	778,546	426,114
Social security costs	284,223	229,821	104,494
Other benefits	986,195	1,160,303	397,303
	<u>P 10,095,967</u>	<u>P 8,362,962</u>	<u>P 3,957,092</u>

	Parent Bank		
	2008	2007	2006
Salaries and wages	P 5,683,298	P 4,360,314	P 2,142,395
Bonuses	1,582,563	1,236,526	611,775
Retirement – defined benefit plan	899,620	708,613	391,139
Social security costs	265,605	213,086	97,989
Other benefits	947,149	1,073,220	309,759
	<u>P 9,378,235</u>	<u>P 7,591,759</u>	<u>P 3,553,057</u>

The Group maintains a tax-qualified noncontributory retirement plan that is being administered by the Bank's trust department covering all regular full-time employees.

The amounts of retirement benefit asset recognized are determined as follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Present value of the obligation	(P 7,085,620)	(P 6,283,268)	(P 6,683,632)	(P 5,896,563)
Fair value of plan assets	3,459,870	2,988,860	3,276,960	2,690,203
Deficiency of plan assets	( 3,625,750)	( 3,294,408)	( 3,406,672)	( 3,206,360)
Unrecognized actuarial losses	3,778,348	3,627,117	3,603,468	3,552,697
Unrecognized net transition obligation	( 138,820)	( 277,640)	( 138,820)	( 277,640)
Retirement benefit asset	<u>P 13,778</u>	<u>P 55,069</u>	<u>P 57,976</u>	<u>P 68,697</u>



The movements in the present value of the retirement benefit obligation recognized in the books follows:

	Group		Parent Bank	
	2008	2007	2008	2007
Balance at beginning of year	P 6,283,268	P 4,567,463	P 5,896,563	P 4,231,442
Current service cost and interest cost	967,398	797,186	907,418	710,517
Actuarial losses	161,639	1,134,704	172,300	1,158,008
Benefits paid by the plan	( 326,685)	( 216,085)	( 292,649)	( 203,404)
Balance at end of year	<u>P 7,085,620</u>	<u>P 6,283,268</u>	<u>P 6,683,632</u>	<u>P 5,896,563</u>

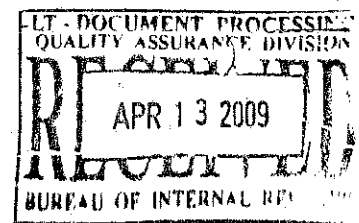
The movement in fair value of plan assets is presented below:

	Group		Parent Bank	
	2008	2007	2008	2007
Balance at beginning of year	P 2,988,860	P 2,388,333	P 2,690,203	P 2,078,788
Contributions paid into the plan	905,599	706,333	888,899	679,885
Benefits paid by the plan	( 326,685)	( 216,085)	( 292,649)	( 203,404)
Actuarial losses	( 356,522)	( 109,022)	( 241,939)	( 60,657)
Expected return on plan assets	<u>248,618</u>	<u>219,301</u>	<u>232,446</u>	<u>195,591</u>
Balance at end of year	<u>P 3,459,870</u>	<u>P 2,988,860</u>	<u>P 3,276,960</u>	<u>P 2,690,203</u>

Actual return on plan assets were P969,220 and P422,573 and P76,559 and P61,971 in 2008 and in 2007 in the Group and the Parent Bank financial statements, respectively.

The amounts of retirement benefits recognized in the income statements are as follows:

	Group		
	2008	2007	2006
Current service costs	P 454,698	P 449,982	P 206,556
Interest costs	512,700	347,204	263,260
Expected return on plan assets	( 248,334)	( 219,301)	( 187,025)
Net actuarial losses recognized	89,006	209,270	4,503
Net transition obligation (asset) recognized	<u>138,820</u>	<u>( 8,609)</u>	<u>138,820</u>
	<u>P 946,890</u>	<u>P 778,546</u>	<u>P 426,114</u>
	Parent Bank		
	2008	2007	2006
Current service costs	P 419,801	P 392,387	P 177,708
Interest costs	487,617	313,193	235,722
Expected return on plan assets	( 232,446)	( 192,807)	( 161,203)
Net actuarial gain recognized	85,828	214,157	92
Net transition obligation (asset) recognized	<u>138,820</u>	<u>( 8,609)</u>	<u>138,820</u>
	<u>P 899,620</u>	<u>P 718,321</u>	<u>P 391,139</u>



The movements in the retirement benefit asset recognized in the books follow:

	Group		Parent Bank	
	2008	2007	2008	2007
Balance at beginning of year	P 55,069	P 127,282	P 68,697	P 107,133
Expense recognized	( 946,890)	( 778,546)	( 899,620)	( 718,321)
Contributions paid	905,592	706,333	888,892	679,885
Balance at end of year	P 13,778	P 55,069	P 57,976	P 68,697

As at December 31, 2008, the Group's plan assets were composed of 77.7% placements in debt instruments, 10.5% loans and other receivables, 6.7% deposits in other banks, and 5.1% other properties, and the Parent Bank's plan assets were composed of 77.5% placements in debt instruments, 11.0% loans and other receivables, 6.8% deposit in other banks, and 4.7% other properties.

For determination of the retirement benefits, the following actuarial assumptions were used:

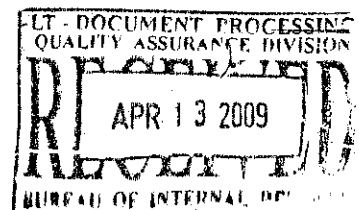
	Group		Parent Bank	
	2008	2007	2008	2007
Discount rates	8.1% - 11.4%	8.3%	8.4%	8.4%
Expected rate of return on plan assets	7.0% - 10.0%	8.1%	10.0%	8%
Expected rate of salary increases	8.0% - 10.0%	9.3%	8.0%	10%

## 24. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group has loans, deposits and other transactions with its related parties and with certain DOSRI.

### (a) Loans to Related Parties

Under existing policies of the Group, these loans are made on substantially the same terms as loans granted to other individuals and businesses of comparable risks. The General Banking Act and BSP regulations limit the amount of the loans granted by a Group to a single borrower to 25% of equity. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the deposit and book value of their investment in the Group. In the aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Group, whichever is lower.



The following additional information relates to the DOSRI loans:

	Group		Parent Bank	
	2008	2007	2008	2007
Total DOSRI loans	P 30,845,011	P 12,404,587	P 30,845,011	P 12,383,881
Unsecured DOSRI loans	P -	P 5,729	P -	P 3,837
Past due DOSRI loans	P -	P 4,437	P -	P 4,437
% of DOSRI loans to total loan portfolio	7.9%	4.2%	8.0%	4.5%
% of unsecured DOSRI loans to total DOSRI loans	0.0%	0.1%	0.0%	0.0%
% of past due DOSRI loans to total DOSRI loans	0.0%	0.0%	0.0%	0.0%

DOSRI loans bear interest rates of 0% to 11% per annum in 2008, 4.5% to 9.8% per annum in 2007, and 5.5% to 18.2% per annum in 2006 both in the Group and Parent Bank financial statements.

*(b) Deposits from Related Parties*

As of December 31, 2008 and 2007, total deposits made by the related parties to the Group amounted to P230,930,587 and P107,079,533, respectively. The related interest expense from deposits amounted to P6,381, P2,346 and P9,909 in 2008, 2007 and 2006, respectively.

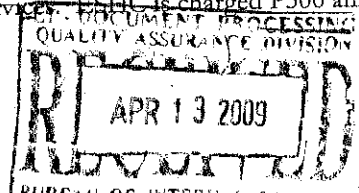
*(c) Other Transactions with Related Parties*

A summary of other transactions of the Parent Bank with subsidiaries and associates is shown below:

*(i) Income to the Parent Bank*

- i. EBC Management, Inc. engaged the Parent Bank on August 29, 2005 to provide support services in connection with its general and administrative operations. The Parent Bank charges EBC Management, Inc. a service fee equivalent to P50 per quarter excluding actual costs and expenditures. The service fee shall continue to be in force unless terminated through written notice by either party at least 60 days prior to the intended date of termination.
- ii. ESHC engaged the Parent Bank to provide support services, such as human resource, audit, comptrollership, central administration and legal services in connection with its general and administrative operations. The Parent Bank charges ESHC P50 per quarter or P200 annually. The service fee shall continue to be in force unless terminated through written notice by either party at least 60 days prior to intended date of termination.

On January 1, 2006, ESHC engaged BDO Technology to provide such services as systems development and maintenance, computer operations, technical support and network services. ESHC is charged P500 annually for services rendered.

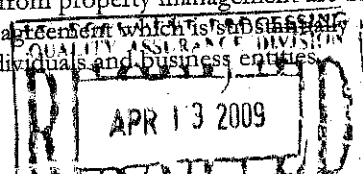


- iii. EBCII engaged the Parent Bank to provide various support such as human resources management, audit, preparation and issuance of checks for and in behalf of EBCII, documentation and safekeeping/custodianship of securities and collateral documents, accounting functions and review of financial statements for EBCII. The Parent Bank charges EBCII a service fee equivalent to P11 per month excluding actual costs and expenditures. The agreement is renewable every year. In 2008 and 2007, total service fees amounted to P132 for each year.
- iv. Strategic Property Holdings, Inc. (SPHI) engaged the Parent Bank to provide support services in connection with its general and administrative operations. SPHI pays the Parent Bank an annual service fee equivalent to P360. The service agreement shall continue to be in force unless terminated by either party through a written notice of either party at least 60 days prior to date intended for termination. SPHI also leases its office space from the Parent Bank at P1,560 per year.
- v. Generali has an existing Investment Management Agreement with the Group. For services rendered, Generali shall pay the Group management fees equivalent to 0.25% of managed funds and 0.10% of directed investments and custodianship which shall be based on the average daily balance of the fund type and shall be deducted quarterly from the fund.

There are no outstanding balances arising from these transactions as of December 31, 2008 and 2007.

*(ii) Expenses of the Parent Bank*

- i. On May 30, 2007, ECN entered into a service agreement with BDO Unibank. Under this agreement, ECN agreed to provide marketing, central operations, systems credit and collection support and finance services to BDO Unibank in connection with the operations of the credit card business. This agreement is pursuant to the terms and conditions of the MOA where ECN agreed to sell its rights, interests and obligations on its receivables and liabilities to BDO Unibank.
- ii. BDO Technology renders technical services and/or management consultation to the Parent Bank and affiliates at substantially the same terms as transactions with third parties. In 2008 and 2007, total amount of transactions were P21,787 and P24,015, respectively.
- iii. The Group leases from related parties space for its branch operations. For the years ended December 31, 2008, 2007 and 2006, total rent expense paid to related parties amounted to P259,358, P298,104, and P186,685, respectively, and is included as part of Occupancy account in the income statements.
- iv. Service fees of Property Care, Inc. from property management are billed to the Parent Bank under a service agreement which is substantially comparable to terms with other individuals and business entities.





(iii) Others

The Parent Bank has cost sharing agreement with its certain subsidiaries as follows:

- i. BDO Capital has a service agreement with BDO Unibank whereby BDO Unibank shall provide BDO Capital with various support services consisting of the following:
  1. Traditional bank transaction processing functions;
  2. Preparation and maintenance of the BDO Capital's books of accounts;
  3. Generation of required external regulatory reports and internal management information;
  4. General and periodic examination of the books of the BDO Capital's accounts;
  5. Advertising and marketing services;
  6. Information technology support services;
  7. Recruitment and selection of personnel;
  8. Preparation of payroll and benefit administration; and,
  9. Other administrative and general services.
- ii. On January 31, 2008, BDO Securities entered into a service agreement with BDO Unibank. Under this agreement, BDO Unibank shall provide various support services such as general accounting, internal audit, human resources management, advertising and marketing services, information technology systems/processing, legal support and administrative and general services.

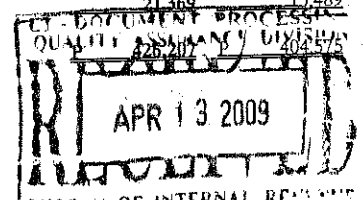
Outstanding balances arising from these transactions as of December 31, 2008 and 2007 amounted to P40,773 and 23,531, respectively.

- (iv) The salaries and other compensation given to the Group's key management personnel follow:

	Group		
	2008	2007	2006
Salaries and wages	P 437,296	P 407,729	P 190,850
Bonuses	208,277	166,916	81,203
Social security costs	173	184	50
Other benefits	32,474	17,360	8,311
	<u>P 678,220</u>	<u>P 592,189</u>	<u>P 280,414</u>

	Parent Bank		
	2008	2007	2006
Salaries and wages	P 269,787	P 274,338	P 123,176
Bonuses	134,993	116,657	53,003
Social security costs	58	91	20
Other benefits	21,369	13,489	6,033
	<u>P 426,207</u>	<u>P 404,575</u>	<u>P 182,232</u>



## 25. TRUST OPERATIONS

The following securities and other properties held by the Group in fiduciary or agency capacity (for a fee) for its customers are not included in the accompanying Group statements of condition since these are not properties of the Group (see Note 31).

	Group		Parent Bank	
	2008	2007	2008	2007
Investments	P 188,553,666	P 183,694,477	P 188,553,666	P 182,114,671
Others	<u>149,619,805</u>	<u>90,413,728</u>	<u>122,488,425</u>	<u>73,384,654</u>
	<u>P 338,173,471</u>	<u>P 274,108,205</u>	<u>P 311,042,091</u>	<u>P 255,499,325</u>

In compliance with the requirements of the General Banking Act relative to the Bank's trust functions:

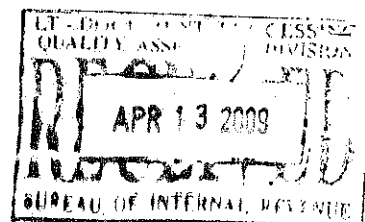
- (a) Investment in government securities (shown as part of Held-to-maturity Investments) with a total face value of P3,057,001, as of December 31, 2008 and P2,263,079 as of December 31, 2007 are deposited with BSP as security for the Bank's faithful compliance with its fiduciary obligations (see Note 9); and,
- (b) A certain percentage of the Bank's trust income is transferred to surplus reserve. This yearly transfer is required until the surplus reserve for trust function is equivalent to 20% of the Bank's authorized capital stock. As of December 31, 2008, the reserve for trust functions amounted to P626,746 and is included as part of Surplus Reserves in the Group statements of changes in equity.

Income from trust operations is reported gross of the related expenses and amounted to P1,152,530, P852,468, and P600,246, for the year ended December 31, 2008, 2007 and 2006, respectively, and shown as Trust Fees under Other Operating Income in the Group income statements.

## 26. MERGERS AND ACQUISITIONS

### 26.1 Merger with Equitable PCI Bank, Inc.

On August 29, 2006, BDO Unibank, together with SMIC, a major stockholder and other members of the SM Group, filed a Tender Offer with the SEC to acquire up to around 401.1 million shares representing 55.2% of the total outstanding shares of common stock of the then EPCIB at P92 per share. The payment terms of the offer were as follows: 10% on October 2, 2006; 10% on June 2, 2007; 10% on February 2, 2008; and the remaining balance to be paid on October 2, 2008. On October 2, 2006, a total of 377.7 million shares equivalent to 52% of the EPCIB's total shares outstanding were purchased by SMIC for a total consideration of P34.8 billion.

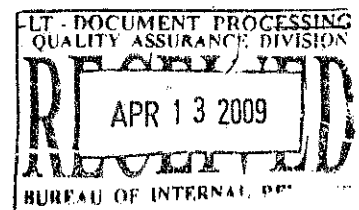


Consequently, on November 6, 2006, the respective Board of Directors of BDO Unibank and EPCIB approved a Plan of Merger of BDO Unibank and EPCIB with BDO Unibank as the surviving entity. The Plan of Merger was subsequently approved by BDO Unibank and EPCIB shareholders in separate meetings on December 27, 2006. The Plan of Merger and Articles of Merger were approved by the BSP and the Securities and Exchange Commission (SEC) on March 29, 2007 and May 25, 2007, respectively, with May 31, 2007 as the effectivity date of the merger.

Since the merger is between two entities which are both under common control by SMIC, the Group has decided to account for the merger under the pooling-of-interests method of accounting. In applying the pooling-of-interests method, the financial statement items of BDO Unibank and EPCIB were combined at the beginning of the period in which the merger occurred, that is, January 1, 2007. The comparative financial data presented for 2006 have been restated to include the accounts of EPCIB from October 2, 2006, the date the two merging entities became under common control by SMIC.

Simultaneous and pursuant to the merger, BDO Unibank increased its authorized capital stock from P15 billion to P65 billion to provide for the issuance of the BDO Unibank common shares necessary to effect the exchange ratio (see Note 19).

The use of the pooling-of-interests method requires the restatement of all comparative financial data to be presented from the beginning of the earliest period presented, or if later, the date the two merging entities became under common control, which is October 2, 2006. BDO Unibank opted for the latter. Accordingly, the statement of condition as of December 31, 2006 have been restated to include all the resources, liabilities and equity accounts of both BDO Unibank and EPCIB as of December 31, 2006, and the income statement, statement of changes in equity and cash flow statement, for the year ended December 31, 2006 has been restated from the previously reported amounts to include all profit and loss accounts, changes in equity and cash flows of the former BDO Unibank for the whole year of 2006 and those of the former EPCIB from October 2, 2006 (the date both BDO Unibank and EPCIB became under common control by SMIC) to December 31, 2006.



### ***Proforma Income Statements for 2006***

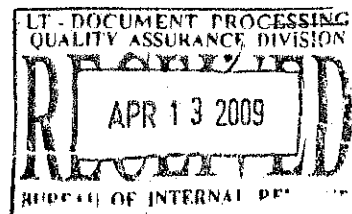
Assuming BDO Unibank and EPCIB were already under common control at the beginning of 2006, instead of October 2, 2006, the proforma income statements for 2006 for both Group and Parent Bank would be as presented below:

	<u>Income Statements for 2006</u>	
	<u>Group</u>	<u>Parent Bank</u>
Interest Income	P 38,938,486	P 34,837,929
Interest Expense	19,641,370	18,056,735
Net Interest Income	19,297,116	16,781,194
Impairment Losses	<u>5,108,218</u>	<u>5,078,539</u>
Net Interest Income after Impairment Losses	14,188,898	11,702,655
Other Operating Income	17,644,756	13,436,372
Other Operating Expenses	<u>22,821,789</u>	<u>18,924,453</u>
Income Before Tax	9,011,865	6,241,574
Tax Expense	<u>2,437,240</u>	<u>1,818,612</u>
Net Income	<u>P 6,574,625</u>	<u>P 4,395,962</u>
Attributable to:		
Shareholders of the Parent Bank	P 6,393,472	
Minority Interest	<u>181,153</u>	
	<u>P 6,574,625</u>	

The proforma income statements for 2006 do not represent what the results of operations would have been for 2006 had the merger of the two entities actually taken place at the beginning of 2006. The proforma income statements are being presented solely for analytical purposes.

### ***26.2 Merger with Equitable Savings Bank, Inc., BDO Elite Savings Bank, Inc. and PCI Capital Corporation***

The respective Board of Directors of BDO Unibank, Equitable Savings Bank, Inc. (ESB), BDO Elite Savings Bank, Inc. (BDO Elite) and PCI Capital Corporation (PCI Capital) approved on April 5, 2008, April 9, 2008, April 30, 2008 and April 30, 2008, respectively, the Plan of Merger and the Articles of Merger with BDO Unibank as the surviving entity.



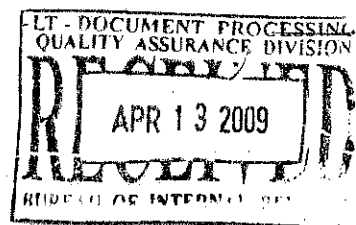
The Plan of Merger was approved by stockholders of BDO Unibank, ESB, BDO Elite and PCI Capital on May 9, 2008, April 30, 2008, May 2, 2008 and May 2, 2008, respectively. The Plan of Merger and the Articles of Merger were approved by the BSP and the Securities and Exchange Commission (SEC) on October 2, 2008 and October 30, 2008, respectively, with October 30, 2008 as the effective date of the merger. Under the merger, the entire assets of ESB, BDO Elite and PCI Capital with carrying value of P14,790,479 and liabilities with carrying value of P9,249,125 as of October 30, 2008 were transferred to and absorbed by BDO Unibank. Since the merged entities were all former subsidiaries of BDO Unibank, the Group decided to account for the merger under the pooling-of-interest method of accounting. The financial statement items of BDO Unibank, ESB, BDO Elite and PCI Capital were combined at the beginning of the period in which the merger occurred, that is, January 1, 2008. The comparative financial data presented for 2007 and 2006 have been restated to include the accounts of ESB and PCI Capital from October 2, 2006, the date these entities became entities under common control (see Note 26.1).

### ***26.3 BDO Elite Savings Bank, Inc.***

On August 17, 2007, the Parent Bank entered into a stock purchase agreement with BDO Elite (formerly American Express Bank, Ltd.) wherein the Parent Bank acquired 100% of the total issued capital stock of BDO Elite for a consideration of P762,587. The fair value of the net assets of BDO Elite as of the closing date amounted to P677,087 (see Note 13). As such, the Bank recognized goodwill amounting to P85,500 representing excess of purchase price over the fair value of BDO Elite's net assets. The goodwill is included as part of Other Resources account in the Group statements of condition (see Note 13). The Parent Bank's acquisition of BDO Elite was approved by the BSP on October 30, 2007. In 2007, BDO Elite was merged with the Parent Bank (see Note 26.2).

### ***26.4 United Overseas Bank Philippines***

On May 6, 2005, BDO Unibank, UOBP and United Overseas Bank Limited (UOBL) signed a MOA whereby BDO acquired the 66 branches of UOBP for a total cash consideration of P600,000. As part of the MOA, BDO Unibank assumed the deposit liabilities of UOBP in consideration of an equivalent amount of related assets of UOBP, including cash payment in case the assets would be lower than the assumed liabilities. Also under the MOA, the P600,000 payment of BDO Unibank will be used by UOBL to subscribe for the Bank's shares of common stock valued at P26.75 per share, or equivalent to 22,429,906 shares. On December 19, 2005, the transfer of the assets including cash payment made by UOBP to fully offset the assumed liabilities by BDO Unibank was carried out. The goodwill amounting to P600,000 is presented as part of Other Resources in the statements of condition (see Note 13). The UOBP acquisition was approved by the BSP on September 8, 2005 while the shares to be subscribed by UOBL were subsequently issued in February 2006.



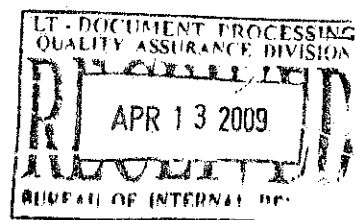
Also as part of the MOA, the Bank received financial assistance from PDIC amounting to P4,420,000 (see Note 16). The financial assistance, which is recorded as part of Bills Payable in the statements of condition will mature on December 19, 2012 and bears annual interest rate of 3.90%. The related interest expense amounting to P175,253, P174,774 and P174,774 in 2008, 2007 and 2006, respectively, is shown as part of Interest Expense in the income statements. As of June 30, 2007, the proceeds of the financial assistance from PDIC are invested in government securities as provided for in the MOA. The Bank accounted for the financial assistance from PDIC under PAS 20, *Accounting for Government Grants*, wherein the loan received is initially recorded at the amount borrowed with no re-measurement to fair value or imputation of market interest.

## 27. TAXES

### 27.1 Current and Deferred Taxes

The major components of tax expense for the years ended December 31 are as follows:

	Group		
	2008	2007	2006
Income statements:			
Current tax expense:			
Regular corporate income tax (RCIT) at 35%	P 297,708	P 277,944	P 283,116
Minimum corporate income tax (MCIT) at 2%	82,539	148,617	22,105
Final taxes at 20%, 15%, 10% and 7.5%	<u>1,077,997</u>	<u>1,702,827</u>	<u>807,381</u>
	1,458,244	2,129,388	1,112,602
Deferred tax expense (income) relating to origination and reversal of temporary differences	( <u>13,560</u> )	<u>717,235</u>	<u>157,724</u>
Tax expense reported in the income statements	<u>P 1,444,684</u>	<u>P 2,846,623</u>	<u>P 1,270,326</u>
Statements of changes in equity:			
Deferred tax relating to fair value gain on AFS financial assets	P 2,358	P 157	P 3,724
Deferred tax relating to changes in revaluation increment	<u>21,526</u>	<u>97</u>	<u>-</u>
Tax income reported in the statements of changes in equity	<u>P 23,884</u>	<u>P 254</u>	<u>P 3,724</u>

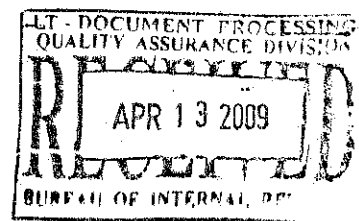


	Parent Bank		
	2008	2007	2006
Income statements:			
Current tax expense – MCIT at 2%	P 81,326	P 146,721	P 161,842
Final taxes at 20%, 15%, 10% and 7.5%	<u>983,485</u>	<u>1,388,714</u>	<u>730,768</u>
	1,064,811	1,535,435	892,610
Deferred tax expense (income) relating to origination and reversal of temporary differences	( 106,452)	1,098,444	141,865
Tax expense reported in the income statements	<u>P 958,359</u>	<u>P 2,633,879</u>	<u>P 1,034,475</u>
Statement of changes in equity:			
Deferred tax relating to fair value gain on AFS financial assets	P 4,260	P -	P -
Deferred tax relating to changes in revaluation increment	<u>21,526</u>	-	-
Tax income reported in the statements of changes in equity	<u>P 25,786</u>	<u>P -</u>	<u>P -</u>

The reconciliation of the tax on pretax income computed at the statutory tax rates to tax expense is shown below:

	Group		
	2008	2007	2006
Tax on pretax income at 35%	P 1,288,929	P 3,295,934	P 1,841,070
Adjustment for income subjected to lower income tax rates	( 401,903)	1,338,873	( 607,526)
Tax effects of:			
NOLCO not recognized	1,495,887	75,910	886,165
Deferred tax on allowance recognized during the year	( 1,429,741)	-	-
Income exempt from tax	( 1,182,832)	( 2,766,620)	( 988,201)
Deductible temporary differences not recognized	( 1,063,219)	1,154,962	353,527
Tax-exempt loss (income) of FCDU	914,156	( 1,688,315)	( 1,472,025)
Effects of change in tax rates	860,779	-	-
Non-deductible expenses	717,764	1,270,747	1,037,940
Others	<u>244,864</u>	<u>165,132</u>	<u>219,376</u>
Tax expense reported in the income statements	<u>P 1,444,684</u>	<u>P 2,846,623</u>	<u>P 1,270,326</u>

	Parent Bank		
	2008	2007	2006
Tax on pretax income at 35%	P 852,984	P 3,606,715	P 1,497,547
Adjustment for income subjected to lower income tax rates	( 478,078)	1,372,822	( 519,576)
Tax effects of:			
NOLCO not recognized	1,495,073	( 13,049)	813,777
Deductible temporary differences not recognized	( 1,414,192)	1,138,338	331,351
Income exempt from tax	( 1,139,027)	( 2,522,607)	( 999,864)
Deferred tax on allowance recognized during the year	( 1,165,022)	-	-
Tax-exempt loss (income) of FCDU	914,156	( 1,662,807)	( 1,420,478)
Effects of change in tax rates	860,779	-	-
Non-deductible expenses	693,182	813,988	1,086,619
Others	<u>338,504</u>	<u>( 99,521)</u>	<u>245,099</u>
Tax expense reported in the income statements	<u>P 958,359</u>	<u>P 2,633,879</u>	<u>P 1,034,475</u>

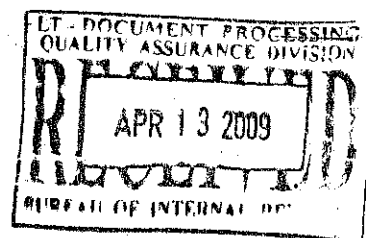


The components of the deferred tax assets as of December 31, 2008 and 2007 are as follows:

	Statements of Condition			
	Group		Parent Bank	
	2008	2007	2008	2007
Deferred tax assets:				
Allowance for impairment losses	P 5,903,499	P 5,799,780	P 5,939,405	P 5,799,780
Unamortized past service cost	380,455	386,603	374,931	386,603
NOLCO	183,257	44,971	11,185	48,784
Lease income/expense differential	97,589	73,930	74,581	73,930
Accrual (reversal) of expenses	( 74,009)	( 110,358)	3,912	4,564
Unrealized loss on asset conversion	( 2,107)	10,341	-	-
Unrealized loss on trading securities	472	10,448	-	-
Others	56,360	222,416	25,953	29,035
	6,545,516	6,438,131	6,429,967	6,342,696
Deferred tax liabilities:				
Revaluation increment in property	( 563,587)	( 585,113)	( 557,559)	( 579,085)
Capitalized interest	( 61,658)	( 74,404)	( 61,658)	( 74,404)
Changes in fair values of AFS financial assets	( 29,999)	( 32,357)	( 25,559)	( 29,819)
Retirement expense	( 10,943)	( 5,682)	( 7,470)	( 8,716)
Others	( 92,408)	-	( 31,140)	( 36,331)
Net Deferred Tax Assets	P 5,779,921	P 5,740,575	P 5,746,581	P 5,614,341

	Group Income Statements		
	2008	2007	2006
Allowance for impairment losses	(P 44,994)	P 520,815	(P 153,969)
NOLCO	38,953	874,528	291,549
Lease income differential	22,114	-	33,327
Capitalized interest	( 12,746)	( 25,730)	693
Unamortized past service cost	10,129	( 10,378)	4,073
Unrealized loss on asset conversion	( 2,052)	3,151	180
Others	( 24,964)	( 645,151)	( 18,129)
Deferred Tax Expense (Income)	(P 13,560)	P 717,235	P 157,724

	Parent Bank Income Statements		
	2008	2007	2006
Allowance for probable losses	(P 139,626)	P 358,754	(P 132,437)
NOLCO	37,598	794,022	272,276
Capitalized interest	( 12,746)	( 25,730)	692
Unamortized past service cost	11,672	( 9,787)	4,334
Investment properties	( 3,004)	3,987	( 81,363)
Net pension assets	( 1,245)	3,978	1,585
Others	899	( 26,780)	78,162
Deferred Tax Expense (Income)	(P 106,452)	P 1,098,444	P 141,865





Group Statements of Changes in Equity							
Group				Parent Bank			
	2008		2007		2008		2007
Change in fair value of AFS financial assets	P 2,358	P	157	P	4,260	P	-
Revaluation increment	21,526		97		21,526		-
Deferred Tax Expense (Income)	P 23,884	P	254	P	25,786	P	-

The breakdown of NOLCO with the corresponding validity periods follow:

Year	Group	Parent Bank	Valid Until
2008	P 4,332,626	P 4,330,154	2011
2007	1,720,129	1,665,954	2010
2006	3,923,488	3,640,655	2009
2005	4,067	-	2008

In 2008, NOLCO amounting to P4,067 was applied in the Group financial statements.

The breakdown of MCIT with the corresponding validity periods follow:

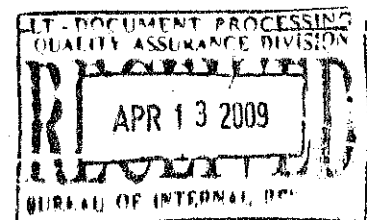
Year	Group	Parent Bank	Valid Until
2008	P 84,382	P 84,357	2011
2007	150,604	150,482	2010
2006	104,493	104,293	2009

The amounts of unrecognized deferred tax assets arising from NOLCO and other temporary differences as of December 31, 2008 and 2007 follow:

	Group			
	2008		2007	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P 9,976,243	P 2,992,873	P 13,783,868	P 4,824,354
MCIT	339,479	339,479	457,817	457,817
Allowance for probable losses	4,944,668	1,483,400	2,024,974	708,741
Others	-	-	3,471	1,215
	15,260,390	P 4,815,752	P 16,270,130	P 5,992,127

	Parent Bank			
	2008		2007	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P 9,636,763	P 2,891,029	P 13,438,247	P 4,703,386
MCIT	339,132	339,132	371,757	371,757
Allowance for probable losses	6,016,234	1,804,870	-	-
	P 15,992,129	P 5,035,031	P 13,810,004	P 5,075,143



## **27.2 Relevant Tax Regulations**

### **Republic Act 9504**

Effective July 2008, Republic Act 9504 was approved giving corporate tax payers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2008, the Group opted to continue claiming itemized standard deductions.

### **Revenue Regulation 12-2007**

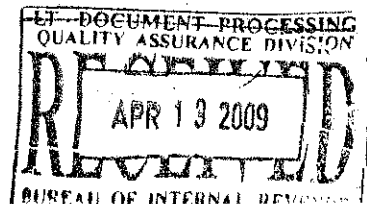
On October 19, 2007, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) 12-2007 which requires the quarterly computation and payment of the MCIT beginning on the income tax return for fiscal quarter ending September 30, 2007. This RR amended certain provisions of RR 9-98 which specifically provides for the computation of the MCIT at the end of each taxable year.

Thus, in the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly regular corporate income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly corporate income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter.

### **Republic Act 9337**

On May 24, 2005, Republic Act No. 9337 (RA 9337), amending certain sections of the National Internal Revenue Code of 1997, was signed into law and became effective beginning on November 1, 2005. The following were the major changes brought about by RA 9337 that are relevant to the Group:

- (a) RCIT rate was increased from 32% to 35% starting on November 1, 2005 until December 31, 2008 and will be reduced to 30% beginning on January 1, 2009;
- (b) 10% value-added tax (VAT) rate was increased to 12% effective on February 1, 2006;
- (c) 12% VAT rate was now imposed on certain goods and services that were previously zero-rated or subject to percentage tax;
- (d) Input tax on capital goods shall be claimed on a staggered basis over 60 months or the useful life of the related assets, whichever is shorter; and,
- (e) Creditable input VAT was capped at a maximum of 70% of output VAT per quarter which was effective until the third quarter of 2006 (this cap was removed effective for quarters ending on December 31, 2006 and onwards).



### **27.3 Gross Receipts Tax (GRT)/ VAT**

Beginning January 1, 2003, the imposition of VAT on banks and financial institutions became effective pursuant to the provisions of Republic Act 9010. The Bank and BDO Private became subject to VAT based on their gross receipts, in lieu of the GRT under Sections 121 and 122 of the Tax Code which was imposed on banks, non-banks financial intermediaries and finance companies in prior years.

On January 29, 2004, Republic Act 9238 reverts the imposition of GRT on banks and financial institutions. This law is retroactive to January 1, 2004. The Bank and BDO Private complied with the transitional guidelines provided by the BIR on the final disposition of the uncollected Output VAT as of December 31, 2004.

On May 24, 2005, the amendments on RA 9337 was approved amending, among others, the gross receipts tax on royalties, rentals of property, real or personal, profits from exchange and on net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments from 5% to 7% effective November 1, 2005.

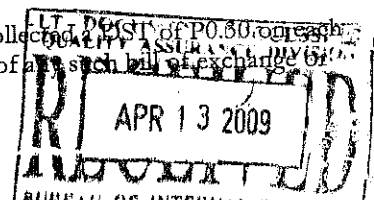
### **27.4 Documentary Stamp Tax (DST)**

Documentary stamp taxes (at varying rates) are imposed on the following:

- (a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;
- (b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government or any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other not payable on sight or demand;
- (c) Acceptance of bills of exchange and letters of credit; and,
- (d) Bills of lading or receipt.

On February 7, 2004, RA 9243 was passed amending the rates of DST, the significant provisions of which are summarized below:

- (a) On every issue of debt instruments, there shall be collected a DST of P1.00 on each P200 or fractional part thereof of the issue price of any such debt instrument. Provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days. Provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.
- (b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of P0.75 on each P200, or fractional part thereof, of the par value of such stock.
- (c) On all bills of exchange or drafts, there shall be collected a DST of P0.80 on each P200, or fractional part thereof, of the face value of any such bill of exchange or draft.



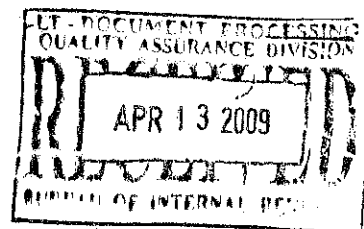
(d) The following instruments, documents and papers shall be exempt from DST:

- Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;
- Loan agreements or promissory notes, the aggregate of which does not exceed P250,000 or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
- Sale, barter or exchange of shares of stock listed and traded through the local stock exchange for a period of five years from the effectivity of RA 9243;
- Fixed income and other securities traded in the secondary market or through an exchange;
- Derivatives including repurchase agreements and reverse repurchase agreements;
- Bank deposit accounts without a fixed term or maturity; and,
- Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

## 28. EARNINGS PER SHARE

Basic earnings per share were computed as follows:

	Group		
	2008	2007	2006
Net income attributable to shareholders of the Parent Bank	P 2,182,402	P 6,518,656	P 3,969,623
Dividends in arrears	( 83,958 )	-	-
Total basic net income	P 2,098,444	P 6,518,656	P 3,969,623
Divided by the weighted average number of outstanding common shares (in thousands)	2,302,032	2,281,211	1,287,071
Basic earnings per share	P 0.91	P 2.86	P 3.08

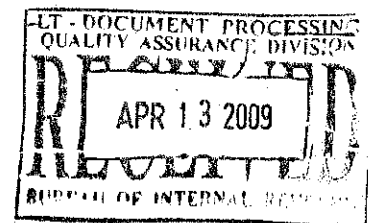


Diluted earnings per share were computed as follows:

	<u>Group</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net income attributable to shareholders of the Parent Bank	P 2,182,402	P 6,518,656	P 3,969,623
Interest expense on convertible loan, net of tax	-	-	21,291
Total diluted net income	P 2,182,402	P 6,518,656	P 3,990,914
Divided by the weighted average number of outstanding common shares (in thousands):			
Outstanding common shares	2,302,032	2,281,211	1,287,071
Potential common shares from assumed conversion of convertible loans	-	-	29,159
Potential common shares from assumed conversion of preferred shares	125,000	-	-
Potential common shares from assumed conversion of stock option plan	2,557	2,722	2,447
Total weighted average number of common shares after conversion	2,429,589	2,283,933	1,318,677
Diluted earnings per share	P 0.90	P 2.85	P 3.03

Basic earnings per share were computed as follows:

	<u>Parent Bank</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net income	P 1,478,737	P 7,671,020	P 3,244,229
Dividends in arrears	( 83,958 )	-	-
Total basic net income	P 1,394,779	P 7,671,020	P 3,244,229
Divided by the weighted average number of outstanding common shares (in thousands)	2,302,032	2,281,211	1,287,071
Basic earnings per share	P 0.61	P 3.36	P 2.52



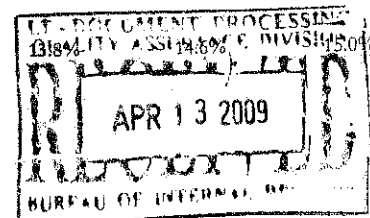
Diluted earnings per share were computed as follows:

		Parent Bank		
		2008	2007	2006
Net income	P	1,478,737	P 7,671,020	P 3,244,229
Interest expense on convertible loan, net of tax		-	-	21,291
Total diluted net income		<u>1,478,737</u>	<u>7,671,020</u>	<u>3,265,520</u>
Divided by the weighted average number of outstanding common shares (in thousands):				
Outstanding common shares		2,302,032	2,281,211	1,287,071
Potential common shares from assumed conversion of convertible loans		-	-	29,159
Potential common shares from assumed conversion of convertible preferred shares		125,000	-	-
Potential common shares from assumed conversion of stock option plan		<u>2,557</u>	<u>2,722</u>	<u>2,447</u>
Total weighted average common shares after conversion		<u>2,429,589</u>	<u>2,283,933</u>	<u>1,318,677</u>
Diluted earnings per share	P	<u>0.61</u>	P <u>3.36</u>	P <u>2.48</u>

## 29. SELECTED FINANCIAL PERFORMANCE INDICATORS

(a) The following are some measures of the Group's financial performance:

		Group		
		2008	2007	2006
Return on average equity:				
<u>Net income</u>		3.8%	11.7%	10.9%
Average total capital accounts				
Return on average resources:				
<u>Net income</u>		0.3%	1.1%	0.9%
Average total resources				
Net interest margin:				
<u>Net interest income</u>		3.7%	4.0%	3.0%
Average interest earning resources				
Capital to risk assets ratio:				
Combined credit and market risk				



		Parent Bank		
		2008	2007	2006
Return on average equity:				
<u>Net income</u>		2.7%	15.0%	9.9%
Average total capital accounts				
Return on average resources:				
<u>Net income</u>		0.2%	1.3%	0.8%
Average total resources				
Net interest margin:				
<u>Net interest income</u>		3.7%	4.1%	2.9%
Average interest earning resources				
Capital to risk assets ratio:				
Combined credit and market risk		11.2%	12.1%	11.8%

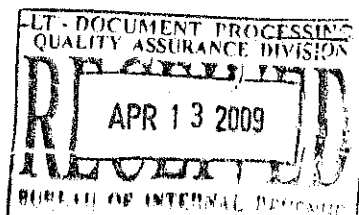
(b) Secured liabilities and resources pledged as security are shown below:

	Group		Parent Bank	
	2008	2007	2008	2007
Aggregate amount of secured liabilities	P 16,645,292	P 453,080	P 16,645,292	P 426,170
Aggregate amount of resources pledged as security	P 12,150,684	P 6,199,584	P 12,150,684	P 6,199,584

### 30. EVENTS AFTER THE STATEMENT OF CONDITION DATE

On January 31, 2009, the Board of Directors approved the issuance of the third tranche of unsecured subordinated debt qualifying as Tier 2 capital of the Bank, with face amount of up to P5,000,000. The Board of Directors also approved a rights offering of common shares to existing shareholders of the Bank. The Group expects to complete the rights offering within six months and projects to raise proceeds of between P7,000,000 to P8,000,000. The net proceeds of the rights offering shall be used for general corporate purposes, projects or investments as may be approved by the Board of Directors and initiatives for expansion. Management was authorized by the Board to fix the final issue size and other terms of both issuances.

On February 28, 2009, the Board of Directors approved the declaration of semi-annual dividend on peso denominated and US dollar denominated preferred shares at the rate of 6.5% per annum each for a total dividend of P83,958 payable on May 14, 2009 for the peso denominated preferred shares and US \$1,625 payable on April 18, 2009 for the US dollar denominated preferred shares.



## 31. COMMITMENTS AND CONTINGENCIES

### 31.1 Litigations

The Group has pending claims and/or is a defendant in various legal actions arising from the ordinary course of business operation or its normal business activities. Management believes that no such legal proceedings are expected to have material adverse effect on the Group's financial condition.

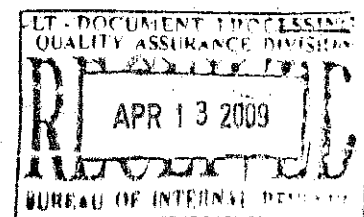
The Parent Bank is a respondent in two arbitration proceedings under the International Chamber of Commerce (ICC) arising from isolated transactions, i.e., the sale of its equity investments.

#### *Sale of Bankard*

The case involves the sale of the Group's ownership in Bankard, a former subsidiary of then EPCIB. Dispute on the said sale is under arbitration with the ICC, which recently ruled in favor of the claimant (the Partial Award of September 27, 2007), stating among others that the claimant is entitled to damages, subject to proof of loss. The Group has filed a motion for reconsideration to vacate the ruling at the Regional Trial Court (RTC) level. On January 8, 2008, the RTC issued a decision affirming the ruling of the ICC. Subsequently, the Group filed a Petition for Review on Certiorari with the Supreme Court (Second Division) to vacate the ruling issued by the RTC. The Supreme Court (Second Division) issued a decision denying the Group's petition and upholding the ruling of the RTC. On January 27, 2009, the Group filed an Omnibus Motion: (i) to urge the Honorable Second Division to elevate the case to the Supreme Court *en banc* in view of the novelty of the legal issues and the resolution thereof demands for the Honorable Court *en banc's* exercise of its constitutional power in respect to the promulgation of rules and regulations concerning court procedure, and/or (ii) to move for the reconsideration of the Decision on grounds of being contrary to law and established jurisprudence; and, (iii) to clarify certain portions of the Decision, which have caused confusion in the application of the pertinent laws governing arbitration.

The Partial Award sustained by the Second Division of the Supreme Court concluded that the Group is liable to the claimant but did not adjudicate the amount of damages for which the Group is liable to the claimant as the same shall still be proven by the claimant in the second phase of the arbitration (quantum phase); the hearing of which has been tentatively set by the Tribunal Chairman on October 26, 2009. However, in view of the Decision and the Omnibus Motion, as well as the continuing objection the Group raised against the procedure being followed by the Tribunal, the Group has requested for the suspension of the arbitration proceeding until the matters and issues are resolved.

As of December 31, 2008, management believes that the above claim is without merit or that the resulting liability if any, resulting from such claim, will not have material adverse effect on the Group's financial position and financial performance and will be taken up if and when a final resolution by the courts is made on the claim.





### ***Sale of Maxicare***

The Group is a defendant/respondent in legal proceedings arising from the sale of its 60% stake in Maxicare in 2007. Claimants have filed an Intra-Corporate Dispute with the Regional Trial Court of Makati (RTC). The claimants filed a Petition for Issuance of Writ of Preliminary Injunction in Support of Arbitration proceedings with Prayer for Temporary Restraining Order (TRO) and Writ of Replevin to enjoin the conduct of business of Maxicare, and if already executed, for annulment of sale of the Maxicare shares. The RTC has since denied the TRO and Writ of Replevin on the ground that the petitioners have no clear and unmistakable right over the shares, as there was no perfected contract of sale between the Bank and the claimants. Moreover, the RTC also ruled that the Bank's sale of the shares to Pin-An Holdings is valid. The Petitioners filed a Motion for Reconsideration (MR) which was denied since an MR is a prohibited pleading under the Interim Rules on Intra-Corporate Dispute. The RTC ruled further that its order declaring the validity of the sale of the Maxicare shares has become final under said Interim Rules. The claimants have since filed a Petition for Certiorari with the Court of Appeals, where the case is pending.

The claimants have also filed a Request for Arbitration with the International Chamber of Commerce (ICC) – International Court of Arbitration, where arbitration is currently ongoing on the same issue of the petitioners' right to buy the shares.

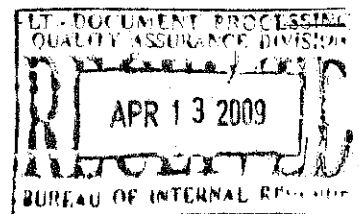
As of December 31, 2008, management believes that the above claim is baseless and without merit or that the resulting liability if any, resulting from such a claim, will not have a material adverse effect on the Group's financial position and financial performance.

### ***Others***

The Group is also a defendant in various cases pending in courts for alleged claims against the Group, the outcome of which are not fully determinable at present. As of December 31, 2008, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of the Group and will be taken up if and when a final resolution by the courts is made on each claim.

### ***31.2 Leases***

The Group leases the premises of its head office and most of its branch offices for periods ranging from 1 to 15 years from the date of the contracts; terms are renewable upon the mutual agreement of the parties. Rent expense, reported as part of Occupancy under Other Operating Expense account in the income statement, amounted to P1,462,996 in 2008, P1,390,711 in 2007 and P866,867 in 2006 in the Group financial statements and P1,386,351 in 2008, P1,253,088 in 2007 and P697,984 in the Parent Bank financial statements.



The estimated minimum future annual rentals for the next five years follow:

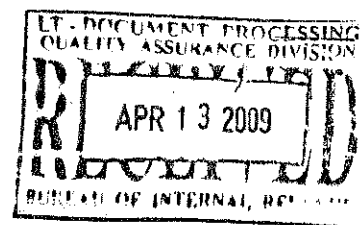
<u>Year</u>		<u>Group</u>		<u>Parent Bank</u>
2009	P	1,009,392	P	1,003,379
2010		1,130,745		1,124,431
2011		1,249,682		1,243,053
2012		1,374,361		1,367,401
2013		1,511,476		1,504,167

### 31.3 Others

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying Group financial statements. The Group recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. Management believes that, as of December 31, 2008, no additional material losses or liabilities are required to be recognized in the accompanying Group financial statements as a result of the above commitments and transactions.

Following is a summary of the Group's commitments and contingent accounts:

			<u>Group</u>		<u>Parent Bank</u>	
	<u>Note</u>		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Trust department accounts	25	P	338,173,471	P 274,108,205	P 311,042,091	P 255,499,325
Forward exchange sold			91,710,780	90,875,358	77,206,985	82,406,815
Forward exchange bought			67,647,414	62,964,257	53,063,361	54,606,637
Other contingent accounts			78,707,999	51,015,361	77,889,698	47,915,455
Unused commercial letters of credit			17,998,121	25,253,893	17,998,121	25,251,893
Interest rate swap payable			15,837,774	7,065,007	4,082,600	1,670,600
Interest rate swap receivable			14,752,995	6,207,146	2,997,100	868,500
Bills for collection			10,641,072	9,064,716	10,641,072	9,064,575
Spot exchange bought			6,644,832	3,260,919	6,240,782	3,260,919
Late deposits/payments received			5,341,041	1,941,799	5,341,041	1,931,621
Spot exchange sold			3,325,926	1,864,901	2,921,916	1,864,901
Outstanding guarantees issued			724,094	1,409,499	724,094	1,409,499
Export letters of credit confirmed			48,708	75,131	48,708	75,131



**SEC  
SUPPLEMENTARY SCHEDULES**



**Report of Independent Auditors  
to Accompany SEC Schedules  
Filed Separately from  
the Basic Financial Statements**


20th Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T + 63 2 886-5511  
F + 63 2 886-5508; +63-2 886-5507  
www.punongbayan-araullo.com

**The Board of Directors**  
**Banco de Oro Unibank, Inc.**  
Benguet Center, 12 ADB Avenue  
Ortigas Center, Mandaluyong City

We have audited the financial statements of Banco de Oro Unibank, Inc. and subsidiaries (together hereinafter referred to as the Group) and Banco de Oro Unibank, Inc. (the Parent Bank) for the year ended December 31, 2008, on which we have rendered the attached report dated March 2, 2009. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) of the Group and Parent Bank as of December 31, 2008 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

By:   
Benjamin P. Valdez  
Partner  
CPA Reg. No. 0028485  
TIN 136-619-880  
PTR No. 1566055, January 5, 2009, Makati City  
SEC Accreditation No. 009-AR-2  
BIR AN 08-002511-11-2008 (Nov. 25, 2008 to 2011)

March 2, 2009

Banco de Oro Unibank, Inc. and Subsidiaries  
Index to Supplementary Schedules  
December 31, 2008

Statement of Management's Responsibility for the Consolidated Financial Statements

Independent Auditors' Report on the SEC Supplementary Schedules  
Filed Separately from the Basic Financial Statements

Supplementary Schedules to Consolidated Financial Statements  
(Form 17-A, Item 7)

	<u>Page No.</u>
A. Marketable Securities - (Current Marketable Equity Securities and Other Short-term Cash Investments)	<u>1</u>
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	<u>3</u>
C. Noncurrent Marketable Equity Securities, Other Long-term Investments in Stocks and Other Investments	<u>4</u>
D. Indebtedness to Unconsolidated Subsidiaries and Related Parties	<u>NA</u>
E. Other Assets	<u>8</u>
F. Long-term Debt	<u>9</u>
G. Indebtedness to Related Parties (Long-term Loans from Related Companies)	<u>NA</u>
H. Guarantees of Securities of Other Issuers	<u>NA</u>
I. Capital Stock	<u>12</u>

Supplementary Schedule to Parent Financial Statements  
(SEC Circular 11)

Reconciliation of Parent Company Retained Earnings for Dividend Declaration 13

Banco de Oro Unibank, Inc. and Subsidiaries  
Schedule A - Marketable Securities - (Current Marketable Equity Securities and Other Short-Term Cash Investments)  
December 31, 2008

Name of issuing entity and association of each issue <sup>1</sup>	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet <sup>2</sup>	Valued based on the market quotation at balance sheet date <sup>3</sup>	Income received and accrued
Aboitiz Equity Ventures (AEV)	5,051,000	P 50,215,400	P 50,215,400	P 4,125,000
Alliance Global Group Inc.	16,000	27,840	27,840	
Anchor Land (ALHI)	7,000	41,300	41,300	0
Anchorland Holdings, Inc.	3,769,000	22,237,100	22,237,100	
Ayala Corp (AQ)	388,129	192,081,831	192,081,831	
Ayala Land (ALI)	1,045,040	11,550,146	11,550,146	
Belle Corporation	997,000	707,870	707,870	0
Bengpres Holdings Corporation	10,000	9,700	9,700	
BPI	9,220	354,970	354,970	
CADP Group Corporation	128,685	353,884	353,884	0
Canlubang Golf & Country Club Shares	2	900,000	900,000	
Club Filipino	1	120,000	120,000	
Del Monte Pacific		2,311,941	2,311,941	
Digital Telecoms Phils, Inc.	11,700,000	11,232,000	11,232,000	0
Energy Development Corp.	103,500	196,650	196,650	
Export and Industry Bank	0	903,600	903,600	0
Filinvest Land Inc.	7,191,000	2,804,766	2,804,766	
First Gen Corp	6,100	59,780	59,780	
Globe Telecoms Inc.	410	311,600	311,600	
GMA Network Inc. (PDRs)	15,300	51,135	51,135	
Goresco Land, Inc.	15,466,500	1,546,650	1,546,650	0
Government	19,480,374	68,964,339	68,964,339	1,021,338
Heidelberg	5,080,000	0	0	0
Ind Container	4,000	51,000	51,000	
IPVG Corp	95,000	114,000	114,000	
Ivory Homes, Inc.	1,299,000	53,446,182	53,446,182	0
JG Summit Holdings, Inc.	20,000,000	100,000,000	100,000,000	11,750,000
Keppel Phils Prop (KEP)	2	2	2	
Manila Electric Company-B	12,210	726,495	726,495	
Matila Southwoods Golf & Country Club Shares	1	650,000	650,000	
Megaworld Corp. (MEG)	2,100,000	1,386,146	1,386,146	0
Metro Pacific Investment Corp	40	108	108	
Metrobank (MBT)	8,900	204,700	204,700	
Pacific Online Systems Corp.	113,000	847,500	847,500	0
Parkfield Land Holdings, Inc.	1,299,000	39,609,605	39,609,605	0
Petroenergy Resources Corp.	225	1,013	1,013	0
Phil National Reinsurance	21,000	26,460	26,460	0
Philippine National Bank (PNB)	18,500	259,000	259,000	0
Philsteel Holdings Corp	50,000,000	291,605,113	291,605,113	
Philtown Property Inc.	23,960	0	0	0
Phoenix Petroleum Phils., Inc.	228,800	846,560	846,560	
Pilipino Tel Corp	673,500	4,647,150	4,647,150	
PLDT	15,510	2,289,088	2,289,088	
Pressage Corporation		82,108,067	82,108,067	
Private	13,500,000	13,500,000	13,500,000	
Radford Assets Ltd.	0	29,199,500	29,199,500	0
Robinson's Land	13,200	64,680	64,680	
Roxas Holdings, Inc.	1,455,480	3,929,796	3,929,796	0
SM Development Corp (SMDC)	6,600	14,916	14,916	
SM Investment Corp (SMI)	638,222	119,255,983	119,255,983	
SM Prime Holdings (SMPH)	67,814	508,605	508,605	
Subbie Bay Yacht Club		100,000	100,000	
Tagaytay Splendid	1	350,000	350,000	0
Tower Club (class A shares)	1	142,500	142,500	
Trans-Asia Oil and MNRL Dev Corp	1	1	1	
Universal Robina (URC)	11,600	67,280	67,280	
(Relative Control Forwards)		P 1,112,933,951	P 1,112,933,951	P 16,896,338

Name of issuing entity and association of each issue <sup>1</sup>	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet <sup>2</sup>	Valued based on the market quotation at balance sheet date <sup>3</sup>	Income received and accrued
(Balance Brought Forward)		P 1,112,933,951	P 1,112,933,951	P 16,896,338
Uniwide (UW)	2,794,000	335,280	335,280	0
Valle Verde Country Club	2	400,000	400,000	0
Valley Golf Country Club	1	215,000	215,000	0
Vinco Corporation		38,000,000	38,000,000	0
Victorias Milling Corp (VMC)	960	0	0	0
Vista Land and Lifescapes (VLL) VISTA LAND & LIFESCAPES (VLL)	80,000	81,600	81,600	0
Vista Land Holdings	35,043,000	35,743,860	35,743,860	
		P 1,187,709,691	P 1,187,709,691	P 16,896,338

The carrying value of the marketable equity securities as at balance sheet date represents the aggregate market value of the equity securities.

- Each issued shall be stated separately except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.
- State the basis of determining the amounts shown in the column. This column shall be totalled to correspond to the respective balance sheet caption or captions.
- This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

Banco de Oro Unibank Inc. and Subsidiaries  
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)  
December 31, 2008

Name and designation of debtor	Balance at beginning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts collected	Amounts written off	Current	Not current	
<b>Amounts Due from Related Parties:</b>							
Asia Pacific Technology Educational Foundation Inc.	P 8,332,978	P 4,688,286	P 8,338,000	-	P 4,683,264	-	P 4,683,264
Bio Pacific Technology Educational Foundation Inc.	P 8,556,941.75	P 49,561,755.47	P 8,556,941.75	0.00	P 49,564,756.47	0.00	P 49,564,756.47
Bio Pacific Technology Educational Foundation Inc.	P 4,436,795.33	P 0.00	P 0.00	4,436,795.33	P 0.00	0.00	P 0.00
Blue Elephant Paper	P 1,500,000.00	P 0.00	P 1,500,000.00	0.00	P 0.00	0.00	P 0.00
De Sista's Building, Ma Tereita	P 2,000,000.00	P 0.00	P 2,000,000.00	0.00	P 0.00	0.00	P 0.00
IC Shell Service Station	P 50,000,000.00	P 0.00	P 50,000,000.00	0.00	P 0.00	0.00	P 0.00
Madison Shopping Plaza, Inc.	P 100,000,000.00	P 0.00	P 100,000,000.00	0.00	P 0.00	0.00	P 0.00
Manitara Business Center, Inc.	P 100,000,000.00	P 0.00	P 100,000,000.00	0.00	P 0.00	0.00	P 0.00
Manitara Business Center, Inc.	P 242,680,000.00	P 918,212,160.00	P 442,892,000.00	0.00	P 718,212,160.00	0.00	P 718,212,160.00
SMT Prime Holdings, Inc.	P 167,000,000.00	P 25,127,537.77	P 0.00	0.00	P 192,127,537.77	0.00	P 192,127,537.77
SMT Systems Properties Holdings Corp.	P 408,000,000.00	P 0.00	P 0.00	0.00	P 408,000,000.00	0.00	P 408,000,000.00
Synovet Corporation	P 370,000,000.00	P 13,854,406,844.41	P 0.00	0.00	P 16,224,406,844.41	0.00	P 16,224,406,844.41
Synovet Equity Investment Corporation	P 10,500,000.00	P 4,885,937.20	P 10,500,000.00	0.00	P 4,885,937.20	0.00	P 4,885,937.20
Tapi Construction Corp.	P 1,482,376,844	P 26,456,839,514	P 673,184,942	P 4,456,795	P 17,661,614,692	-	P 17,661,614,692
<b>Loans to Officers and Employees:</b>							
Alonzo, Ader A.	P 1,500,000	P 705,437	P 1,500,000	0.00	P 705,437	0.00	P 705,437
Ling, Lili E.	P 0.00	P 4,024,997.85	P 395,333.30	0.00	P 3,629,664.55	0.00	P 3,629,664.55
Malaga, Jesus Jr. A.	P 781,500.00	P 0.00	P 781,500.00	0.00	P 0.00	0.00	P 0.00
<b>Loans to Stockholders:</b>							
SMA Investment Corporation	P 11,800,000.00	P 6,798,257.147	P 5,800,200.413	0.00	P 12,798,257.147	0.00	P 12,798,257.147
Synovet Inc.	P 515,000,000.00	P 210,000,000.00	P 515,000,000.00	0.00	P 210,000,000.00	0.00	P 210,000,000.00
Sy, Henry Sr.	P 150,000,000.00	P 150,743,750.00	P 150,000,000.00	0.00	P 150,743,750.00	0.00	P 150,743,750.00
	P 12,798,257.147	P 7,179,250,897	P 6,475,202,413	-	P 8,179,250,897	-	P 8,179,250,897

1. Show separately accounts receivable and notes receivable. In case of notes receivable, indicate pertinent information such as due date, interest rate, terms of repayment and collateral, if any.
2. If collection was other than in cash, explain.
3. Give reasons for write-off.



Schedule C - Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock, and Other Investments  
December 31, 2008

[illegible]

Name of Issuing entity and description of investment	Number of shares or principal amount of bonds and notes	Amount in Pesos	Equity in earnings (Costs) of investment for the year	Other	Distribution of earnings by dividend	Other	Number of shares or principal amount of bonds and notes	Amount in Pesos	Dividends received from investments not accounted for by the equity method
<b>Held to Maturity (Non-Resident) - PCDU</b>									
ALCANTEL 101		1,880,430,019						1,655,120,038	
MEGACOR 101		234,882,793						234,882,793	
PRONOR 101		231,977,403						191,977,403	
ICQ 101		122,890,235						143,116,273	
ICQ 101		144,316,273						238,649,413	
ICQ 101		238,649,413						626,554	
ICQ 101		19,700,004						241,840,329	
ICQ 101		241,840,329						106,609,379	
ICQ 101		106,609,379						241,840,329	
ICQ 101		241,840,329						42,157,838	
ICQ 101		42,157,838						49,800,104	
ICQ 101		49,800,104						199,687,831	
ICQ 101		199,687,831						285,245,886	
ICQ 101		285,245,886						221,239,220	
ICQ 101		221,239,220						420,549,197	
ICQ 101		420,549,197						101,916,160	
ICQ 101		101,916,160						332,294,443	
ICQ 101		332,294,443						448,031,492	
ICQ 101		448,031,492						830,817,118	
ICQ 101		830,817,118						128,497,404	
ICQ 101		128,497,404						198,950,119	
ICQ 101		198,950,119						241,862,344	
ICQ 101		241,862,344						108,128,923	
ICQ 101		108,128,923						97,549,212	
ICQ 101		97,549,212						232,248,519	
ICQ 101		232,248,519						685,127,308	
ICQ 101		685,127,308						219,040,232	
ICQ 101		219,040,232						749,859,736	
ICQ 101		749,859,736						462,803,735	
ICQ 101		462,803,735						1,341,000,707	
ICQ 101		1,341,000,707						1,335,437,360	
ICQ 101		1,335,437,360						122,973,317	
ICQ 101		122,973,317						70,147,488	
ICQ 101		70,147,488						11,397,030,421	
ICQ 101		11,397,030,421							
<b>Held to Maturity (Resident) - PCDU</b>									
ICQ 101		241,371,770						241,371,770	
ICQ 101		1,187,409,391						1,187,409,391	
ICQ 101		999,876,671						52,961,881	
ICQ 101		52,961,881						142,500,000	
ICQ 101		142,500,000						5,502,961,318	
ICQ 101		5,502,961,318						476,712,658	
ICQ 101		476,712,658						1,509,916,891	
ICQ 101		1,509,916,891						870,816,342	
ICQ 101		870,816,342						12,788,970	
ICQ 101		12,788,970						2,413,465,870	
ICQ 101		2,413,465,870						884,930,371	
ICQ 101		884,930,371						322,158,947	
ICQ 101		322,158,947						12,143,844	
ICQ 101		12,143,844						377,446,376	
ICQ 101		377,446,376						1,572,231,858	
ICQ 101		1,572,231,858						1,248,971,686	
ICQ 101		1,248,971,686						2,184,470,426	
ICQ 101		2,184,470,426						7,935,626,406	
ICQ 101		7,935,626,406						263,414,258	
ICQ 101		263,414,258						148,581,501	
ICQ 101		148,581,501						99,916,181	
ICQ 101		99,916,181						653,741,096	
ICQ 101		653,741,096						257,977,688	
ICQ 101		257,977,688						238,688,384	
ICQ 101		238,688,384						288,271,342	
ICQ 101		288,271,342						2,319,670,720	
ICQ 101		2,319,670,720						936,870,638	
ICQ 101		936,870,638						4,853,899,421	
ICQ 101		4,853,899,421						478,585,945	
ICQ 101		478,585,945						3,624,620,202	
ICQ 101		3,624,620,202						148,241,206	
ICQ 101		148,241,206						2,925,406,917	
ICQ 101		2,925,406,917						3,920,478,656	
ICQ 101		3,920,478,656						2,925,293,284	
ICQ 101		2,925,293,284						4,071,112,994	
ICQ 101		4,071,112,994						51,495,848	
ICQ 101		51,495,848						41,623,170,226	
ICQ 101		41,623,170,226							

Name of holding entity and description of investment	Number of shares or principal amount of bonds and notes	Amount in Euro	Equity in earnings (losses) of investee for the year	Other	Dividends received by investors	Other	Number of shares or principal amount of bonds and notes	Amount in Euro	Dividends received from investments not accounted for by the equity method
<b>Available for Sale (Non-Residents) - FCDU</b>									
INGXXX-30-100		P	471,205,350					P	471,205,350
NL-3025-121			961,872,740						961,872,740
LEI010AN2-100			354,418,740						354,418,740
LEI010AN2-100			351,279,040						351,279,040
LEI010AN2-100			51,252,870						51,252,870
STATSP-111			66,578,060						66,578,060
16-04-20-121			385,100,200						385,100,200
16-04-20-121			763,674,270						763,674,270
16-04-20-121			278,103,124						278,103,124
16-04-20-121			99,354,950						99,354,950
AGILE-170-121			52,856,120						52,856,120
LEI010AN2-100			72,713,356						72,713,356
CEPLOCAT-101			114,958,300						114,958,300
SI-ELIAD-101			163,297,192						163,297,192
CD-0-101			45,391,000						45,391,000
CD-0-101			11,880,000						11,880,000
CD-0-101			382,946,120						382,946,120
CD-0-101			309,153,650						309,153,650
CD-0-101			14,116,850						14,116,850
CD-0-101			176,902,080						176,902,080
CD-0-101			125,899,780						125,899,780
CD-0-101			351,489,300						351,489,300
CD-0-101			1,075,276,600						1,075,276,600
CD-0-101			10,174,241,770						10,174,241,770
<b>Available for Sale (Residents) - FCDU</b>									
RCP-01		P	143,778,888					P	143,778,888
RCP-02			9,896,970						9,896,970
RCP-03			10,135,310						10,135,310
RCP-04			21,423,050						21,423,050
RCP-05			24,754,014						24,754,014
RCP-06			901,989						901,989
RCP-07			6,080,427						6,080,427
RCP-08			4,974,156						4,974,156
RCP-09			59,483,120						59,483,120
RCP-10			6,489,433						6,489,433
RCP-11			5,630,039						5,630,039
RCP-12			30,254,776						30,254,776
RCP-13			1,490,892						1,490,892
RCP-14			77,253,680						77,253,680
RCP-15			31,071,760						31,071,760
RCP-16			21,028,896						21,028,896
RCP-17			2,010,287,456						2,010,287,456
RCP-18			2,819,115,872						2,819,115,872
<b>Held for Trading (Non-Residents) - FCDU</b>									
MEGAWORLD-11		P	4,081,472					P	4,081,472
MEGAWORLD-11			4,081,472						4,081,472
<b>Held for Trading (Residents) - FCDU</b>									
RCP-21		P	1,277,338					P	1,277,338
RCP-22			1,863,812						1,863,812
RCP-23			2,657,388						2,657,388
RCP-24			3,100,811						3,100,811
RCP-25			9,080,725						9,080,725
RCP-26			1,755,877						1,755,877
RCP-27			2,203,578						2,203,578
RCP-28			1,252,003						1,252,003
RCP-29			501,548						501,548
RCP-30			643,261						643,261
RCP-31			1,233,405						1,233,405
RCP-32			4,150,985						4,150,985
RCP-33			5,464,626						5,464,626
RCP-34			20,773,101						20,773,101
RCP-35			1,689,408						1,689,408
RCP-36			9,313,920						9,313,920
RCP-37			6,409,295						6,409,295
RCP-38			5,186,367						5,186,367
RCP-39			1,284,278						1,284,278
RCP-40			27,799,200						27,799,200
RCP-41			6,646,681						6,646,681
RCP-42			118,253,821						118,253,821
<b>DFVPL (Non-Residents) - FCDU</b>									
DFVPL-10		P	948,539,374					P	948,539,374
DFVPL-10			948,539,374						948,539,374
DFVPL-10			89,861,313,229						89,861,313,229
DFVPL-10			207,483						207,483

- Group separately securities of (a) unconsolidated subsidiaries and (b) other affiliates and (c) other companies, the investments in which is accounted for by the equity method. State separately investments in individual affiliates which, when considered with related advances, exceed two per cent of total assets. Disclose the percentage of ownership interest represented by the shares if material.
- Disclose the percentage of ownership interest represented by the shares if material.
- The total of this column shall correspond to the amount of the related income statement caption.
- Briefly describe each item. Explain if the item represents other than a cash expenditure.
- As to any dividends other than in cash, state the basis on which they have been taken up in the accounts, and the justifications for such treatment. If any such dividends received from affiliates have been credited in an amount different from that charged to retained earnings by the distributing company, state the amount of difference and explain.
- Briefly describe each item and state: (a) cost of securities sold and how determined; (b) amount received (if other than cash, explain) and disposition of resulting profit or loss.
- The totals in this column shall correspond to the related balance sheet captions.

Banco de Oro Unibank, Inc and Subsidiaries  
Schedule D - Indebtedness of Unconsolidated Subsidiaries and Related parties (Other than Affiliates)  
December 31, 2008

<i>Name of Related Parties<sup>1</sup></i>	<i>Balance at beginning of year</i>	<i>Balance at end of year<sup>2</sup></i>
--	-------------------------------------	---

N/A

- 
- <sup>1</sup> The affiliates named shall be grouped as in Schedule C. The information called for shall be shown separately for each related party whose investment was shown separately in such related schedule.
  - <sup>2</sup> For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase.

Banco de Oro Unibank, Inc. and Subsidiaries  
Schedule E - Intangible Assets - Other Assets  
December 31, 2008

Description <sup>1</sup>	Beginning balance	Additions at cost <sup>2</sup>	Deduction <sup>3</sup>			Ending balance
			Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	
Goodwill (net)	P 380,915,388		P 81,425,000	P 45,700,000		P 380,915,388
Licenses & franchises		432,207,818			265,632,202	432,207,818
Deferred development cost (net)	265,632,202				10,475,000	10,475,000
Trading Rights	20,950,000		3,664,294		12,495,362	22,278,686
Deferred Charges	24,990,724	13,467,618				
	P 819,615,414	P 445,675,437	P 85,089,294	P 45,700,000	P 288,602,664	P 845,896,893

1. Briefly comment on any significant and unusual additions, abandonments, or retirement, or any significant and unusual changes in the general character and location, of principal plants and other important units which may have occurred during the period.
2. Show by major classifications. If property, plant and equipment abandoned is carried at other than a nominal amount, indicate, if practicable, the amount thereof and state the reasons for such treatment. Insignificant or minor items may be shown under a miscellaneous caption.
3. For each change that represents anything other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.
4. Explain, if practicable, changes stated other than cost.
5. Clearly describe the nature of the changes and the other accounts affected.

Banco de Oro Unibank, Inc. and Subsidiaries  
Schedule F - Long-Term Debt  
December 31, 2008

<i>Title of issue and type of obligation<sup>1</sup></i>	<i>Amount authorized by indenture</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet<sup>2</sup></i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet<sup>3</sup></i>
Unsecured Subordinated Debt			
Tier 2	P 20,145,977,172		P 20,145,977,172
Long Term Negotiate Certificate of Deposit (LTNCD)	10,105,886,500		10,105,886,500
Bills Payable-Other Foreign Reg (Preferred Shares)	2,407,317,000		2,407,317,000
Bills Payable-Others Domestic (PDIC)	4,437,716,833		4,437,716,833
Bills Payable-BDO Private	P 5,000,000,000		P 1,700,588,825

*A zero coupon long term negotiable certificate of deposit due 2012 with an aggregate principal amount of P2,191,400,000.00. Yield will accrue from 18 June 2007 to but excluding December 18, 2012 at a rate of 6.50%.*

	Maturity Date	Interest Rate
Unsecured Subordinated Debt	11/21/17	7.0000%
	05/30/18	8.5000%
LTNCD		
Series 1	06/01/10	6.7404%
Series 2	11/24/10	9.7300%
Series 3	10/05/10	8.2500%
BP-Others FX Reg	02/15/09	4.7000%
	02/25/09	3.6200%
BP-Others Domestic	12/19/12	3.9000%

- <sup>1</sup> Include in this column each type of obligation authorized (i.e., loans, bonds, warrants, etc.)
- <sup>2</sup> This column is to be totalled to correspond to the related balance sheet caption.
- <sup>3</sup> Include details as to interest rates, amounts or number of periodic installments, and maturity dates.

Banco de Oro Unibank, Inc. and Subsidiaries  
Schedule G. Indebtedness to Related Parties (Long-Term Loans from Related Companies)  
December 31, 2008

<i>Name of related party<sup>1</sup></i>	<i>Balance at beginning of year</i>	<i>Balance at end of year<sup>2</sup></i>
--	-------------------------------------	---

Unconsolidated Subsidiary:

N/A

Other Related Parties:

N/A

- 
- <sup>1</sup> The affiliates named shall be grouped as in Schedule D. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.
  - <sup>2</sup> For each affiliates named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

Banco de Oro Unibank, Inc. and Subsidiaries  
Schedule H - Guarantees of Securities of Other Issuers<sup>1</sup>  
December 31, 2008

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed and outstanding<sup>2</sup></i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee<sup>3</sup></i>
---	--	--	--	--

N/A

<sup>1</sup> Indicate in a note any significant changes since the date of the last balance sheet filed. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.

<sup>2</sup> There need be made only a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.



Banco de Oro Unibank, Inc. and Subsidiaries  
Schedule I - Capital Stock<sup>1</sup>  
December 31, 2008

Title of Issue <sup>2</sup>	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties <sup>3</sup>	Directors, officers and employees	Others
Common shares - P10 par value						
Authorized	5,500,000,000					
Issued and outstanding		2,302,032,661		956,634,590	1,126,149	1,344,271,922
Preferred Shares - P10 par value						
Authorized	1,000,000,000					
Issued and outstanding		500,000,000		500,000,000		

<sup>1</sup> Indicate in a note any significant changes since the date of the last balance sheet filed.

<sup>2</sup> Include in this column each type of issue authorized.

<sup>3</sup> Affiliates referred to include affiliates for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

Banco de Oro Unibank, Inc. and Subsidiaries  
 Benguet Center, 12 ADB Avenue, Ortigas Center, Mandaluyong City

Reconciliation of Retained Earnings for Dividend Declaration  
 December 31, 2008  
 (Amounts in Thousands of Philippine Pesos)

UNAPPROPRIATED RETAINED EARNINGS FOR DIVIDEND DECLARATION AT BEGINNING OF YEAR		P 11,595,829
Net Income Realized for the Year		
Net income per audited financial statements		1,478,737
Less unrealized income, net of tax:		
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	P 4,300,655	
Unrealized actuarial gains on defined benefit plan	<u>85,828</u>	4,386,483
Add unrealized loss, net of tax:		
Depreciation on revaluation increments	6,528	
Adjustment due to deviation from PFRS/GAAP	24,292	
Fair value losses arising from mark-to-market measurement	<u>597,812</u>	628,632
		( 2,279,114 )
Add (Less) Changes in Retained Earnings for the Year		
Dividend declarations during the period		( 3,683,252 )
UNAPPROPRIATED RETAINED EARNINGS FOR DIVIDEND DECLARATION AT END OF YEAR		P 5,633,463