



Via ODiSy

March 28, 2011

Philippine Stock Exchange, Inc.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head

Ms. Sheena Paula H. Pedrieta
Analyst
Disclosure Department

Re: SEC Form 17-A (Annual Report)

Ladies:

We hereby transmit with this letter SEC Form 17-A or the Annual Report of BDO Unibank, Inc. submitted today to the Securities and Exchange Commission.

Thank you.

Very truly yours,

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

ELMER B. SERRANO
Corporate Information Officer



103282011001327



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

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Received From : Head Office

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Doc Source

Company Information

SEC Registration No. 0000034001

Company Name BANCO DE ORO UNIBANK, INC.

Industry Classification

Company Type Stock Corporation

Document Information

Document ID 103282011001327

Document Type 17-A (FORM 11-A:AANU)

Document Code 17-A

Period Covered December 31, 2010

No. of Days Late 0

Department CFD

Remarks ATTACHED PHOTOCOPY OF FS

COVER SHEET

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S.E.C. Registration Number

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[illegible]

(Company's Full Name)

[illegible]

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

ATTY. ELMER B. SERRANO

Contact Person

687-1195 to 96

Company Telephone Number

1	2
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3	1
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Month Day

Fiscal Year

SEC 17-A

SEC 17-A

FORM TYPE

Last Friday
of May

Month Day

Annual Meeting

Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

13,821

Total No. of Stockholders

Total Amount of Borrowings

Domestic

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Foreign

To be accompanied by SEC Personnel concerned

[illegible]

File Number

[illegible]

Document I.D.

STAMPS


STAMPS

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, 2010
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
Province, Country or other jurisdiction of
incorporation or organization
6.  (SEC Use Only)
Industry Classification Code:
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. _____
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

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common Stock, ₱10.00 par value	2,607,437,907

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 2,339,768,510 Common Shares*

*267,669,397 common shares approved for listing subject to compliance by shareholder of certain conditions.

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 ☐ []

13. Aggregate market value of the voting stock held by non-affiliates: ₱42,746,438,182.50 as of December 31, 2010

TABLE OF CONTENTS

	<u>Page No.</u>
PART I - BUSINESS AND GENERAL INFORMATION	4
Item 1 Business	4
Item 2 Properties	12
Item 3 Legal Proceedings	33
Item 4 Submission of Matters to a Vote of Security Holders	33
PART II - OPERATIONAL AND FINANCIAL INFORMATION	34
Item 5 Market for Registrant's Equity and Related Stockholders Matters	34
Item 6 Management's Discussion and Analysis or Plan of Operations	36
Item 7 Financial Statements	42
Item 8 Changes in and Disagreements With Accountants on Accounting and Financial Disclosures	42
PART III - CONTROL AND COMPENSATION INFORMATION	42
Item 9 Directors and Executive Officers of the Registrant	42
Item 10 Executive Compensation	61
Item 11 Security Ownership of Certain Beneficial Owners and Management	62
Item 12 Certain Relationships and Related Transactions	64
PART IV - CORPORATE GOVERNANCE	64
Item 13 Corporate Governance	64
PART V - EXHIBITS AND SCHEDULES	65
(a) Exhibits	65
(b) Reports on SEC Form 17-C (Current Report)	65
SIGNATURES	68
EXHIBIT 1	69

Part I – Business and General information

Item 1. Business

1) Business Development

(a) Form and Year of Organization

Banco De Oro Unibank, Inc. (BDO or the “Bank”), 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 May 21, 2002.

BDO is now the market leader in most of its core business lines. 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 726 operating branches and more than 1,400 ATMs nationwide as of December 31, 2010.

Over the past several years, the Bank has experienced significant growth. This resulted from organic growth arising from a wider array of products and services, as well as through mergers and acquisitions of banks. Sustaining earlier gains, the Bank is currently the largest bank in the Philippines in terms of assets, loans, deposits and capital as of the end of the fourth quarter of 2010. BDO’s market shares of the commercial banking sector are as follows:

- Assets – 15%
- Assets Under Management (Trust) – 26%
- Customer Loans – 21% and
- Deposits – 16%, and

BDO registered a net income of ₱8.9 billion for the year 2010. Net Interest Income surged by 12% to ₱34.2 billion given the larger level of earning assets and improved margins. Total resources grew by 16% year-on-year to ₱1.0 trillion due to the increase in both the Bank’s liquid assets and customer receivables. Net Loans and Other Receivables rose by 8% with gross customer receivables expanding by 15% on sustained loan demand across all market segments. Total Deposit Liabilities went up by 13% on aggressive marketing efforts and additional branch redeployments. Trust Assets under Management also expanded 25% year-on-year to ₱570 billion. Meanwhile, Total Equity grew 31% to ₱88.7 billion in 2010 from ₱67.9 billion in 2009.

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

Philippine Subsidiaries	% Interest Held
BDO Private Bank, Inc. (BDO Private)	100%
BDO Strategic Holdings, Inc. (BDOSHI, formerly EBCII)	100%
BDO Leasing and Finance, Inc.	87%
BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.)	99%
EBC Strategic Holdings Corporation (ESHC)	100%
BDO Capital & Investment Corporation (BDO Capital)	100%
BDO Technology Center, Inc. (BDO Technology)	100%
Equimark – NFC Development Corp.	60%
PCIB Securities, Inc.	100%
PCI Realty Corporation	100%
BDO Insurance Brokers, Inc. (BDOI)	100%
PCI Insurance Brokers, Inc. (PCI Insurance)	100%
Foreign Subsidiaries	% Interest Held
PCI Express Padala (HK) Ltd.	100%
PCIB Europe, S.P.A	100%
Express Padala HK Ltd.	100%
BDO Remittance (USA), Inc.	100%
Express Padala Frankfurt GmbH	100%
Equitable PCI Express Padala (Nederland) B.V.	100%
Associates:	% Interest Held
Manila North Tollways Corporation (MNTC)	12%
SM Keppel Land, Inc.	50%
Generali Pilipinas Holdings, Inc.	40%
Northpine Land Incorporated	20%
Taal Land	33%

2) Business of Issuer

(i) Principal Products and Services

BANK PRODUCTS & SERVICES

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

Foreign Currency Deposits: Dollar Savings Account, Club 60 Dollar, Dollar Super Saver, Dollar Time Deposit, Dollar PRA (Philippine Retirement Authority) Time Deposit, Mega Savings Dollar, Three - Year Dollar Time Deposit, Five - Year Dollar Time Deposit, Third Currency Savings Deposit, Third Currency Time Deposit

Deposit-related Services: Manager's Check, BDO Gift Check, BDO Share Gift Check, Customized Check, Demand Draft, Telegraphic Transfer, Interbranch Deposit, Deposit Pick-Up Services, Night Depository Service, Safe Deposit Box

Remittance Services: Credit to BDO Account; Cash Pick Up Anywhere available at BDO Branches, YES Currency Exchange (located at: SM Department Stores, SM Business Services, Makro Stores, Savemore Markets, Global Pinoy Centers), Accredited Rural Bank Partners (1st Valley Bank, Asian Hills Bank, Bangko Kabayan, Bangko Mabuhay, Bank of Florida, Cantillan Bank, CARD Bank, Enterprise Bank, First Isabela Cooperative Bank, Gateway Rural Bank, One Network Bank, PENBANK, Producers Bank, Quezon Capital Rural Bank, Rang-Ay Bank, Rural Bank of Cauayan, Zambales Rural Bank), Accredited Financial Service Partners (M. Lhuillier Financial Services, Prime Asia Pawnshop); BDO Remit Cash Card; BDO Kabayan Savings Account (USD & PHP); BDO Kabayan Time Deposit; Jollibee Padalang Langhap Sarap; Max's Remittance Delivery; Direct Deposit Program; Other Services (Credit to Other Local Banks, Cash Door-to-Door)

Trust Services: Unit Investment Trust Funds (BDO Peso Money Market Fund, BDO Peso Bond Fund, BDO GS Fund, BDO Peso Fixed Income Fund, BDO Institutional Fixed Income Fund, BDO Peso Balanced Fund, BDO Equity Fund, BDO Institutional Equity Fund, BDO Merit Funds, BDO Dollar Money Market Fund, BDO Dollar Bond Fund, BDO Medium Term Dollar Bond Fund), Customized Portfolio Management (Living Trust Accounts, 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, Registry / Transfer Agency, Collection Agency, Paying Agency, Receiving Bank, Safekeeping, Life Insurance Trust, Court Trust, Non-Voting Trust, Special Purpose Trust) Investment Management Advisory Services, Easy Investment Plan (EIP)

Treasury Dealership and Brokering Services: Treasury Bills & Bonds, Fixed Rate Treasury Notes, Commercial Papers, Foreign Currency Denominated Bonds, FX Forwards and Swaps (including Non-Deliverable Forwards), Interest Rate Swaps & Cross Currency Swaps

Transaction Banking: Cash Management Services: Integrated Collection Solutions - Bills Payment, Auto Debit Arrangement, Corporate Collections, Postdated Check Warehousing, Armored Car Cash Deposit Pick-up, Motorized Check Pick-up; Integrated Disbursement Solutions - Direct Credit, Check Printing, Payables Warehousing, Regular Payroll, Cashcard Payroll, Check Disburse; Government Services - BIR, SSS, Philhealth, HDMF, NHMFC; Liquidity Management - Account Sweeping Facility, Warehouse & Discounting Facility; Account & Information Services - Infolink, Swift MT940 and MT950; Electronic Banking: Automated Teller Machine (ATM) - Acceptance of Local Network Member Cards (ExpressNet, Megalink, BancNet), Acceptance of International Network Member Cards (Visa / Visa Electron / Plus, MasterCard / Cirrus / Maestro, JCB, Amex); Internet Banking: myBDO Internet Banking, Mobile 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, BDO ATM Debit Card Mastercard, BDO ATM Debit Card Paypass, BDO ATM Debit Card Visa, Fasteller, Speedteller; Pre-Paid Cards: BDO Cash Card, BDO Cash Card International, BDO Asenso Kabayan Cash Card, Smart Money, Fastcard, BDO Remit Cash Card

Consumer Loans & Credit Cards: Auto Loans - New and Used, Fleet; Home Loans - CTS Financing, Real Estate Mortgage; Business Mortgage Loans; Credit Card Issuing - American Express, JCB, MasterCard, Union Pay, Visa; Merchant Acquiring - Debit and Credit Card transactions, E-Commerce acquiring

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

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

Investment Banking.: BDO Capital & Investment Corporation: Underwriting of debt, equity and quasi-equity issues; Bonds & notes offering; Equity offering (initial public offering, follow-on offering, and rights offering, etc.); Quasi-equity offerings (preferred shares); Loan Syndication; Project Finance; Securitization; Private placement of debt and equity; Financial Advisory; Mergers and Acquisitions; Direct Equity Investments; Brokering and Dealership of Debt Securities and other Commercial Papers; BDO Securities Corporation: Brokering and Dealership of Equity Securities

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, Fidelity Guarantee, Banker's Blanket Bond, 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 Guarantee, Trust Receipt, Inventory Financing, BSP TR Rediscounting, Final Duties and Taxes

Wholesale Lending and Foreign Desks: Structured and Trade Finance / International Desk; Domestic Wholesale Lending and Multilaterals; China Desk; Japan Desk; Korean Desk; North American-European Desk; Domestic Wholesale Funding: Funding Facilities - Countryside Loan Fund (CLF III), Countryside Loan Fund – Credit Support for the Environment, Agribusiness and Small & Medium Enterprises (CREAM), Micro, Small and Medium Enterprises (MSME), Industrial Guarantee & Loan Fund (Regular & Special), Industrial Guarantee & Loan Fund (Short-Term Credit Facility), Environmental Development Program (EDP), Logistics Infrastructure Development Program (LIDP), Other Industrial Loan Program (JBIC 6), 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, SSS Financing Program for Hospitals, SSS Financing Program for Schools, SSS Financing Program for 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, PhilExim – Omnibus Guarantee, Line under the General Facility Program, PhilExim – Programs for Large Projects in Priority Sectors of the Government; Sustainable Energy Finance Program for Energy Efficiency and Renewable Energy Projects .

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 Services)

Leasing and Finance: Leasing (Financial Lease, Operating Lease), Amortized Commercial Loan - Consumer/Corporate, Installment Paper Purchase (IPP), Factoring

From the above mentioned products and services, the Bank's revenues are divided into two major categories, namely, (1) interest income from the Bank's deposit taking, lending and investing activities which accounts for 74% of revenues, and (2) other income which includes service charges, fees & commissions, trading gain, foreign exchange gains, trust fees, income from sale of acquired assets and other miscellaneous income which account for 26% of revenues. Of all the revenue accounts, the following contributes more than 10% to total revenues:

Income Accounts	% to Total Income
1. Interest Income on Loans & Other Receivables	53.0%
2. Interest Income on Investment & Trading Securities	15.1%
3. Service Charges, Fees and Commissions	13.2%

(ii) Distribution Methods of Products or Services

The Bank's products and services are available mainly through the branches, but select services are also accessible through other channels such as 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 a branch in Hong Kong and a consolidated domestic network of 725 operating branches, the Bank has 1,430 ATMs as of December 31, 2010.

(iii) Status of Publicly Announced New Products or Service

The following products were launched last year and are fully operational:

1. January 2010 - BDO Virtual Card
2. January 18, 2010 – Chinese Yuan Savings Account (offered at selected branches only)
3. January 18, 2010 – Chinese Yuan Time Deposit (offered at selected branches only)
4. March 19, 2010 – Mobile Internet Banking
5. March 30, 2010 – BDO Visa Platinum
6. May 10, 2010 - Max's Remittance Delivery
7. July 2, 2010 – Dollar Investment Management Account (IMA06)
8. November 25, 2010 – Easy Investment Plan

9. December 1, 2010 – BDO Gold Union Pay Credit Card
10. December 1, 2010 - BDO Diamond Union Pay Credit Card

(iv) Competition

As of December 31, 2010, 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, 19 are universal banks, of which 5 are branches of foreign banks.

Based on published statements of condition, the total assets of the commercial banking system as of December 31, 2010 reached ₱6.6 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 Rizal Commercial Banking Corp., accounted for 56% of total assets.

As of December 31, 2010, the loans and receivables (net) of the commercial banking system amounted to ₱3.0 trillion, while total deposits was at ₱4.8 trillion. The total capital accounts of the commercial banking system amounted to ₱641 billion as of December 2010. Among the commercial banks, BDO ranks 1st in terms of total assets, deposits, loans and receivables and trust, and total capital.

Note: All the data used in the discussion above are based on published statements of condition of all commercial banks, including that of BDO for comparison.

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

In the ordinary course of business, the Bank has loans, deposits and other transactions with its related parties, and with certain directors, officers, stockholders and related interest (DOSRI). These loans and other transactions are made on the same terms as with other individuals and businesses of comparable risks and in compliance with all regulatory requirements.

(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

The Bank secures approval from the Bangko Sentral ng Pilipinas (BSP) for its products and services, as required.

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

Being a banking institution subject to the General Banking Law and banking regulations, BDO is under the supervision of the BSP, whose approval BDO requires to undertake certain activities. BDO strictly complies with the BSP requirements in terms of reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other regulatory requirements.

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

This is not applicable to the Bank.

(x) Total Number of Employees

The Bank has a total of 20,053 employees as of December 31, 2010 broken down as follows:

	Non-Officers	Officers	Executives	TOTAL
Total Head Office	3,222	3,658	521	7,401
Branches	8,638	3,105	167	11,910
Total for Subsidiaries	313	337	92	742
TOTAL EMPLOYEES	12,173	7,100	780	20,053

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, except those expressly excluded under the new CBA. This agreement is effective for a period of five (5) years from November 1, 2010 to October 31, 2015, in so far as the representation aspect is concerned, while all other provisions are effective for a period of three (3) years until October 31, 2013. The Bank has not suffered any strike in the past 25 years, and the Bank considers its relations with its employees and the Union to be good.

(xi) Risk Management

Risk management at BDO begins at the highest level of the organization. At the helm of the risk management infrastructure is the Board of Directors who is responsible for establishing and maintaining a sound risk management system. The Board of Directors assumes oversight over the entire risk management process.

The Board of Directors has the ultimate responsibility for all risks taken by the Bank. It regularly reviews and approves the institution's tolerance for risks, as well as, the business strategy and risk philosophy of the Bank. It takes the lead in disseminating the institution's risk philosophy and control culture throughout the organization. It approves strategies and implementing policies affecting the management of all types of risks relating to the Bank's activities. It sets the risk-based organizational structure that will implement and ensure the effectiveness of the overall risk control system of the Bank. Towards this end, it is regularly updated on developments that could materially affect the Bank's liquidity position or the value of its resources. Likewise, the Board is responsible for overseeing the investment and credit activities of the Bank.

The Board of Directors has created committees tasked with key functions in the over-all risk framework of the Bank. The Risk Management Committee (RMC) is responsible for the development and oversight of the Bank's risk management program. The Executive Committee (EXCOM) has responsibility over the approval processes of the Bank's loans and investments, property-related proposals, as well as, other credit-related issues over a prescribed amount delegated by the Board of Directors. The Asset and Liability Committee (ALCO) is tasked with managing the Bank's balance sheet and off-balance sheet activities, maintaining adequate liquidity, ensuring sufficient capital and appropriate funding to meet all business requirements within regulatory limits.

The Bank operates an integrated risk management system to address the risks it faces in its banking activities, including credit, market, liquidity, 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 an independent director and the President.

The Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the Bank's activities across the different risk areas (i.e. credit, market, liquidity, and operational risks) to optimize the risk-reward balance and maximize return on capital.

Item 2 – Properties

1) Principal Properties Owned

Presented below is a list of the Bank's real properties as of December 31, 2010 owned by the Bank and utilized as BDO branches.

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
1	ADB Avenue - Ortigas	Robinson's PCIBank Tower, ADB Avenue, Ortigas Center, 1600 Pasig City
2	Airport Road	Airport Road corner Quirino Avenue, Baclaran, Parañaque City
3	Alfaro - Salcedo Village	G/F PCCI Bldg., 118 Leviste St. (formerly Alfaro St.), Salcedo Village, Makati City
4	Angeles City-Miranda	PCIB Bldg., Miranda St., 2009 Angeles City, Pampanga
5	Antique	Corner Gov. Villavert St. and Gov. Gella St., San Jose, Antique 5700
6	Arranque - T. Alonzo	733 T. Alonzo St., Manila
7	Asia Tower - Paseo	G/F Asia Tower corner Paseo De Roxas & Benavides St., 1229 Makati City
8	Aurora Blvd - Yale	Aurora Boulevard corner Yale Street, Cubao, Quezon City
9	Aurora Blvd - Notre Dame	0137 Aurora Blvd. corner Notre Dame St., Cubao, 1110 Quezon City
10	A. Santos - St. James	8406 A. Santos Ave., Sucat, Parañaque City 1700
11	Baclaran-Redemptorist Road	Redemptorist Road, Baclaran, Parañaque, M.M..
12	Bacolod Plaza	Araneta cor.Gonzaga Sts., 6100 Bacolod City- Negros Occidental
13	Bacolod - Capitol Shopping	Benigno Aquino Drive, Capitol Shopping 6100 Bacolod City, Negros Occidental
14	Bacolod - Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
15	Bacolod - Lacson	Lacson cor.Galo Sts., 6100 Bacolod City, Negros Occidental
16	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. cor. Rosario St., Bacolod City, Negros Occidental
17	Bagtican - Pasong Tamo	Unit 102 G/F Pryce Center Condo, 1179 Chino Roces Ave. cor. Bagtican St. , San Antonio Village, Makati City
18	Balanga - A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
19	Baliuag - J.P. Rizal	J.P. Rizal St., San Jose, Baliuag, Bulacan
20	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., Batangas, Batangas City
21	Batangas - Sto. Tomas	Maharlika Highway, San Antonio, Sto.Tomas, Batangas
22	BDO Corporate Center	BDO Corporate Center , 7899 Makati Avenue, Makati City
23	Bel Air-Gil Puyat	Country Space 1 Condo. Building, Sen. Gil Puyat Avenue, Bel-air Village, 1209 Makati City
24	Binondo	411 Quintin Paredes Street, Binondo, Manila
25	Biñan	A. Bonifacio Street, Barrio Canlalay, Biñan, Laguna
26	Blumentritt	2325 Rizal Avenue corner Antipolo Street, Sta. Cruz, Manila
27	Blumentritt - San Juan	Lot 11-B, Blk. 127 Blumentritt corner Sto. Toribio St., San Juan, Metro Manila
28	Boni - Maysilo	74 Maysilo Circle corner Boni Avenue, Mandaluyong City
29	Bukidnon - Valencia	M. L. Quezon St. cor. G. Laviña Ave., Valencia City, Bukidnon 8709
30	Cabanatuan - Maharlika Road	Maharlika Road near cor. Sanciango St., Cabanatuan City
31	Cagayan - Aparri	Rizal St. cor. R.F. Balisi St., Aparri, Cagayan
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 - General Trias Gateway	Gateway Business Park, C. Delos Reyes Ave., 4107 Gen. Trias, Cavite
39	Cavite - Imus Anabu	Gen. Aguinaldo Road, Anabu I, Imus, Cavite
40	Cavite City - P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
41	Cebu - Borromeo	Magallanes corner Borromeo St., Cebu City
42	Cebu - F. Gonzales	F. Gonzales corner Magallanes St., Cebu City
43	Cebu - Gorordo	Gorordo Avenue, Lahug, 6000 Cebu City, Cebu
44	Cebu - Magallanes Plaridel	Magallanes corner Plaridel Sts., 6000 Cebu City
45	Cebu - North Mandaue	National Highway, Mandaue City
46	Cebu - North Reclamation	Blk.20-A cor. Port Centre Ave. and Juan Luna Ave., North Reclamation Area, Cebu City
47	Cebu - South Mandaue	National Highway, 6014 Mandaue City, Cebu
48	Corinthian Gardens	BDO Leasing Center, Ortigas Ave., Quezon City
49	Cotabato - Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato
50	Cotabato - Makakua	Makakua St., 9600 Cotabato City, Maguindanao
51	C. Palanca-Quiaipo	132 Carlos Palanca St., Quiapo, Manila
52	C.M. Recto	C M Recto Avenue corner Nicanor Reyest St., Manila
53	C.M. Recto- San Sebastian	2070 C.M. Recto St., 1008 Sampaloc, Manila
54	Dagupan - Fernandez	A.B. Fernandez Ave., 2400 Dagupan City, Pangasinan
55	Dasmariñas St.-Binondo	Dasmarinas St., Binondo, 1006 Manila
56	Davao - C.M. Recto	383 Claro M. Recto St., Davao City
57	Davao - Digos	Rizal Avenue, Zone II, Digos, Davao del Sur
58	Davao - Mati	Rizal cor.Mabini Sts., 8200 Mati, Davao Oriental
59	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
60	Davao - Torril	Agton Street, Davao City
61	Dian - Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue, corner Dian St., Makati City
62	Dipolog	Quezon Ave, 7100 Dipolog City, Zamboanga Del Norte
63	Dumaguete	Colon St. fronting Bldg. V of City Public Market, Poblacion 003, Dumaguete City
64	E. Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon city
65	Edsa - Reliance St.	G/F Paragon Plaza, corner Reliance St., Mandaluyong City
66	Fairview	Don Mariano Marcos Avenue, Barangay Fairview, Quezon City
67	General Santos - Pioneer	National Highway cor. Roxas Ave., 9500 Gen. Santos City, S. Cotabato
68	General Santos - Santiago	Ireneo Santiago Blvd., 9500 Gen. Santos St., South Cotabato
69	Grace Park- 8th Avenue	Rizal Avenue Extension, Grace Park, Caloocan city
70	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City
71	Greenhills-Roosevelt	Ortigas Avenue corner Roosevelt Ave., Greenhills, San Juan, Metro Manila
72	Ilaya - M. De Santos	632 M. De Santos Street, Manila
73	Iligan-Del Pilar	B.C. Labao corner Del Pilar Street, Iligan City
74	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
75	Iloilo - Valeria	Valeria Street, Iloilo City
76	Isabela - Roxas	23 Osmeña Rd., Bantug, Mallig Plain, 3320 Roxas, Isabela
77	Kalentong	MRDC Bldg., Shaw Boulevard corner Gen. Kalentong Street, Mandaluyong City
78	Laoag - Balintawak	Cor.Rizal & Balintawak Sts., 2900 Laoag City, Ilocos Norte
79	Las Pinas - Pamplona	Alabang-Zapote Road, Pamplona, Las Piñas City
80	Las Piñas - Philamlife	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas, Metro Manila
81	La Union San Fernando - Q. Avenue	Quezon Ave., 2500 San Fernando, La Union
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 Churruga St., Ermita, Manila
87	Makati Avenue - Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
88	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
89	Malabon - Rizal Ave	694 Rizal Ave., 1470 Malabon, Metro Manila
90	Malolos - Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
91	Marikina - Concepcion	17 Bayan-bayanan Avenue, Barangay Concepcion 1, Marikina City
92	Marikina- Sumulong Highway	Corner E. Dela Paz Street Amang Rodriguez Avenue, Sto. Nino, Marikina City
93	Marulas-McArthur Highway	Lot 16 & 17 McArthur Highway, Valenzuela, Metro Manila
94	Mayon	GF, Alpha Building, 174 Mayon Street, La Loma, Quezon City
95	Medical Plaza - Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo Street corner Dela Rosa Street, Legaspi Village, Makati City
96	Meycauayan - Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
97	Naga - Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
98	Negros Occidental - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
99	Negros Occidental - Escalante	National Highway, Escalante City, 6124 Negros Occidental
100	Negros Occidental - Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
101	Novaliches - Forest Hills	Lot 2 D 1 Quirino Ave., Novaliches, Quezon City
102	Nueva Ecija - Gapan	Tinio St., 3105 Gapan, Nueva Ecija
103	Nueva Ecija - Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
104	Nueva Ecija - Munoz	T. Delos Santos St., Science City of Munoz, Nueva Ecija
105	Ortigas Avenue	209 Ortigas Avenue, Greenhills, San Juan, Metro Manila
106	Ortigas Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
107	Ortigas-San Juan	Units 102-103 Sunrise Condo., Ortigas Ave., 1500 San Juan, MM
108	Ozamiz City	Cebedo St., corner Gallardo St., Centro, Ozamiz City, Misamis Occidental
109	Paco- A. Linao	1635-1641 A. Linao St., Paco, Manila
110	Padre Faura-A. Mabini	A. Mabini Cor. Padre Faura Sts., 1000 Ermita, Manila
111	Pagadian	F. S. Pajaras Ave., Pagadian City, 7016 Zamboanga Del Sur
112	Pasig - Manggahan	Amang Rodriguez Avenue, Barangay Manggahan, Pasig City
113	Pasay	Libertad corner Colayco Streets, Pasay City
114	Pasay Road	845 Corporate Plaza Bldg. , Pasay Road, Makati City
115	Paseo Tower - Makati	8751 Paseo De Roxas, Makati City
116	Perea - Paseo	G/F Universal Re Bldg., 106 Paseo De Roxas, 1228 Makati City
117	Paseo-Gil Puyat	Paseo De Roxas corner Gil Puyat Ave., Makati City
118	Plaza Sta. Cruz-Dasmariñas St.	377 Plaza Sta. Cruz, 1003 Sta. Cruz, Manila
119	Pitimini - Roosevelt	Roosevelt Avenue corner Pitimini Street, San Francisco Del Monte, Quezon City
120	Potrero	110 MacArthur Highway corner Riverside Street, Barangay Potrero, Malabon
121	President's Avenue - BF Parañaque	President's Ave. corner J. Elizalde St., BF Homes Parañaque, Metro Manila
122	Puerto Princesa	261 Rizal Ave., 5300 Puerto Princesa City, Palawan
123	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
124	Quezon - Candelaria	Rizal Ave cor. Valle St., 4323 Candelaria, Quezon
125	Reposo - Makati	JP Rizal cor. N. Garcia (formerly Reposo), Makati City
126	Rizal Avenue	2502 -2504 Rizal Avenue corner Cavite Street, Sta. Cruz District, Manila
127	Rockwell Center-Makati	Lot 3, Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
128	Roxas - Roxas Avenue	Roxas Avenue, Roxas City, Capiz
129	San Pablo - Rizal St	2nd Floor, Equitable PCI Bldg., Rizal St. cor. P. Alcantara, San Pablo City, Laguna
130	Shaw Blvd. - Stanford	Shaw Blvd. Corner Stanford St., Mandaluyong City
131	Silay - Figueroa	Figueroa cor. Rizal St., Silay City, 6116 Negros Occidental
132	South Cotabato - Koronadal	R. Alunan Ave. cor. Osmeña St., 9506 Koronadal, South Cotabato
133	Sta. Rosa-South Expressway	National Road, Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
134	Strata 100-Ortigas	GF Strata 100 Bldg., Emerald Avenue, Pasig City
135	Sultan Kudarat - Isulan	075 National Highway, Kalawag 2, Isulan, Sultan Kudarat
136	Sultan Kudarat - Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
137	Taft- Vito Cruz	Bankard Bldg., 2422 Taft Ave., 1004 Malate, Manila
138	Tarlac - J. Luna	J. Luna St. near corner Mc Arthur, Tarlac, Tarlac
139	Tomas Morato - Kamuning	Corner Kamuning & Tomas Morato, Quezon City

BDO BANK-OWNED PROPERTIES UTILIZED AS BRANCHES		
	BRANCH	ADDRESS
140	Tuguegarao - Bonifacio St.	Bonifacio Street, Tuguegarao, Cagayan
141	U.N. Avenue - J. Bocobo	UN Avenue cor. J. Bocobo St., Ermita, Manila
142	Urdaneta - Alexander	Alexander St., Urdaneta City, Pangasinan
143	West Trade Center - West Avenue	Unit # 1, G/F West Trade Center, West Avenue, Quezon City
144	V.A. Rufino	GF Chatham House, Herrera St., corner Valero and San Agustin St., Salcedo Village, Makati City
145	Vigan - Quezon Avenue	Corner Bonifacio St. & Quezon Ave., 2900 Vigan, Ilocos Sur
146	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 one 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 ₱1.76 billion in 2010, ₱1.65 billion in 2009, and ₱1.46 billion in 2008 in the Group financial statements and ₱1.66 billion in 2010, ₱1.53 billion in 2009 and ₱1.39 billion in 2008 in the 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 ELJCC 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	Alabang - Muntinlupa	West Service Road, Alabang, Muntinlupa City	11/06/06	10/31/11
4	Alabang Hills	RBC Corporate Center, Don Jesus Blvd., Barangay Cupang, Muntinlupa	08/01/04	07/31/14
5	Alabang - Madrigal Avenue	Unit 5 & 6, Molito Commercial Complex, Madrigal Business Park, Madrigal Avenue, Muntinlupa City	06/20/10	06/20/15
6	Amorsolo	GF Queensway Bldg., No.118 Amorsolo Street, Legaspi Village, Makati City	02/04/06	02/03/11
7	Angono - M.L. Quezon Avenue	GF AB Commercial Plaza, M.L. Quezon Avenue, Brgy. San Isidro, Angono, Rizal	07/15/06	07/15/16
8	Angono - National Highway	Aurora Bldg., Manila East Road corner Duhat Street, Angono Rizal	06/01/10	05/31/20
9	Anonas - Kamias	Security Bank Bldg., Anonas St. corner K-6 St., East Kamias, 1102 Quezon City	09/01/06	08/31/11
10	Antipolo - B.V. Soliven	Blk. 24, Lot 1, Benito V. Soliven Avenue, Greenheights Subdivision, Brgy. Mayamot, Antipolo City	05/01/10	04/30/20
11	Antipolo Masinag	Tripolee Building, Marcos Highway near corner Sumulong Highway, Mayamot, Antipolo City	09/01/03	08/31/13
12	Antipolo Plaza	Gatsby Building II, M. L. Quezon Street, Antipolo City	08/15/96	08/14/16
13	Antipolo -Circumferential Road	Circumferential Road corner F. Manalo St., Antipolo City	06/15/05	06/14/15

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
14	Antipolo - Sumulong Highway	BDO Bldg., Sumulong Highway, Masinag Highway, Mayamot, Antipolo	05/01/08	04/30/18
15	Arranque	1359 -1361 Soler St., Sta. Cruz, Manila	09/01/05	08/31/11
16	Aurora Blvd. - Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City	12/01/08	11/30/18
17	Aurora Blvd. - Broadway Centrum	Broadway Centrum Cond., Aurora Blvd. cor. Dona Juan Rodriguez St., 1112, Valencia, QC	01/01/06	12/31/10
18	Aurora Blvd. - Hemady	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City	06/01/09	05/31/12
19	Ayala - Rufino	GF Rufino Bldg., Ayala Avenue corner Herrera St., 1226 Makati City	02/01/07	01/31/12
20	Ayala Alabang	GF Condominium C Unioil Center Bldg., Acacia Avenue corner Commerce Avenue,	08/01/01	07/31/11
21	Ayala Alabang - Richville Center	Richville Center 1314 Commercial Avenue Extension, Madrigal Business Park, Ayala	07/01/97	07/01/13
22	Ayala Avenue	6805 Multinational Bancorporation Centre, Ayala Avenue, Makati City	11/01/06	10/31/11
23	Ayala Avenue - People's Support	GF People Support Center, Amorsolo Street corner Ayala Avenue, Makati City	02/01/05	01/31/13
24	Ayala Triangle 1	GM-B GF Tower 1, Ayala Triangle, Ayala Avenue, Makati City	05/01/06	04/30/11
25	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City	11/13/08	11/12/13
26	A. Bonifacio Avenue - Balintawak	960 A. Bonifacio Avenue, Balintawak, Quezon City	06/01/10	05/31/20
27	A. Santos - South Expressway	Units E & F, 8365, Dr. A Santos Avenue., Parañaque, M. M.	02/01/05	01/31/15
28	Baclaran	2987 Taft Avenue Extension, Pasay City	10/01/02	09/30/17
29	Bacoar	FRC Mall, Gen. Evangelista Street corner Zapote Road, Bacoar, Cavite	07/16/02	07/15/12
30	Bacoar - Aguinaldo Highway	Gen. Aguinaldo Highway, Panapaan, Bacoar, Cavite	08/01/09	07/31/24
31	Banawe - Agno	202-204 Banawe corner Agno St., 1100 Quezon City	03/01/10	03/28/15
32	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City	01/01/01	12/31/10
33	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City	02/16/07	09/15/12
34	Banawe - N. Roxas	71 N. Roxas St. corner Banawe, Quezon City	12/01/02	11/30/12
35	Bel-Air	GF, SM Makati Cyberzone 1, Sen Gil J. Puyat Avenue, Makati City	08/16/08	08/15/13
36	Better Living	Doña Soledad Avenue corner France Street, Better Living, Parañaque City	12/01/06	11/30/26
37	Better Living - Bicutan	43 Doña Soledad Avenue, Betterliving Subd., Don Bosco, Parañaque City	03/24/07	03/23/17
38	BF Homes - Aguirre	RGM Building, 326 Aguirre Avenue, BF Homes, Parañaque City	02/16/08	02/15/18
39	BF Homes - Parañaque	65 President's Avenue Plaza, near corner Aguirre Avenue, BF Homes, Parañaque City	12/01/06	11/30/11
40	Bicutan - South Super Highway	Columbian Motors Cmpd., KM 16 West Service Road, South Super Highway,	06/22/10	06/21/11
41	Boni - Ligaya	654 Boni Avenue, 1550 Mandaluyong City	04/01/97	04/01/12
42	Bonifacio Global City - Burgos Circle	Unit 1F - & 1 - E, GF Crescent Park Residences, 2nd Avenue, Burgos Circle, Bonifacio Global	10/01/10	09/30/20
43	Bonifacio Global City - Market Market	Space No.101, Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM	10/01/07	09/30/13

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
44	Bonifacio Global City - Fort Legends	GF Fort Legends Tower, corner 31st Street and 3rd Avenue, Bonifacio Global City, Taguig City	03/15/09	03/14/19
45	Bonifacio Global City-One Mckinley Place	GF One Mckinley Place Global City, 4th Ave. corner 25th St., Bonifacio Global City, Taguig City	08/16/10	08/15/20
46	Bonifacio Global - MC Home Depot	GF MC Home Depot, 32nd Street corner Bonifacio Avenue, Bonifacio Global City, Taguig	06/08/08	06/07/13
47	Bonifacio Global City - Picadilly Star	GF Picadilly Corporate Center, 4th Avenue corner 27 Street, Bonifacio Global City, Taguig	09/01/09	08/31/19
48	Bonifacio Global City - St. Luke's	St. Luke's Medical Center, Rizal Drive corner 5th Avenue & 32nd Street, Bonifacio Global City	12/10/09	08/27/19
49	Bonifacio Global City-University Parkway	GF Avecshares Center, 1132 University Parkway, Bonifacio North Triangle, Bonifacio Global City	04/16/10	04/15/15
50	Buendia-Taft	317 Sen. Gil Puyat Avenue, Pasay City	09/01/06	08/31/12
51	C5 - Taguig	GF Ridgewood Square, C5 Avenue, Ususan, Taguig City, Metro Manila	12/15/08	02/14/13
52	Cainta Junction	Hipolito Bldg., Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal	02/01/04	01/31/14
53	Cainta - A. Bonifacio	Ledor Commercial Center, A. Bonifacio Avenue corner Samonte Street,	12/09/06	12/08/11
54	Caloocan	Rizal Avenue Extension near 11th Avenue, Grace Park, Caloocan City	09/01/08	08/31/18
55	Caloocan - A. Mabini	GF Corazon Bldg., 432 - A. Mabini St., Poblacion, Caloocan City	10/15/05	10/14/15
56	Caloocan-7th Avenue	Rizal Avenue Extension corner 7th Avenue, Grace Park, Caloocan City	05/01/06	04/30/11
57	Carmen Planas	812 O' Racca Bldg., Carmen Planas Street, Divisoria, Manila	Month to month	
58	Carmen Planas - Padre Rada	1033-1035 C. Planas St., 1012 Tondo, Manila	07/14/03	07/13/18
59	Carmen Planas - Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila	08/01/05	07/31/15
60	Cash & Carry	GF Unit # GO1A, Cash & Carry Mall, South Super Highway & Filmore Street, Makati City	10/01/07	09/30/12
61	Central Market - V. Fugoso	1711 V. Fugoso St. corner Sulu St., Sta. Cruz, Manila	04/04/08	04/03/13
62	Chino Roces Avenue	Unit 3 & 4 La Fuerza Plaza, Chino Roces, Makati City	05/01/08	04/30/18
63	Commonwealth	GF Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City	11/01/05	10/31/15
64	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio, Don Antonio Heights Subdivision, QC	12/01/09	11/30/14
65	Congressional - Mindanao Avenue	Congressional Avenue Ext. corner Mindanao Avenue, Quezon City	10/01/04	04/30/12
66	Congressional Avenue	The Excelland System1, Congressional Avenue, Quezon City	05/15/98	07/15/13
67	Connecticut	53 Connecticut Street, Fox Square Bldg., East Greenhills, San Juan	11/01/08	10/31/13
68	Cubao - General Araneta	GF Philamlife Cubao Bldg., Aurora Blvd, corner Gen. Araneta Malvar Ave, Cubao Quezon City	02/01/08	01/31/18
69	C.M. Recto - Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila	08/01/10	07/31/20
70	Dapitan St. - A. H. Lacson Ave.	Diorea Plaza, Dapitan St. corner A. H. Lacson Avenue, Sampaloc, Manila	07/01/10	06/30/15
71	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105	10/16/07	10/15/17
72	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City	03/01/08	02/28/18

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
73	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada Street, Legaspi Village, 1229 Makati City	05/01/08	04/30/13
74	Diliman - Capitol Hill	16 Capitols Hills Drive, Old Balara, Diliman, Quezon City	12/01/08	11/30/18
75	Diliman - Matalino	GF J & L Bldg., Matalino Street, Diliman, Quezon City	01/01/08	12/31/12
76	Divisoria	744-748 Ylaya Street, Tondo, Manila	04/01/03	03/31/13
77	DPC Place - Chino Roces	GF Unit 102 of DPC Place, 2322 Chino Roces Avenue, Makati City	01/31/01	01/31/11
78	Dr. A Santos Avenue	L T Bldg., Dr. A. Santos Avenue, Parañaque City	06/01/03	05/31/13
79	E. Rodriguez - Welcome Rotonda	GF AEK Building, 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City	11/01/08	10/30/18
80	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	06/16/02	06/15/12
81	Eastwood City - IBM Plaza	GF IBM Plaza, Eastwood City, E. Rodriguez Jr. Avenue, Libis, Quezon City	04/15/09	06/14/14
82	Eastwood City - TechnoPlaza	Portion of Unit D GF Techno Plaza, One Orchard Road., Eastwood City, Quezon City	Month to month	
83	Echague	No. 116- 120 C. Palanca St., Quiapo, Manila	03/16/05	03/15/15
84	EDSA Cubao	596 Simeon Medalla Bldg., Gen. MacArthur Avenue, EDSA, Quezon City	02/01/06	01/31/11
85	EDSA - A. De Jesus	474 EDSA corner B. Serrano & A. De Jesus Sts., 1403 Caloocan City	03/01/02	02/29/12
86	EDSA - Balintawak	Unit 17-19 ANPN Plaza, KM 12 EDSA, Balintawak, Quezon City	Month to month	
87	EDSA - East Caloocan	L & E Bldg., EDSA corner Gen. Concepcion St., Caloocan City	09/01/07	11/30/14
88	EDSA - New Farmers Plaza	Unit 1-B, New Farmers Plaza, Gen. Roxas Avenue, Cubao, Quezon City	07/17/10	07/17/20
89	EDSA - New York	EDSA corner New York St., Cubao, 1111 Quezon City	09/01/08	08/31/13
90	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City	04/16/93	04/15/13
91	EDSA - POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong	07/01/08	06/30/13
92	EDSA - Taft	EDSA corner Zamora St., Pasay City	01/16/03	01/15/13
93	Elcano	SHC Tower, 619 Elcano St., San Nicolas, Manila	11/01/08	10/31/13
94	Emerald Avenue	GF 101 Taipan Place, Don Francisco Ortigas Jr, Road, Pasig	07/16/09	07/15/14
95	Enterprise Center - Ayala Avenue	3rd Level Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City	02/16/08	02/15/13
96	España	Carmen Bldg., España corner G. Tolentino Street, Sampaloc, Manila	07/03/08	07/02/13
97	España - Blumentritt	2101-2103 España Avenue corner Blumentritt St., 1008 Sampaloc, Manila	02/01/02	01/31/12
98	España - M. Dela Fuente	Esperanza Place, España Blvd. corner M. Dela Fuente St., Sampaloc, Manila	04/01/09	03/31/19
99	Evangelista - Makati	1695 Evangelista Street corner Lacuna St., Bangkal, 1233 Makati City	04/01/08	12/31/12
100	Filinvest - Alabang	GF Insular Life Corporate Centre, Corporate Avenue, Filinvest Corporate City, Alabang,	03/15/08	05/14/18
101	Fort Bonifacio - Bayani Road	Bayani Road corner M. Roxas St., Fort Bonifacio, Taguig	06/01/10	05/31/20
102	Fort Bonifacio - McKinley Hill	GF Three World Square, McKinley Hill, Fort Bonifacio, Taguig	07/01/09	06/30/14
103	Gandara	811-813 Sabino Padilla St., Sta. Cruz, Manila	02/01/07	01/31/12
104	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006, Binondo, Manila	03/01/98	02/28/13

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
105	GC Corporate Plaza - Legaspi St.	150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City	12/16/05	12/31/10
106	General Luis	297 Gen. Luis Street, Bo. Kaybiga, Caloocan City	08/15/97	08/14/12
107	Gil J. Puyat	Union Ajinomoto Building, Sen. Gil Puyat Avenue, Makati City	01/01/06	12/31/10
108	Glori - Del Monte	627 Del Monte Avenue, San Francisco Del Monte, Quezon City	02/06/06	02/05/11
109	Grace Park	GF A & R Bldg., 213 Rizal Avenue Extension, Grace Park, Caloocan City	02/11/09	02/10/14
110	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City	12/16/03	12/15/13
111	Greenbelt	GF 108 Legaspi St corner Paseo De Roxas, Pioneer House Bldg., Legaspi Village, Makati City	11/01/08	10/31/11
112	Greenhills	Greenhills Shopping Complex, Ortigas Avenue, San Juan, Metro Manila	01/01/09	12/31/10
113	Greenhills - Annapolis	Unit 101, GF, Vasquez Madrigal Plaza, Annapolis St., Greenhills, San Juan	06/01/10	05/31/15
114	Greenhills Shopping Center	GF Jeweller Center, Greenhills Shopping Center, Ortigas Avenue, San Juan, Metro Manila	01/01/10	12/31/11
115	Greenhills - West	101 Limketkai Bldg., Ortigas Avenue, San Juan, Metro Manila	03/01/09	02/28/12
116	Greenhills - Wilson	227 Wilson Street corner Don Miguel Street, San Juan, Metro Manila	05/27/05	05/26/15
117	G. Araneta - Brixton Hill	GF ILO Bldg., 195 G. Araneta Avenue, Quezon City	07/01/05	06/30/15
118	Harrison Plaza	Unit R-5 URDI Building, Harrison Plaza Shopping Complex, F. B. Harrison, Malate, Manila	03/01/07	03/01/12
119	Herrera	V.A. Rufino Street corner Sotto Street, Legaspi Village, Makati City	05/15/07	05/14/12
120	H.V. Dela Costa	120 Westgate Plaza Condominium, Salcedo Village, Makati City	02/01/08	01/31/13
121	Ilaya	1049-1051 Ilaya Street, Divisoria, Manila	06/01/07	05/31/12
122	Ilaya - Padre Rada	940-942 Ilaya St., Tondo, Manila	03/01/90	02/28/15
123	Intramuros	GF Chamber of Commerce Bldg., 3 Magallanes Drive, Intramuros, Manila	12/16/07	12/15/17
124	Isidora Hills	BDO Bldg., Pook Ligaya, Interneighborhood Road, Isadora Hills, Brgy Holy Spirit, QC	05/07/98	05/06/18
125	J Abad Santos	GF Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila	09/01/05	08/31/15
126	JAS-Antipolo	GF InterCast Corp., Tower, Jose Abad Santos Avenue, Tondo, Manila	08/01/06	07/31/16
127	JAS-Recto	1174 J. Abad Santos Avenue, Tondo, Manila	10/01/95	09/30/20
128	JP Rizal	872 J. P. Rizal Street, Brgy. Poblacion, Makati City	06/15/98	06/14/13
129	Julia Vargas	IBP Building, Julia Vargas Avenue, Ortigas, Pasig City	01/01/07	12/31/11
130	Juan Luna	262 Juan Luna Street, Binondo, Manila	07/01/09	12/31/14
131	Jupiter - Reposo	GF CEI Headquarters, 158 Jupiter Street corner N. Garcia Street, Bel-Air Village, Makati City	08/01/09	07/31/19
132	Kamagong	2567 P. Ocampo (Vito Cruz Ext.) corner Madre Perla Street, Manila	11/05/08	12/31/13
133	Kamias Road	Trinidad Bldg., Kamias Road corner K.- J St., Quezon City	08/01/07	07/31/17
134	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila	04/24/02	04/23/12
135	Katipunan - Xavierville Avenue	GF Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights, Quezon City	11/01/08	10/31/18
136	Kawit - Binakayan	1497 National Road, Binakayan, 4104, Kawit, Cavite	Month to month	

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
137	Las Piñas - Almanza	Alabang Zapote Road, Almanza Uno, Las Piñas, Metro Manila	08/16/06	08/15/16
138	Las Piñas - BF Resort	BDO Bldg. , BF Resort Drive, Phase 4, BF Resort Village, Las Piñas City	05/15/03	05/14/18
139	Las Piñas - Talon	GF MotionTrade Bldg, Alabang-Zapote Road, Talon, Las Piñas City	01/01/06	12/31/15
140	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba Street., Binondo, Mla	01/16/09	01/15/19
141	Legaspi Village - Salcedo St.,	EBC Bldg. 203 Salcedo St., Legaspi Village, Makati City	08/01/09	07/31/11
142	Loyola Heights - Berkeley Residences	GF, Berkeley Residences, Katipunan Avenue corner Escaler St, Loyola Heights, Quezon City	11/19/10	11/18/20
143	Magallanes Village	Unit 104, The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City	08/01/03	07/31/13
144	Makati - Esteban	GF A & V Crystal Tower, 105 Esteban St., Legaspi Village, Makati City	06/01/10	05/31/15
145	Makati Shangri-la Hotel	Unit 191 Shangri-la Hotel Manila, Ayala Center, Makati City	05/01/10	04/30/15
146	Makro - Cainta	Makro Cainta, Felix Avenue, Cainta Rizal	10/09/07	10/08/12
147	Malabon	685 JP Rizal St., Brgy. San Agustin, Malabon City	10/01/08	09/30/13
148	Malabon - Gov. Pascual	GF MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City	08/16/08	08/15/18
149	Malanday - McArthur Highway	KM 17 MacArthur Highway, Malanday, Valenzuela, Metro Manila	04/02/99	04/02/19
150	Malate - Adriatico	Adriatico Executive Center, Adriatico Street, Ermita, Manila	03/16/08	03/15/13
151	Mandaluyong - Calbayog	DMG Center, Libertad Street corner M. Cruz, Mandaluyong City	1/1/2009	12/31/18
152	Mandaluyong - Libertad	Sierra Madre Street corner Libertad Street, Mandaluyong City	6/1/2009	05/31/19
153	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal	07/07/92	07/07/17
154	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra, Cainta, Rizal	10/01/08	09/30/18
155	Marikina - Bayanbayanan	BDO Bldg., Bayan-Bayanan Avenue near corner Molave Avenue, Marikina City	07/01/98	06/30/13
156	Marikina - Calumpang	Florida 1 Bldg., JP Rizal corner M. A. Roxas Sts., Calumpang, Marikina City	07/16/08	07/15/18
157	Marikina - Gil Fernando Avenue	Gil Fernando Avenue corner Dragon Street, Marikina City	10/01/07	09/30/17
158	Marikina - J.P. Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City	03/01/08	02/28/18
159	Marikina - Lamuan	J. P. Rizal St. near corner Malaya St., Barangay Lamuan, Marikina City	05/01/09	04/30/19
160	Marikina - Nangka	Unit 1A-GF Bldg 2, Citi Centre Nangka, J.P.Rizal Avenue corner Puerto Rico St., Marikina City	06/01/10	05/31/20
161	Masangkay	Lung Hong Townmates Association Bldg., 1226 Masangkay, Sta. Cruz, Mla.	05/01/04	04/30/14
162	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila	03/01/96	02/28/11
163	Masangkay - Luzon St.	907 Luzon St. corner Masangkay St., Tondo, Manila	06/01/07	05/31/12
164	Mayon - Amoranto	489 Units A & B, Mayon Street, Sta. Mesa Heights, Quezon City	10/15/08	10/14/18
165	Mayon - N. Roxas	No. 241 Mayon Ave. cor Nicanor Roxas St., 1111 Quezon City	08/01/04	07/31/14
166	Meralco - Ortigas	Meralco Compound, Ortigas Avenue, 1604 Pasig City	Month to month	
167	Metropolitan Avenue	GF Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart (formerly Dao St), Makati City	07/01/06	06/30/11

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
168	Mezza Residences	GF Mezza Residences, Aurora Blvd. corner Araneta Avenue & Guirayan St., Quezon City	03/01/09	04/30/14
169	Monumento	MacArthur Highway corner Calle Uno, Caloocan City	10/01/92	09/30/12
170	Muñoz - Roosevelt	No. 328 Mesa Holding Bldg., Roosevelt Avenue, SFDM, Quezon City	04/21/05	04/20/15
171	Muntinlupa - Poblacion	GF Elizabeth Center Bldg., National Road Poblacion, Muntinlupa City	09/02/08	09/01/18
172	Nagtahan	GF SM Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Sampaloc, Manila	08/28/08	10/31/13
173	NAIA	Arrival Area, Ninoy Aquino Intl. Airport, Ninoy Aquino Avenue, 1705 NAIA, Parañaque City	Month to month	
174	Navotas	Seafront Commercial Bldg., North Bay Blvd., Navotas, Metro Manila	01/01/08	12/31/17
175	Neptune - Makati	101 Neptune Street corner Makati Avenue, 1209 Makati City	05/01/10	04/30/15
176	New Manila - E. Rodriguez Sr.	Unit 1G & 2E 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City	03/01/06	02/28/11
177	Newport City	GF Newport Office Building 1, Newport City, Pasay City	09/21/09	09/30/14
178	Northbay - Virgo Drive	Melandrea III Bldg., Northbay Blvd. near cor. Virgo Drive, Navotas, Metro Manila	03/31/08	03/30/13
179	Novaliches	1016 Quirino Highway Town Proper, Brgy. Monica, Novaliches, Quezon City	09/01/91	08/31/16
180	Novaliches - Lagro	Lot 2-B-6 233 (LRC) PSD 341349, Quirino Highway, Lagro, Novaliches, Quezon City	04/15/09	04/14/29
181	Novaliches - Zabarte	GF C. I. Plaza, 1151 Quirino Highway near corner Zabarte Road, Brgy. Kaligayahan,	05/24/10	05/23/20
182	Old Sta. Mesa - Albina	Newton Plaza, Old Sta. Mesa corner Albina Street, Sampaloc, Manila	05/06/10	05/05/20
183	OneE-comCenter	GF OneE-comCenter, Palm Coast Avenue, Mall of Asia Complex, Pasay City	02/12/08	02/11/13
184	Ongpin	Unit ABC Imperial Sky Garden, Ongpin Street corner T. Pinpin, Binondo, Manila	10/01/07	09/30/12
185	Ongpin - T. Alonzo	Unit 564 and 566 Gel Tower, T. Alonzo St., Sta. Cruz, Manila	01/01/10	12/31/14
186	Ongpin-Tomas Mapua	1004-1006 Ongpin Street, Sta. Cruz, Manila	03/04/06	03/03/11
187	Ortigas Avenue Ext. - Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City	07/16/08	07/15/18
188	Ortigas Avenue Ext. - Cainta	Unit 7-9 Philfoam Furnishing Bldg., Km. 23 Ortigas Avenue Extension, Cainta, Rizal	11/28/03	11/27/13
189	Ortigas Avenue Ext. - St. Joseph	15 A. Ortigas Avenue Extension corner Monaco St., Pasig City	01/01/08	12/31/17
190	Ortigas Center	UGF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City	08/16/09	10/31/14
191	Ortigas - Octagon Center	GF Octagon Center, San Miguel Avenue, Ortigas Center, Pasig City	03/01/09	02/28/14
192	Pablo Ocampo Sr. St. - Arellano	Barko Bldg., Pablo Ocampo Sr. Street corner Arellano St., Malate, Manila	06/16/10	06/15/20
193	Pacific Star - Makati	GF Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City	03/01/08	02/28/11
194	Paco	1054-1060 Pedro Gil St., Paco, Manila	06/01/09	05/31/19
195	Padre Rada	Gosiupo Bldg., 480-482 Padre Rada Corner Elcano St., Tondo, Manila	01/01/03	12/31/12
196	Parañaque-Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, Sto. Niño, Parañaque City	03/01/08	02/28/18

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197	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City 1700	04/26/05	04/25/15
198	Parañaque - Moonwalk	GF Seal 1 Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision,	04/01/09	03/31/14
199	Parañaque - N. Aquino Avenue	JJM Bldg., 2 N. Aquino Ave., Sto. Niño, Parañaque City	06/16/98	06/15/13
200	Pasay - Domestic Road	Caltex Compound (PDSC/Park 'N Fly Bldg.), NAIA corner Domestic Road, 1300, Pasay City	10/01/10	09/30/15
201	Paseo de Roxas 2	GF BDO Plaza, 8737 Paseo de Roxas St., Makati City	12/16/07	12/15/17
202	Pasig Caruncho	SG Bldg. Caruncho Avenue corner Market Avenue, Pasig City	04/01/10	03/31/20
203	Pasig - Kapasigan	Mariposa Arcade, A. Mabini cor. Dr. Pilapil St., Pasig City	01/01/04	12/31/13
204	Pasig - A. Mabini	GF CFM Bldg., No. 97 A. Mabini St., Pasig City	Month to month	
205	Pasig Blvd. Extension - Rosario	Along Pasig Blvd. Extension, Rosario, Pasig City	09/01/04	08/31/14
206	Pasig - Kapitolyo	GF AB Sandoval Bldg., Shaw Blvd. corner Oranbo Drive, Pasig City	10/01/02	09/30/12
207	Pasig - Meralco Avenue	GF One Corporate Bldg., Julia Vargas Avenue corner Meralco Avenue, Pasig City	06/01/10	05/31/20
208	Pasig - Pioneer	Pioneer Centre, Pioneer St. corner Brixton and United Streets, Pasig City	12/16/08	12/15/18
209	Pasig - Valle Verde	Reliance Center, 99 E. Rodriguez Jr. Avenue, Barrio Ugong, Pasig City	06/01/10	05/31/20
210	Paso De Blas - North Expressway	97 Paso De Blas, 1442 Valenzuela, Metro Manila	09/01/97	08/31/12
211	Pasong Tamo Ext.	GF Allegro Center, Pasong Tamo Extension, Makati City	12/01/06	11/30/11
212	Pateros - Elisco Road	East Mansion Homes, Phase 1, Eliseo Road, Sto. Rosario, Pateros, Metro Manila	08/01/08	07/31/13
213	Pateros - Poblacion	GF Milaor Bldg., No. 509 M. Almeda St., Poblacion, Pateros	11/01/08	09/30/18
214	Pedro Gil - Adriatico	Adriatico near corner Pedro Gil St., Malate, Manila	10/01/10	09/30/20
215	Pedro Gil - A. Mabini	1567-1571 Salud Bldg., Pedro Gil corner A. Mabini St., Ermita, Manila	02/16/08	02/15/11
216	Philam Tower-Valero	GF, Philam Tower, 8767 Paseo de Roxas, Makati City	12/16/08	12/15/13
217	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
218	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) Lower Ground Floor of Globe Telecom Plaza 1	10/09/07	10/08/12
219	Port Area - South Harbor	GF Velco Centre, RS Oca Corner A. C. Delgado Streets, Port Area, Manila	05/01/08	04/30/16
220	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn Street, Brgy Toro, Project 8, Quezon City	10/01/99	09/30/19
221	Q. I. - E. Rodriguez Sr.	GF Ablaza Bldg., 117 E. Rodriguez Ave., Quezon City	05/01/07	04/30/12
222	Quezon Avenue - Araneta	103 Aries Building, Quezon Avenue, Q.C	04/13/08	04/12/11
223	Quezon Avenue - Cordillera	Quezon Avenue corner Cordillera St., Quezon City	04/15/00	04/14/15
224	Quiapo-Quezon Blvd.	Quezon Blvd., 1001 Quiapo, Manila	05/22/07	05/21/12
225	Quiapo - Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila	01/16/08	01/15/18
226	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St.corner Carvajal St., Binondo, Manila	07/01/07	06/30/17
227	Quirino Paco	CRS Tower Center, Perdigon Street, Pres. Quirino Avenue, Paco, Manila	10/01/96	09/30/11

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228	Rada	GF One Legaspi Place, Rada Street, Legaspi Village, Makati City	09/01/06	08/31/11
229	Resorts World Manila	Newport Blvd., Newport City, Pasay City	12/01/09	11/30/14
230	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila	11/04/06	11/03/11
231	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila	09/01/98	08/31/13
232	Rizal - Montalban	GF Montalban Town Center, Rodriguez Highway corner Lardizabal St.,	06/16/10	06/15/20
233	Rizal - Tanay	Tanay Town Center, Sampaloc Road corner F. T. Catapusan St., Plaza Aldea, Tanay, Rizal	05/16/20	05/15/20
234	Robinson's - Metro East	Level 1 (L1, 160, 162) Robinsons Metro Manila East, Marcos Highway, Pasig City	10/15/07	10/14/12
235	Robinsons Galleria - Ortigas	Robinson's Galleria, Ortigas Avenue, 1602 Quezon City	11/01/08	10/31/13
236	Robinson's Place - Manila	Robinson's Mall corner Pedro Gil M. Orosa St., Ermita, Manila	08/16/08	08/15/13
237	Rockwell	GF Power Plant Mall, Rockwell Centre , Amapola corner Estrella St., Makati City	05/15/09	10/31/15
238	Rockwell - Ortigas	Level 1, Tower 2 The Rockwell Business Center, Ortigas Avenue, Pasig City	10/01/09	09/30/14
239	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila	03/01/05	02/28/15
240	Rustan's Cubao	RC-01A, Times Square Ave. near corner Gen. Roxas St., Araneta Center, 1109 QC	12/01/09	12/31/11
241	Salcedo	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City	01/01/09	12/31/13
242	Sales St. - Raon	545 Sales St. cor. G. Puyat St. (Raon), 1016 Sta. Cruz, Manila	05/21/01	05/20/11
243	Samson Road	GF Unit G Ma. Cristina Bldg., Samson Road corner UE Tech, Caloocan City	08/01/07	07/31/17
244	San Andres	San Andres corner A. Linao St., Malate, Manila	07/01/02	06/30/12
245	San Juan	88 N. Domingo Street, San Juan	09/01/07	08/31/12
246	Savemore - Amang Rodriguez	GF Savemore Amang Rodriguez, GBU Bldg., Amang Rodriguez Avenue corner	07/29/10	07/28/15
247	Savemore - Novaliches	Savemore Novaliches, Gen. Luis, Novaliches, Quezon City	01/10/10	12/31/14
248	Scout Albano - Quezon Avenue	1488 Quezon Ave. , 1103 South Triangle, Quezon City	04/01/09	03/31/14
249	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Sct. Limbaga Street, 1103, Quezon City	12/03/03	12/02/13
250	Shangri-la Plaza Mall - EDSA	Unit 129-A Level 1 Shangrila Plaza Mall, EDSA corner Shaw Blvd., Mandaluyong City	06/01/10	03/31/15
251	Shaw - Pasig Blvd.	145 Shaw Boulevard, Pasig City	03/01/10	02/29/20
252	Shaw Blvd	555 Shaw Boulevard, Mandaluyong City	01/01/07	12/31/11
253	Shaw Blvd. - Beacon Plaza	UG 105-UG 106 Beacon Plaza, Shaw Blvd. corner Ideal St., Mandaluyong City	10/15/03	10/14/13
254	Shaw Blvd. - Escriba Drive	Amber Square, Shaw Blvd. near Escriba Drive, Pasig City	04/01/10	05/31/15
255	Shaw Blvd.-Yulo	285 A. Shaw Blvd. corner L. Cruz Street, Mandaluyong City	01/01/06	12/31/12
256	Silver City - Pasig	L1-012, L1-013 & L1-014, Level 1, Auto Mall, Frontera Verde Drive corner Julia Vargas St., Pasig City	04/08/08	09/07/11
257	Sixto Antonio - Pasig	Sixto Antonio Ave. corner R. Bedaña St., Pasig City	10/27/04	10/26/14
258	SM City Bacoar	UGF SM City Bacoar, Gen. Aguinaldo Highway corner Tirona, Bacoar, Cavite	08/01/09	07/31/14
259	SM City Bicutan	LGF SM City Bicutan, Doña Soledad corner West Service Road, Parañaque City	02/01/10	01/31/15

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260	SM City Fairview A	Quirino Highway corner Regalado Street, Fairview, Quezon City	08/01/09	07/31/14
261	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Ave., Fairview, Quezon City	11/01/10	10/31/11
262	SM City Fairview C	LGF Annex 2 SM City Fairview, Quirino Highway cor. Regalado Ave., Fairview, Quezon City	01/15/09	01/31/14
263	SM City Manila	LGF SM City Manila, Concepcion corner Arroceros and San Marcelino St., Manila	08/01/10	07/31/15
264	SM City Marikina	GF SM City Marikina, Calumpang, Marikina City	09/05/08	07/31/13
265	SM City North EDSA A	GF The Block SM City North, EDSA corner North Avenue, Quezon City	08/01/08	07/31/13
266	SM City North EDSA B	SM City North EDSA Annex 1 Bldg., North Avenue corner EDSA, Quezon City	12/12/08	01/31/14
267	SM City North EDSA C	SM City Center Complex, North Avenue corner EDSA 1105 Quezon City	03/01/08	01/31/13
268	SM City Novaliches	GF SM City Novaliches, Quirino Highway, Novaliches, Quezon City	10/22/10	10/31/15
269	SM City San Lazaro	Felix Huertas cor. A. H. Lacson St., Sta. Cruz, Manila	08/01/07	07/31/12
270	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg., Aurora Boulevard, Quezon City	02/01/09	01/31/14
271	SM City Sucat A	GF SM Supercenter, Sucat, Parañaque City	11/01/09	10/31/11
272	SM City Sucat B	GF Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Parañaque City	11/11/08	10/31/14
273	SM City Taytay	GF Building A, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal	11/09/07	10/31/12
274	SM Corporate Offices	Bldg. 104 D.J.W Diokno Blvd., Mall of Asia Complex, Pasay City	02/01/10	01/31/13
275	SM Cubao	GF SM Cubao, Cubao, Quezon City	10/31/08	10/31/13
276	SM Hypermarket Adriatico	GF SM Hypermarket Adriatico, M. Adriatico St., Manila	06/29/10	06/28/15
277	SM Hypermarket Cubao	EDSA corner Main Street, Cubao, Quezon City	07/01/10	06/30/15
278	SM Hypermarket Makati	SM Hypermarket Makati, 5560 Osmeña Highway corner Finlandia St, San Isidro, Makati City	06/29/10	06/28/15
279	SM Makati	Shoemart Annex Building, Ayala Center, Makati City	08/01/07	07/31/12
280	SM Mall Of Asia A	GF Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City	05/01/10	04/30/15
281	SM Mall Of Asia B	GF Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex,	Month to month	
282	SM Megamall A	GF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City	11/01/10	10/31/12
283	SM Megamall B	UGF & LGF SM Megamall Bldg. B, Ortigas Center, Mandaluyong City	08/01/10	07/31/12
284	SM Southmall A	UGF & LGF SM Southmall, Alabang - Zapote Road, Las Piñas City	Month to month	
285	SM Southmall B	UGF SM Southmall, Alabang - Zapote Road, Las Piñas City	Month to month	
286	SM Center Las Piñas	LGF SM Center Las Piñas, Alabang Zapote Road, Barangay Pamplona Dos, Las Piñas City	10/02/09	10/31/14
287	SM Supercenter Molino	GF (Unit 127-130), SM Super Center Molino, Molino Road, Bacoar, Cavite	06/01/09	04/30/14
288	SM Supercenter Muntinlupa	UGF Supercenter Muntinlupa, Barangay Tunasan, National Road, Muntinlupa City	11/16/07	01/31/13
289	SM Supercenter Pasig	GF SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig	08/01/09	07/31/11

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290	SM Supercenter Valenzuela	GF Unit 126 SM City Valenzuela, MacArthur Highway, Karuhatan, Valenzuela City	11/01/07	10/31/12
291	Soler	U-1118 & 1120 Gracetown Building corner Soler & Alvarado Sts., Binondo, Manila	03/15/97	03/14/17
292	Soler - Reina Regente	1087 Soler St., Binondo, Manila	12/31/08	12/31/11
293	Southgate Mall - EDSA	GF Southgate Mall, EDSA corner Pasong Tamo Extension, Makati City	08/14/09	04/13/14
294	St. Ignatius - Katipunan	134 Katipunan Avenue, St. Ignatius Village, Quezon City	09/10/03	09/09/13
295	Sta. Lucia East-Felix Avenue	GF Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta	07/01/10	06/31/11
296	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Highway corner Felix Avenue, 1900 Cainta, Rizal	01/01/10	12/31/11
297	Starmall - Alabang	Unit G33 Manuela Metropolis, South Super Highway, Alabang Interchange, Muntinlupa City	12/01/96	12/01/16
298	Sto. Cristo	475-477 Kim Siu Ching Foundation Building, Sto. Cristo St., Binondo, Manila	03/01/09	02/28/15
299	Sto. Cristo - Comercio	No. 686 Sto Cristo St., Binondo, Manila	03/01/10	04/30/13
300	Sto Domingo	6 Sto. Domingo Avenue, Quezon City	03/01/06	02/28/11
301	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City	10/16/08	10/15/18
302	Sucat	Parañaque Cable TV Bldg., 8210 Dr. A Santos Avenue, Parañaque City	10/01/97	09/30/12
303	Sucat - Villa Mendoza	Dr. A. Santos Avenue corner Villa Mendoza Subd., Sucat Road, Parañaque City 1700	10/01/07	09/30/17
304	Tabora	859-861 L & J Building, Tabora Street, Divisoria, Manila	04/01/08	03/31/13
305	Taft - Libertad	MCF Building, 2250 Taft Avenue corner College Road, Pasay City	05/25/04	05/24/14
306	Taft - Pedro Gil	1430 Taft Avenue, Manila	02/16/07	02/15/12
307	Taft Avenue - J. Nakpil	1747 Taft Avenue Corner J. Nakpil Street, Manila	02/01/04	01/31/14
308	Taft Avenue - Pres. Quirino	Ground Floor, FFW Bldg., 1943 Taft Avenue, Malate, Manila	08/17/06	08/16/11
309	Tandang Sora	Tandang Sora Avenue corner Marcel Road, Quezon City	10/01/07	09/30/17
310	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay, Brgy. New Era, Quezon City	01/01/09	12/31/18
311	Taytay - Metro East Road	BDO Bldg., East Road, Taytay, Rizal	07/09/98	07/08/18
312	Taytay National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Brgy. San Juan, Taytay, Rizal	10/27/04	10/26/14
313	Tayuman	GF Delton Bldg., 1808 Rizal Avenue, Sta. Cruz, Manila	04/01/96	03/31/16
314	Teacher's Village	GF Luisa 2 Bldg., 107 Maginhawa Street, Teacher's Village, Quezon City	08/12/99	08/11/14
315	Tierra Nueva - Alabang	Sycamore Arcade, Alabang-Zapote National Road, 1702 Alabang, Muntinlupa City	04/01/09	03/31/14
316	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City	01/01/10	12/31/14
317	Timog - EDSA	No. 134 Timog Avenue, 1103 Quezon City	04/20/92	04/19/12
318	Timog - Rotonda	GF Imperial Palace Suites, Tomas Morato corner Timog Avenue, South Triangle, Quezon City	01/16/03	09/15/14
319	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City	06/15/08	06/14/13
320	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila	12/02/05	12/01/15

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
321	Tordesillas	GF MME Bldg., 108 Tordesillas St. corner Gallardo St., Salcedo Village, Makati City	05/01/09	04/30/19
322	Trident - Gil Puyat	GF Trident Tower Bldg., 312 Sen. Gil. Puyat Avenue, Makati City	02/01/09	01/31/14
323	Tutuban	DS-17-18 Tutuban Prime Block, Tutuban Center, CM Recto, Manila City	09/17/96	08/22/14
324	Tutuban Centermall	M1-B055 B, Ground Floor, Centermall Bldg., Tutuban Center, CM Recto Avenue, Manila	10/22/04	10/21/13
325	UN Avenue	Puso ng Maynila Bldg., UN Avenue corner A. Mabini Street, Ermita, Manila	07/01/92	06/30/12
326	UN Avenue - Philamlife	GF & MF Philamlife U. N. Ave. Bldg., U.N. Avenue corner Orosa St., Ermita, Manila	02/01/08	01/31/18
327	Valenzuela	KM. 15 MacArthur Highway, Dalandanan, Valenzuela	03/05/10	03/05/30
328	Valenzuela - Gen. T. De Leon	Gen. T. De Leon Street, Valenzuela City	09/20/06	09/19/16
329	Valero	GF Pearl Center, 145 Valero Street, Salcedo Village, Makati City	11/16/06	11/15/11
330	V.A. Rufino - Tuscan	GF Tuscan Building, 114 V. A Rufino St., Legaspi Village, Makati City	6/1/2010	05/31/20
331	Villar - Salcedo Village	Eurovilla III Condominium, 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City	06/15/10	06/14/16
332	V-Mall	GF New V- Mall, Greenhills Shopping Center, San Juan, Metro Manila	01/16/06	01/15/11
333	Visayas Avenue	M & L Bldg. , Visayas Avenue corner Road 1, Brgy. Vasra, Quezon City	10/01/02	09/30/12
334	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City	09/01/98	08/31/13
335	Walter Mart - North EDSA	GF Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City	02/08/08	02/07/13
336	Washington - Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City	05/05/08	05/04/18
337	West Avenue	68 Carbal Bldg., West Avenue, Quezon City	04/01/10	03/31/15
338	West Avenue-Baler	No. 118 Jafer Bldg., West Avenue, Quezon City	02/11/06	02/10/11
339	West Avenue - Del Monte	No. 40 West Ave., 1104 West Triangle, Q.C	01/02/07	01/01/12
340	West Avenue-East Maya	160 West Avenue corner East- Maya Drive, Quezon City	07/01/04	06/30/11
341	Zurbaran	Rizal Avenue corner Fugoso Street, Sta. Cruz, Manila	11/16/05	12/31/10

(b) Provincial Branches

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
1	Abra - Bangued	Unit 12 the Rosario Bldg., Taft St. corner 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 - Polanqui	Provincial Road corner Brgy. Road, Brgy. Ubaliw, Polangui, Albay	04/14/10	04/13/25
5	Albay - Tabaco	Along Ziga Avenue, Tabaco, Albay	09/16/05	09/15/15
6	Angeles - Balibago	GF Lawrence Plaza, Macarthur Highway near cor. Charlot St., Balibago,	06/10/00	06/09/15
7	Angeles - MacArthur Highway	GF Excelsior Bldg., 314 Macarthur Highway, Brgy. CM Recto, Angeles City, Pampanga	11/16/06	11/15/11

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
8	Angeles City - Nepo Mart	GF Angeles Business Center, Teresa Avenue, Nepo Mart Complex, Angeles City,	12/01/98	11/30/13
9	Angeles - Sto. Rosario	Plaza Rafael 1, 1151- D. Sto. Rosario St., Sto. Domingo, Angeles City	05/16/08	05/15/18
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	10/01/06	09/30/11
15	Bacolod - Mandalagan	GF Sta. Clara Estate Building, Lacson St., Mandalagan, Bacolod City	10/01/10	09/30/20
16	Baguio - Luneta	Luneta Hill corner Governor Pack Road, Session Road, Baguio City	Month to month	
17	Baguio - Abanao Square	Abanao Square, Abanao corner Zanduea Sts., Baguio City	08/01/07	07/31/14
18	Baguio - Legarda	Our Lady of Fatima Building, Yandoc St. Kayang Extension, Baguio City	02/01/06	09/30/18
19	Baguio - Session Road	GF National Life Bldg., Session Road, Baguio City	04/01/09	03/31/14
20	Baliuag - Tagle	Corner Rizal & Tagle St., Baliuag, Bulacan	02/18/06	09/30/16
21	Batangas - Balayan	Antorcha St., Balayan, Batangas	09/12/03	09/11/13
22	Batangas - Bauan	Kap. Ponso St., Bauan, Batangas	07/01/94	06/30/14
23	Batangas - Kumintang	Along National Highway, Brgy. Kumintang Ilaya, Batangas City	08/01/08	05/31/18
24	Batangas - Lemery	Ilustre Avenue corner Lakandula St., Lemery, Batangas	01/01/08	12/31/17
25	Batangas - Pallocan West	Manuel Pastor Avenue, Pallocan West, Batangas City	05/05/05	05/04/15
26	Batangas - San Juan	Marasigan corner Kalayaan Sts., San Juan, Batangas	06/01/08	05/31/18
27	Batangas - P. Burgos	CM Ilagan Building P. Burgos St., Batangas City	12/16/09	12/15/19
28	Benguet - La Trinidad	S & B Bldg., KM. 4 Balili 2601 La Trinidad, Benguet	10/11/06	10/11/11
29	Biñan - A. Mabini	Rey Bldg., A. Mabini St. Poblacion, 4024 Binan, Laguna	01/01/05	12/31/14
30	Bohol - Tagbilaran	CP Garcia Avenue., 56300 Tagbilaran City, Bohol	06/25/06	06/24/16
31	Bulacan - Balagtas	MacArthur Highway, Brgy. San Juan, 3016 Balagtas, Bulacan	09/29/92	09/28/12
32	Bulacan - Bocaue	MacArthur Highway, Brgy. Biñang 1st, Bocaue, Bulacan	04/01/07	03/31/17
33	Bulacan - Hagonoy	GF Ang Puso ng Hagonoy Shopping Center Plaza, Hagonoy, Bulacan	12/01/09	11/30/19
34	Bulacan - Obando	JP Rizal St., Barangay Catanghalan, 3021 Obando, Bulacan	09/01/97	09/01/12
35	Bulacan - Plaridel	Along Cagayan Valley Road, Banga, Plaridel, Bulacan	02/01/09	01/31/19
36	Bulacan - Pulilan	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan	06/30/04	06/29/14
37	Bulacan - San Jose Del Monte	National Highway (Quirino Highway),Tungkong Mangga, Sn Jose Del Monte City, Bulacan	06/01/10	05/31/20
38	Bulacan - San Rafael	KM 60, Cagayan Valley Road, Cruz na Daan, San Rafael, Bulacan	04/05/06	04/04/11
39	Bulacan - Sta. Maria M.G. Deleon	M. De Leon St., Poblacion, 3022 Sta. Maria, Bulacan	03/15/93	03/14/13
40	Bulacan - Sta. Maria Gov. F. Halili	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan	02/01/03	01/31/13
41	Butuan - J.C. Aquino Avenue	D & V Plaza II Bldg., JC Aquino Avenue, Butuan City	02/18/06	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 - Paco Roman	Along Paco Roman Street, Cabanatuan City	08/01/10	07/31/20

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
44	Cabanatuan - Megacenter Mall	Unit 49- B and Unit 3 UGF Megacenter, The Mall, Gen.Tinio & Melencio Sts.	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	11/08/09	11/07/14
46	Cabanatuan - Sanciango	Maharlika Road near corner Sanciango St., Cabanatuan City	04/30/01	04/29/21
47	Cagayan de Oro - Carmen	Max Y. Surriel St. corner V. Neri St., Carmen, Cagayan de Oro	07/01/08	06/30/18
48	Cagayan de Oro - R.N. Pelaez Blvd.	Georgetown Cyber Mall, Rodolfo N. Pelaez Blvd., Kaswagan, Cagayan de Oro City	04/16/09	04/15/14
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 St., Cogon 9000, Cagayan de Oro, Misamis Oriental	10/01/09	09/30/19
52	Cagayan De Oro - Xavier	Library Annex Building Corrales Avenue, Cagayan de Oro City	02/15/09	02/15/12
53	Calamba - Paseo Uno	GF Paseo Uno de Calamba, National Highway, Barangay Paciano, Calamba City, Laguna	12/01/10	11/30/20
54	Camarines Norte - Daet	J. Lukban Street corner Moreno Street Poblacion, Daet, Camarines Norte	03/07/05	03/06/15
55	Camarines Sur - Pili	Santiago, Pili, Camarines Sur	10/01/08	09/30/18
56	Catanduanes - Virac	San Juan corner Rizal Sts., 4800 Virac, Catanduanes	05/15/10	05/14/11
57	Cavite - Carmona Drive	Governor's Drive, Bo. Madsua, 4116 Carmona, Cavite	12/15/96	12/14/13
58	Cavite-Dasmariñas Aguinaldo Highway	GF Digital Bldg., Gen. Emilio Aguinaldo Highway, Dasmariñas, Cavite	10/01/98	09/30/13
59	Cavite - EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite	08/14/07	08/13/17
60	Cavite - FCIE Dasmariñas	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite	12/16/97	12/15/12
61	Cavite - Imus Aguinaldo Highway	GF DCR Building, Aguinaldo Highway, 4103 Imus, Cavite	11/18/08	10/31/18
62	Cavite - Imus-Nueno Avenue	358 Exodus Building, Nueno, Imus, Cavite	02/01/06	01/31/11
63	Cavite - Naic	Governor's Drive corner Soriano Highway, Naic Cavite City	11/01/09	10/31/29
64	Cavite - Puregold Tanza	GF Puregold Tanza, Provincial Road, Tanza, Cavite	10/07/10	10/06/15
65	Cavite - Silang	194 J. Rizal corner M. Belen Street, Silang, Cavite	08/01/10	07/31/20
66	Cavite - Trece Martires	El Paseo Arcade, Indang, Trece Road near Corner Gov. Drive, Trece Martires City	07/16/08	07/15/18
67	Cebu - Asiatown IT Park	GF TGU Tower, Salinas Drive corner J. M. Del Mar St., Asiatown IT Park, Apas, Cebu City	07/01/09	06/30/14
68	Cebu - A.S. Fortuna	GF Tanaka Bldg., 869 A. S. Fortuna Banilad, Mandaue City	01/01/06	06/02/20
69	Cebu - Ayala Business Park	GF Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City	06/15/07	06/14/12
70	Cebu - Ayala Mall	Stall 286A Level 2, West Entry, Ayala Center Mall Cebu, Cebu Business Park, Cebu City	09/01/10	08/31/12
71	Cebu - Banilad	TPE Bldg., Governor Cuenco Avenue, Banilad, Cebu City	10/01/10	09/30/20
72	Cebu - Banilad Talamban	Governor M. Cuenco, Banilad, Cebu City	03/16/06	03/15/16
73	Cebu - Bogo	P. Rodriguez corner San Vicente Sts., 6010 Bogo, Cebu City	06/18/07	06/17/17
74	Cebu - Capitol	Osmeña Blvd. corner Ma. Cristina St., 6000 Cebu City	Month to month	
75	Cebu - Consolacion	GF Annex Bldg. Fooda Saversmart, Consolacion, Cebu	07/23/08	07/22/13
76	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000	01/01/05	12/31/14
77	Cebu Magallanes	Plaridel Street corner Magallanes St., Cebu City	06/01/06	05/31/11

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
78	Cebu - Mambaling	Grand Orchard Commercial Building, C. Padilla Street, Mambaling, Cebu City	05/16/10	05/15/20
79	Cebu - MEZ II	Unit 204 NGA Building 2, Pueblo Verde MEZ II, Basak, Lapu Lapu City	09/01/08	08/31/18
80	Cebu - North Road	National Highway, Labogon, Mandaue City, Cebu	01/01/08	12/31/17
81	Cebu - Parkmall	Unit 29 - 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Cebu	03/26/08	03/25/13
82	Cebu - Salinas Drive	117 Gorordo Avenue, Lahug, Cebu City	11/01/05	10/31/15
83	Cebu - Tabo-an	T. Abella St., San Nicolas Central, 6000, Cebu City	05/01/07	04/30/12
84	Cebu Cuenco	NSLC Building, M. J. Cuenco Avenue, Cebu City	11/01/06	10/31/11
85	Cebu Elizabeth Mall	GF Elizabeth Mall, Leon Kilat corner South Expressway, Cebu City	12/05/08	12/04/13
86	Cebu Escario	Cebu Escario Street, Cebu City	07/01/09	06/30/12
87	Cebu - Fuente	J. Rodriguez St., Fuente Osmeña Rotonda, Cebu City	01/01/06	12/31/14
88	Cebu - Guadalupe	R. Duterte Corner V. Rama Sts. Guadalupe, Cebu City	06/28/10	06/27/20
89	Cebu - Lapu Lapu	Unit 9, The Arcade, ML Quezon Highway, Pajo, Lapu Lapu City	06/01/10	05/31/15
90	Cebu Legaspi	Legaspi corner Zamora Street, Cebu City	12/16/07	12/15/12
91	Cebu Mandaue	La Fuerza Building, Subangdaku, Mandaue City	09/01/06	08/31/21
92	Cebu Osmeña	Osmeña Blvd. corner Urgello Street, Cebu City	Month to month	
93	Cebu - Plaridel	21 Dy Bldg., Plaridel St., Cebu City	07/31/07	08/01/12
94	Cebu Tabunok	PBS Bldg., 2668 National Highway Tabunok, Talisay, Cebu City	10/16/03	10/15/13
95	Clark SEZ - Centennial	Centennial Road, Clark Special Eco. Zone, Clarkfield, Pampanga	01/01/07	01/01/22
96	Clark SEZ - Puregold	Puregold Duty Free (Expansion) Bldg., Claro M. Recto Highway (formerly Dyess Hwy)	09/17/10	09/16/11
97	Cotabato - Kabacan	Rizal Avenue, National Highway, 9407 Kabacan, North Cotabato	04/28/07	04/27/12
98	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato	05/01/08	04/30/18
99	Dagupan - Perez	386 Perez Boulevard, Dagupan City	07/01/10	06/30/16
100	Dagupan - Tapuac	Unit 8-10 Mother Goose Play House Bldg., MacArthur Highway, Tapuac District,	02/09/06	02/08/16
101	Davao - Buhangin	Carlos P. Garcia Highway, Buhangin Diversion Road, Davao City	12/01/08	11/30/18
102	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Davao City	12/16/09	12/15/11
103	Davao Magsaysay	R. Magsaysay Avenue, Davao City	12/16/07	12/15/17
104	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City	11/01/08	10/31/18
105	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City	08/22/03	08/21/13
106	Davao - Bangoy	R. Magsaysay Avenue corner C. Bangoy St., 8000 Davao City	07/01/02	06/30/12
107	Davao - Claveria	CM Recto St., Davao City	07/01/10	06/30/20
108	Davao - Lanang	SJRDC Building, Insular Village 1 Commercial Area, Lanang, Davao City	05/01/07	04/30/17
109	Davao - Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur	08/07/03	08/06/13
147	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Brgy.	04/15/99	04/15/14
148	Lucena - Merchan	Merchan Street corner San Fernando Street, Lucena City	04/02/03	04/01/13
149	Lucena - Enriquez	Enriquez corner Evangelista St., Quezon	11/20/02	11/19/12
150	Lucena - Gulang Gulang	No. 505 Quezon Avenue Extension, Brgy. Gulang Gulang, Lucena City	08/01/08	07/31/18
151	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon	09/20/10	09/19/15
152	Mactan - EPZA	Mactan - EPZA Compound, 6000 Lapu-Lapu City, Cebu	05/27/07	05/26/17

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
153	Malolos - MacArthur Highway	S1 Cabana Space A, The Cabanas Mall, MacArthur Highway, Malolos City	09/01/08	08/31/18
154	Marilao - MacArthur Highway	Unit 1-3 Cecila Commercial Complex, Abangan Norte, MacArthur Highway, Marilao	03/15/03	03/14/13
155	Meycauayan - MacArthur Highway	Liberty Building, MacArthur Highway Calvario, Meycauayan, Bulacan	06/01/06	05/31/11
156	Meycauayan - Malhacan	Brgy. Northern Hills, Malhacan, Meycauayan, Bulacan	10/01/08	09/30/13
157	Mindoro - Calapan	JP Rizal St., 5200 Calapan, Oriental Mindoro	07/15/07	07/14/12
158	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental	08/01/07	07/31/17
159	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental	09/01/08	08/31/18
160	Naga - San Francisco	Brgy. San Francisco Peñafrancia Avenue, Naga City	12/01/03	11/30/13
161	Naga - General Luna	Nos. 80-82 Gen. Luna Street, Dinaga, Naga City	02/15/06	02/14/16
162	Naga - Magsaysay Avenue	Magsaysay Avenue, Naga City	05/12/08	05/11/18
163	Negros Occ - Binalbagan	Biscom Compound Binalbagan, Negros Occidental	12/01/05	11/30/20
164	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran 6106, Negros Occidental	06/23/08	06/22/18
165	Negros Occ - Victorias	Osmeña Ave., Victorias City, Negros Occidental, 6119	03/01/09	03/28/19
166	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental	08/01/05	07/31/15
167	Nueva Ecija - San Jose	Maharlika Road, 3121 San Jose City, Nueva Ecija	06/19/91	06/18/11
168	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija	12/01/08	11/30/18
169	Nueva Ecija - Talavera	Maharlika Highway, Marcos District, Talavera, Nueva Ecija	09/16/07	09/15/17
170	Nueva Vizcaya - Solano	National Highway, Solano, Nueva Vizcaya	09/15/98	09/14/13
171	Olongapo	GF & 2F KT Tower, Rizal Avenue East corner 18th St., Bajac, Olongapo City	01/16/08	01/15/18
172	Pampanga - Apalit	GF Quintos Bldg., MacArthur Highway, San Vicente, Apalit, Pampanga	08/28/01	08/27/21
173	Pampanga - Guagua	Yabut Bldg., Plaza Burgos 2003, Guagua, Pampanga	02/12/02	02/11/12
174	Pampanga - Lubao	Olongapo-Gapan Road, Lubao, Pampanga	07/01/10	06/30/20
175	Pampanga -San Fernando Dolores	McArthur Highway, Dolores, 2000 City of San Fernando, Pampanga	07/01/09	06/30/19
176	Pampanga-San Fernando MacArthur Highway	GF Doña IsaFel Building II, Dolores, City of San Fernando, Pampanga	10/01/07	09/30/17
177	Pampanga-San Fernando Gen. Hizon	Gen. Hizon Extension, San Fernando, Pampanga	02/18/06	02/17/11
178	Pampanga-San Fernando San Agustin	McArthur Highway, Bgy. San Agustin, San Fernando, Pampanga	05/15/02	05/15/12
179	Pampanga-San Fernando Sindalan	Palm Building, McArthur Highway, Sindalan, San Fernando City, Pampanga	12/16/02	12/15/12
180	Pangasinan - Alaminos	Marcos Avenue, Palamis, 2404 Alaminos, Pangasinan	06/01/10	05/31/15
181	Pangasinan - Carmen	MacArthur Highway, Carmen East, 2441 Rosales, Pangasinan	06/11/99	06/10/14
182	Pangasinan - Calasiao	GF Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan	06/01/08	05/31/18
183	Pangasinan - Lingayen	80 Avenida Rizal East, Lingayen, Pangasinan	04/06/01	04/05/16
184	Pangasinan - San Carlos	Polaris St., 2420 San Carlos City, Pangasinan	03/22/93	03/21/13
185	Pangasinan - Tayug	Along Quezon Blvd., Poblacion Tayug, Pangasinan	11/01/10	12/31/20
186	Robinson's Dumaguete	Robinsons Dumaguete, Dumaguete Business Park, South Road, Calingdagan, Dumaguete City	03/15/10	03/14/15
187	Robinson's Place - San	Unit 1-0144, Robinson's Place, San Nicolas, Ilocos Norte	11/01/10	10/31/15

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
	Nicolas			
188	Samar - Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar	06/17/08	06/16/18
189	San Pablo - Maharlika Highway	GF Bien Paz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City	06/01/08	05/31/18
190	San Pablo - Paulino	M. Paulino St., San Pablo City	05/08/07	05/07/12
191	San Pedro	Tayao Bus. Ctr. Bldg., A Mabini St., San Pedro, Laguna	05/01/09	04/30/20
192	San Pedro-National Highway	Mega Building, National Highway, San Pedro, Laguna	02/25/06	12/31/17
193	San Pedro - Pacita	GF M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna	01/16/08	01/15/20
194	SM City Bacolod	GF Southwing Bldg., SM City Bacolod, Poblacion Reclamation Area, Bacolod City	02/01/09	01/31/14
195	SM City Baguio	UGF SM City Baguio, upper Session Road, Baguio City	02/01/10	01/31/11
196	SM City Baliwag	GF SM City Baliwag, Barangay Sto. Cristo, Baliuag, Bulacan	12/12/08	10/31/13
197	SM City Batangas	GF SM City Batangas, Barangay Pallocan West, Batangas City	11/01/09	10/31/14
198	SM City Cagayan De Oro	GF SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan,	04/01/08	01/31/13
199	SM City Calamba	GF SM City Calamba, National Highway, Barangay Real, Calamba City	10/15/10	10/31/15
200	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City	05/01/10	04/30/12
201	SM City Cebu B	UGF, The North wing - SM City Cebu, North Reclamation Area, San Jose dela Montaña	11/30/09	10/31/11
202	SM City Clark	GF SM City Clark, Clark Field, Pampanga	08/01/08	07/31/13
203	SM City Dasmarinas	SM City Dasmarinas, Bo. Pala-Pala, Dasmarinas, Cavite	08/01/09	07/31/14
204	SM City Davao	UGF SM City Davao, Brgy., Matina, Davao City	05/16/09	10/31/11
205	SM City Iloilo	UGF SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City	08/01/10	07/31/15
206	SM City Lipa	GF SM City Lipa, Ayala Highway, Lipa City, Batangas	08/01/08	07/31/13
207	SM City Lucena	GF SM City Lucena (LC - 177- 178), Pagbilao National Road, Lucena City	07/01/08	07/31/13
208	SM City Marilao	GF SM City Marilao, MacArthur Highway, Marilao, Bulacan	02/01/08	01/31/13
209	SM City Naga	GF SM City Naga, Brgy. Triangulo, Central Business District II, Naga City	05/01/09	04/30/14
210	SM City Pampanga A	GF SM City Pampanga, San Fernando Mexico, Pampanga	08/01/07	07/31/12
211	SM City Pampanga B	GF SM City Pampanga Annex Bldg. 4, San Fernando, Pampanga	10/19/07	10/31/12
212	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan	11/28/08	01/31/14
213	SM City Rosario	GF SM City Rosario, General Trias Drive, Brgy. Tejero, Rosario, Cavite	11/20/09	10/31/14
214	SM City San Pablo	GF SM City San Pablo, National Highway, Barangay San Rafael, San Pablo City, Laguna	10/01/10	09/30/15
215	SM City Sta. Rosa	GF SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna	05/01/08	04/30/11
216	SM City Tarlac	UGF & LGF, SM City Tarlac, MacArthur Highway, Barangay San Roque, Tarlac City	04/25/10	07/31/15
217	SM Delgado	GF SM Delgado Building, Valeria Street, Iloilo City	02/01/09	01/31/14
218	Sorsogon City	Son Bldg., R. Magsaysay Avenue, Sorsogon City	02/14/07	02/13/17
219	Sta. Rosa - Don Jose	PCC Bldg., Sta. Rosa Tagaytay Road, Brgy. Don Jose, Sta. Rosa, Laguna	05/01/09	04/30/14
220	Subic - Times Square	420 Rizal Highway, Subic Bay Freeport Zone, 2200 Olongapo City, Zambales	03/16/09	03/15/19
221	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City	03/01/08	02/28/13

	BRANCH	ADDRESS	Lease Effectivity	Lease Expiry
222	Tacloban - Zamora	Carlos Chan Bldg. P.Zamora Street, Tacloban City	08/02/04	08/01/14
223	Tacloban - Justice Romualdez	Philamlife Bldg., Justice, Romualdez St. corner P. Paterno St., Tacloban City	07/01/07	06/30/12
224	Tacloban - Rizal Avenue	Rogson Building, Rizal Avenue corner P. Burgos St., 6500 Tacloban City, Leyte	07/01/02	07/30/12
225	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay	10/24/05	10/23/15
226	Tanauan - A. Mabini	A. Mabini St., Tanauan, 4232 Batangas	04/01/08	03/31/18
227	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway corner Sixto Castillo St., Poblacion, Tanauan, Batangas	12/16/07	12/15/17
228	Tarlac - Camiling	Romulo St., Brgy. Poblacion, A. Camiling, Tarlac	05/01/09	04/30/19
229	Tarlac - Concepcion	L. Jaena cor. L. Cortes Sts., San Nicolas, 2316 Concepcion, Tarlac	08/01/98	07/31/13
230	Tarlac - F. Tañedo	F. Tanedo cor. Juan Luna St., Tarlac City	07/01/04	06/30/14
231	Tarlac - Paniqui	M. H. Del Pilar St. McArthur H-way 2307, Paniqui, Tarlac	10/09/97	10/08/17
232	Urdaneta - MacArthur Highway	182 LIS Bldg., McArthur Highway, San Vicente, Urdaneta	06/01/08	05/31/18
233	Vigan - Plaza Maestro	GF Plaza Maestro Commercial Complex, Burgos & Florentino Sts., Vigan City, Ilocos Sur	04/01/03	03/31/13
234	Waltermart - Sta. Maria	GF Sta. Maria Provincial Road corner By Pass Road, Brgy.Sta.Clara, Sta. Maria, Bulacan	01/08/09	01/07/14
235	Waltermart - Sta. Rosa	San Lorenzo Drive Corner Balibago Road, Brgy. Balibago, 4026 Sta. Rosa, Laguna	10/01/07	09/30/12
236	Zamboanga	Grand Astoria Hotel, Annex Building, M. D. Jaldon Street, Zamboanga City	06/01/06	05/31/14
237	Zamboanga - Ipil	National Highway Ipil, 7001 Zamboanga Del Sur	04/01/10	03/31/15
238	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.

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.

Sale of Bankard

The case involves the sale of BDO's ownership in Bankard, a former subsidiary of then EPCIB. Ruling in favor of BDO, a branch of the Regional Trial Court (RTC) of Makati canceled a recent award granted by the International Chamber of Commerce (ICC) in favor of the claimant. The Court of Appeals (CA) also reversed the confirmation of an earlier partial award by the ICC. In another branch of the RTC, BDO's motion for reconsideration of the confirmation of the ICC's recent award is currently pending resolution. Dispute on the sale of Bankard went through arbitration with the ICC. There are also related pending petitions in the CA on questions of jurisdiction and on the confirmation of the partial award.

Management continues to believe that the above claim is without merit or that the liability if any, resulting from such claim, will not have material adverse effect on the Group's financial position and performance and will be taken up if and when a final resolution by the courts is issued.

Others

The Group is also a defendant in various pending cases for alleged claims, the outcome of which are not fully determinable at present. As of December 31, 2010, 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 is issued by the courts.

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

There are no matters submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

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 PSE. The high and low sales prices for each quarter within the last two (2) fiscal years are as follows:

	High	Low
First Quarter 2009	28.50	19.75
Second Quarter 2009	36.50	24.00
Third Quarter 2009	36.50	30.50
Fourth Quarter 2009	41.00	33.50
First Quarter 2010	42.00	34.00
Second Quarter 2010	52.50	38.50
Third Quarter 2010	63.00	45.00
Fourth Quarter 2010	63.95	53.60

Source: Bloomberg

As of March 23, 2011, the closing price of the Bank's common shares is ₱50.00.

2) Holders of Securities

The number of common shareholders of record as of December 31, 2010 was 13,821. Common shares outstanding as of December 31, 2010 stood at 2,607,437,907. The top twenty (20) common shareholders are as follows:

	Name	Holdings	% to Total
1	SM Investments Corporation	683,841,602	26.23%
2	PCD Nominee Corp. (Non-Filipino)	670,013,719	25.70%
3	PCD Nominee Corp. (Filipino)	596,355,678	22.87%
4	DBMN OT-024 SM Investments Corporation	208,097,814	7.98%
5	DBMN OT-024 Multi Realty Development Corp.	171,355,816	6.57%
6	Trans Middle East Philippines Equities, Inc.	93,289,752	3.58%
7	Shoemart, Inc.	54,307,615	2.08%
8	International Finance Corporation	24,033,253	0.92%
9	United Overseas Bank Limited	22,429,906	0.86%
10	Henry Sy, Sr.	8,065,074	0.31%
11	Sysmart Corporation	3,553,023	0.14%
12	Antonio C. Chua	2,619,750	0.10%
13	Edilberto Narciso	2,539,274	0.10%
14	DHS Investment	2,269,679	0.09%
15	Keng Koc Co &/or Mary D. Co	1,981,656	0.08%
16	Senen T. Mendiola	1,758,676	0.07%
17	Ismael M. Estella	1,545,006	0.06%
18	Andrew L. Tan	1,227,592	0.05%
19	Anita S. Lim	1,224,000	0.05%

	Name	Holdings	% to Total
20	Lily S. Lim	1,215,000	0.05%
	Sub-Total	2,551,723,885	97.86%
	Others	55,714,022	2.14%
	Total Outstanding Shares	2,607,437,907	100.00%

3) Dividends

The Bank's Board of Directors (the "Board") is authorized to declare dividends annually. Stock dividend declarations require approval of stockholders representing not less than two-thirds (2/3) of all stocks 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 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, the Board approved the declaration of cash dividends amounting to ₱0.80 per common share or a total of ₱1.8 billion payable to stockholders of record as of August 18, 2008. The cash dividend declaration was approved by the BSP on July 18, 2008 and paid by the Bank on September 11, 2008.

On May 23, 2009, the Bank declared cash dividends amounting to ₱0.28 per common share or a total of ₱645 million, payable to stockholders of record as of August 11, 2009. The cash dividend declaration was approved by the BSP on July 17, 2009 and paid by the Bank on August 28, 2009.

On May 28, 2010, the Board declared a cash dividend of ₱0.80 per common share or a total of ₱2.1 billion payable to stockholders of record as of August 17, 2010. The cash dividend declaration was approved by the BSP on July 1, 2010 and subsequently paid on August 27, 2010.

On January 9, 2010, the Board approved the declaration of annual dividends on the peso-denominated preferred shares at the rate of 6.5% per annum for a total dividend of ₱330 million payable within 60 banking days from the dividend declaration date. The dividend was approved by the BSP on February 19, 2010 and paid on March 19, 2010.

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

On May 20, 2008, the Bank issued another tranche of ₱10 billion unsecured subordinated notes eligible as Lower Tier 2 Capital due in 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 Board, in its special meeting held on February 23, 2008.

On March 20, 2009, the Bank issued the third tranche of unsecured subordinated debt qualifying as Tier 2 Capital of the Bank with face amount of ₱3 billion. This issuance was approved by the Board on January 31, 2009. As of December 31, 2010, the outstanding balance of the Notes amounted to ₱23 billion.

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 at the end of the fifth year from issue date. The Bank has the option to call the Notes at the end of 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.

On September 30, 2009, the Bank issued 500 million preferred shares at ₱10 per share or a total value of ₱5 billion. The preferred shares are perpetual, voting, non-cumulative, convertible, non-participating, and qualify as Tier 1 capital of BDO Unibank Group. The conversion is at the option of the holder after three years from the issue date or at the option of the BDO Unibank 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 BDO Unibank Group as determined by the BSP or other applicable laws and regulations. Dividend rate is at 6.5% of the par value.

On October 15, 2010, the Bank completed a US\$300 million Bonds Issue. The Bonds represent direct, unsecured obligations of BDO and have a coupon of 3.875% and a yield of 3.95%. Proceeds of the Bonds Issue are intended to support the Bank's business expansion plans and for general banking and re-lending purposes.

Item 6 – Management's Discussion and Analysis or Plan of Operations

1) Management's Discussion and Analysis

Balance Sheet – 2010 vs. 2009

Total Resources expanded by 16% reaching ₱1.0 trillion primarily owing to growth in customer loans and liquid assets.

Cash and Other Cash Items contracted by 13% to ₱26.7 billion as the Bank maximized earnings on reserve assets. Due from BSP surged 114% to ₱138.5 billion on account of a larger deposit base as well as deployment of excess funds. Due from Other Banks increased by 30% to ₱21.8 billion from higher levels of placements and working balances with foreign banks.

Investment Securities went up 15% to ₱197.3 billion as Available-for-Sale Securities expanded by 82% to ₱85.7 billion. On the other hand, Financial Assets at Fair Value through Profit or Loss as well as Held-to-Maturity Securities went down 13% and 10% to ₱7.4 billion and ₱104.2 billion, respectively.

Net Loans and Other Receivables rose 8% to ₱566.0 billion owing to a 15% expansion in gross customer receivables from sustained demand for corporate and consumer loans. Conversely, Interbank loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA), Unquoted Debt Securities Classified as Loans (UDSCL) and other receivables dropped 18%, 74%, 34% and 29%, respectively, to provide additional funding for the expansion in customer loans.

Equity Investments climbed ₱1.7 billion due to investment banking underwriting activities as well as additional investments in insurance business.

Investment Properties dropped 13% to ₱12.0 billion attributed mainly to the effective ROPA disposal programs undertaken by the Bank.

Other Resources went down 16% to ₱14.6 billion due to subsequent disposition of miscellaneous assets and float items.

Total Deposits expanded by 13% to ₱782.6 billion on account of aggressive marketing efforts for deposits partly through extended banking hours. Demand and Savings Deposits grew by 6% and 20% to ₱45.4 billion and ₱426.0 billion, respectively, while Time Deposits likewise went up by 5% to ₱311.2 billion.

Bills Payable grew 110% to ₱65.9 billion due to the US\$300 million Bond issuance as well as higher level of borrowings from foreign banks.

Other Liabilities declined by 10% to ₱40.5 billion primarily owing to reduced levels of accounts payable and domestic bills purchased.

Total Equity expanded by 31% to ₱88.7 billion from profitable operations and an ₱11.1 billion common share issuance in April 2010.

Contingent Accounts – 2010 vs. 2009

Total Contingent Accounts went up by 15% to ₱1.1 trillion owing to the following:

Trust Department Accounts grew 25% to ₱570.0 billion from higher levels of Investment Management Accounts and Unit Investment Trust Funds.

Unused Commercial Letters of Credit and Export Letters of Credit Confirmed increased by 17% and 196% to ₱31.0 billion and ₱130 million, respectively as a consequence of higher volume of trade transactions.

Bills for Collection expanded by 31% to ₱5.5 billion as reflected in higher levels of bills, drafts and checks sent for collection as of year-end 2010.

Other Contingent Accounts increased by 17% to ₱112.8 billion owing to an expansion in committed credit card lines.

Outstanding Guarantees Issued dropped by 31% to ₱862 million from lower levels of outstanding guarantees for foreign loans, shipperside bonds and airway bills as of the cut-off date.

Late Deposits / Payments Received slid 7% to ₱1.5 billion as less transactions were received from clients after clearing cut-off time.

Income Statement – For the years Ended December 31, 2010 vs. 2009

Net Income for 2010 was registered at ₱8.9 billion, an increase of 46% over the bottomline profit for the previous year. The marked increase came from an expansion in the Bank's gross income as well as an improvement in operational efficiencies.

Net Interest Income climbed 12% to ₱34.2 billion owing to loan growth and an improvement in funding mix. The Bank continued its conservative provisioning level and set aside ₱6.7 billion as Provision for Impairment Losses for loans, securities and other assets.

Other Income went up by 15% to ₱17.8 billion from the increases in both fee-based income as well as treasury trading gains. Service Charges and Fees rose by 7% to ₱8.9 billion on account of higher volume from major business lines. Trust Fees likewise grew 21% to ₱1.5 billion resulting from higher level of funds managed. Trading Gain surged 52% to ₱5.6 billion as the Bank capitalized on market opportunities. On the other hand, Foreign Exchange Gain slid 11% due to lower levels of swap and other foreign exchange transactions while Miscellaneous Income dropped 19% as the previous year's level included one-time gains from the sale of non-core assets.

Operating expenses rose 8% to ₱34.8 billion. Employee Benefits went up by 10% on account of a higher manpower count brought about by business expansion. Insurance expenses increased by 11% owing to sustained growth in deposit levels. Advertising expenses went up 58% on continued marketing and advertising campaigns.

Key Performance Indicators – 2010 vs. 2009

	2010	2009	Inc/(Dec)
Return on Average Equity	11.3%	9.7%	1.6%
Return on Average Assets	1.0%	0.7%	0.3%
Net Interest Margin	4.1%	4.1%	0.0%
Capital to Risk Assets	13.8%	12.2%	1.6%
Basic Earnings Per Share	3.37	2.57	0.80

Return on Average Equity and Return on Average Assets grew to 11.3% and 1.0%, respectively, from higher bottomline profits.

Net Interest Margin stayed at 4.1% despite the lower interest rate environment as funding mix improved given the growth in low cost deposits.

Capital to Risk Assets increased by 1.6% on account mainly of the common share issuance in April 2010.

Basic Earnings Per Share rose to ₱3.37 owing to the increase in net income.

Balance Sheet – 2009 vs. 2008

Total Resources increased by 7% to ₱862.0 billion on account of a 20% increase in Customer Receivables.

Cash and Other Cash Items went up by 40% to ₱30.5 billion from higher deposit levels.

Investment securities grew by 10% to ₱171.7 billion from deployment of excess funds. Financial Assets at Fair Value through Profit or Loss and Available for Sale Securities increased by 24% and 34% to ₱8.5 billion and ₱47.0 billion, respectively.

Net Loans and Other Receivables rose by 7% to ₱524.9 billion. Gross customer receivables climbed 20% to ₱472.7 billion due to the Bank's marketing efforts for both corporate and consumer loans. Interbank loans likewise went up by 13% to ₱33.0 billion as a temporary outlet for deposits. SPURRA, on the other hand, declined by 81% primarily to fund customer loans.

Investment Properties dropped 9% to ₱13.8 billion on account of the Bank's disposal programs.

Other Resources went up 16% to ₱17.4 billion due to inter-office accounts and goodwill from the GE Money Bank transaction.

Total Deposits went up by 9% to ₱694.7 billion from the Bank's deposit marketing efforts. On the other hand, Bills Payable declined 39% to ₱31.4 billion due to reduced reliance on foreign-currency short-term borrowings.

Subordinated Notes Payable increased by 15% to ₱23.1 billion due to the issuance of ₱3.0 billion worth of Unsecured Subordinated Notes in March 2009.

Other Liabilities went up 25% to 44.9 billion from higher levels of Accounts Payable.

Total Equity increased by 18% to ₱67.9 billion from profitable operations, improvement in the market value of Available-for-Sale securities and share issuance to GE Capital Philippines Investment Holdings (GECPIH).

Income Statement – For the years Ended December 31, 2009 vs. 2008

Net Income for 2009 stood at ₱6.1 billion, a 173% increase over the ₱2.2 billion income registered in 2008. The increase came from growth in operating income.

Net interest income surged 33% to ₱30.6 billion, driven by the expansion in customer receivables as loan demand was sustained across all market segments.

Interest Expense dipped 6% to ₱18.3 billion from improved funding mix. The Bank set aside ₱6.2 billion as provisions for Impairment Losses to cover general reserves on the incremental loan portfolio as well as additional reserves for the Bank's securities portfolio.

Other income increased by 13% year-on-year to ₱15.5 billion. The Bank posted a Trading Gain of ₱3.7 billion from a Trading Loss the previous year as the financial markets stabilized. Foreign exchange gain, on the other hand, decreased by 94%. Service Charges and Fees grew 13% to ₱8.4 billion from higher fee-based income from the Bank's major business lines. Trust fees also went up 6% to ₱1.2 billion on a higher level of funds managed. Miscellaneous Income went down by 44% as the previous year's level included one-time gains on the Bank's sale of its Visa and Mastercard shares.

Operating Expenses went up 15% to ₱32.1 billion. Employee Benefits climbed 23% to ₱12.4 billion from a higher manpower count to support business expansion and the implementation of Collective Bargaining Agreement (CBA) benefits. Occupancy expenses increased by 24% to ₱4.3 billion on account of higher depreciation from head office renovations, branch expansion and other integration-related expenditures. Other Operating Expenses likewise rose by 10% to ₱12.0 billion primarily owing to business growth.

Key Performance Indicators – 2009 v. 2008

	2009	2008	Inc/(Dec)
Return on Average Equity	9.7%	3.8%	5.9%
Return on Average Assets	0.7%	0.3%	0.4%
Net Interest Margin	4.1%	3.7%	0.4%
Capital to Risk Assets	12.2%	13.8%	-1.6%
Basic Earnings Per Share	2.57	0.95	1.62

Return on Average Equity and Return on Average Assets went up to 9.7% and 0.7%, respectively, from higher bottomline profits.

Net Interest Margin increased to 4.1% primarily owing to better funding and asset mix.

Capital to Risk Assets decreased by 1.6% on account of the Bank's 20% loan growth.

Basic Earnings Per Share rose to ₱2.57 owing to the increase in bottomline profits.

2) Past and Future Financial Condition and Results of Operations

The Bank registered an audited Net Income of ₱8.9 billion in 2010, a year-on-year increase of 46% from the ₱6.1 billion in 2009. The marked improvement is a product of the key business strategies employed by the Bank. Throughout the year, the Bank continued to build on its business franchise through focused loan growth in different market segments as well as improvement in funding cost

via expansion of its low cost deposit base. The Bank also built on its capabilities in the asset and wealth management, electronic banking, insurance and capital markets business to provide a steady source of annuity income.

In April 2010, the Bank completed a US\$250 million capital raising program covering the issuance of 268 million common shares. The IFC (International Finance Corporation) and the IFC Capitalization (Equity) Fund, L.P. subscribed to US\$150 million worth of shares through a private placement while foreign investors took up the balance through a top-up offering.

The branches and banking operations of BDO Elite Savings Bank, Inc. formerly known as GE Money Bank, Inc. (BDO Elite) have been transferred to the Bank as part of its business consolidation and branching strategy. In May 2010, six (6) BDO Elite branches were converted while 14 branches were consolidated with BDO branches.

Prospects for the Future/Plans of Operation

Philippine economic growth is seen normalizing in 2011 from the rapid expansion the previous year, in line with the moderation in global economic pace and in the absence of one-off growth stimulus provided by the elections and government rebuilding efforts. Drivers for economic activity this year will be robust consumption spending supported by continuous OFW remittances and BPO incomes, as well as material investments on Public-Private Partnerships (PPP) initiatives to jumpstart infrastructure spending.

Amid this operating environment, the Bank aims to replicate its strong performance in 2010 by continuing its strategies and initiatives.

3) Material Changes

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

Trends, events or uncertainties, which can 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)

Trends, events or uncertainties, which can 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 2010-2009 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 December 31, 2010 and December 31, 2009 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:

Teresita T. Sy, 60, Filipino, is the Chairperson of BDO and was first elected to the Board in 1977. Concurrently, she serves as the Chairperson, Vice Chairperson, and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc., BDO Leasing & Finance, Inc., BDO Capital & Investment Corporation, Equitable Card Network, Inc., Strategic Property Holdings, Inc., BDO Foundation, Inc., Generali Pilipinas Holding Company, Inc., Generali Pilipinas Life Assurance Company, Inc., and Generali Pilipinas Insurance Co., Inc. Ms. Sy is the Vice Chairperson of SM Investments Corporation. She also sits as Chairperson, Vice Chairperson and/or Director of such companies as SM Prime Holdings, Inc., Multi-Realty Development Corporation, SM Land, Inc., Supervalu, Inc., SM Mart, Inc., SM Retail, Inc., Super Shopping Market, Inc., Pilipinas Makro, Inc., and First Asia Realty Development Corp. A graduate of Assumption College, she brings to the board her varied expertise in banking and finance, retail merchandising, mall and real estate development.

Corazon S. de la Paz-Bernardo, 70, Filipino, is currently the Vice Chairperson of the Bank's Board of Directors. She is also a Director of Equitable Card Network, Inc. and Advisor to the Audit Committee of PLDT. She was President of the Social Security System and Vice Chairman of the Social Security Commission from 2001 to 2008. She was also President of the International Social Security Association from 2004 to 2010. She was Chairman and Senior Partner of Joaquin Cunanan & Co. (PricewaterhouseCoopers, Philippines) from 1981 to 2001. She served as Chairperson of Equitable PCI Bank, Inc. from February 21, 2006 until its merger with Banco de Oro Universal Bank. Ms. Bernardo is also a member of the Board of Trustees of the University of the East, the UE Ramon Magsaysay Memorial Medical Center, Miriam College, MFI Foundation, Inc., Jaime V. Ongpin Foundation, Inc., Laura Vicuña Foundation for Street Children, Children's Hour and the Executive Council of NAMFREL. She is past president of the Philippine Institute of Certified Public Accountants, the Management Association of the Philippines, the Financial Executives Institute of the Philippines, Inc., and the Philippine Fulbright Scholars Association. Other memberships include those in the Makati Business Club, Inc., the Asia Society, the Association of TOWNS Awardees, and the Board of Advisors of Ramon V. del Rosario, Sr. - AIM Center for Corporate Social Responsibility.

Jesus A. Jacinto, Jr., 63, Filipino, was elected Vice Chairman of BDO in May 1996, and is concurrently the Chairman and President of BDO Insurance Brokers, Inc. He also heads Jaces Corp. as Chairman and President; and Janil Realty, Inc. and JAJ Realty, Inc., as President. He is likewise Director of Bayer Phil., 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. He holds a Bachelor's degree in Business Administration from Fordham University in New York City and MBA (International Business) from Columbia University, New York.

Farida Khambata, 62, Canadian, is a Director of Banco De Oro Unibank, Inc. She is a founding partner of Cartica Management, L.P., an asset management company focused exclusively on emerging markets. Prior to joining Cartica, she was IFC's Regional Vice President heading IFC's operations in East Asia and the Pacific, South Asia, Latin America and the Caribbean, and the Middle East and North Africa. She was responsible for the Corporation's strategy, financial products, and advisory services in member countries in these regions. Previously, she served as Vice President for Portfolio and Risk Management, with responsibility for the Corporation's portfolio (about \$14 billion) and risk management operations, as well as for information technology, controller's and financial reporting, budgeting, and back-office functions. Prior to being named Vice President, Mrs. Khambata was Director of IFC's Treasury Department. She also held positions as Director, Division Manager, and Senior Investment Officer at IFC's former Central Capital Markets Department. Mrs. Khambata transferred from the World Bank to IFC in 1986. She joined the World Bank as a Young Professional, working later as a Senior Pension Officer for the World Bank Group's Pension Fund, and as a Senior Investment Officer in the East Asia and Pacific Region. Mrs. Khambata holds post-graduate degrees in Economics and Business Management from Cambridge University and the London Business School. A Certified Financial Analyst, she has also participated in the Executive Development Program at Wharton Business School.

Cheo Chai Hong, 58, Singaporean, is a Director of Banco De Oro Unibank, Inc. He currently sits as Director of United Overseas Bank Philippines (UOB Philippines) and United Overseas Bank (Thai) Public Company Limited. He is Executive Vice President and Head of Corporate Planning and International Strategy Department of UOB Singapore. He was formerly the Executive Vice President of Group Credit (Middle Market & STCF) Department of UOB Singapore. He holds an Honor's Degree in Business Administration from the University of Singapore.

Teodoro B. Montecillo, 76, Filipino, was first appointed Independent Director in August 2004. He is also currently an Independent Director of the following: BDO Securities Corp., PDS Holdings Corp., Philippine Dealing & Exchange Corp., Philippine Securities & Settlement Corp., Philippine Depository & Trust Corp., and Citibank Savings, Inc. He was appointed by former President Fidel V. Ramos as a member of the Monetary Board of the BSP from 1996 to 2002, and appointed by former President Joseph Estrada as Chairman of the Central Bank Board of Liquidators from 1999 to 2002. He was an Advisor and Consultant to Governor Rafael B. Buenaventura from 2002 to 2004. In addition, he held various positions in areas of operations, credit and external debt management in Citibank, N.A. (Manila) and Citibank Head Office (New York) from 1965 to 1996. He holds a Bachelor of Science in Education degree from University of the East, Bachelor of Science degree in Business Administration from the University of the Philippines, and received his MBA from Northwestern University, Chicago, USA.

Antonio C. Pacis, 69, Filipino, currently serves both the Bank and BDO Capital & Investment Corporation as a director. He has been in law practice since 1967 counseling bank and corporate clients in the areas of regulatory, business, corporate and trust law, and individuals in the areas of family law and estate plans. In the course of his practice, he has served in various capacities in companies upon invitation of clients. He holds degrees from the Ateneo de Manila University (AB), from the Ateneo School of Law (LLB) and from the Harvard Law School (LLM).

Josefina N. Tan, 65, Filipino, is presently Director of the Bank and President of BDO Private Bank, Inc. She is also Vice Chairperson of Miriam College and a Trustee in both Development Center for Finance and Laura Vicuña Foundation. She was a Director of Banco de Oro Universal Bank from 2001 to August 2005. She was also Executive Vice President of the former Far East Bank & Trust Co.; Director and President of FEB Leasing & Finance Corp.; Executive Director and Trustee of FEB Foundation, Inc.; and Executive Vice President of FEB Investments, Inc. until 2000. She was a director of Equitable PCI Bank, Inc. from September 2005 until its merger with the Bank in May 2007.

Nestor V. Tan, 53, Filipino, was elected President of the Bank in July 1998. He is concurrently the Vice Chairman of BDO Capital & Investment Corporation and BDO Private Bank, Inc.; Director of BDO Leasing and Finance, Inc., BDO Insurance Brokers, Inc., Equitable Card Network, Inc., Strategic Property Holdings, Inc., Generali Pilipinas Life Assurance Company, Inc., Generali Pilipinas Insurance Co., Inc., BDO Remit (USA), Inc., and SM Keppel Land, Inc.; Chairman of BDO Technology Center, Inc., EBC Strategic Holdings Corporation, and BDO Strategic Holdings, Inc.; and Trustee of BDO Foundation, Inc. He is also a Director of Megalink, Inc. He was formerly connected with the Mellon Bank in Pittsburgh, PA, the Bankers Trust Company in New York and the Barclays Group in New York and London. Prior to joining the Bank, he was the Chief Operating Officer for the Financial Institution Services Group of BZW, the investment banking subsidiary of the Barclays Group. He holds a Bachelor's degree in Commerce from De La Salle University and received his MBA from Wharton School, University of Pennsylvania.

Henry T. Sy, Jr., 57, Filipino, is presently Director of the Bank. He is also the Vice Chairman of the Board of Directors of SM Investments Corporation (SMIC), SM Development Corporation (SMDC); and Vice Chairman & President of Highlands Prime, Inc., SM Land, Inc.; and Director of SM Prime Holdings, Inc. (SMPHI). He is likewise the President of National Grid Corporation of the Philippines (NGCP). He is responsible for the real estate acquisitions and development activities of the SM Group which include the identification, evaluation, and negotiation of potential sites as well as the input of design ideas. He graduated with a management degree from De La Salle University. He also holds board positions in several companies within the SM Group.

Jimmy T. Tang, 74, Filipino, has been an Independent Director of BDO since 1984. He is the President and Chairman of the Board of the Avesco Group of Companies. He currently serves as Honorary Adviser of the Federation of Electrical and Electronics Suppliers and Manufacturers of the Philippines, Inc. (PESA) & PESA Foundation; and Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII). Mr. Tang was the 9th President of PESA and the first Chairman of the PESA Foundation, which he served for seven (7) years. He also served two (2) terms as the 11th President of FFCCCII. He holds a Bachelor's Degree in Electrical Engineering from the Mapua Institute of Technology and was awarded the "Top Outstanding Mapuan for Entrepreneurship" in 1987.

Edmundo L. Tan, 65, Filipino, was appointed Corporate Secretary of the Bank on July 27, 2007. He also serves as Director and Corporate Secretary of APC Group, Inc., Philippine Global Communications, Inc., and Aragorn Power & Energy Corporation. He concurrently holds directorships in BDO Leasing & Finance, Inc. and Sinophil Corporation. He is likewise the Corporate Secretary of APC Mining Corp. and Aragorn Coal Resources, Inc. Atty. Tan is the

Managing Partner of Tan Acut Lopez and Pison Law Offices. He was formerly the Chairman of the Board of EBC Investments, Inc., and Chairman of the Board and President of EBC Strategic Holdings Corp.

Sabino E. Acut, Jr., 60, Filipino, was appointed Assistant Corporate Secretary of the Bank on July 27, 2007, a position he currently holds. He is presently a Senior Partner and Head of the Litigation Department of Tan Acut Lopez & Pison Law Offices. He was a former Senior Partner and Head of the Litigation Department of Ponce Enrile Cayetano Reyes & Manalastas Law Offices (PECABAR) and, before that, a Partner of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA). At various times, he was Corporate Secretary of Boulevard Holdings, Inc., Puerto Azul Golf & Country Club, Philippine Hospital Association, and Eastern General Reinsurance Corporation; Legal Counsel of Alabang Country Club; Trustee of Makati Law Foundation; and President of the Legal Management Council of the Philippines. He was Journal Editor of the 1971 Constitutional Convention, Special Assistant to the Director of the Bureau of National and Foreign Information, and Confidential Attorney to former Supreme Court Justice Cecilia Muñoz Palma. He is a member of the Integrated Bar of the Philippines and the Philippine Bar Association. He is currently a Director of the Philippine Global Communications, Inc. He was the Corporate Secretary of the former EPCIB until its merger with the Bank. He holds the degrees of Bachelor of Arts, *magna cum laude*, from Mindanao State University; Bachelor of Laws, *cum laude*, from the University of the East; and Master of Laws from the University of Pennsylvania.

Rebecca S. Torres, 58, is Senior Vice President, the Senior Anti-Money Laundering (AML) officer and Head of the AML Unit, Assistant Corporate Secretary of Banco De Oro Unibank, Inc. She is also the Assistant Corporate Secretary of BDO Leasing and Finance, Inc., BDO Private Bank, Inc., BDO Rental, Inc., Armstrong Securities, Inc., Equitable Card Network, Inc., Strategic Property Holdings, Inc., and Equimark-NFC Development Corp.; and Trustee and Assistant Corporate Secretary of BDO Foundation, Inc. She is the Corporate Secretary of PCIB Securities, Inc., BDO Strategic Holdings, Inc., EBC Strategic Holdings Corp., BDO Technology Center, Inc., and the Sign of the Anvil, Inc. She was formerly the Chief of Staff of the President involved in project management for the Bank's merger activities. She is a CPA and a graduate of St. Theresa's College, Quezon City with a degree of Bachelor of Science major in Accounting and she has completed the Advanced Bank Management Program of the Asian Institute of Management.

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	53	President and Director
Walter C. Wassmer	53	Senior Executive Vice President, Group Head – Institutional Banking
Antonio N. Cotoco	62	Senior Executive Vice President and member of the Credit Committee
Jaime C. Yu	53	Senior Executive Vice President, Group Head – Branch Banking

Name	Age	Position
Ador A. Abrogena	57	Executive Vice President, Group Head – Trust and Investments
Stella L. Cabalatungan	46	Executive Vice President, Relationship Management Head - BDO Private Bank, Inc.
Julie Y. Chua	59	Executive Vice President, Head – Commercial Banking (Metro Manila East)
Gerard Lee B. Co	52	Executive Vice President, Head - Commercial Banking (Visayas and Mindanao)
Lucy Co Dy	55	Executive Vice President, Comptroller and Group Head – Comptrollership
Pedro M. Florescio III	56	Executive Vice President, Treasurer and Group Head – Treasury
Eduardo V. Francisco	49	Executive Vice President, Director & President – BDO Capital & Investment Corporation
Bienvenido M. Juat, Jr.	58	Executive Vice President, Treasurer - BDO Private Bank, Inc.
Ricardo V. Martin	53	Executive Vice President, Group Head – Corporate Compliance, Legal Services & Internal Audit Group
Edmundo S. Soriano	55	Executive Vice President, Head – Corporate Banking 1
Rolando C. Tanchanco	49	Executive Vice President, Group Head – Consumer Lending
Dennis B. Velasquez	57	Executive Vice President, Group Head – Central Operations
Evelyn L. Villanueva	53	Executive Vice President, Chief Risk Officer and Group Head –Credit and Risk Management
Aristotle L. Villaraza	59	Executive Vice President, Wholesale Lending/Foreign Desks
Ursula A. Alano	55	Senior Vice President, Head - Treasury Marketing
Noel L. Andrada	48	Senior Vice President, Head – Business Development for Trust and Investments Group
Victor C. Arboleda	57	Senior Vice President; Chief Compliance Officer
Melanie S. Belen	50	Senior Vice President, Head – Special Recovery Unit
Gamaliel Ariel O. Benavides	44	Senior Vice President – BDO Private Bank, Inc.
Rafael G. Besa	52	Senior Vice President, Group Head - Marketing Communications
Ma. Ophelia Ll. Camina	57	Senior Vice President, Division Head – CLG-Credit Cards Business
Arthur Dee Chung	47	Senior Vice President, Head – Financial Institutions Group and Loans and Trade (Hong Kong)
Angelita L. Ortega-Cortez	56	Senior Vice President, Head – Legal Services
Ramon S. David	53	Senior Vice President, Region Head of Metro Manila East - Branch Banking
Ma. Lourdes T. de Vera	55	Senior Vice President, Head Product and Market Development Unit - Trust and Investments Group
Montiel H. de los Santos	50	Senior Vice President, Head – Foreign Currency Sales, Treasury
Geronimo D. Diaz	55	Senior Vice President, Region Head – Branch Banking
Jonathan C. Diokno	38	Senior Vice President, Head – TBG Remittance Origination
Ismael G. Estela, Jr.	54	Senior Vice President, Corporate Compliance and Legal Affairs
Marvin V. Fausto	49	Senior Vice President, Trust Banking Chief Investment Officer
Georgiana A. Gamboa	54	Senior Vice President, President – BDO Leasing and Finance, Inc.
Lesmes L. Garate	60	Senior Vice President, Region Head – Eastern Visayas Region 9
Jonathan C. B. Go	56	Senior Vice President, Asset Management Group
Marilyn K. Go	58	Senior Vice President, Assistant Treasurer
L. Jerome C. Guevarra	43	Senior Vice President, BDO Capital & Investment Corporation
Eleanor Lee M. Hilado	47	Senior Vice President, BDO Capital & Investment Corporation
Nenita C. Indiongco	59	Senior Vice President, Corporate Banking 2

Name	Age	Position
Jeanette S. Javellana	51	Senior Vice President, Commercial Banking (Metro Manila West & Metro Manila North)
Roberto E. Lapid	55	Senior Vice President; Vice Chairman – BDO Leasing and Finance, Inc.
Gabriel U. Lim	50	Senior Vice President, Unit Head – Equities Practice, BDO Capital Inc.
Ruby G. Lim	63	Senior Vice President, Region Head – Branch Banking
Ma. Mercedes M. Limson	47	Senior Vice President, Unsecured Sales and Distribution Head – CLG
Lilia E. Lising	58	Senior Vice President, Corporate Banking 2
Emerenciana H. Luistro	50	Senior Vice President, Head - Business Systems
Maria Corazon A. Mallillin	48	Senior Vice President, Branch Banking
Angelita C. Manulat	49	Senior Vice President, Home Loans Wholesale Unit-Consumer Lending Group
Dalmacio D. Martin	49	Senior Vice President, Head – Portfolio Management for Fixed Income and Derivatives
Jose Noel M. Mendoza	48	Senior Vice President, Wealth Advisory and Trust Group - BDO Private Bank, Inc.
Ramon T. Militar	52	Senior Vice President, Region Head – Branch Banking
Jaime M. Nasol	47	Senior Vice President, Head – Cash Management and Electronic Banking Services
Annie H. Ngo	56	Senior Vice President, Region Head – Branch Banking (Metro Manila West)
Rhoda B. Orsolino	48	Senior Vice President, Head – Commercial Banking (Luzon)
Virgilio C. Pamatmat	58	Senior Vice President, Consumer Finance
Jose Alfredo G. Pascual	48	Senior Vice President, Head – Credit Risk Management
Antonio O. Peña	53	Senior Vice President, Consumer Lending Group/ Secured/Business\Auto
Domingo A. Ramos, Jr.	62	Senior Vice President, Region Head – Branch Banking (Mindanao)
Luis S. Reyes, Jr.	53	Senior Vice President, Head – Investor Relations and Corporate Planning
Shirley M. Sangalang	51	Senior Vice President, Adviser to the Board Audit Committee
Arsenio L. Severino	54	Senior Vice President, Head - Remedial Management and Collection
Evylen C. Sison	57	Senior Vice President, Head – Asset Management Group
Erlaster C. Sotto	53	Senior Vice President, COO - BDO Capital
Robert W. Sy	51	Senior Vice President, Region Head – Branch Banking
Edwin R. Tajanlangit	41	Senior Vice President, Head – Market and Liquidity Risk Management
Arthur L. Tan	46	Senior Vice President, Head - IT Operations
Maria Theresa L. Tan	42	Senior Vice President, General Manager – BDO Insurance Brokers, Inc.
Perla F. Toledo	65	Senior Vice President, Group Head – Human Resources
Rebecca S. Torres	58	Senior Vice President, Assistant Corporate Secretary/Senior Anti-Money Laundering (AML) Officer and Head of the AML Unit
Edel Mary D. Vegamora	50	Senior Vice President, Chief Internal Auditor and Head - Internal Audit
Edward G. Wenceslao	55	Senior Vice President, Head - Corporate Banking 2
Ma. Teresita Susana L. Yap	59	Senior Vice President, Commercial Banking (Metro Manila South)

Antonio N. Cotoco, 62, is Senior Executive Vice President and is a member of the Credit Committee. He currently serves as Director of BDO Leasing and Finance, Inc., BDO Insurance Brokers, Inc., BDO Remittance (HK, Macau, USA and Deutschland); and Director/Chairman of BDO Rental, Inc. He has been involved in investment banking, corporate finance, treasury, consumer banking, credit, business and development, and account management over the past twenty-nine (29) years. He currently also serves as a Director of Oriental Assurance Corporation and OAC Realty & Development Corporation.

Walter C. Wassmer, 54, is Senior Executive Vice President of the Bank's Institutional Banking Group. He is also a Director of BDO Leasing and Finance, Inc., MDB Land, Inc., Mabuhay Vinyl Corporation, Atlas Mining, and Carmen Copper. He is also currently the President of L.P. Wassmer Trading, Inc. and Treasurer of WT&T, Inc.

Jaime C. Yu, 53, is Senior Executive Vice President. He holds a Bachelor of Arts degree in Economics from De La Salle University and is a MBA graduate from the Ateneo de Manila University. He 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.

Ador A. Abrogena, 57, is Executive Vice President and Head of Trust and Investments Group. He holds a Bachelor's degree in Chemical Engineering from De La Salle University and a Master's degree in Business Economics from the University of Asia and the Pacific. 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.

Stella L. Cabalatungan, 46, Executive 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 Banco Santander Philippines, Inc., and Head of the Personal Investment Banking Group from 2000 to 2003. She was also Vice President of Citibank, N.A. from 1998 to 2000 where she spent 15 years in retail and priority banking in Singapore and the Philippines, her last assignment being the Citigold Priority Banking Head. She is presently seconded to BDO Private Bank, Inc. as Executive Vice President – Wealth Management Head.

Julie Y. Chua, 59, 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 twenty-five (25) years of experience in branch banking and lending business. Previous to her assignment, she was connected with BPI, Far East Bank & Trust Company and Producers Bank. She is currently Commercial Banking Head of Institutional Banking Group (IBG) Metro Manila and Luzon and also Unit Head of IBG Metro Manila East.

Gerard Lee B. Co, 52, is Executive Vice President and Group Head for Commercial Banking (Visayas, Mindanao). He is a Director of BDO Leasing and Finance, Inc., Agencia de Calidad, Inc., and Markham One Development Corp. 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

degree in Bachelor of Science 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 Laussane, Switzerland. He joined the Bank in October 1993 as Vice President for Visayas Division.

Lucy Co Dy, 55, is Executive Vice President and Comptroller. She is also Director of BDO Technology Center, Inc., BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), EBC Strategic Holdings Corporation, BDO Remit (HK), Express Padala (HK), BDO Remit (Italia), S.p.A., and, Express Padala Frankfurt GmbH; Director and Treasurer of BDO Strategic Holdings, Inc., PCIB Securities, Inc., and Strategic Property Holdings, Inc.; Trustee and Treasurer of BDO Foundation, Inc.; Chairperson and President of The Executive Banclounge, Inc. She holds a Bachelor's degree in Accounting from the University of Santo Tomas.

Pedro M. Florescio III, 56, Executive Vice President and Treasurer. He is also a Director of BDO Elite Savings Bank (formerly GE Money Bank, Inc.). He holds a Bachelor's degree in Business Administration from the University of the East, Manila and had attended numerous treasury programs and trainings in major financial centers. He has more than twenty-five (25) years of experience in treasury functions within and outside the country. He was previously connected with Equitable PCI Bank, Inc., Far East & Trust Company, Dao Heng Bank Ltd. (Hong Kong), International Bank of Asia (Hong Kong), Chemical Bank (Manila), Societe Generale (Manila), European Asian Bank (Manila), and PCIBank. He was the past President of MART (The Money Market Association of the Philippines year 2005) and ACI Philippines (The Financial Markets Association of the Philippines year 1997, 1998, and 2007).

Eduardo V. Francisco, 49, Executive Vice President. He is President/Director of BDO Capital & Investment Corporation, the investment house of Banco De Oro Unibank, Inc. He is also the Chairman of the Capital Market Development Council (CMDC) of the Philippines; Treasurer/Director of the Management Association of the Philippines (MAP); Treasurer/Director/Trading nominee of BDO Securities Corp.; and Treasurer/Director of the Foundation for Filipino Entrepreneurs (FFE). He also sits on the boards of BDO Strategic Holdings, Inc., the Investment Houses Association of the Philippines (IHAP), Financial Executives Institute of the Philippines (FINEX), Wharton-Penn Club of the Philippines, UP-Development Center for Finance and CIBI Foundation. He is also a fellow of the Institute of Corporate Directors (ICD) and a member of Rotary Makati West and the Bike King Triathlon Team. He was formerly the President of BDO Securities Corporation, FINEX and Wharton-Penn Club. He was also a previous member of Capital Markets Committee of the Bankers Association of the Philippines and the Strategic Advisory Committee of the Philippine Stock Exchange and the Makati Business Development Council. He was previously connected with Standard Chartered Bank, Bank of America (HK and Phils.), Barclays Bank (NY), SGV/Arthur Andersen (Phils.), World Bank (DC), and Citibank (NY) where he gained extensive banking experience in corporate finance, investment banking, credit and risk management, strategic planning, treasury, and business development. He holds a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania and Bachelor's degree in Business Administration from the University of the

Philippines. He is also a recipient of the Distinguished Alumnus Award from the U.P. College of Business Administration. He is also currently a Microsoft Business Icon. He is a regular speaker/lecturer for the PSE, SEC, Finance Asia, Marcus Evans, UP, Ateneo, Finex, and other finance and capital market forums.

Bienvenido M. Juat, Jr., 58, is Executive Vice President and currently seconded as Treasurer of BDO Private Bank, Inc. He holds a degree in Bachelor of Arts major in Economics and MBA (candidate) from Ateneo de Manila University. He joined Equitable PCI Bank, Inc. in August 2001 and upon merger, was assigned to BDO Private Bank, Inc.

Ricardo V. Martin, 53, is Executive Vice President for Corporate Compliance and Legal Services & Internal Audit Group and administratively oversees the Corporate Secretary's Office, Anti-Money Laundering Unit, Legal Services, Compliance and Internal Audit. He is also a Director of BDO Technology Center, Inc., BDO Strategic Holdings, Inc., EBC Strategic Holdings Corp., BDO Remittance (Italia), S.p.A., BDO Remittance (USA). Previously, he served as Chief Finance Officer & Executive Vice President for Equitable PCI Bank, Inc. Earlier, he was the Chief Finance Officer of Solidbank Corporation.

Edmundo S. Soriano, 55, Executive Vice President and Group Head for the Corporate Banking Group, 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, 49, 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 is currently a Director of Equitable Card Network, Inc.

Dennis B. Velasquez, 57, is Executive Vice President for Central Operations. He is also a Director and President of BDO Technology Center, Inc.; a Director of the Executive Banclounge, Inc.; and a Trustee at the Sign of the Anvil, Inc. He was Equitable PCI Bank, Inc.'s Operations Group Head from May 2006 until its merger with BDO in May 2007. He served in 2000 as the Integration Manager for Retail Banking and was Retail Banking Group Head from March 2002 to April 2006. He has been with the Bank since August 1995.

Evelyn L. Villanueva, 53, Executive Vice President of the Bank's Risk Management Group, and is the Bank's Chief Risk Officer. She is also Director of EBC Strategic Holdings, Corp., Ivory Homes, Inc., and Strategic Property Holdings, Inc., BDO Leasing and Finance, Inc.; and Chairperson of Mabuhay Vinyl Corporation and Bayantel Monitoring Committee. She holds a Bachelor 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, 59, is Executive Vice President and Head for Wholesale Lending and Foreign Desks Group. 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.

Ursula A. Alano, 56, 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 and Head of Treasury Marketing Group at Far East Bank & Trust Company.

Noel L. Andrada, 48, is Senior Vice President and Business Development Head for Trust and Investments Group. He joined Banco de Oro in 2003 as Vice President of the Group. He was formerly connected with BPI Asset Management and Trust Group as Head of Business Development for Corporate/Institutional accounts. He acquired a Master's Degree in Business Management at De La Salle University. He graduated from the same university with a degree in BS Commerce.

Victor C. Arboleda, 58, is Senior Vice President and Chief Compliance Officer of the Bank since October 27, 2007. Mr. Arboleda, a Certified Public Accountant, has had more than 30 years of extensive experience in internal audit and bank operations. He headed the Transaction Processing Division when he joined Equitable PCI Bank, Inc. in January 2001 and was appointed Internal Auditor of the Bank on March 16, 2006. He holds a degree in Bachelor of Science in Commerce, major in Accounting, from the University of Santo Tomas. He completed the Executive Development Program at the Asian Institute of Management.

Melanie S. Belen, 50, is Senior Vice President and Unit Head of Special Recovery Unit of the Bank. She graduated from the University of Sto. Tomas with a Bachelor of Science degree in Commerce, Major in Accounting and obtained her Master's degree in Management from the 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/Grollier International.

Gamalielh Ariel O. Benavides, 44, is a Senior Vice President of BDO Private Bank, Inc. and the Head of the Wealth Advisory and Trust Group. He has over twenty (20) years of banking experience in the areas of Treasury and Financial Markets, Capital Markets Operations, Securities Broking, Deposits and Investment Services, Securities Custody, Settlement and Trust with various financial institutions such as Citibank, N. A. Manila and Singapore Branches, Abacus Securities Corporation, Banco Santander Philippines, Inc., and BDO Private Bank. In 2005, he was conferred the "Registered Financial Consultant (RFC)" designation by the International Association of Registered Financial Consultants (IARFC), a certification organization based in the U.S. In 2010,

he completed the One-Year Course on Trust Operations and Investment Management conducted by the Trust Institute Foundation of the Philippines. Mr. Benavides has a Bachelor of Science degree in Management minor in Philosophy from the Ateneo de Manila University.

Rafael G. Besa, 52, Senior Vice President, is a graduate of De La Salle University with double degree majors in Communication Arts and Marketing Management. Mr. Besa currently heads Marketing Communications, and was formerly the General Manager of Pfizer, Inc. – Consumer Healthcare Division where he was connected from 2004 to 2006.

Ma. Ophelia LI. Camiña, 57, is Senior Vice President and Credit Cards Business Head, Consumer Lending Group. She concurrently holds directorship and acting President positions in Equitable Card Network, Inc., a BDO subsidiary. Prior to joining the Bank, she was Executive Vice President of SM Equicom Computer Services Inc. She holds a Bachelor's degree in Commerce from the University of San Carlos and MBA from De La Salle University.

Arthur Dee Chung, 47, is Senior Vice President and Head of Financial Institutions Group and Loans and Trade in Hong Kong. He holds a Bachelor of Science degree in Commerce major in Marketing Management from De La Salle University and a Master's degree in Business Administration from the University of Western Australia. Prior to joining the Bank, he was the Chief Financial Officer of Liwayway China Ltd. Shanghai and Liwayway Marketing Corporation in Manila. He also held various positions in banking with Philippine Bank of Communications as Institutional Banking Head, Bank of America as Senior Investment Banker, and Societe Generale as Deputy Country Manager.

Angelita O. Cortez, 56, is Senior Vice President and Head of Legal Services. She has more than 25 years of experience as a corporate and banking lawyer, having started her legal career as an associate at the Sycip Salazar Hernandez & Gatmaitan law firm. Prior to joining the Bank, she held the position of Vice President, Legal and Compliance Officer of BPI Capital Corporation and Director of BPI Securities Corporation. She obtained her BS Education and Bachelor of Laws degrees from the University of the Philippines.

Ramon S. David, 53, is Senior Vice President and currently Region Head of Metro Manila East. Prior to joining the Branch Banking Group in January 2009, he was President of Equitable Savings Bank for almost five (5) years. He joined the then PCIBank in 1993 as a Division Head in Corporate Banking

Ma. Lourdes T. de Vera, 55, 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 Product and Market Development Unit of the Bank's Trust and Investments Group. She was the past President of the Trust Officers Association of the Philippines and was a Governor of the Market Governance Board of Philippine Dealing and Exchange Corporation (PDEX).

Montiel H. de los Santos, 50, is Senior Vice President and Head of Foreign Currency Sales, Treasury Group. He is a graduate of De La Salle University in Manila with a Bachelor of Science degree major in Management of Financial Institutions. He has twenty-eight (28) years of banking experience in Treasury Function and Account Management.

Geronimo D. Diaz, 55, Senior Vice President, holds a Bachelor's degree in Accounting, Magna Cum Laude, from the University of the East and is a Certified Public Accountant. 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.

Jonathan C. Diokno, 38 years of age, Filipino Citizen, is the Head and Senior Vice President of TBG Remittance Origination. He started at Banco De Oro last 2001 as Senior Assistant Vice President in TBG Cash Management, was transferred to TBG Remittance International Operations as Vice President, and promoted to First Vice President last 2008,. He was also a member of Association of Bank Remittance Officers Inc. He holds a Bachelor's degree in Business Administration in University of the Philippines, Diliman, Quezon City.

Ismael G. Estela, Jr., 54, Senior Vice-President assigned to Corporate Compliance and Legal Services & Internal Audit Group. Previously, he was Head of Transaction Banking doing cash management, electronic banking, and remittance services; and Chairman and President of Express Padala International, Inc. He is a certified public accountant ("CPA") and holds a Bachelor of Science degree in Accounting from the University of San Carlos.

Marvin V. Fausto, 49, is Senior Vice President and Chief Investment Officer of Trust Banking. He is the Founding President of the Fund Managers Association of the Philippines. He is the Director and President of the Trust Officers Association of the Philippines.

Georgiana A. Gamboa, 54, is Senior Vice President of Banco De Oro Unibank, Inc. She was appointed President of BDO Leasing and Finance, Inc. on December 1, 2010. She was formerly connected with City Trust Banking Corporation for sixteen (16) years and the Bank of the Philippine Islands (BPI) for seven (7) years. Her banking career spanned several functions including: Branch Manager – Consumer Bank, Relationship Manager – Corporate Bank (where she grew from Assistant Manager to Vice President), and Remedial Management Head. Prior to joining BDO, she was the President of BPI Leasing Corporation, subsidiary of BPI for seven (7) years. She holds a Bachelor's Degree in Economics from De La Salle University where she finished Summa Cum Laude and received her Master of Arts in Economics from the University of the Philippines.

Lesmes L. Garate, 60, is Senior Vice President and Eastern Visayas Region 9 Head. He holds a Bachelor's degree in Commerce major in Accounting from the University of Bohol. 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, 56, is Senior Vice President. He is Chairman of PCIB Securities, Equiland, and Equitable Insurance Corporation. He is also a Director of Northpine Land, Inc. and President of Olympus Import Export Corporation. He was formerly a director of Strategic Property Holdings, Inc., The Executive Banclounge, Inc., EBC Insurance Brokerage, Inc., Jardine Equitable Finance Corporation, PCIB Properties, Inc., Property Care, Inc., and Equimark – NFC Development Corporation; a Trustee of PCI Bank Foundation, and The Sign of the Anvil, Inc.; and Executive Vice President of Equitable Savings Bank, Inc.

Marilyn K. Go, 58, Senior Vice President and Assistant Treasurer of the Bank, holds a Bachelor of Arts degree in Mathematics from St. Paul's College of Manila. She joined the Bank in 1987 as Manager of the Treasury Department.

Lazaro Jerome C. Guevarra, 44, Senior Vice President and Head of Advisory and Mergers & Acquisitions Practice for BDO Capital and Investment Corporation. He is a graduate of the University of the Philippines School of Economics. He has over twenty-one (21) years of experience in investment banking and financial analysis. He is currently the Treasurer of BDO Capital & Investment Corporation and is a Director of BDO Technology Center, Inc., BDO Strategic Holdings, Inc., PCI Insurance Brokers, Inc., PCI Travel Corp., and PCI Management Consultants, Inc. He is also a Trustee and Corporate Secretary of BDO Foundation, Inc. and the Corporate Secretary of Equimark – NFC Development Corporation.

Eleanor Lee M. Hilado, 47, is Senior Vice President and Debt Practice Head of BDO Capital and Investment Corporation. She is also concurrently President and Director of Armstrong Securities, Inc. She is a Bachelor of Arts in Economics graduate (Cum Laude) of the University of the Philippines. She was likewise a recipient of the Japan Airlines Scholarship for Asian Studies at the Sophia University in Tokyo, Japan.

Nenita C. Indiongco, 60, 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 thirty-two (32) years stint with the Bank. She has also served as member of the Bank's various credit committees and special projects.

Jeanette S. Javellana, 51, is Senior Vice President and Unit Head for Commercial Banking Metro Manila West and Metro Manila North. She joined the Bank in October 2001.

Roberto E. Lapid, 55, is a Senior Vice President. He was appointed as the Vice Chairman of BDO Leasing and Finance, Inc. in December 1, 2010. He is concurrently the Director in a wholly-owned subsidiary: BDO Rental, Inc. He was formerly the President of BDO Leasing and Finance, Inc., BDO Rental, Inc., Equitable Exchange Inc.; and Vice Chairman / Director of EBC Investments, Inc. He holds a Bachelor's degree in Business Administration from the University of the Philippines.

Gabriel U. Lim, 50, is Senior Vice President and Unit Head for Equities Practice of BDO Capital and Investment Corporation. He is also Director and President of PCIB Securities, Inc. Mr. Lim's extensive twenty-five (25) year banking experience includes key participation in the Philippine Government's privatization programs on behalf of both the Government and private institutions. Mr. Lim has MBM units from the Asian Institute of Management and holds a Bachelor of Science degree in Commerce from San Beda College.

Ruby G. Lim, 63, Senior Vice President, is a holder of a Bachelor of Science in Commerce degree major in Accounting, Cum Laude, 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. Ms. Lim is currently the President of Rainbow Tours, and sits in the board of Mango Park Hotel.

Ma. Mercedes M. Limson, 47, is Senior Vice President, Unsecured Sales and Distribution Head of Consumer Loans Group. She has a Masters Degree in Business Management from the Asian Institute of Management. Prior to joining the Bank in November 2009, she was a Senior Vice President at GE Money Bank.

Lilia E. Lising, 58, 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 is currently Team 6 Head of Corporate Banking 2.

Emerenciana H. Luistro, 50, is Senior Vice President and concurrent Division Head of Business Systems of the Bank and Deputy Head of Remittance - Origination. She joined the Bank in November 1995 as Assistant Vice President under the Office of the COO.

Maria Corazon A. Mallillin, 48, 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 joined the Bank in March of 2005 as Region Head of Branch Banking and presently heads Branch Banking Administrator of the Bank.

Angelita C. Manulat, 49, Senior Vice President for Home Loans Wholesale Unit under Consumer Lending Group. Prior to the merger with Equitable PCI Bank, Inc. (EPCIB), she headed the Home Mortgage Loan Division under the same consumer lending business with EPCIB and as Product Manager in a concurrent position for both Auto and Home Loans product for more than four (4) years. She holds a Bachelor's Degree in Accountancy from the University of San Carlos, Cebu City and earned Master's units in Business Administration with the Ateneo de Manila University.

Dalmacio D. Martin, 49, is Senior Vice President for Treasury. He was the Head of HSBC Markets' Institutional Sales and Delta Rates Structuring – Treasury for Philippines. From October 2007 to February 2009, he headed HSBC Market's Delta Rates Structuring – Treasury for Philippines, Vietnam, Sri Lanka and Mauritius. He was also HSBC Markets' Derivatives Trading Head – Treasury from December 1998 until October 2007.

Jose Noel M. Mendoza, 48, is a Senior Vice President of the Wealth Advisory and Trust Group of BDO Private Bank, Inc., a wholly-owned subsidiary of Banco De Oro Unibank, Inc. He has over 20 years of research and investment advisory experience in the areas of fixed income and equity markets and have worked with institutions such as Peregrine Securities (now ATR-Kim Eng), Citibank Securities, Inc., Urbancorp Securities, Inc., and Banco Santander Philippines, Inc. which was acquired by Banco De Oro in September 2003. He was conferred the "Registered Financial Consultant (RFC)" designation by the International Association of Registered Financial Consultants (IARFC) based in the U.S. in 2004. He completed his one-year Philippine Trust Institute course with distinction in 1997. He holds a Master of Science degree in Industrial Economics from the University of the Asia and the Pacific (formerly Center for Research and Communications) and a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering from De La Salle University.

Ramon T. Militar, 52, Senior Vice President, is a CPA and holds a Bachelor of Science 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. He is currently with Branch Banking as Region Head.

Jaime M. Nasol, 47, is Senior Vice President and the current head of the newly reorganized Cash Management and Electronic Banking Services team. He is a graduate of University of the Philippines at Los Baños with a Bachelor's degree in Agribusiness Management and also holds an MBA degree in University of the Philippines Diliman. He started his career with BDO in August 2000, where he was tasked with the establishment of the cash management services unit of the Bank.

Annie H. Ngo, 56, is Senior Vice President and Region Head of Metro Manila West Region under the Bank's Branch Banking Group. 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.

Maria Rhoda B. Orsolino, 49, is Senior Vice President for Institutional Banking Group - Commercial Banking Group, covering the provinces of North and South Luzon. She was formerly connected with Solid Bank Corporation, Philippine Banking Corporation, and Far East Bank & Trust Company. She has experience in the fields of Corporate Banking, Commercial Banking, Special Accounts Management and Corporate Planning. Education Officer/Computer Project Officer with British Council, British Embassy, Manila. Ms. Orsolino is Bachelor of Arts in Economics, graduate of the University of the Philippines.

Virgilio C. Pamatmat, 58, is Senior Vice President of BDO's Consumer Lending Group. He joined Equitable Bank in 1994 as Vice President and became First Vice President and Head of Consumer Finance Division in 2001. He was promoted to Senior Vice President in 2006. He graduated from the University of the Philippines in Diliman in 1973 with a Business Administration Degree Major in Finance. He also completed thirty-two (32) units of MBA Program covering the period 1977-1979 from the Ateneo de Manila University.

Jose Alfredo G. Pascual, 48, Senior Vice President, was appointed Credit Risk Management Head of the Bank in February 2009. Prior to this appointment he assumed various positions related to credit risk management in PCIBank and Equitable PCI Bank, Inc. He holds a Bachelor's degree in Commerce, major in Accounting from the University of Santo Tomas. He is also a Certified Public Accountant.

Antonio O. Peña, 53, was appointed Senior Vice President of the Bank in June 2009. He was formerly connected with the Development Bank of Singapore, Bank of Southeast Asia, Insular Savings Bank, International CorporateBank (Interbank) and Bank of America Finance Corp. (BAFC). He holds a Bachelors' Degree in Commerce Major in Marketing from San Beda College.

Domingo A. Ramos Jr., 62, is Senior Vice President and Region Head for Region 9 (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.

Luis S. Reyes, Jr., 53, Senior Vice President for Investor Relations and Corporate Planning, holds a Bachelor of Science 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.

Shirley M. Sangalang, 51, is Senior Vice President and Adviser to the Board Audit Committee of Banco De Oro Unibank, Inc., BDO Leasing and Finance, Inc., and BDO Private Bank, Inc. She graduated from the University of the East, Cum Laude with a Bachelor's degree in Commerce major in Accounting. She also completed her masters in Business Economics at the University of Asia and the Pacific. She is a Certified Public Accountant who served as Head of BDO's Internal Audit from 1984 to 2007. Apart from being the Bank's Chief Auditor for more than two (2) decades, she spearheaded major bank undertakings such as the merger and integration of four (4) banks acquired by BDO, Bank reengineering, implementation of the Bank's core system/migration to Y2K systems, implementation of the Bank's first Internet and Phone Banking Systems, Rewards Project, Bank Management and Profitability Reporting System and the first off-shore implementation of the Bank's core system.

Arsenio L. Severino, 54, is Senior Vice President, Head of Remedial Management – Consumer, under Risk Management Group. He previously served under various capacities primarily in the areas of debt restructuring and asset management, as head of the teams managing the Bank's distressed corporate portfolio. He holds a B.S. Commerce degree, Major in Business Management from De La Salle University, Manila.

Evylen C. Sison, 57, was hired as Senior Vice President of the Bank in August 2, 2010. She holds the position of Group Head for the Asset Management Group. She was formerly connected with Security Bank as Corporate Services Group Head. She holds a degree in Bachelor of Science in Commerce – Accounting, CPA from St. Theresa's College.

Erlaster C. Sotto, 53, Senior Vice President, is a Bachelor of Arts and Laws graduate of the Ateneo de Manila University and a graduate with honors of the Philippine Trust Institute on Trust and Investment Management. He has completed the Strategic Business Economics Program of the University of Asia and the Pacific. Mr. Sotto is a member of the Integrated Bar of the Philippines. He is concurrently the President of BDO Securities Corp. and the Chief Operating Officer of BDO Capital and Investment Corporation which are the securities house subsidiary and the investment house subsidiary of Banco de Oro Universal Bank, respectively. He has been with the investment banking and securities industry for over twenty-five (25) years. He has vast experience in corporate finance and securities underwriting, distribution and trading business. Mr. Sotto was previously the President of the Investment House Association of the Philippine and a professor of banking laws at the College of Law, Ateneo de Manila University.

Robert "Sui Gui" W. Sy, 51, is Senior Vice President and Region Head of the Bank's Branch Banking Group. He has been serving the Bank for more than fifteen (15) years.

Edwin R. Tajanlangit, 41, is Senior Vice President. He joined the Equitable PCI Bank, Inc. in 2001 as Head of Market and Liquidity Risk Management and continued to head this unit after the merger with BDO Unibank. He holds a Bachelor of Science degree in Applied Mathematics with Specialization in Statistics, magna cum laude, from De La Salle University. He is a Chartered Financial Analyst (CFA) Charterholder from the CFA Institute, and a Certified Financial Risk Manager (FRM) from the Global Association of Risk Professionals (GARP). He is a former Faculty of De La Salle University's Mathematics Department and the Professional Schools Graduate School of Business. He is currently a member of the Bankers Association of the Philippines (BAP) Risk Management Committee and currently heads its Market Risk Sub-Committee.

Arthur L. Tan, 46, is Senior Vice President. He joined the Bank in 2002 as Vice President for IT Applications Development and became IT Operations Head in 2003. He was formerly with Accenture as an associate partner in the firm's technology practice, working on client projects in the communications and financial services industries. He holds a Bachelor's degree in Economics from the University of the Philippines Diliman.

Maria Theresa L. Tan, 42, is Senior Vice President and General Manager of BDO Insurance Brokers, Inc. (BDOI). She has had more than two (2) decades of experience in sales, marketing/product management, and general management in the consumer, services, and insurance industries. She graduated from the Ateneo de Manila University with a degree in Business Management minor in Marketing. Prior to joining BDO, she was the General Manager of International SOS, Philippines, Inc. She joined the Bank in July 2009.

Perla F. Toledo, 65, 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 and also headed the Administrative and General Services.

Edel Mary D. Vegamora, 50, 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 in Business Administration, major in Accountancy. She is a Certified Public Accountant (1981), and subsequently earned the global designation of Certified Internal Auditor (2000). She joined the Bank on September 10, 2008. Prior to joining the Bank, she was Chief Financial Officer and Senior Vice President of Sun Life Assurance Company of Canada (Philippines) Inc., and of its subsidiaries, Sun Life Asset Management Company, and Sun Life Financial Plans, Inc.; and she was a member of the Board of Directors for Sun Life Asset Management Company and for four of the ten companies comprising the Sun Life Prosperity Funds. Her earlier senior management position includes that of being the location CFO of ING Bank N.V.-Manila Branch (2001 to June 2007).

Edward G. Wenceslao, 55, is Senior Vice President and Head of Corporate Banking Unit 2. Prior to the merger with BDO, he was group Head of Corporate Banking and a member of the Senior Credit Committee and Small Business Credit Committee of Equitable PCI Bank, Inc. He completed his Bachelor of Science degree in Business Management at the Ateneo de Manila University. He also pursued his post-graduate studies at the Ateneo Graduate School of Business.

Ma. Teresita Susana L. Yap, 59, is Senior Vice President and Unit Head of Commercial Banking Group - Metro Manila South. She is a graduate of Assumption College and the Asian Institute of Management. She joined the Bank in August 2003 after working for two (2) large universal banks. She has over thirty-five (35) years of experience in lending to both the corporate and commercial markets nationwide.

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, 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	2011 (estimate)	74.13	37.08	n.a.
	2010	67.39	33.71	n.a.
	2009	61.39	30.07	n.a.

Year	Name	Position/Title
2010	Nestor V. Tan	President
	Walter C. Wassmer	SEVP
	Jaime C. Yu	SEVP
	Rolando C. Tanchanco	EVP
	Eduardo V. Francisco	EVP
2009	Nestor V. Tan	President
	Walter C. Wassmer	SEVP
	Eduardo V. Francisco	EVP
	Rolando C. Tanchanco	EVP
	Jaime C. Yu	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	2011 (estimate)	411.58	207.85	n.a.
	2010	374.16	188.95	n.a.
	2009	331.64	166.75	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, 2010, 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 Corporation	683,841,602	26.23%
Common	PCD Nominee Corp. (Non-Filipino)	670,013,719	25.70%
Common	PCD Nominee Corp. (Filipino)	596,355,678	22.87%
Common	DBMN OT-024 SM Investments Corporation	208,097,814	7.98%
Common	DBMN OT-024 Multi Realty Development Corp.	171,355,816	6.57%
Total		2,329,664,629	89.35%

2) Security Ownership of Management

As of December 31, 2010, the total number of shares owned by the directors and management of the registrant as a group unnamed is 1,069,132 common shares, which is equivalent to 0.0410% 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	0.0092%
Common	Corazon S. dela Paz-Bernardo	Vice Chairperson	Filipino	270	0.0000%
Common	Jesus A. Jacinto Jr.	Vice Chairman	Filipino	255,000	0.0098%
Common	Farida Khambata	Director	Canadian	1	0.0000%
Common	Teodoro B. Montecillo	Independent Director	Filipino	640	0.0000%
Common	Henry T. Sy, Jr.	Director	Filipino	132,300	0.0051%
Common	Josefina N. Tan	Director	Filipino	154,786	0.0059%
Common	Nestor V. Tan	Director	Filipino	200,000	0.0077%
Common	Jimmy T. Tang	Independent Director	Filipino	13,692	0.0005%
Common	Antonio C. Pacis	Director	Filipino	4,108	0.0002%
Common	Cheo Chai Hong	Director	Singaporean	1	0.0000%
Common	Pedro M. Florescio III	EVP	Filipino	4,000	0.0002%
Common	Eduardo V. Francisco	EVP	Filipino	540	0.0000%
Common	Aristotle L. Villaraza	EVP	Filipino	10,000	0.0004%
Common	L. Jerome C. Guevarra	SVP	Filipino	2,495	0.0001%
Common	Ma. Ophelia LI Camiña	SVP	Filipino	1,207	0.0000%
Common	Ma. Lourdes T. De Vera	SVP	Filipino	10,147	0.0004%
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	Jeanette S. Javellana	SVP	Filipino	414	0.0000%
Common	Emerenciana H. Luistro	SVP	Filipino	3,726	0.0001%
Common	Domingo A. Ramos, Jr.	SVP	Filipino	93	0.0000%
Common	Erlaster C. Sotto	SVP	Filipino	723	0.0000%
Common	Rebecca S. Torres	SVP	Filipino	16,340	0.0006%
Common	Victor C. Arboleda	SVP	Filipino	4,140	0.0002%
Common	Edmundo L. Tan	Corporate Secretary	Filipino	828	0.0000%
Common	Mario D. Rabanal	VP/Asst. Corporate Secretary	Filipino	2,000	0.0000%
Total				1,069,132	0.0410%

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 Corporate Governance Manual (the "Manual") 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 appoint a Chief Compliance Officer who shall oversee the implementation of the Bank's compliance system and program in accordance with the requirements of the BSP and monitor compliance with the provisions of the SEC's Revised Code of Corporate Governance and the Bank's Manual.

As part of its increasing focus on corporate governance, the Bank established its Board Audit Committee and Corporate Governance Committee. The Board Audit Committee provides oversight of the Bank's financial reporting and control as well as internal and external audit functions. It also provides oversight on the Bank's compliance function. The Board Audit Committee is also 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 Board Audit Committee is chaired by Teodoro B. Montecillo. Its other members are Corazon de la Paz-Bernardo, Henry T. Sy, Jr., Jimmy T. Tang 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 Jesus A. Jacinto Jr., Jimmy T. Tang and Antonio C. Pacis.

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. On December 5, 2009, the Board approved its Manual incorporating the provisions prescribed by the SEC in the Revised Code of Corporate Governance, set forth in SEC Memo. Circular No. 6, Series of 2009.

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) Exhibit

A list of the Bank's branches is set forth in Exhibit 1.

b) Summary of reports on SEC Form 17-C (Current Report) filed in 2010

Date	Subject
January 4, 2010	Comments on the disclosure of Mabuhay Vinyl Corp. (MVC) concerning Tosoh's tender offer of MVC shares.
January 8, 2010	Clarification on the news article entitled "Bank takeover to raise BDO's profits by P600m"
January 11, 2010	Resignation of Mr. Charles M. Rodriguez as Senior Vice President for Institutional Banking Group – Corporate Banking effective February 26, 2010. Appointments of Mr. Arthur Dee Chung as Senior Vice President for Institutional Banking Group and Ms. Mercedes M. Limson as Senior Vice President subject to confirmation by

Date	Subject
	the BSP.
January 11, 2010	Clarification on the news article entitled "BDO to earn up to ₱800 million a year if it rescues Exportbank"
January 18, 2010	Clarification on the news article entitled "BDO going back to capital mart"
January 22, 2010	Public ownership report of BDO as of December 31, 2009.
February 1, 2010	Resignation of Ms. Grace Agadier Sumalpong as Senior Vice President for Risk Management Group – Consumer & Leasing Recovery Litigation effective February 18, 2010.
February 4, 2010	Statement of Condition of BDO as of December 31, 2009 to be published in a newspaper of general circulation on 5 February 2010.
February 15, 2010	Clarification on the news article entitled "BSP okays BDO investment in MNTC"
March 1, 2010	Statement of performance of BDO for the year 2009 to be released to the press.
March 1, 2010	Holding of the annual shareholders' meeting of BDO on May 28, 2010 and setting April 5, 2010 as the record date for stockholders entitled to vote and participate at said meeting.
March 9, 2010	Notice on the approval by the Securities and Exchange Commission of the amended Articles of Incorporation of BDO on March 8, 2010 amending Articles III and VII thereof.
March 11, 2010	Clarification on the news article entitled "Banco de Oro set to gobble up Steelcorp"
March 17, 2010	Venue and agenda for the 2010 annual shareholders' meeting of BDO and the notice of annual meeting of stockholders.
April 5, 2010	Clarification on the news article "BDO Rebisco owner eye Asiatrust Bank"
April 16, 2010	Request for suspension of trading of shares of BDO in anticipation of the completion of the private placement of BDO shares.
April 19, 2010	Press statement on the US\$250 million private placement by BDO.
April 20, 2010	Clarification on the news article entitled "BDO boosts capital by \$250M"
April 21, 2010	Additional information on the press statement dated April 19, 2010 entitled "BDO raising US\$250M in primary capital, UFC and IFC Capitalization Fund (the 'Fund') to invest US\$150M."
April 22, 2010	Clarification on news article "BDO share sale raises \$270 million"
April 26, 2010	Private placement successfully completed by BDO.
April 27, 2010	Statement of Condition of BDO as of March 31, 2010 to be published in a newspaper of general circulation.
April 29, 2010	Clarification on the US\$250 million private placement by BDO.
May 28, 2010	Statement of performance report of BDO to its shareholders to be published in a newspaper of general circulation.
May 28, 2010	Results of the annual shareholders' meeting and organizational meeting of the Board of Directors of BDO.
May 31, 2010	Clarification on reports on BDO's ongoing discussions with Export & Industry Bank.
May 31, 2010	Declaration of cash dividends to common shares at ₱0.80 per share. Retirement of Ms. Beatriz L. Bagsit, Senior Vice President of Branch Banking Group – Region 4, Ms. Antonina M. Cabuyadao, Senior Vice President of Branch Banking Group – Region 6, and Ms. Maria Elena L. Jao, Senior Vice President of Information technology Group – Standards and Controls effective April 1, 2010.
June 18, 2010	Clarification on the approval on January 30, 2010 by BDO's board of directors of the revised capital-raising program

Date	Subject
June 18, 2010	Clarification on the capital build-up initiatives of BDO successfully completed by way of private placements in April 2010 containing an updated and corrected presentation of the effects solely of the private placements to the ownership structure of BDO.
June 28, 2010	Resignation of Mr. Francisco P. Ramos as Senior Vice President effective June 30, 2010.
July 1, 2010	Clarification on the news article entitled "BDO takeover of Export Bank gets gov't approval"
July 13, 2010	Confirmation of the outstanding capital of BDO as of the end of April 2010 following the capital raising campaign and pending application for listing of the shares issued pursuant to its capital raising.
July 19, 2010	Clarification on the news article entitled "BSP okays takeover of Export Bank"
July 21, 2010	Clarification on the news article entitled "BDO buyout questioned"
August 2, 2010	<p>Appointments of Ms. Georgiana A. Gamboa as Senior Vice President for the Office of the President effective 16 July 2010 and Ms. Evelyne C. Sison as Senior Vice President for Asset Management Group effective August 2, 2010 subject to confirmation by the BSP.</p> <p>Resignation of Mr. Ramon Eduardo E. Abasolo as Senior Vice President for Information Technology Group – Development effective September 16, 2010.</p> <p>Approval by the BSP of the cash dividends of ₱0.80 per common share declared by BDO on May 28, 2010 and setting August 17, 2010 and August 27, 2010 as the record and payment date, respectively.</p>
August 3, 2010	Press statement on the results of operations of BDO for the second quarter of 2010.
August 4, 2010	Clarification on the disclosure made on August 2, 2010 on the appointment of Senior Vice Presidents that Ms. Georgiana A. Gamboa and Ms. Evelyne C. Sison have no holdings in BDO shares to date.
August 5, 2010	Statement of Condition of BDO as of June 30, 2010 to be published in a newspaper of general circulation on August 6, 2010.
August 13, 2010	Clarification on the news article entitled "Export Bank sale priced at P20b"
September 27, 2010	<p>Resignation of Mr. Christopher A. Bell-Knight as director effective September 25, 2010 and election of Ms. Farida Khambata as his replacement, subject to confirmation by the BSP.</p> <p>Resignation of Mr. Horacio Campos Rodriguez, Jr. as Executive Vice President for Asset Management Group of BDO effective September 30, 2010.</p>
October 13, 2010	Press statement on the plans of BDO to issue US dollar denominated senior notes with a maturity of 5 ½ years.
November 5, 2010	Clarification on the news article entitled "Asiatrust set to get investors"
November 9, 2010	Press statement of net earnings of BDO for the first nine (9) months of 2010.
November 10, 2010	Statement of Condition of BDO as of September 30, 2010 to be published in a newspaper of general circulation on November 11, 2010.
December 5, 2010	Resignation of Mr. Mario D. Rabanal as Assistant Corporate Secretary of BDO effective December 31, 2010 and appointment of Ms. Rebecca S. Torres as Assistant Corporate Secretary effective January 1, 2011 subject to confirmation by the BSP.

SIGNATURES

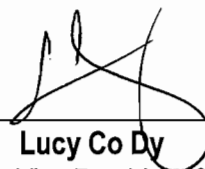
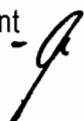
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of Banco De Oro Unibank, Inc. by the undersigned, thereto duly authorized, in _____ on _____.

BANCO DE ORO UNIBANK, INC.
Issuer

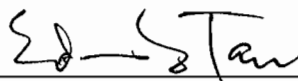
By:



Nestor V. Tan
President



Lucy Co Dy
Executive Vice President & Comptroller




Edmundo L. Tan
Corporate Secretary

SUBSCRIBED AND SWORN to before me this **MAR 28 2011**, affiants exhibiting to me their evidence of identity as follows:

Name	Tax Identification No.
Nestor V. Tan	TIN 903578380
Lucy Co Dy	TIN 109729870
Edmundo L. Tan	TIN 132173235

Doc. No.: 274;
Page No.: 55;
Book No.: 11;
Series of 2011.



NOTARY PUBLIC
Ramon L. Carpio
Notary Public
Philippines
Valid December 31, 2012
Roll No. 22,172 TIN 106-918-897
J.P.S. No. 129560 M.C.L.E. No. 111-10014306

Exhibit 1. Branches as of December 31, 2010

Metro Manila Branches

	BRANCH	ADDRESS
1	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City
2	A. Bonifacio Avenue - Balintawak	960 A. Bonifacio Avenue, Balintawak, Quezon City
3	A. Santos - South Expressway	Units E & F, 8365, Dr. A Santos Avenue., Parañaque, M. M.
4	A. Santos - St. James	8406 A. Santos Ave., Sucat, Parañaque City 1700
5	ABS CBN - Mother Ignacia St.	Stall no. 25 South Wing, GF ELJCC Bldg., Sgt. E. A. Esguerra Avenue corner Mother Ignacia St. Quezon City
6	Acropolis - E. Rodriguez Jr.	GF 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	Airport Road	Airport Road corner Quirino Avenue, Bacalaran, Parañaque City
9	Alabang - Madrigal Avenue	Unit 5 & 6, Molito Commercial Complex, Madrigal Business Park, Madrigal Avenue, Muntinlupa City
10	Alabang - Muntinlupa	West Service Road, Alabang, Muntinlupa City
11	Alabang Hills	RBC Corporate Center, Don Jesus Blvd., Barangay Cupang, Muntinlupa
12	Alfaro - Salcedo Village	GF PCCI Bldg., 118 Leviste Street (Formerly Alfaro St.), Salcedo Village, Makati City
13	Amorsolo	GF Queensway Bldg., No.118 Amorsolo Street, Legaspi Village, Makati City
14	Angono - M.L. Quezon Avenue	GF AB Commercial Plaza, ML. Quezon Avenue, Brgy. San Isidro, Angono, Rizal
15	Angono - National Highway	Aurora Bldg., Manila East Road corner Duhat Street, Angono Rizal
16	Anonas - Kamias	Security Bank Bldg., Anonas St. corner K-6 St., East Kamias, 1102 Quezon City
17	Antipolo - B.V. Soliven	Blk. 24, Lot 1, Benito V. Soliven Avenue, Greenheights Subdivision, Brgy. Mayamot, Antipolo City
18	Antipolo - Sumulong Highway	BDO Bldg., Sumulong Highway, Masinag Highway, Mayamot, Antipolo
19	Antipolo -Circumferential Road	Circumferential Road corner F. Manalo St., Antipolo City
20	Antipolo Masinag	Tripolee Building, Marcos Highway near corner Sumulong Highway, Mayamot, Antipolo City
21	Antipolo Plaza	Gatsby Building II, M. L. Quezon Street, Antipolo City
22	Arranque	1359 -1361 Soler St., Sta. Cruz, Manila
23	Arranque - T. Alonzo	733 T. Alonzo St., Manila
24	Asia Tower - Paseo	G/F Asia Tower corner Paseo De Roxas & Benavides St., 1229 Makati City
25	Aurora Blvd - Notre Dame	0137 Aurora Blvd. corner Notre Dame St., Cubao, 1110 Quezon City
26	Aurora Blvd - Yale	Aurora Boulevard corner Yale Street, Cubao, Quezon City
27	Aurora Blvd. - Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City
28	Aurora Blvd. - Broadway Centrum	Broadway Centrum Cond., Aurora Blvd. cor. Dona Juan Rodriguez St., 1112, Valencia, QC
29	Aurora Blvd. - Hemady	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City
30	Ayala - Rufino	GF Rufino Bldg., Ayala Avenue corner Herrera St., 1226 Makati City
31	Ayala Alabang	GF Condominium C Unioil Center Bldg., Acacia Avenue corner Commerce Avenue, Muntinlupa City
32	Ayala Alabang - Richville Center	Richville Center 1314 Commercial Avenue Extension, Madrigal Business Park, Ayala Alabang, Muntinlupa
33	Ayala Avenue	6805 Multinational Bancorporation Centre, Ayala Avenue, Makati City
34	Ayala Avenue - People's Support	GF People Support Center, Amorsolo Street corner Ayala Avenue, Makati City
35	Ayala Triangle 1	GM-B GF Tower 1, Ayala Triangle, Ayala Avenue, Makati City

BRANCH		ADDRESS
36	Baclaran	2987 Taft Avenue Extension, Pasay City
37	Baclaran-Redemptorist Road	Redemptorist Road, Baclaran, Parañaque, M.M..
38	Bacoor	FRC Mall, Gen. Evangelista Street corner Zapote Road, Bacoor, Cavite
39	Bacoor - Aguinaldo Highway	Gen. Aguinaldo Highway, Panapaan, Bacoor, Cavite
40	Bagtican - Pasong Tamo	Unit 102 G/F Pryce Center Condo, 1179 Chino Roces Ave. cor. Bagtican St. , San Antonio Village, Makati City
41	Banawe - Agno	202-204 Banawe corner Agno St., 1100 Quezon City
42	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City
43	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City
44	Banawe - N. Roxas	71 N. Roxas St. corner Banawe, Quezon City
45	BDO Corporate Center	BDO Corporate Center , 7899 Makati Avenue, Makati City
46	Bel Air-Gil Puyat	Country Space 1 Condo. Building, Sen. Gil Puyat Avenue, Bel-air Village, 1209 Makati City
47	Bel-Air	GF, SM Makati Cyberzone 1, Sen Gil J. Puyat Avenue, Makati City
48	Better Living	Doña Soledad Avenue corner France Street, Better Living, Parañaque City
49	Better Living - Bicutan	43 Doña Soledad Avenue, Betterliving Subd., Don Bosco, Parañaque City
50	BF Homes - Aguirre	RGM Building, 326 Aguirre Avenue, BF Homes, Parañaque City
51	BF Homes - Parañaque	65 President's Avenue Plaza, near corner Aguirre Avenue, BF Homes, Parañaque City
52	Bicutan - South Super Highway	Columbian Motors Cmpd., KM 16 West Service Road, South Super Highway, Bicutan, 1700 Parañaque, Metro Manila
53	Binondo	411 Quintin Paredes Street, Binondo, Manila
54	Blumentritt	2325 Rizal Avenue corner Antipolo Street, Sta. Cruz, Manila
55	Blumentritt - San Juan	Lot 11-B, Blk. 127 Blumentritt corner Sto. Toribio St., San Juan, Metro Manila
56	Boni - Ligaya	654 Boni Avenue, 1550 Mandaluyong City
57	Boni - Maysilo	74 Maysilo Circle corner Boni Avenue, Mandaluyong City
58	Bonifacio Global - MC Home Depot	GF MC Home Depot, 32nd Street corner Bonifacio Avenue, Bonifacio Global City, Taguig
59	Bonifacio Global City - Burgos Circle	Unit 1F - & 1 - E, GF Crescent Park Residences, 2nd Avenue, Burgos Circle, Bonifacio Global City, Taguig City
60	Bonifacio Global City - Fort Legends	GF Fort Legends Tower, corner 31st Street and 3rd Avenue, Bonifacio Global City, Taguig City
61	Bonifacio Global City - Market Market	Space No.101, Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM
62	Bonifacio Global City - Picadilly Star	GF Picadilly Corporate Center, 4th Avenue corner 27 Street, Bonifacio Global City, Taguig
63	Bonifacio Global City - St. Luke's	St. Luke's Medical Center, Rizal Drive corner 5th Avenue & 32nd Street, Bonifacio Global City Taguig
64	Bonifacio Global City-One Mckinley Place	GF One Mckinley Place Global City, 4th Ave. corner 25th St., Bonifacio Global City, Taguig City
65	Bonifacio Global City-University Parkway	GF Avecshares Center, 1132 University Parkway, Bonifacio North Triangle, Bonifacio Global City Taguig
66	Buendia-Taft	317 Sen. Gil Puyat Avenue, Pasay City
67	C. Palanca-Quiapo	132 Carlos Palanca St., Quiapo, Manila
68	C.M. Recto	C M Recto Avenue corner Nicanor Reyest St., Manila
69	C.M. Recto - Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila
70	C.M. Recto- San Sebastian	2070 C.M. Recto St., 1008 Sampaloc, Manila
71	C5 - Taguig	GF Ridgewood Square, C5 Avenue, Ususan, Taguig City, Metro Manila
72	Cainta - A. Bonifacio	Ledor Commercial Center, A. Bonifacio Avenue corner Samonte Street, Brgy. San Juan, Cainta, Rizal

BRANCH		ADDRESS
73	Cainta Junction	Hipolito Bldg., Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal
74	Caloocan	Rizal Avenue Extension near 11th Avenue, Grace Park, Caloocan City
75	Caloocan - A. Mabini	GF Corazon Bldg., 432 - A. Mabini St., Poblacion, Caloocan City
76	Caloocan - Sangandaan	No. 628 A. Mabini St., 1408 Sangandaan, Caloocan City
77	Caloocan-7th Avenue	Rizal Avenue Extension corner 7th Avenue, Grace Park, Caloocan City
78	Capitol-Pasig	125 Shaw Blvd. cor. Danny Floro St., Pasig City
79	Carmen Planas	812 O' Racca Bldg., Carmen Planas Street, Divisoria, Manila
80	Carmen Planas - Padre Rada	1033-1035 C. Planas St., 1012 Tondo, Manila
81	Carmen Planas - Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila
82	Cash & Carry	GF Unit # GO1A, Cash & Carry Mall, South Super Highway & Filmore Street, Makati City
83	Central Market - V. Fugoso	1711 V. Fugoso St. corner Sulu St., Sta. Cruz, Manila
84	Chino Roces Avenue	Unit 3 & 4 La Fuerza Plaza, Chino Roces, Makati City
85	Commonwealth	GF Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City
86	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio, Don Antonio Heights Subdivision, QC
87	Congressional - Mindanao Avenue	Congressional Avenue Ext. corner Mindanao Avenue, Quezon City
88	Congressional Avenue	The Excelland System1, Congressional Avenue, Quezon City
89	Connecticut	53 Connecticut Street, Fox Square Bldg., East Greenhills, San Juan
90	Corinthian Gardens	BDO Leasing Center, Ortigas Ave., Quezon City
91	Cubao - General Araneta	GF Philamlife Cubao Bldg., Aurora Blvd, corner Gen. Araneta Malvar Ave, Cubao Quezon City
92	Dapitan St. - A. H. Lacson Ave.	Dioresa Plaza, Dapitan St. corner A. H. Lacson Avenue, Sampaloc, Manila
93	Dasmariñas St.-Binondo	Dasmarinas St., Binondo, 1006 Manila
94	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105
95	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City
96	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada Street, Legaspi Village, 1229 Makati City
97	Dian - Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue, corner Dian St., Makati City
98	Diliman - Capitol Hill	16 Capitols Hills Drive, Old Balara, Diliman, Quezon City
99	Diliman - Matalino	GF J & L Bldg., Matalino Street, Diliman, Quezon City
100	Divisoria	744-748 Ylaya Street, Tondo, Manila
101	DPC Place - Chino Roces	GF Unit 102 of DPC Place, 2322 Chino Roces Avenue, Makati City
102	Dr. A Santos Avenue	L T Bldg., Dr. A. Santos Avenue, Parañaque City
103	E. Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon city
104	E. Rodriguez - Welcome Rotonda	GF AEK Building, 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City
105	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
106	Eastwood City - IBM Plaza	GF IBM Plaza, Eastwood City, E. Rodriguez Jr. Avenue, L'bis, Quezon City
107	Eastwood City - TechnoPlaza	Portion of Unit D GF Techno Plaza, One Orchard Road., Eastwood City, Quezon City
108	Echague	No. 116- 120 C. Palanca St., Quiapo, Manila
109	EDSA - A. De Jesus	474 EDSA corner B. Serrano & A. De Jesus Sts., 1403 Caloocan City
110	EDSA - Balintawak	Unit 17-19 ANPN Plaza, KM 12 EDSA, Balintawak, Quezon City
111	EDSA - East Caloocan	L & E Bldg., EDSA corner Gen. Concepcion St., Caloocan City
112	EDSA - New Farmers Plaza	Unit 1-B, New Farmers Plaza, Gen. Roxas Avenue, Cubao, Quezon City
113	EDSA - New York	EDSA corner New York St., Cubao, 1111 Quezon City
114	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City
115	EDSA - POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong
116	Edsa - Reliance St.	G/F Paragon Plaza, corner Reliance St., Mandaluyong City

	BRANCH	ADDRESS
117	EDSA - Taft	EDSA corner Zamora St., Pasay City
118	EDSA Cubao	596 Simeon Medalla Bldg., Gen. MacArthur Avenue, EDSA, Quezon City
119	Elcano	SHC Tower, 619 Elcano St., San Nicolas, Manila
120	Emerald Avenue	GF 101 Taipan Place, Don Francisco Ortigas Jr, Road, Pasig
121	Enterprise Center - Ayala Avenue	3rd Level Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City
122	España	Carmen Bldg., España corner G. Tolentino Street, Sampaloc, Manila
123	España - Blumentritt	2101-2103 España Avenue corner Blumentritt St., 1008 Sampaloc, Manila
124	España - M. Dela Fuente	Esperanza Place, España Blvd. corner M. Dela Fuente St., Sampaloc, Manila
125	Evangelista - Makati	1695 Evangelista Street corner Lacuna St., Bangkal, 1233 Makati City
126	Fairview	Don Mariano Marcos Avenue, Barangay Fairview, Quezon City
127	Filinvest - Alabang	GF Insular Life Corporate Centre, Corporate Avenue, Filinvest Corporate City, Alabang, 1781 Muntinlupa City
128	Fort Bonifacio - Bayani Road	Bayani Road corner M. Roxas St., Fort Bonifacio, Taguig
129	Fort Bonifacio - McKinley Hill	GF Three World Square, McKinley Hill, Fort Bonifacio, Taguig
130	G. Araneta - Brixton Hill	GF ILO Bldg., 195 G. Araneta Avenue, Quezon City
131	Gandara	811-813 Sabino Padilla St., Sta. Cruz, Manila
132	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006, Binondo, Manila
133	GC Corporate Plaza - Legaspi St.	150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City
134	General Luis	297 Gen. Luis Street, Bo. Kaybiga, Caloocan City
135	Gil J. Puyat	Union Ajinomoto Building, Sen. Gil Puyat Avenue, Makati City
136	Glori - Del Monte	627 Del Monte Avenue, San Francisco Del Monte, Quezon City
137	Grace Park	GF A & R Bldg., 213 Rizal Avenue Extension, Grace Park, Caloocan City
138	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City
139	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City
140	Grace Park- 8th Avenue	Rizal Avenue Extension, Grace Park, Caloocan city
141	Greenbelt	GF 108 Legaspi St corner Paseo De Roxas, Pioneer House Bldg., Legaspi Village, Makati City
142	Greenhills	Greenhills Shopping Complex, Ortigas Avenue, San Juan, Metro Manila
143	Greenhills - Annapolis	Unit 101, GF, Vasquez Madrigal Plaza, Annapolis St., Greenhills, San Juan
144	Greenhills - West	101 Limketkai Bldg., Ortigas Avenue, San Juan, Metro Manila
145	Greenhills - Wilson	227 Wilson Street corner Don Miguel Street, San Juan, Metro Manila
146	Greenhills Shopping Center	GF Jeweller Center, Greenhills Shopping Center, Ortigas Avenue, San Juan, Metro Manila
147	Greenhills-Roosevelt	Ortigas Avenue corner Roosevelt Ave., Greenhills, San Juan, Metro Manila
148	H.V. Dela Costa	120 Westgate Plaza Condominium, Salcedo Village, Makati City
149	Harrison Plaza	Unit R-5 URDI Building, Harrison Plaza Shopping Complex, F. B. Harrison, Malate, Manila
150	Herrera	V.A. Rufino Street corner Sotto Street, Legaspi Village, Makati City
151	Ilaya	1049-1051 Ilaya Street, Divisoria, Manila
152	Ilaya - M. De Santos	632 M. De Santos Street, Manila
153	Ilaya - Padre Rada	940-942 Ilaya St., Tondo, Manila
154	Intramuros	GF Chamber of Commerce Bldg., 3 Magallanes Drive, Intramuros, Manila
155	Isidora Hills	BDO Bldg., Pook Ligaya, Interneighborhood Road, Isadora Hills, Brgy Holy Spirit, QC
156	J Abad Santos	GF Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila
157	JAS-Antipolo	GF Intercast Corp., Tower, Jose Abad Santos Avenue, Tondo, Manila
158	JAS-Recto	1174 J. Abad Santos Avenue, Tondo, Manila
159	JP Rizal	872 J. P. Rizal Street, Brgy. Poblacion, Makati City

BRANCH		ADDRESS
160	Juan Luna	262 Juan Luna Street, Binondo, Manila
161	Julia Vargas	IBP Building, Julia Vargas Avenue, Ortigas, Pasig City
162	Jupiter - Reposo	GF CEI Headquarters, 158 Jupiter Street corner N. Garcia Street, Bel-Air Village, Makati City
163	Kalentong	MRDC Bldg., Shaw Boulevard corner Gen. Kalentong Street, Mandaluyong City
164	Kamagong	2567 P. Ocampo (Vito Cruz Ext.) corner Madre Perla Street, Manila
165	Kamias Road	Trinidad Bldg., Kamias Road corner K.- J St., Quezon City
166	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila
167	Katipunan - Xavierville Avenue	GF Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights, Quezon City
168	Kawit - Binakayan	1497 National Road, Binakayan, 4104, Kawit, Cavite
169	Las Piñas - Almanza	Alabang Zapote Road, Almanza Uno, Las Piñas, Metro Manila
170	Las Piñas - BF Resort	BDO Bldg. , BF Resort Drive, Phase 4, BF Resort Village, Las Piñas City
171	Las Pinas - Pamplona	Alabang-Zapote Road, Pamplona, Las Piñas City
172	Las Piñas - Philamlife	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas, Metro Manila
173	Las Piñas - Talon	GF MotionTrade Bldg, Alabang-Zapote Road, Talon, Las Piñas City
174	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba Street, Binondo, Mla
175	Legaspi Village - Salcedo St.,	EBC Bldg. 203 Salcedo St., Legaspi Village, Makati City
176	Leveriza-Libertad	212 Libertad St., Pasay City, Metro Manila
177	Loyola Heights - Berkeley Residences	GF, Berkeley Residences, Katipunan Avenue corner Escaler St, Loyola Heights, Quezon City
178	Luneta - TM Kalaw	707 T.M. Kalaw St. corner Churrucá St., Ermita, Manila
179	Magallanes Village	Unit 104, The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City
180	Makati - Esteban	GF A & V Crystal Tower, 105 Esteban St., Legaspi Village, Makati City
181	Makati Avenue - Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
182	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
183	Makati Shangri-la Hotel	Unit 191 Shangri-la Hotel Manila, Ayala Center, Makati City
184	Makro - Cainta	Makro Cainta, Felix Avenue, Cainta Rizal
185	Malabon	685 JP Rizal St., Brgy. San Agustin, Malabon City
186	Malabon - Gov. Pascual	GF MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City
187	Malabon - Rizal Ave	694 Rizal Ave., 1470 Malabon, Metro Manila
188	Malanday - McArthur Highway	KM 17 MacArthur Highway, Malanday, Valenzuela, Metro Manila
189	Malate - Adriatico	Adriatico Executive Center, Adriatico Street, Ermita, Manila
190	Mandaluyong - Calbayog	DMG Center, Libertad Street corner M. Cruz, Mandaluyong City
191	Mandaluyong - Libertad	Sierra Madre Street corner Libertad Street, Mandaluyong City
192	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal
193	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra, Cainta, Rizal
194	Marikina - Bayanbayanan	BDO Bldg., Bayan-Bayanan Avenue near corner Molave Avenue, Marikina City
195	Marikina - Calumpang	Florida 1 Bldg., JP Rizal corner M. A. Roxas Sts., Calumpang, Marikina City
196	Marikina - Concepcion	17 Bayan-bayanan Avenue, Barangay Concepcion 1, Marikina City
197	Marikina - Gil Fernando Avenue	Gil Fernando Avenue corner Dragon Street, Marikina City
198	Marikina - J.P. Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City
199	Marikina - Lamuan	J. P. Rizal St. near corner Malaya St., Barangay Lamuan, Marikina City
200	Marikina - Nangka	Unit 1A-GF Bldg 2, Citi Centre Nangka, J.P.Rizal Avenue corner Puerto Rico St., Marikina City

	BRANCH	ADDRESS
201	Marikina- Sumulong Highway	Corner E. Dela Paz Street Amang Rodriguez Avenue, Sto. Nino, Marikina City
202	Marulas-McArthur Highway	Lot 16 & 17 McArthur Highway, Valenzuela, Metro Manila
203	Masangkay	Lung Hong Townmates Association Bldg., 1226 Masangkay, Sta. Cruz, Mla.
204	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila
205	Masangkay - Luzon St.	907 Luzon St. corner Masangkay St., Tondo, Manila
206	Mayon	GF, Alpha Building, 174 Mayon Street, La Loma, Quezon City
207	Mayon - Amoranto	489 Units A & B, Mayon Street, Sta. Mesa Heights, Quezon City
208	Mayon - N. Roxas	No. 241 Mayon Avenue corner Nicanor Roxas St., 1111 Quezon City
209	Medical Plaza - Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo Street corner Dela Rosa Street, Legaspi Village, Makati City
210	Meralco - Ortigas	Meralco Compound, Ortigas Avenue, 1604 Pasig City
211	Metropolitan Avenue	GF Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart(formerly Dao St), Makati City
212	Mezza Residences	GF Mezza Residences, Aurora Blvd. corner Araneta Avenue & Guirayan St., Quezon City
213	Monumento	MacArthur Highway corner Calle Uno, Caloocan City
214	Muñoz - Roosevelt	No. 328 Mesa Holding Bldg., Roosevelt Avenue, SFDM, Quezon City
215	Muntinlupa - Poblacion	GF Elizabeth Center Bldg., National Road Poblacion, Muntinlupa City
216	Nagtahan	GF SM Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Sampaloc, Manila
217	NAIA	Arrival Area, Ninoy Aquino Intl. Airport, Ninoy Aquino Avenue, 1705 NAIA, Parañaque City
218	Navotas	Seafront Commercial Bldg., North Bay Blvd., Navotas, Metro Manila
219	Neptune - Makati	101 Neptune Street corner Makati Avenue, 1209 Makati City
220	New Manila - E. Rodriguez Sr.	Unit 1G & 2E 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City
221	Newport City	GF Newport Office Building 1, Newport City, Pasay City
222	Northbay - Virgo Drive	Melandrea III Bldg., Northbay Blvd. near cor. Virgo Drive, Navotas, Metro Manila
223	Novaliches	1016 Quirino Highway Town Proper, Brgy. Monica, Novaliches, Quezon City
224	Novaliches - Forest Hills	Lot 2 D 1 Quirino Ave., Novaliches, Quezon City
225	Novaliches - Lagro	Lot 2-B-6 233 (LRC) PSD 341349, Quirino Highway, Lagro, Novaliches, Quezon City
226	Novaliches - Zabarte	GF C. I. Plaza, 1151 Quirino Highway near corner Zabarte Road, Brgy. Kaligayahan, Novaliches, Quezon City
227	Old Sta. Mesa - Albina	Newton Plaza, Old Sta. Mesa corner Albina Street, Sampaloc, Manila
228	OneE-comCenter	GF OneE-comCenter, Palm Coast Avenue, Mall of Asia Complex, Pasay City
229	Ongpin	Unit ABC Imperial Sky Garden, Ongpin Street corner T. Pinpin, Binondo, Manila
230	Ongpin - T. Alonzo	Unit 564 and 566 Gel Tower, T. Alonzo St., Sta. Cruz, Manila
231	Ongpin-Tomas Mapua	1004-1006 Ongpin Street, Sta. Cruz, Manila
232	Ortigas - Octagon Center	GF Octagon Center, San Miguel Avenue, Ortigas Center, Pasig City
233	Ortigas Avenue	209 Ortigas Avenue, Greenhills, San Juan, Metro Manila
234	Ortigas Avenue Ext. - Cainta	Unit 7-9 Philfoam Furnishing Bldg., Km. 23 Ortigas Avenue Extension, Cainta, Rizal
235	Ortigas Avenue Ext. - Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City
236	Ortigas Avenue Ext. - St. Joseph	15 A. Ortigas Avenue Extension corner Monaco St., Pasig City
237	Ortigas Center	UGF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City
238	Ortigas Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
239	Ortigas-San Juan	Units 102-103 Sunrise Condo., Ortigas Ave., 1500 San Juan, MM
240	Pablo Ocampo Sr. St. - Arellano	Barko Bldg., Pablo Ocampo Sr. Street corner Arellano St., Malate, Manila
241	Pacific Star - Makati	GF Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City

BRANCH		ADDRESS
242	Paco	1054-1060 Pedro Gil St., Paco, Manila
243	Paco- A. Linao	1635-1641 A. Linao St., Paco, Manila
244	Padre Faura-A. Mabini	A. Mabini Cor. Padre Faura Sts., 1000 Ermita, Manila
245	Padre Rada	Gosiupo Bldg., 480-482 Padre Rada Corner Elcano St., Tondo, Manila
246	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City 1700
247	Parañaque - Moonwalk	GF Seal 1 Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City
248	Parañaque - N. Aquino Avenue	JJM Bldg., 2 N. Aquino Ave., Sto. Niño, Parañaque City
249	Parañaque-Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, Sto. Niño, Parañaque City
250	Pasay	Libertad corner Colayco Streets, Pasay City
251	Pasay - Domestic Road	Caltex Compound (PDSC/Park 'N Fly Bldg.), NAIA corner Domestic Road, 1300, Pasay City
252	Pasay Road	845 Corporate Plaza Bldg. , Pasay Road, Makati City
253	Paseo de Roxas 2	GF BDO Plaza, 8737 Paseo de Roxas St., Makati City
254	Paseo Tower - Makati	8751 Paseo De Roxas, Makati City
255	Paseo-Gil Puyat	Paseo De Roxas corner Gil Puyat Ave., Makati City
256	Pasig - A. Mabini	GF CFM Bldg., No. 97 A. Mabini St., Pasig City
257	Pasig - Kapasigan	Mariposa Arcade, A. Mabini cor. Dr. Pilapil St., Pasig City
258	Pasig - Kapitolyo	GF AB Sandoval Bldg., Shaw Blvd. corner Oranbo Drive, Pasig City
259	Pasig - Manggahan	Amang Rodriguez Avenue, Barangay Manggahan, Pasig City
260	Pasig - Meralco Avenue	GF One Corporate Bldg., Julia Vargas Avenue corner Meralco Avenue, Pasig City
261	Pasig - Pioneer	Pioneer Centre, Pioneer St. corner Brixton and United Streets, Pasig City
262	Pasig - Valle Verde	Reliance Center, 99 E. Rodriguez Jr. Avenue, Barrio Ugong, Pasig City
263	Pasig Blvd. Extension - Rosario	Along Pasig Blvd. Extension, Rosario, Pasig City
264	Pasig Caruncho	SG Bldg. Caruncho Avenue corner Market Avenue, Pasig City
265	Paso De Blas - North Expressway	97 Paso De Blas, 1442 Valenzuela, Metro Manila
266	Pasong Tamo Ext.	GF Allegro Center, Pasong Tamo Extension, Makati City
267	Pateros - Elisco Road	East Mansion Homes, Phase 1, Eliseo Road, Sto. Rosario, Pateros, Metro Manila
268	Pateros - Poblacion	GF Milaor Bldg., No. 509 M. Almeda St., Poblacion, Pateros
269	Pedro Gil - A. Mabini	1567-1571 Salud Bldg., Pedro Gil corner A. Mabini St., Ermita, Manila
270	Pedro Gil - Adriatico	Adriatico near corner Pedro Gil St., Malate, Manila
271	Perea - Paseo	G/F Universal Re Bldg., 106 Paseo De Roxas, 1228 Makati City
272	Philam Tower-Valero	GF, Philam Tower, 8767 Paseo de Roxas, Makati City
273	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) Lower Ground Floor of Globe Telecom Plaza 1 Building, Pioneer St. corner Madison St, Mandaluyong City
274	Pitimini - Roosevelt	Roosevelt Avenue corner Pitimini Street, San Francisco Del Monte, Quezon City
275	Plaza Calderon - Pedro Gil	GF Unit C, Harmonic Seven Bldg., 2332- 2334 Pedro Gil corner Vesta St., Sta. Ana, Manila
276	Plaza Sta. Cruz-Dasmariñas St.	377 Plaza Sta. Cruz, 1003 Sta. Cruz, Manila
277	Port Area - South Harbor	GF Velco Centre, RS Oca Corner A. C. Delgado Streets, Port Area, Manila
278	Potrero	110 MacArthur Highway corner Riverside Street, Barangay Potrero, Malabon
279	President's Avenue - BF Parañaque	President's Ave. corner J. Elizalde St., BF Homes Parañaque, Metro Manila
280	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn Street, Brgy Toro, Project 8, Quezon City
281	Q. I. - E. Rodriguez Sr.	GF Ablaza Bldg., 117 E. Rodriguez Ave., Quezon City
282	Quezon Avenue - Araneta	103 Aries Building, Quezon Avenue, Q.C

	BRANCH	ADDRESS
283	Quezon Avenue - Cordillera	Quezon Avenue corner Cordillera St., Quezon City
284	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
285	Quiapo - Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila
286	Quiapo-Quezon Blvd.	Quezon Blvd., 1001 Quiapo, Manila
287	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St. corner Carvajal St., Binondo, Manila
288	Quirino Paco	CRS Tower Center, Perdigon Street, Pres. Quirino Avenue, Paco, Manila
289	Rada	GF One Legaspi Place, Rada Street, Legaspi Village, Makati City
290	Reposo - Makati	JP Rizal cor. N. Garcia (formerly Reposo), Makati City
291	Resorts World Manila	Newport Blvd., Newport City, Pasay City
292	Rizal - Montalban	GF Montalban Town Center, Rodriguez Highway corner Lardizabal St., Barangay San Jose, Rodriguez, Rizal
293	Rizal - Tanay	Tanay Town Center, Sampaloc Road corner F. T. Catapusan St., Plaza Aldea, Tanay, Rizal
294	Rizal Avenue	2502 -2504 Rizal Avenue corner Cavite Street, Sta. Cruz District, Manila
295	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila
296	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila
297	Robinson's - Metro East	Level 1 (L1, 160, 162) Robinsons Metro Manila East, Marcos Highway, Pasig City
298	Robinsons Galleria - Ortigas	Robinson's Galleria, Ortigas Avenue, 1602 Quezon City
299	Robinson's Place - Manila	Robinson's Mall corner Pedro Gil M. Orosa St., Ermita, Manila
300	Rockwell	GF Power Plant Mall, Rockwell Centre , Amapola corner Estrella St., Makati City
301	Rockwell - Ortigas	Level 1, Tower 2 The Rockwell Business Center, Ortigas Avenue, Pasig City
302	Rockwell Center-Makati	Lot 3, Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
303	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila
304	Rustan's Cubao	RC-01A, Times Square Ave. near corner Gen. Roxas St., Araneta Center, 1109 QC
305	Salcedo	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City
306	Sales St. - Raon	545 Sales St. cor. G. Puyat St. (Raon), 1016 Sta. Cruz, Manila
307	Samson Road	GF Unit G Ma. Cristina Bldg., Samson Road corner UE Tech, Caloocan City
308	San Andres	San Andres corner A. Linao St., Malate, Manila
309	San Juan	88 N. Domingo Street, San Juan
310	Savemore - Amang Rodriguez	GF Savemore Amang Rodriguez, GBU Bldg., Amang Rodriguez Avenue corner Evangelista Street, Barangay Santolan, Pasig City
311	Savemore - Novaliches	Savemore Novaliches, Gen. Luis, Novaliches, Quezon City
312	Scout Albano - Quezon Avenue	1488 Quezon Ave. , 1103 South Triangle, Quezon City
313	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Sgt. Limbaga Street, 1103, Quezon City
314	Shangri-la Plaza Mall - EDSA	Unit 129-A Level 1 Shangrila Plaza Mall, EDSA corner Shaw Blvd., Mandaluyong City
315	Shaw - Pasig Blvd.	145 Shaw Boulevard, Pasig City
316	Shaw Blvd	555 Shaw Boulevard, Mandaluyong City
317	Shaw Blvd. - Beacon Plaza	UG 105-UG 106 Beacon Plaza, Shaw Blvd. corner Ideal St., Mandaluyong City
318	Shaw Blvd. - Escrivá Drive	Amber Square, Shaw Blvd. near Escrivá Drive, Pasig City
319	Shaw Blvd. - Stanford	Shaw Blvd. Corner Stanford St., Mandaluyong City
320	Shaw Blvd.-Yulo	285 A. Shaw Blvd. corner L. Cruz Street, Mandaluyong City
321	Silver City - Pasig	L1-012, L1-013 & L1-014, Level 1, Auto Mall, Frontera Verde Drive corner Julia Vargas St., Ortigas, Pasig City
322	Sixto Antonio - Pasig	Sixto Antonio Ave. corner R. Bedaña St., Pasig City

BRANCH		ADDRESS
323	SM Center Las Piñas	LGF SM Center Las Piñas, Alabang Zapote Road, Barangay Pamplona Dos, Las Piñas City
324	SM City Bacoor	UGF SM City Bacoor, Gen. Aguinaldo Highway corner Tirona, Bacoor, Cavite
325	SM City Bicutan	LGF SM City Bicutan, Doña Soledad corner West Service Road, Parañaque City
326	SM City Fairview A	Quirino Highway corner Regalado Street, Fairview, Quezon City
327	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Ave., Fairview, Quezon City
328	SM City Fairview C	LGF Annex 2 SM City Fairview, Quirino Highway cor. Regalado Ave., Fairview, Quezon City
329	SM City Manila	LGF SM City Manila, Concepcion corner Arroceros and San Marcelino St., Manila
330	SM City Marikina	GF SM City Marikina, Calumpang, Marikina City
331	SM City North EDSA A	GF The Block SM City North, EDSA corner North Avenue, Quezon City
332	SM City North EDSA B	SM City North EDSA Annex 1 Bldg., North Avenue corner EDSA, Quezon City
333	SM City North EDSA C	SM City Center Complex, North Avenue corner EDSA 1105 Quezon City
334	SM City Novaliches	GF SM City Novaliches, Quirino Highway, Novaliches, Quezon City
335	SM City San Lazaro	Felix Huertas cor. A. H. Lacson St., Sta. Cruz, Manila
336	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg., Aurora Boulevard, Quezon City
337	SM City Sucat A	GF SM Supercenter, Sucat, Parañaque City
338	SM City Sucat B	GF Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Parañaque City
339	SM City Taytay	GF Building A, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal
340	SM Corporate Offices	Bldg. 104 D.J.W Diokno Blvd., Mall of Asia Complex, Pasay City
341	SM Cubao	GF SM Cubao, Cubao, Quezon City
342	SM Hypermarket Adriatico	GF SM Hypermarket Adriatico, M. Adriatico St., Manila
343	SM Hypermarket Cubao	EDSA corner Main Street, Cubao, Quezon City
344	SM Hypermarket Makati	SM Hypermarket Makati, 5560 Osmeña Highway corner Finlandia St, San Isidro, Makati City
345	SM Makati	Shoemart Annex Building, Ayala Center, Makati City
346	SM Mall Of Asia A	GF Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
347	SM Mall Of Asia B	GF Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
348	SM Megamall A	GF SM Megamall Bldg. A, Ortigas Center, Mandaluyong City
349	SM Megamall B	UGF & LGF SM Megamall Bldg. B, Ortigas Center, Mandaluyong City
350	SM Southmall A	UGF & LGF SM Southmall, Alabang - Zapote Road, Las Piñas City
351	SM Southmall B	UGF SM Southmall, Alabang - Zapote Road, Las Piñas City
352	SM Supercenter Molino	GF (Unit 127-130), SM Super Center Molino, Molino Road, Bacoor, Cavite
353	SM Supercenter Muntinlupa	UGF Supercenter Muntinlupa, Barangay Tunasan, National Road, Muntinlupa City
354	SM Supercenter Pasig	GF SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig
355	SM Supercenter Valenzuela	GF Unit 126 SM City Valenzuela, MacArthur Highway, Karuhatan, Valenzuela City
356	Soler	U-1118 & 1120 Gracetown Building corner Soler & Alvarado Sts., Binondo, Manila
357	Soler - Reina Regente	1087 Soler St., Binondo, Manila
358	Southgate Mall - EDSA	GF Southgate Mall, EDSA corner Pasong Tamo Extension, Makati City
359	St. Ignatius - Katipunan	134 Katipunan Avenue, St. Ignatius Village, Quezon City
360	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Highway corner Felix Avenue, 1900 Cainta, Rizal

BRANCH		ADDRESS
361	Sta. Lucia East-Felix Avenue	GF Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta
362	Starmall - Alabang	Unit G33 Manuela Metropolis, South Super Highway, Alabang Interchange, Muntinlupa City
363	Sto Domingo	6 Sto. Domingo Avenue, Quezon City
364	Sto. Cristo	475-477 Kim Siu Ching Foundation Building, Sto. Cristo St., Binondo, Manila
365	Sto. Cristo - Comercio	No. 686 Sto Cristo St., Binondo, Manila
366	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City
367	Strata 100-Ortigas	GF Strata 100 Bldg., Emerald Avenue, Pasig City
368	Sucat	Parañaque Cable TV Bldg., 8210 Dr. A Santos Avenue, Parañaque City
369	Sucat - Villa Mendoza	Dr. A. Santos Avenue corner Villa Mendoza Subd., Sucat Road, Parañaque City 1700
370	Tabora	859-861 L & J Building, Tabora Street, Divisoria, Manila
371	Taft - Libertad	MCF Building, 2250 Taft Avenue corner College Road, Pasay City
372	Taft - Pedro Gil	1430 Taft Avenue, Manila
373	Taft Avenue - J. Nakpil	1747 Taft Avenue Corner J. Nakpil Street, Manila
374	Taft Avenue - Pres. Quirino	Ground Floor, FFW Bldg., 1943 Taft Avenue, Malate, Manila
375	Taft- Vito Cruz	Bankard Bldg., 2422 Taft Ave., 1004 Malate, Manila
376	Tandang Sora	Tandang Sora Avenue corner Marcel Road, Quezon City
377	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay, Brgy. New Era, Quezon City
378	Taytay - Metro East Road	BDO Bldg., East Road, Taytay, Rizal
379	Taytay National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Brgy. San Juan, Taytay, Rizal
380	Tayuman	GF Delton Bldg., 1808 Rizal Avenue, Sta. Cruz, Manila
381	Teacher's Village	GF Luisa 2 Bldg., 107 Maginhawa Street, Teacher's Village, Quezon City
382	Tierra Nueva - Alabang	Sycamore Arcade, Alabang-Zapote National Road, 1702 Alabang, Muntinlupa City
383	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City
384	Timog - EDSA	No. 134 Timog Avenue, 1103 Quezon City
385	Timog - Rotonda	GF Imperial Palace Suites, Tomas Morato corner Timog Avenue, South Triangle, Quezon City
386	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City
387	Tomas Morato - Kamuning	Corner Kamuning & Tomas Morato, Quezon City
388	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila
389	Tordesillas	GF MME Bldg., 108 Tordesillas St. corner Gallardo St., Salcedo Village, Makati City
390	Trident - Gil Puyat	GF Trident Tower Bldg., 312 Sen. Gil. Puyat Avenue, Makati City
391	Tutuban	DS-17-18 Tutuban Prime Block, Tutuban Center, CM Recto, Manila City
392	Tutuban Centermall	M1-B055 B, Ground Floor, Centermall Bldg., Tutuban Center, CM Recto Avenue, Manila
393	U.N. Avenue - J. Bocobo	UN Avenue cor. J. Bocobo St., Ermita, Manila
394	UN Avenue	Puso ng Maynila Bldg., UN Avenue corner A. Mabini Street, Ermita, Manila
395	UN Avenue - Philamlife	GF & MF Philamlife U. N. Ave. Bldg., U.N. Avenue corner Orosa St., Ermita, Manila
396	V.A. Rufino	GF Chatham House, Herrera St., corner Valero and San Agustin St., Salcedo Village, Makati City

	BRANCH	ADDRESS
397	V.A. Rufino - Tuscan	GF Tuscan Building, 114 V. A Rufino St., Legaspi Village, Makati City
398	Valenzuela	KM. 15 MacArthur Highway, Dalandanan, Valenzuela
399	Valenzuela - Gen. T. De Leon	Gen. T. De Leon Street, Valenzuela City
400	Valero	GF Pearl Center, 145 Valero Street, Salcedo Village, Makati City
401	Villar - Salcedo Village	Eurovilla III Condominium, 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City
402	Visayas Avenue	M & L Bldg., Visayas Avenue corner Road 1, Brgy. Vasra, Quezon City
403	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City
404	V-Mall	GF New V- Mall, Greenhills Shopping Center, San Juan, Metro Manila
405	Walter Mart - North EDSA	GF Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City
406	Washington - Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City
407	West Avenue	68 Carbal Bldg., West Avenue, Quezon City
408	West Avenue - Del Monte	No. 40 West Ave., 1104 West Triangle, Q.C
409	West Avenue-Baler	No. 118 Jafer Bldg., West Avenue, Quezon City
410	West Avenue-East Maya	160 West Avenue corner East- Maya Drive, Quezon City
411	West Trade Center - West Avenue	Unit # 1, G/F West Trade Center, West Avenue, Quezon City
412	Zurbaran	Rizal Avenue corner Fugoso Street, Sta. Cruz, Manila

Provincial Branches

	BRANCH	ADDRESS
1	Angeles City - Miranda	PCIB Bldg., Miranda St., 2009 Angeles City, Pampanga
2	Abra - Bangued	Unit 12 the Rosario Bldg., Taft St. corner Magallanes St., 2800 Benguet, Abra
3	Aklan - Kalibo	Along XIX Martyrs Street, Kalibo, Aklan
4	Albay - Daraga	Rizal St., 4501 Daraga, Albay
5	Albay - Polanqui	Provincial Road corner Brgy. Road, Brgy. Ubaliw, Polangui, Albay
6	Albay - Tabaco	Along Ziga Avenue, Tabaco, Albay
7	Angeles - Balibago	GF Lawrence Plaza, Macarthur Highway near cor. Charlot St., Balibago, Angeles City, Pampanga
8	Angeles - MacArthur Highway	GF Excelsior Bldg., 314 Macarthur Highway, Brgy. CM Recto, Angeles City, Pampanga
9	Angeles - Sto. Rosario	Plaza Rafael 1, 1151- D. Sto. Rosario St., Sto. Domingo, Angeles City
10	Angeles City - Nepo Mart	GF Angeles Business Center, Teresa Avenue, Nepo Mart Complex, Angeles City, Pampanga
11	Antique	Corner Gov. Villavert St. and Gov. Gella St., San Jose, Antique 5700
12	Bacolod - Araneta	Cineplex Complex, Araneta St., Bacolod City
13	Bacolod - Capitol Shopping	Benigno Aquino Drive, Capitol Shopping 6100 Bacolod City, Negros Occidental
14	Bacolod - Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
15	Bacolod - Goldenfield	Goldenfield Comm'l Complex, Sincang Araneta St., Bacolod City 6100
16	Bacolod - Gonzaga	Gonzaga - Lopez Enterprise Building Gonzaga Street, Bacolod City
17	Bacolod - Hilado	Hilado cor. F/ Y Manalo Sts., 6100 Bacolod City, Negros Occidental
18	Bacolod - Lacson	Lacson cor.Galo Sts., 6100 Bacolod City, Negros Occidental
19	Bacolod - Lopue's East	Unit 24 & 25 Lopue's East Center, Annex Bldg., Carlos Hilado, National Highway Brgy. Villamonte, Bacolod City
20	Bacolod - Mandalagan	GF Sta. Clara Estate Building, Lacson St., Mandalagan, Bacolod City

	BRANCH	ADDRESS
21	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. cor. Rosario St., Bacolod City, Negros Occidental
22	Bacolod Plaza	Araneta cor. Gonzaga Sts., 6100 Bacolod City- Negros Occidental
23	Baguio - Abanao Square	Abanao Square, Abanao corner Zanduea Sts., Baguio City
24	Baguio - Legarda	Our Lady of Fatima Building, Yandoc St. Kayang Extension, Baguio City
25	Baguio - Luneta	Luneta Hill corner Governor Pack Road, Session Road, Baguio City
26	Baguio - Session Road	GF National Life Bldg., Session Road, Baguio City
27	Balanga - A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
28	Baliuag - J.P. Rizal	J.P. Rizal St., San Jose, Baliuag, Bulacan
29	Baliuag - Tagle	Comer Rizal & Tagle St., Baliuag, Bulacan
30	Batangas - Balayan	Antorcha St., Balayan, Batangas
31	Batangas - Bauan	Kap. Ponso St., Bauan, Batangas
32	Batangas - Kumintang	Along National Highway, Brgy. Kumintang Ilaya, Batangas City
33	Batangas - Lemery	Ilustre Avenue corner Lakandula St., Lemery, Batangas
34	Batangas - P. Burgos	CM Ilagan Building P. Burgos St., Batangas City
35	Batangas - Palloca West	Manuel Pastor Avenue, Palloca West, Batangas City
36	Batangas - San Juan	Marasigan corner Kalayaan Sts., San Juan, Batangas
37	Batangas - Sto. Tomas	Maharlika Highway, San Antonio, Sto. Tomas, Batangas
38	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., Batangas, Batangas City
39	BDO Zamboanga - Rizal St.	Rizal St., Zamboanga City, 7000, Zamboanga Del Sur
40	Benguet - La Trinidad	S & B Bldg., KM. 4 Balili 2601 La Trinidad, Benguet
41	Biñan	A. Bonifacio Street, Barrio Canlalay, Biñan, Laguna
42	Biñan - A. Mabini	Rey Bldg., A. Mabini St. Poblacion, 4024 Binan, Laguna
43	Bohol - Tagbilaran	CP Garcia Avenue., 56300 Tagbilaran City, Bohol
44	Bukidnon - Valencia	M. L. Quezon St. cor. G. Laviña Ave., Valencia City, Bukidnon 8709
45	Bulacan - Balagtas	MacArthur Highway, Brgy. San Juan, 3016 Balagtas, Bulacan
46	Bulacan - Bocaue	MacArthur Highway, Brgy. Biñang 1st, Bocaue, Bulacan
47	Bulacan - Hagonoy	GF Ang Puso ng Hagonoy Shopping Center Plaza, Hagonoy, Bulacan
48	Bulacan - Obando	JP Rizal St., Barangay Catanghalan, 3021 Obando, Bulacan
49	Bulacan - Plaridel	Along Cagayan Valley Road, Banga, Plaridel, Bulacan
50	Bulacan - Pulilan	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan
51	Bulacan - San Jose Del Monte	National Highway (Quirino Highway), Tungkong Mangga, Sn Jose Del Monte City, Bulacan
52	Bulacan - San Rafael	KM 60, Cagayan Valley Road, Cruz na Daan, San Rafael, Bulacan
53	Bulacan - Sta. Maria Gov. F. Halili	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan
54	Bulacan - Sta. Maria M.G. Deleon	M. De Leon St., Poblacion, 3022 Sta. Maria, Bulacan
55	Butuan - J.C. Aquino Avenue	D & V Plaza II Bldg., JC Aquino Avenue, Butuan City
56	Butuan - Montilla	Montilla Blvd. near corner Lopez Jaena St., Butuan City, Agusan Del Norte
57	Cabanatuan - Maharlika Road	Maharlika Road near cor. Sanciango St., Cabanatuan City
58	Cabanatuan - Megacenter Mall	Unit 49- B and Unit 3 UGF Megacenter, The Mall, Gen. Tinio & Melencio Sts. Cabanatuan City
59	Cabanatuan - NE Pacific Mall	GF, Unit CM-2 (Mall Entrance 2) NE Pacific Mall, KM 111 Maharlika Hwy, Cabanatuan City, Nueva Ecija
60	Cabanatuan - Paco Roman	Along Paco Roman Street, Cabanatuan City
61	Cabanatuan - Sanciango	Maharlika Road near corner Sanciango St., Cabanatuan City
62	Cagayan - Aparri	Rizal St. cor. R.F. Balisi St., Aparri, Cagayan
63	Cagayan de Oro - Carmen	Max Y. Surriel St. corner V. Neri St., Carmen, Cagayan de Oro
64	Cagayan de Oro - Cogon	J. R Borja Street, Cagayan De Oro City

	BRANCH	ADDRESS
65	Cagayan de Oro - Hayes	GF Trendline Dept. Store, Arch James Hayes St., Cogon, Cagayan de Oro City
66	Cagayan de Oro - Lapasan	CM Recto Highway, Lapasan, 9000 Cagayan de Oro City, Misamis Oriental
67	Cagayan de Oro - Osmeña	Pres. S. Osmena corner Ramon Chavez St., Cogon 9000, Cagayan de Oro Misamis Oriental
68	Cagayan de Oro - R.N. Pelaez Blvd.	Georgetown Cyber Mall, Rodolfo N. Pelaez Blvd., Kaswagan, Cagayan de Oro City
69	Cagayan de Oro - Velez	Velez Road corner Abejuela Street, Cagayan de Oro
70	Cagayan De Oro - Xavier	Library Annex Building Corrales Avenue, Cagayan de Oro City
71	Calamba - Paseo Uno	GF Paseo Uno de Calamba, National Highway, Barangay Paciano, Calamba City, Laguna
72	Calamba Crossing - North	Calamba Crossing, National Highway, 4027 Calamba, Laguna
73	Camarines Norte - Daet	J. Lukban Street corner Moreno Street Poblacion, Daet, Camarines Norte
74	Camarines Sur - Pili	Santiago, Pili, Camarines Sur
75	Catanduanes - Virac	San Juan corner Rizal Sts., 4800 Virac, Catanduanes
76	Cavite - General Trias Gateway	Gateway Business Park, C. Delos Reyes Ave., 4107 Gen. Trias, Cavite
77	Cavite - Carmona Drive	Governor's Drive, Bo. Maduja, 4116 Carmona, Cavite
78	Cavite - Dasmariñas Technopark	Governor's Drive, Brgy. Paliparan I, Dasmariñas, Cavite
79	Cavite - EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite
80	Cavite - FCIE Dasmariñas	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite
81	Cavite - Imus Aguinaldo Highway	GF DCR Building, Aguinaldo Highway, 4103 Imus, Cavite
82	Cavite - Imus Anabu	Gen. Aguinaldo Road, Anabu I, Imus, Cavite
83	Cavite - Imus-Nueno Avenue	358 Exodus Building, Nueno, Imus, Cavite
84	Cavite - Naic	Governor's Drive corner Soriano Highway, Naic Cavite City
85	Cavite - Puregold Tanza	GF Puregold Tanza, Provincial Road, Tanza, Cavite
86	Cavite - Silang	194 J. Rizal corner M. Belen Street, Silang, Cavite
87	Cavite - Trece Martires	El Paseo Arcade, Indang, Trece Road near Corner Gov. Drive, Trece Martires City
88	Cavite City - P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City
89	Cavite-Dasmariñas Aguinaldo Highway	GF Digital Bldg., Gen. Emilio Aguinaldo Highway, Dasmariñas, Cavite
90	Cebu - A.S. Fortuna	GF Tanaka Bldg., 869 A. S. Fortuna Banilad, Mandaue City
91	Cebu - Asiatown IT Park	GF TGU Tower, Salinas Drive corner J. M. Del Mar St., Asiatown IT Park, Apas, Cebu City
92	Cebu - Ayala Business Park	GF Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City
93	Cebu - Ayala Mall	Stall 286A Level 2, West Entry, Ayala Center Mall Cebu, Cebu Business Park, Cebu City
94	Cebu - Banilad	TPE Bldg., Governor Cuenco Avenue, Banilad, Cebu City
95	Cebu - Banilad Talamban	Governor M. Cuenco, Banilad, Cebu City
96	Cebu - Bogo	P. Rodriguez corner San Vicente Sts., 6010 Bogo, Cebu City
97	Cebu - Borromeo	Magallanes corner Borromeo St., Cebu City
98	Cebu - Capitol	Osmeña Blvd. corner Ma. Cristina St., 6000 Cebu City
99	Cebu - Consolacion	GF Annex Bldg. Fooda Saversmart, Consolacion, Cebu
100	Cebu - F. Gonzales	F. Gonzales corner Magallanes St., Cebu City
101	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000
102	Cebu - Fuente	J. Rodriguez St., Fuente Osmeña Rotonda, Cebu City
103	Cebu - Gorordo	Gorordo Avenue, Lahug, 6000 Cebu City, Cebu
104	Cebu - Guadalupe	R. Duterte Corner V. Rama Sts. Guadalupe, Cebu City
105	Cebu - Lapu Lapu	Unit 9, The Arcade, ML Quezon Highway, Pajo, Lapu Lapu City
106	Cebu - Magallanes Plaridel	Magallanes corner Plaridel Sts., 6000 Cebu City

	BRANCH	ADDRESS
107	Cebu - Mambaling	Grand Orchard Commercial Building, C. Padilla Street, Mambaling, Cebu City
108	Cebu - MEZ II	Unit 204 NGA Building 2, Pueblo Verde MEZ II, Basak, Lapu Lapu City
109	Cebu - North Mandaue	National Highway, Mandaue City
110	Cebu - North Reclamation	Blk.20-A cor. Port Centre Ave. and Juan Luna Ave., North Reclamation Area, Cebu City
111	Cebu - North Road	National Highway, Labogon, Mandaue City, Cebu
112	Cebu - Parkmall	Unit 29 - 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu
113	Cebu - Plaridel	21 Dy Bldg., Plaridel St., Cebu City
114	Cebu - Salinas Drive	117 Gorordo Avenue, Lahug, Cebu City
115	Cebu - South Mandaue	National Highway, 6014 Mandaue City, Cebu
116	Cebu - Tabo-an	T. Abella St., San Nicolas Central, 6000, Cebu City
117	Cebu Cuenco	NSLC Building, M. J. Cuenco Avenue, Cebu City
118	Cebu Elizabeth Mall	GF Elizabeth Mall, Leon Kilat corner South Expressway, Cebu City
119	Cebu Escario	Cebu Escario Street, Cebu City
120	Cebu Legaspi	Legaspi corner Zamora Street, Cebu City
121	Cebu Magallanes	Plaridel Street corner Magallanes St., Cebu City
122	Cebu Mandaue	La Fuerza Building, Subangdaku, Mandaue City
123	Cebu Osmeña	Osmeña Blvd. corner Urgello Street, Cebu City
124	Cebu Tabunok	PBS Bldg., 2668 National Highway Tabunok, Talisay, Cebu City
125	Clark SEZ - Centennial	Centennial Road, Clark Special Eco. Zone, Clarkfield, Pampanga
126	Clark SEZ - Puregold	Puregold Duty Free (Expansion) Bldg., Claro M. Recto Highway (formerly Dyess Hwy) Clark Special Economic Zone, Clarkfield, Pampanga
127	Cotabato - Kabacan	Rizal Avenue, National Highway, 9407 Kabacan, North Cotabato
128	Cotabato - Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato
129	Cotabato - Makakua	Makakua St., 9600 Cotabato City, Maguindanao
130	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato
131	Dagupan - Fernandez	A.B. Fernandez Ave., 2400 Dagupan City, Pangasinan
132	Dagupan - Perez	386 Perez Boulevard, Dagupan City
133	Dagupan - Tapuac	Unit 8-10 Mother Goose Play House Bldg., MacArthur Highway, Tapuac District, Dagupan City, Pangasinan
134	Davao - Mati	Rizal cor. Mabini Sts., 8200 Mati, Davao Oriental
135	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City
136	Davao - Bangoy	R. Magsaysay Avenue corner C. Bangoy St., 8000 Davao City
137	Davao - Buhangin	Carlos P. Garcia Highway, Buhangin Diversion Road, Davao City
138	Davao - C.M. Recto	383 Claro M. Recto St., Davao City
139	Davao - Claveria	CM Recto St., Davao City
140	Davao - Digos	Rizal Avenue, Zone II, Digos, Davao del Sur
141	Davao - Lanang	SJRDC Building, Insular Village 1 Commercial Area, Lanang, Davao City
142	Davao - Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur
143	Davao - Monteverde	GF Sequoia Inn., Monteverde Avenue, Davao City
144	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City
145	Davao - Quirino Avenue	Nicolas 1 Bldg. Quirino Ave., 8000, Davao City
146	Davao - Rizal	Caritas Building Rizal Street corner Pelayo Street, Davao City
147	Davao - San Pedro	GF KDC, Bldg., San Pedro Street, Davao City, Davao Del Sur
148	Davao - Sta. Ana	Monteverde corner F. Bangoy Sts., 8000 Davao City, Davao del Sur
149	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
150	Davao - Torril	Agton Street, Davao City

	BRANCH	ADDRESS
151	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Davao City
152	Davao Magsaysay	R. Magsaysay Avenue, Davao City
153	Dipolog	Quezon Ave, 7100 Dipolog City, Zamboanga Del Norte
154	Dumaguete	Colon St. fronting Bldg. V of City Public Market, Poblacion 003, Dumaguete City
155	General Santos	Santiago Boulevard corner JP Laurel Street, General Santos City
156	General Santos - KCC Mall	Unit 018 Lower Ground Floor, KCC Mall of Gensan, Jose Catolico Sr. Avenue, General Santos, South Cotabato
157	General Santos - Pendatun	GF Sydney Hotel, corner Pioneer and Pendatun Avenue, General Santos City 9500
158	General Santos - Pioneer	National Highway cor. Roxas Ave., 9500 Gen. Santos City, S. Cotabato
159	General Santos - Santiago	Ireneo Santiago Blvd., 9500 Gen. Santos St., South Cotabato
160	Iligan - Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao, Del Norte
161	Iligan-Del Pilar	B.C. Labao corner Del Pilar Street, Iligan City
162	Ilocos Norte - Batac	Aoigan Bldg., Washington St. Batac 2906, Ilocos Norte
163	Ilocos Sur - Candon	National Highway corner Abaya St., 2710 Candon, Ilocos Sur
164	Iloilo - Central	Iznart St., Lot 317- B - 2- A-1, 5000, Iloilo City, Iloilo
165	Iloilo - Gen. Luna	48 LPHTP Bldg. Gen. Luna St., Iloilo City
166	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
167	Iloilo - Jaro	NB Bldg., Lopez Jaena Street, Jaro, Iloilo City
168	Iloilo - JM Basa	JM Basa Street, Iloilo City
169	Iloilo - La Paz	GF INJAP Bldg., corner Luna St. & Huervana St., La Paz, Iloilo City
170	Iloilo - Ledesma	GF Esther Building, Ledesma Street, Iloilo City
171	Iloilo - Quezon St.	Lots 3 & 5, Quezon St., Iloilo City
172	Iloilo - Tabuc Suba	Roger's Bldg., MacArthur Highway, Tabuc Suba, Iloilo City
173	Iloilo - Valeria	Valeria Street, Iloilo City
174	Iloilo-Molo	M. H. Del Pilar corner Jocson Streets, Molo, Iloilo City
175	Iriga City	Iriga Plaza Hotel, Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur
176	Isabela - Cauayan	Along National Highway, Cauayan, Isabela
177	Isabela - Ilagan	Along Maharlika Highway, Calamagui 2nd, Ilagan, Isabela
178	Isabela - Roxas	23 Osmeña Rd., Bantug, Mallig Plain, 3320 Roxas, Isabela
179	Isabela - Santiago Centro	A & A Musgni Bldg., City Road corner Carreon St., Centro East, Santiago City
180	Isabela - Santiago Maharlika Highway	Maharlika Highway corner Quezon Avenue, Victory Norte, Santiago City, Isabela
181	La Union San Fernando - Q. Avenue	Quezon Ave., 2500 San Fernando, La Union
182	La Union San Francisco - Rizal Ave.	Rizal Avenue corner Ortega Street, San Fernando, La Union
183	La Union, Agoo	Along National Highway, Barangay San Nicolas, Agoo, La Union
184	Laguna - Cabuyao	GF Lim-Bell Business Center, JP Rizal St., Cabuyao, Laguna
185	Laguna - Pagsanjan	J P Rizal Street corner F. De San Juan St., Barangay Dos, Poblacion, Pagsanjan, Laguna
186	Laguna - Sta. Cruz	Along Regidor Street, Sta. Cruz, Laguna
187	Laguna - Technopark	GF Laguna Technopark Admin. Bldg. 1, North Main Avenue, Laguna Technopark Biñan, Laguna
188	Laoag - Balintawak	Cor.Rizal & Balintawak Sts., 2900 Laoag City, Ilocos Norte
189	Laoag - Castro	Pichay Bldg., JP Rizal corner A. Castro St., Laoag City
190	Legaspi City - Rizal St.	Rizal corner Gov. Imperial Street, Legaspi City
191	Legaspi City - Rotonda	Rizal St., 4500 Legaspi City, Albay
192	Leyte - Maasin	Tomas Oppus Street, 6600 Maasin, Southern Leyte

	BRANCH	ADDRESS
193	Leyte - Ormoc	Burgos St. cor. Rizal St., 6541 Ormoc City, Leyte
194	Lipa - Ayala Highway	Casa Esperanza Building, Pres. JP Laurel Highway, Mataas na lupa, Lipa City
195	Lipa - C.M. Recto	131 C. M. Recto St, 4217 Lipa City, Batangas
196	Lipa - Robinson's Place	Level 1, Space L1- 177, Robinson's Place-Lipa, Lipa Highway, Lipa City, Batangas
197	Lipa- Rotonda	C.M. Recto Avenue, Lipa City
198	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Brgy. Batong Malake, Los Baños
199	Lucena - Enriquez	Enriquez corner Evangelista St., Quezon
200	Lucena - Gulang Gulang	No . 505 Quezon Avenue Extension, Brgy. Gulang Gulang, Lucena City
201	Lucena - Merchan	Merchan Street corner San Fernando Street, Lucena City
202	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon
203	Mactan - EPZA	Mactan - EPZA Compound, 6000 Lapu-Lapu City, Cebu
204	Malolos - Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
205	Malolos - MacArthur Highway	S1 Cabana Space A, The Cabanas Mall, MacArthur Highway, Malolos City
206	Marilao - MacArthur Highway	Unit 1-3 Cecila Commercial Complex, Abangan Norte, MacArthur Highway, 3019 Marilao, Bulacan
207	Meycauayan - MacArthur Highway	Liberty Building, MacArthur Highway Calvario, Meycauayan, Bulacan
208	Meycauayan - Malhacan	Brgy. Northern Hills, Malhacan, Meycauayan, Bulacan
209	Meycauayan - Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
210	Mindoro - Calapan	JP Rizal St., 5200 Calapan, Oriental Mindoro
211	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental
212	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental
213	Naga - General Luna	Nos. 80-82 Gen. Luna Street, Dinaga, Naga City
214	Naga - Magsaysay Avenue	Magsaysay Avenue, Naga City
215	Naga - Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
216	Naga - San Francisco	Brgy. San Francisco Peñafrancia Avenue, Naga City
217	Negros Occ - Binalbagan	Biscom Compound Binalbagan, Negros Occidental
218	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran 6106, Negros Occidental
219	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental
220	Negros Occ - Victorias	Osmeña Ave., Victorias City, Negros Occidental, 6119
221	Negros Occidental - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
222	Negros Occidental - Escalante	National Highway, Escalante City, 6124 Negros Occidental
223	Negros Occidental - Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
224	Nueva Ecija - Gapan	Tinio St., 3105 Gapan, Nueva Ecija
225	Nueva Ecija - Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
226	Nueva Ecija - Munoz	T. Delos Santos St., Science City of Munoz, Nueva Ecija
227	Nueva Ecija - San Jose	Maharlika Road, 3121 San Jose City, Nueva Ecija
228	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija
229	Nueva Ecija - Talavera	Maharlika Highway, Marcos District, Talavera, Nueva Ecija
230	Nueva Vizcaya - Solano	National Highway, Solano, Nueva Vizcaya
231	Olongapo	GF & 2F KT Tower, Rizal Avenue East corner 18th St., Bajac, Olongapo City
232	Ozamiz City	Cebedo St., corner Gallardo St., Centro, Ozamiz City, Misamis Occidental
233	Pagadian	F. S. Pajaras Ave., Pagadian City, 7016 Zamboanga Del Sur
234	Pampanga - Apalit	GF Quintos Bldg., MacArthur Highway, San Vicente, Apalit, Pampanga
235	Pampanga - Guagua	Yabut Bldg., Plaza Burgos 2003, Guagua, Pampanga
236	Pampanga - Lubao	Olongapo-Gapan Road, Lubao, Pampanga
237	Pampanga -San Fernando Dolores	McArthur Highway, Dolores, 2000 City of San Fernando, Pampanga

	BRANCH	ADDRESS
238	Pampanga-San Fernando Gen. Hizon	Gen. Hizon Extension, San Fernando, Pampanga
239	Pampanga-San Fernando MacArthur Highway	GF Doña IsaFel Building II, Dolores, City of San Fernando, Pampanga
240	Pampanga-San Fernando San Agustin	McArthur Highway, Bgy. San Agustin, San Fernando, Pampanga
241	Pampanga-San Fernando Sindalan	Palm Building, McArthur Highway, Sindalan, San Fernando City, Pampanga
242	Pangasinan - Alaminos	Marcos Avenue, Palamis, 2404 Alaminos, Pangasinan
243	Pangasinan - Calasiao	GF Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan
244	Pangasinan - Carmen	MacArthur Highway, Carmen East, 2441 Rosales, Pangasinan
245	Pangasinan - Lingayen	80 Avenida Rizal East, Lingayen, Pangasinan
246	Pangasinan - San Carlos	Polaris St., 2420 San Carlos City, Pangasinan
247	Pangasinan - Tayug	Along Quezon Blvd., Poblacion Tayug, Pangasinan
248	Puerto Princesa	261 Rizal Ave., 5300 Puerto Princesa City, Palawan
249	Quezon - Candelaria	Rizal Ave cor. Valle St., 4323 Candelaria, Quezon
250	Robinson's Dumaguete	Robinsons Dumaguete, Dumaguete Business Park, South Road, Calingdagan, Dumaguete City
251	Robinson's Place - San Nicolas	Unit 1-0144, Robinson's Place, San Nicolas, Ilocos Norte
252	Roxas - Roxas Avenue	Roxas Avenue, Roxas City, Capiz
253	Samar - Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar
254	San Pablo - Rizal St	2nd Floor, Equitable PCI Bldg., Rizal St. cor. P. Alcantara, San Pablo City, Laguna
255	San Pablo - Maharlika Highway	GF Bien Paz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City
256	San Pablo - Paulino	M. Paulino St., San Pablo City
257	San Pedro	Tayao Bus. Ctr. Bldg., A Mabini St., San Pedro, Laguna
258	San Pedro - Pacita	GF M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna
259	San Pedro-National Highway	Mega Building, National Highway, San Pedro, Laguna
260	Silay - Figueroa	Figueroa cor. Rizal St., Silay City, 6116 Negros Occidental
261	SM City Bacolod	GF Southwing Bldg., SM City Bacolod, Poblacion Reclamation Area, Bacolod City
262	SM City Baguio	UGF SM City Baguio, upper Session Road, Baguio City
263	SM City Baliwag	GF SM City Baliwag, Barangay Sto. Cristo, Baliuag, Bulacan
264	SM City Batangas	GF SM City Batangas, Barangay Pallocan West, Batangas City
265	SM City Cagayan De Oro	GF SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan, Cagayan de Oro, Misamis Oriental
266	SM City Calamba	GF SM City Calamba, National Highway, Barangay Real, Calamba City
267	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City
268	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
269	SM City Clark	GF SM City Clark, Clark Field, Pampanga
270	SM City Dasmariñas	SM City Dasmariñas, Bo. Pala-Pala, Dasmariñas, Cavite
271	SM City Davao	UGF SM City Davao, Brgy., Matina, Davao City
272	SM City Iloilo	UGF SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City
273	SM City Lipa	GF SM City Lipa, Ayala Highway, Lipa City, Batangas
274	SM City Lucena	GF SM City Lucena (LC - 177- 178), Pagbilao National Road, Lucena City
275	SM City Marilao	GF SM City Marilao, MacArthur Highway, Marilao, Bulacan
276	SM City Naga	GF SM City Naga, Brgy. Triangulo, Central Business District II, Naga City
277	SM City Pampanga A	GF SM City Pampanga, San Fernando Mexico, Pampanga
278	SM City Pampanga B	GF SM City Pampanga Annex Bldg. 4, San Fernando, Pampanga
279	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan

	BRANCH	ADDRESS
280	SM City Rosario	GF SM City Rosario, General Trias Drive, Brgy. Tejero, Rosario, Cavite
281	SM City San Pablo	GF SM City San Pablo, National Highway, Barangay San Rafael, San Pablo City, Laguna
282	SM City Sta. Rosa	GF SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna
283	SM City Tarlac	UGF & LGF, SM City Tarlac, MacArthur Highway, Barangay San Roque, Tarlac City
284	SM Delgado	GF SM Delgado Building, Valeria Street, Iloilo City
285	Sorsogon City	Son Bldg., R. Magsaysay Avenue, Sorsogon City
286	South Cotabato - Koronadal	R. Alunan Ave. cor. Osmeña St., 9506 Koronadal, South Cotabato
287	Sta. Rosa - Don Jose	PCC Bldg., Sta. Rosa Tagaytay Road, Brgy. Don Jose, Sta. Rosa, Laguna
288	Sta. Rosa-South Expressway	National Road, Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
289	Subic - Times Square	420 Rizal Highway, Subic Bay Freeport Zone, 2200 Olongapo City, Zambales
290	Sultan Kudarat - Isulan	075 National Highway, Kalawag 2, Isulan, Sultan Kudarat
291	Sultan Kudarat - Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
292	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City
293	Tacloban - Justice Romualdez	Philamlife Bldg., Justice, Romualdez St. corner P. Paterno St., Tacloban City
294	Tacloban - Rizal Avenue	Roqson Building, Rizal Avenue corner P. Burgos St., 6500 Tacloban City, Leyte
295	Tacloban - Zamora	Carlos Chan Bldg. P.Zamora Street, Tacloban City
296	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay
297	Tanauan - A. Mabini	A. Mabini St., Tanauan, 4232 Batangas
298	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway corner Sixto Castillo St., Poblacion, Tanauan, Batangas
299	Tarlac - Camiling	Romulo St., Brgy. Poblacion, A. Camiling, Tarlac
300	Tarlac - Concepcion	L. Jaena cor. L. Cortes Sts., San Nicolas, 2316 Concepcion, Tarlac
301	Tarlac - F. Tañedo	F. Tanedo cor. Juan Luna St., Tarlac City
302	Tarlac - J. Luna	J. Luna St. near corner Mc Arthur, Tarlac, Tarlac
303	Tarlac - Paniqui	M. H. Del Pilar St. McArthur H-way 2307, Paniqui, Tarlac
304	Tuguegarao - Bonifacio St.	Bonifacio Street, Tuguegarao, Cagayan
305	Urdaneta - Alexander	Alexander St., Urdaneta City, Pangasinan
306	Urdaneta - MacArthur Highway	182 LIS Bldg., McArthur Highway, San Vicente, Urdaneta
307	Vigan - Plaza Maestro	GF Plaza Maestro Commercial Complex, Burgos & Florentino Sts., Vigan City, Ilocos Sur
308	Vigan - Quezon Avenue	Corner Bonifacio St. & Quezon Ave., 2900 Vigan, Ilocos Sur
309	Walmart - Sta. Maria	GF Sta. Maria Provincial Road corner By Pass Road, Brgy.Sta.Clara, Sta. Maria, Bulacan
310	Walmart - Sta. Rosa	San Lorenzo Drive Corner Balibago Road, Brgy. Balibago, 4026 Sta. Rosa, Laguna
311	Zamboanga	Grand Astoria Hotel, Annex Building, M. D. Jaldon Street, Zamboanga City
312	Zamboanga - Ipil	National Highway Ipil, 7001 Zamboanga Del Sur
313	Zamboanga - Mayor Jaldon	Mayor Jaldon Avenue, Brgy. Canelar, Zamboanga City

**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL
STATEMENT**



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Banco De Oro Unibank, Inc. and subsidiaries is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010 and 2009. The financial statements have been prepared in conformity with financial reporting standards in the Philippines for banks and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Bank's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.


The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Bank.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Bank in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.


Chairman of the Board


TERESITA T. SY

President


NESTOR V. TAN

EVP and Comptroller
Banco De Oro


LUCY CODY

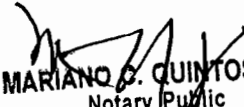
BDO Corporate Center
7899 Makati Avenue
Makati City 0726, Philippines
Swift Code: BNORPHMM
Tel +63(2) 840 7000

SUBSCRIBED AND SWORN to before me this **MAR 25 2011** day of March 2011, 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 BY HAND AND SEAL on the day first above-mentioned at Makati City.

Doc. No. 246
Page No. 57
Book No. XXIII
Series of 2011


MARIANO S. QUINTOS, JR.
Notary Public
Until Dec. 31, 2011
PTR # 0973782 / Jan. 3, 2011
IBP # 841620 / Dec. 29, 2010

STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2009 AND 2010



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

**To the Board of Directors and to the Stockholders
Banco de Oro Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue, Makati City**

We have audited the accompanying financial statements of Banco de Oro Unibank, Inc. and subsidiaries (together hereinafter referred to as the BDO Unibank Group) and Banco de Oro Unibank, Inc. (the Parent Bank), which comprise the statements of financial position as at December 31, 2010 and 2009, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2010, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement.

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 present fairly, in all material respects, the financial position of BDO Unibank Group and of the Parent Bank as at December 31, 2010 and 2009, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2010, in accordance with financial reporting standards in the Philippines for banks as described in Note 2 to the financial statements.

Emphasis of a Matter

As discussed in Note 27 to the financial statements, the Parent Bank presented the supplementary information required by the Bureau of Internal Revenue under Revenue Regulations 15-2010 (RR 15-2010) on taxes, duties and license fees in a supplementary schedule filed separately from the basic financial statements. RR 15-2010 requires the information to be presented in the notes to financial statements. Such supplementary information is the responsibility of management. The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with financial reporting standards in the Philippines for banks; it is neither a required disclosure under the Philippine Securities and Exchange Commission rules and regulations covering form and content of financial statements under Securities Regulation Code Rule 68.

PUNONGBAYAN & ARAULLO


By: Benjamin P. Valdez
Partner

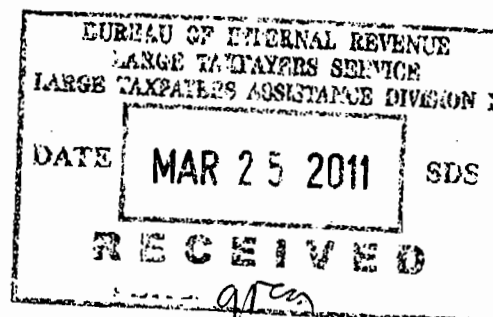
CPA Reg. No. 0028485
TIN 136-619-880
PTR No. 2641799, January 3, 2011, Makati City
Partner's SEC Accreditation No. 009-AR-2 (until Mar. 1, 2012)
BIR AN 08-002511-11-2008 (until Nov. 24, 2011)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)
Firm's SEC Accreditation No. 0002-FR-2 (until Feb. 1, 2012)

February 26, 2011

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009
(Amounts in Millions of Philippine Pesos)

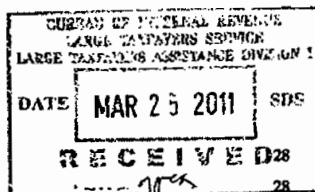
		BDO Unibank Group				Parent Bank			
	Notes	2010		2009		2010		2009	
RESOURCES									
CASH AND OTHER CASH ITEMS	7	P	26,673	P	30,544	P	26,660	P	30,365
DUE FROM BANGKO SENTRAL NG PILIPINAS	7		138,482		64,833		129,718		62,864
DUE FROM OTHER BANKS	8		21,777		16,732		20,433		14,611
TRADING AND INVESTMENT SECURITIES	9		197,287		171,712		177,641		153,262
LOANS AND OTHER RECEIVABLES - Net	10		566,021		524,901		548,618		497,302
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11		15,057		14,732		14,115		13,058
INVESTMENT PROPERTIES - Net	12		11,979		13,834		11,152		12,805
OTHER RESOURCES - Net	13		<u>23,593</u>		<u>24,761</u>		<u>30,866</u>		<u>30,917</u>
TOTAL RESOURCES		P	<u>1,000,869</u>	P	<u>862,049</u>	P	<u>959,203</u>	P	<u>815,184</u>
LIABILITIES AND EQUITY									
DEPOSIT LIABILITIES	15	P	782,635	P	694,678	P	762,634	P	669,805
BILLS PAYABLE	16		65,861		31,415		56,081		21,519
SUBORDINATED NOTES PAYABLE	17		23,152		23,152		23,152		23,152
OTHER LIABILITIES	18		<u>40,489</u>		<u>44,917</u>		<u>34,787</u>		<u>38,136</u>
Total Liabilities			<u>912,137</u>		<u>794,162</u>		<u>876,654</u>		<u>752,612</u>
EQUITY									
Attributable to:									
Shareholders of the Parent Bank	19		88,009		67,252		82,549		62,572
Non-controlling Interests	19		<u>723</u>		<u>635</u>		<u>-</u>		<u>-</u>
			<u>88,732</u>		<u>67,887</u>		<u>82,549</u>		<u>62,572</u>
TOTAL LIABILITIES AND EQUITY		P	<u>1,000,869</u>	P	<u>862,049</u>	P	<u>959,203</u>	P	<u>815,184</u>

See Notes to Financial Statements.

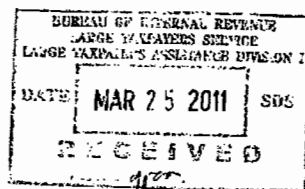


BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Millions of Philippine Pesos Except Per Share Data)

	Notes	BDO Unibank Group			Parent Bank		
		2010	2009	2008	2010	2009	2008
INTEREST INCOME	20	P 49,930	P 48,810	P 42,359	P 46,544	P 45,011	P 39,733
INTEREST EXPENSE	21	<u>15,772</u>	<u>18,251</u>	<u>19,323</u>	<u>14,990</u>	<u>17,181</u>	<u>18,143</u>
NET INTEREST INCOME		34,158	30,559	23,036	31,554	27,830	21,690
IMPAIRMENT LOSSES - Net	14	<u>6,698</u>	<u>6,153</u>	<u>5,232</u>	<u>6,374</u>	<u>5,775</u>	<u>5,171</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		27,460	24,406	17,804	25,180	22,055	16,519
OTHER OPERATING INCOME	22	17,841	15,483	13,731	16,404	14,375	11,810
OTHER OPERATING EXPENSES	22	<u>34,789</u>	<u>32,129</u>	<u>27,852</u>	<u>31,854</u>	<u>28,811</u>	<u>25,892</u>
PROFIT BEFORE TAX		10,512	7,760	3,683	9,730	7,619	2,437
TAX EXPENSE	27	<u>1,631</u>	<u>1,659</u>	<u>1,445</u>	<u>1,297</u>	<u>1,263</u>	<u>958</u>
NET PROFIT		<u>P 8,881</u>	<u>P 6,101</u>	<u>P 2,238</u>	<u>P 8,433</u>	<u>P 6,356</u>	<u>P 1,479</u>
Attributable To:							
Shareholders of the Parent Bank		P 8,825	P 6,035	P 2,182			
Non-controlling Interests		<u>56</u>	<u>66</u>	<u>56</u>			
		<u>P 8,881</u>	<u>P 6,101</u>	<u>P 2,238</u>			
Earnings Per Share:							
Basic		P 3.37	P 2.57	P 0.95	P 3.21	P 2.71	P 0.64
Diluted		<u>P 3.37</u>	<u>P 2.47</u>	<u>P 0.93</u>	<u>P 3.21</u>	<u>P 2.60</u>	<u>P 0.63</u>



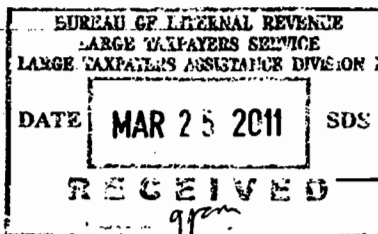
See Notes to Financial Statements.



BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Millions of Philippine Pesos)

	Note	BDO Unibank Group			Parent Bank		
		2010	2009	2008	2010	2009	2008
NET PROFIT		P 8,881	P 6,101	P 2,238	P 8,433	P 6,356	P 1,479
OTHER COMPREHENSIVE INCOME (LOSS)							
Unrealized fair value gains (losses) on available-for-sale securities		3,020	2,356	(2,827)	1,951	2,173	(1,776)
Transfer of realized fair value losses (gains) to statements of income on available-for-sale securities		768	1,057	(3,305)	1,352	231	(3,304)
Net fair value gains (losses) on available-for-sale securities	9	3,788	3,413	(6,132)	3,303	2,404	(5,080)
Translation adjustment related to foreign operations		(350)	(1)	1	(317)	-	-
Other comprehensive income, net of tax		3,438	3,412	(6,131)	2,986	2,404	(5,080)
TOTAL COMPREHENSIVE INCOME (LOSS)		P 12,319	P 9,513	(P 3,893)	P 11,419	P 8,760	(P 3,601)
Attributable To:							
Shareholders of the Parent Bank		P 12,231	P 9,447	(P 3,949)			
Non-controlling Interests		88	66	56			
		P 12,319	P 9,513	(P 3,893)			

See Notes to Financial Statements.



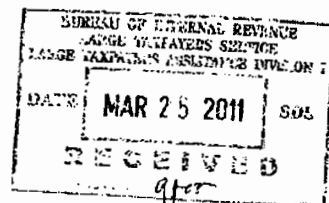
BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Millions of Philippine Pesos)

BDO Unibank Group

	Notes	Common Stock	Preferred Stock	Common Stock Options	Additional Paid-in Capital	Surplus Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on Available-for-sale Securities	Revaluation Increment	Accumulated Translation Adjustment	Total Attributable to Shareholders of the Parent Bank	Non-controlling Interests	Total Equity
Balance at January 1, 2010		P 23,397	P 5,000	P 7	P 16,858	P 1,332	P 19,377	(P 92)	P 1,179	(P 6)	P 67,252	P 635	P 67,887
Transactions with owners													
Issuance of additional shares	19	2,677	-	-	-	-	-	-	-	-	2,677	-	2,677
Contribution to stock options		-	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Premium on issuance of new shares, net of listing fees	19	-	-	-	8,317	-	-	-	-	-	8,317	-	8,317
Cash dividends	19	-	-	-	-	-	(2,447)	-	-	-	(2,447)	-	(2,447)
Total transactions with owners		2,677	-	(7)	8,317	-	(2,447)	-	-	-	8,540	-	8,540
Total comprehensive income		-	-	-	-	-	8,825	3,756	-	(350)	12,231	88	12,319
Transfer to (from) Surplus Free		-	-	-	-	(71)	71	-	-	-	-	-	-
Reversal of appropriation	25	-	-	-	-	89	(89)	-	-	-	-	-	-
Trust reserve		-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increment on land and building sold		-	-	-	-	-	-	(14)	-	-	(14)	-	(14)
		-	-	-	-	18	(18)	-	(14)	-	(14)	-	(14)
BALANCE AT DECEMBER 31, 2010		P 26,074	P 5,000	P -	P 25,175	P 1,550	P 25,737	P 3,664	P 1,165	(P 356)	P 88,809	P 723	P 88,732
Balance at January 1, 2009		P 23,020	P 5,000	P 76	P 15,937	P 1,329	P 14,049	(P 3,505)	P 1,311	(P 5)	P 57,212	P 562	P 57,774
Transactions with owners													
Issuance of additional shares	19	377	-	-	-	-	-	-	-	-	377	-	377
Contribution to stock options, net of recognition		-	-	(69)	-	-	-	-	-	-	(69)	-	(69)
Premium on issuance of new shares, net of listing fees	19	-	-	-	921	-	-	-	-	-	921	-	921
Cash dividends	19	-	-	-	-	-	(791)	-	-	-	(791)	-	(791)
Merger of subsidiaries	19	-	-	-	-	-	110	-	-	-	110	-	110
Acquisition of GEMB	26	-	-	-	-	-	-	-	-	-	-	7	7
Total transactions with owners		377	-	(69)	921	-	(681)	-	-	-	548	7	555
Total comprehensive income		-	-	-	-	-	6,015	3,413	-	(1)	9,447	66	9,513
Transfer to (from) Surplus Free		-	-	-	-	128	(128)	-	-	-	-	-	-
Additional appropriation	25	-	-	-	-	75	(75)	-	-	-	-	-	-
Trust reserve		-	-	-	-	-	177	-	(132)	-	45	-	45
Revaluation increment on land and building sold		-	-	-	-	203	(26)	-	(132)	-	45	-	45
BALANCE AT DECEMBER 31, 2009		P 23,397	P 5,000	P 7	P 16,858	P 1,532	P 19,377	(P 92)	P 1,179	(P 6)	P 67,252	P 635	P 67,887
Balance at January 1, 2008		P 23,020	P -	P 76	P 15,937	P 1,051	P 15,756	P 2,627	P 1,361	(P 6)	P 59,822	P 506	P 60,328
Transaction with owners													
Issuance of additional shares	19	-	5,000	-	-	-	(3,683)	-	-	-	5,000	-	5,000
Cash dividends	19	-	-	-	-	-	-	-	-	-	(3,683)	-	(3,683)
Total transactions with owners		-	5,000	-	-	-	(3,683)	-	-	-	1,317	-	1,317
Total comprehensive income		-	-	-	-	-	2,182	(6,132)	-	1	(3,949)	56	(3,893)
Transfer to (from) Surplus Free		-	-	-	-	278	(278)	-	-	-	-	-	-
Trust reserve	25	-	-	-	-	-	72	-	(50)	-	22	-	22
Revaluation reversal, inclusive of tax component		-	-	-	-	278	(206)	-	(50)	-	22	-	22
BALANCE AT DECEMBER 31, 2008		P 23,020	P 5,000	P 76	P 15,937	P 1,329	P 14,049	(P 3,505)	P 1,311	(P 5)	P 57,212	P 562	P 57,774

Parent Bank										
Note	Common Stock	Preferred Stock	Common Stock Options	Additional Paid-in Capital	Surplus Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on Available-for-sale Securities	Revaluation Increment	Accumulated Translation Adjustment	Total Equity
Balance at January 1, 2010	P 23,397	P 5,000	P 7	P 16,839	P 1,100	P 15,169	(P 116)	P 1,176	P -	P 62,572
Transactions with owners					P					
Issuance of additional shares	19 2,677	-	-	-	-	-	-	-	-	2,677
Premium on issuance of shares, net of listing fees	19 -	-	-	8,317	-	-	-	-	-	8,317
Cash dividends	19 -	-	-	-	-	(2,415)	-	-	-	(2,415)
Contribution to stock options, net of recognition	-	-	(7)	-	-	-	-	-	-	(7)
Total transactions with owners	2,677	-	(7)	8,317	-	(2,415)	-	-	-	8,572
Total comprehensive income	-	-	-	-	-	8,433	3,303	-	(317)	11,419
Transfer to (from) Surplus Free										
Trust reserve	-	-	-	-	89	(89)	-	-	-	-
Revaluation reversal, inclusive of tax component	-	-	-	-	-	-	-	(14)	-	(14)
	-	-	-	-	89	(89)	-	(14)	-	(14)
BALANCE AT DECEMBER 31, 2010	P 26,074	P 5,000	P -	P 25,156	P 1,189	P 21,098	P 3,187	P 1,162	(P 317)	P 82,549
Balance at January 1, 2009	P 23,020	P 5,000	P 76	P 15,918	P 1,025	P 9,439	(P 2,520)	P 1,302	P -	P 53,260
Transactions with owners										
Issuance of additional shares	19 377	-	-	-	-	-	-	-	-	377
Premium on issuance of shares, net of listing fees	19 -	-	-	921	-	-	-	-	-	921
Cash dividends	19 -	-	-	-	-	(729)	-	-	-	(729)
Contribution to stock options, net of recognition	-	-	(69)	-	-	-	-	-	-	(69)
Total transactions with owners	377	-	(69)	921	-	(729)	-	-	-	500
Total comprehensive income	-	-	-	-	-	6,356	2,404	-	-	8,760
Transfer to (from) Surplus Free										
Trust reserve	-	-	-	-	75	(75)	-	-	-	-
Revaluation reversal, inclusive of tax component	-	-	-	-	-	178	-	(126)	-	52
	-	-	-	-	75	103	-	(126)	-	52
BALANCE AT DECEMBER 31, 2009	P 23,397	P 5,000	P 7	P 16,839	P 1,100	P 15,169	(P 116)	P 1,176	P -	P 62,572
Balance at January 1, 2008	P 23,020	P -	P 76	P 15,918	P 927	P 11,596	P 2,560	P 1,352	P -	P 55,449
Transactions with owners										
Issuance of additional shares	-	5,000	-	-	-	-	-	-	-	5,000
Cash dividends	-	-	-	-	-	(3,683)	-	-	-	(3,683)
Merger with BDO Elite, ESB and PCI Capital	-	-	-	-	-	75	-	-	-	75
Total transactions with owners	-	5,000	-	-	-	(3,608)	-	-	-	1,392
Total comprehensive income	-	-	-	-	-	1,479	(5,080)	-	-	(3,601)
Transfer to (from) Surplus Free										
Trust reserve	-	-	-	-	98	(98)	-	-	-	-
Revaluation reversal, inclusive of tax component	-	-	-	-	-	70	-	(50)	-	20
	-	-	-	-	98	(28)	-	(50)	P -	20
BALANCE AT DECEMBER 31, 2008	P 23,020	P 5,000	P 76	P 15,918	P 1,025	P 9,439	(P 2,520)	P 1,302	P -	P 53,260

See Notes to Financial Statements.



BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group			Parent Bank		
		2010	2009	2008	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		P 10,512	P 7,760	P 3,683	P 9,730	P 7,619	P 2,437
Adjustments for:							
Interest income	20	(49,930)	(48,810)	(42,359)	(46,544)	(45,011)	(39,733)
Interest received		49,859	46,791	35,301	46,384	44,476	37,877
Interest expense	21	15,772	18,251	19,323	14,990	17,181	18,043
Interest paid		(16,657)	(16,800)	(19,465)	(15,291)	(16,341)	(18,088)
Impairment losses	14	6,698	6,153	5,232	6,374	5,775	5,171
Depreciation and amortization	11, 12, 13	2,880	2,848	2,119	1,986	1,684	1,902
Fair value loss (gain)		131	(1,719)	2,335	270	(1,663)	2,226
Operating profit before changes in operating resources and liabilities		19,265	14,474	6,169	17,899	13,720	9,835
Decrease in financial assets at fair value through profit or loss		1,126	300	12,329	1,950	563	10,890
Increase in loans and other receivables		(57,878)	(52,460)	(194,237)	(66,108)	(48,417)	(182,443)
Decrease in investment properties		1,235	973	2,533	992	1,102	2,526
Decrease (increase) in other resources		5,721	273	3,395	(31)	(1,494)	3,399
Increase in deposit liabilities		91,969	59,989	195,825	95,896	59,145	182,459
Increase (decrease) in other liabilities		(6,157)	4,585	(4,071)	(5,507)	1,459	(4,653)
Cash generated from operations		55,281	28,134	21,943	45,091	26,078	23,013
Cash paid for income tax		(1,846)	(1,933)	(1,834)	(1,329)	(1,253)	(1,147)
Net Cash From Operating Activities		53,435	26,201	20,109	43,762	24,825	20,866
CASH FLOWS FROM INVESTING ACTIVITIES							
Net decrease (increase) in held-to-maturity investments		19,717	6,620	(40,935)	19,074	5,747	(37,886)
Net decrease (increase) in available-for-sale securities		(36,329)	(7,204)	36,809	(32,603)	(4,006)	33,464
Net acquisitions of premises, furniture, fixtures and equipment	11	(2,239)	(2,636)	(5,079)	(2,105)	(1,623)	(3,569)
Acquisitions of equity investments	13	(1,405)	(2,000)	-	(1,405)	(2,000)	-
Net Cash Used In Investing Activities		(20,256)	(3,220)	(9,205)	(17,039)	(1,882)	(7,991)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net proceeds from (payments of) bills payable		19,993	(18,801)	(3,859)	20,564	(20,137)	(178)
Proceeds from issuance of senior notes payable		13,105	-	-	13,105	-	-
Proceeds from issuance of common shares	19	10,993	1,299	-	10,994	1,299	-
Dividends paid	19	(2,447)	(791)	(3,683)	(2,415)	(729)	(3,683)
Proceeds from issuance of subordinated notes payable		-	3,000	-	-	3,000	-
Proceeds from issuance of preferred shares	19	-	-	5,000	-	-	5,000
Net Cash From (Used In) Financing Activities		41,644	(15,293)	(2,542)	42,248	(16,567)	1,139
NET INCREASE IN CASH AND CASH EQUIVALENTS (Carried Forward)		P 74,823	P 5,688	P 8,362	P 68,971	P 6,376	P 14,014

	Notes	BDO Unibank Group			Parent Bank		
		2010	2009	2008	2010	2009	2008
NET INCREASE IN CASH AND CASH EQUIVALENTS (Brought Forward)		P 74,823	P 5,688	P 8,362	P 68,971	P 6,376	P 14,014
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	7	30,544	21,770	18,388	30,365	21,763	18,437
Due from Bangko Sentral ng Pilipinas	7	64,833	62,669	49,461	62,864	59,940	48,320
Due from other banks	8	16,732	17,102	20,690	14,611	14,881	16,102
Interbank call loans receivable		-	4,880	9,520	-	4,880	4,591
		112,109	106,421	98,059	107,840	101,464	87,450
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	7	26,673	30,544	21,770	26,660	30,365	21,763
Due from Bangko Sentral ng Pilipinas	7	138,482	64,833	62,669	129,718	62,864	59,940
Due from other banks	8	21,777	16,732	17,102	20,433	14,611	14,881
Interbank call loans receivable		-	-	4,880	-	-	4,880
		P 186,932	P 112,109	P 106,421	P 176,811	P 107,840	P 101,464

Supplemental Information on Noncash Financing and Investing Activities

The following are the significant noncash transactions:

- In 2010, the BDO Unibank Group and Banco de Oco Unibank, Inc. (Parent Bank) participated in the Global Bond Exchange by exchanging Republic of the Philippines (ROP) bonds booked under Financial Assets at Fair Value through Profit or Loss (FVTPL) amounting to US\$1.3 million by the Parent Bank (see Note 9.1) and Held-to-maturity (HTM) Investments amounting to US\$111.5 million and US\$75.4 million by the BDO Unibank Group and Parent Bank, respectively (see Note 9.3). This resulted to a gain of P1 for FVTPL, shown as part of Trading gains - net under Other Operating Income (see Note 22) and P824 and P728 for HTM by the BDO Unibank Group and Parent Bank, respectively, shown as part of Unearned Income under Other Liabilities (see Note 18).
- The carrying values of the resources and liabilities of Equitable Savings Bank (ESB), BDO Elite Savings Bank, Inc. and PCI Capital Corporation that were absorbed by the Parent Bank on October 30, 2008 were P14,790 and P9,249, respectively (see Note 26).
- In 2008, the BDO Unibank Group made the following reclassifications of trading and investment securities (see Note 9):
 - FVTPL with a total carrying value of P6,297 was reclassified to HTM both in the BDO Unibank Group and Parent Bank financial statements.
 - Credit-linked Notes (CLNs) with a total carrying value of P18,520 and P14,096 were reclassified from Available-for-Sale (AFS) to Loans and Other Receivables in the BDO Unibank Group and Parent Bank financial statements, respectively.
 - Embedded derivatives of CLNs with a total carrying value of (P183) and (P70) were reclassified from FVTPL to Loans and Other Receivables in the BDO Unibank Group and Parent Bank financial statements, respectively.
 - AFS with a total carrying value of P25,540 and P22,474 were reclassified from AFS to HTM in the BDO Unibank Group financial statements and the Parent Bank financial statements, respectively.
 - FVTPL with carrying value of P102 was reclassified to AFS in the BDO Unibank Group financial statements.
- In 2008, land reclassified from investment properties to premises amounted to P181 and P127 in the BDO Unibank Group and Parent Bank financial statements, respectively.
- In 2008, building reclassified from investment properties to premises amounted to P359 both in the BDO Unibank Group and Parent Bank financial statements.

**NOTES TO FINANCIAL STATEMENTS
31 DECEMBER, 2010, 2009 AND 2008**

BANCO DE ORO UNIBANK, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Millions of Philippine Pesos, Except Per Share Data or as Indicated)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

Banco de Oro Unibank, Inc. (BDO 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 January 5, 1988 and in foreign currency deposit operations on November 23, 1990. The Bangko Sentral ng Pilipinas (BSP) granted approval to the Parent Bank to operate as an expanded commercial bank on August 5, 1996. The Parent Bank commenced operations as such in September of the same year. The Parent Bank and its subsidiaries (collectively referred to as the BDO Unibank 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 BDO Unibank Group's operations are regulated and supervised by the BSP. In this regard, the BDO Unibank Group 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. BDO Unibank Group is subject to the provisions of the General Banking Law of 2000 [Republic Act (RA) No. 8791].

The Parent Bank's common shares are listed in the Philippine Stock Exchange (PSE). As of December 31, 2010, the Parent Bank has 726 branches (including one foreign branch) and 842 on-site and 588 off-site automated teller machines, all located nationwide. The Parent Bank's registered address is at BDO Corporate Center, 7899 Makati Avenue, Makati City.

The BDO Unibank 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 2010 and 2009, these foreign operations accounted for 0.4% and 1.0% of the BDO Unibank Group's total revenues and 0.1% and 1.1% of the BDO Unibank Group's total resources, respectively. The BDO Unibank Group's subsidiaries and associates are shown in Note 13.1.

1.2 Approval of Financial Statements

The financial statements of the BDO Unibank Group and the Parent Bank for the year ended December 31, 2010 (with comparatives for the years ended December 31, 2009 and 2008) were approved and authorized for issue by the Board of Directors (BOD) on February 26, 2011.

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 Consolidated Financial Statements

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

The financial statements of BDO Unibank 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. FRSP and Philippine Financial Reporting Standards (PFRS) are similar 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 or UDSCL (included as part of Loans and Other Receivables), that are outstanding as of the effective date of reclassification, which is permitted by the BSP for prudential reporting, and by the SEC for financial reporting.

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

The financial statements have been prepared on the historical basis, except for certain financial assets which are measured at fair value. 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 statements of financial position under FRSP and PFRS.

(i) The reconciliations of the equity reported under FRSP to equity under PFRS as of December 31 follow:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Equity under FRSP	P 88,732	P 67,887	P 82,549	P 62,572
Prior year reconciling items	<u>381</u>	<u>(1,141)</u>	<u>301</u>	<u>(908)</u>
Current year reconciling items:				
Amortization of premium/discount due to change in effective interest rates	(222)	(75)	(209)	(65)
Unrealized mark-to-market gain on embedded derivatives on CLNs reclassified to loans and other receivables	<u>152</u>	<u>1,597</u>	<u>148</u>	<u>1,274</u>
	<u>(70)</u>	<u>1,522</u>	<u>(61)</u>	<u>1,209</u>
Total adjustments to equity	<u>311</u>	<u>381</u>	<u>240</u>	<u>301</u>
Equity under PFRS	P 89,043	P 68,268	P 82,789	P 62,873

- (ii) Differences in the measurement of items in the statements of financial position as of December 31 are summarized below.

BDO Unibank Group

2010			
	FRSP	Difference	PFRS
Changes in resources:			
Trading and investment securities	P 197,287	P 41	P 197,328
Loans and other receivables	<u>566,021</u>	<u>270</u>	<u>566,291</u>
	<u>P 763,308</u>		<u>P 763,619</u>
Total adjustments to equity		<u>P 311</u>	
2009			
	FRSP	Difference	PFRS
Changes in resources:			
Trading and investment securities	P 171,712	P 1,277	P 172,989
Loans and other receivables	<u>524,901</u>	<u>(896)</u>	<u>524,005</u>
	<u>P 696,613</u>		<u>P 696,994</u>
Total adjustments to equity		<u>P 381</u>	

Parent Bank

2010			
	FRSP	Difference	PFRS
Changes in resources:			
Trading and investment securities	P 177,641	(P 61)	P 177,580
Loans and other receivables	<u>548,618</u>	<u>301</u>	<u>548,919</u>
	<u>P 726,259</u>		<u>P 726,499</u>
Total adjustments to equity		<u>P 240</u>	
2009			
	FRSP	Difference	PFRS
Changes in resources:			
Trading and investment securities	P 153,262	P 1,197	P 154,459
Loans and other receivables	<u>497,302</u>	<u>(896)</u>	<u>496,406</u>
	<u>P 650,564</u>		<u>P 650,865</u>
Total adjustments to equity		<u>P 301</u>	

(iii) The reconciliations of net profit reported under FRSP to net profit under PFRS for the years ended December 31 follow:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net profit under FRSP	P 8,881	P 6,101	P 8,433	P 6,356
Amortization of premium/discount due to change in effective interest rates (	222)	(75)	(209)	(65)
Unrealized mark-to-market gain on embedded derivatives on CLNs reclassified to loans and other receivables	152	1,597	148	1,274
	(70)	1,522	(61)	1,209
Net profit under PFRS	P 8,811	P 7,623	P 8,372	P 7,565

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1 (Revised 2007), *Presentation of Financial Statements*. The BDO Unibank Group presents the statement of comprehensive income in two statements: a statement of income and a statement of comprehensive income. Two comparative periods are presented for the statement of financial position when BDO Unibank Group applies an accounting policy retrospectively, makes retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the BDO Unibank Group's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated (see also Note 2.25). The financial statements of the foreign currency deposit units (FCDUs) of BDO Unibank Group and foreign subsidiaries are translated at the prevailing current exchange rates (for statement of financial position accounts) and average exchange rate during the period (for statement of income accounts) for consolidation purposes.

Items included in the financial statements of BDO Unibank Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which BDO Unibank Group operates.

2.2 Adoption of New Interpretations, Revisions and Amendments to PFRS

(a) Effective in 2010 that are Relevant to BDO Unibank Group

In 2010, BDO Unibank Group adopted the following new, revisions, interpretation, amendment and annual improvements that are relevant to BDO Unibank Group and effective for financial statements for the annual period beginning on or after January 1, 2010.

Philippine Accounting Standards (PAS) 27 (Revised 2008)	:	Consolidated and Separate Financial Statements
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
PFRS 3 (Revised 2008)	:	Business Combinations
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 9	:	Embedded Derivatives – Amendments to IFRIC 9 and PAS 39
IFRIC 17	:	Distribution of Non-cash Assets to Owners
Various Standards	:	2009 Annual Improvements to PFRS

Discussed below are the effects in the financial statements of the revised and amendment to the accounting standards and interpretations.

- (i) PAS 27 (Revised 2008), *Consolidated and Separate Financial Statements* (effective from July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests *to be recorded in equity if there is no change* in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the equity is re-measured to fair value and a gain or loss is recognized in profit or loss. The adoption of the standard did not result in any adjustment to the BDO Unibank Group's financial statements as there are no transactions with non-controlling interest during the year.
- (ii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* (effective from July 1, 2009). The amendment provides additional guidance on what can be designated as a hedged item. The amendment clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. Management assessed that this amendment has no significant impact on BDO Unibank Group's financial statements, as there are no new instruments that can be designated as a hedged item.

- (iii) PFRS 3 (Revised 2008), *Business Combination* (effective from July 1, 2009). The revised standard continues to apply the acquisition method to business combination with significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share in the acquiree's identifiable net assets. All acquisition-related costs should be expensed. BDO Unibank Group did not have any business acquisition during the year, hence, the adoption of the revised standard has no effect on the 2010 financial statements of BDO Unibank Group.
- (iv) Philippine Interpretation IFRIC 9 (Amendment), *Embedded Derivatives – Amendments to IFRIC 9 and PAS 39* (effective for annual periods ending on or after June 30, 2009). The amendment clarifies that IFRIC 9 does not apply to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. Management assessed that this amendment has no significant impact on the financial statements, as BDO Unibank Group did not enter into new contracts with embedded derivatives.
- (v) Philippine Interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners* (effective from July 1, 2009). This interpretation clarifies that dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. Also, an entity should measure the dividend payable at the fair value of the net assets to be distributed and the difference between the dividend paid and the carrying amount of the net assets distributed should be recognized in profit or loss. Management has determined that the adoption of this interpretation has no material impact on the financial statements because BDO Unibank Group did not distribute non-cash assets to stockholders during the year.
- (vi) 2009 Annual Improvements to PFRS. The FRSC has adopted the Improvements to PFRS 2009. Most of these amendments became effective for annual periods beginning on or after July 1, 2009, or January 1, 2010. Among those improvements, only the following were identified to be relevant to BDO Unibank Group's financial statements but which did not have any material impact on its financial statements:
- PAS 1 (Amendment), *Presentation of Financial Statements* (effective from January 1, 2010). The amendment clarifies the current and non-current classification of a liability that can, at the option of the counterparty, be settled by the issue of the entity's equity instruments. Presently, the BDO Unibank Group presents resources and liabilities in the order of liquidity under PAS 1.
 - PAS 7 (Amendment), *Statement of Cash Flows* (effective from January 1, 2010). This amendment clarifies that only expenditures that result in a recognized asset in the statements of financial position can be classified as investing activities. Management has determined that the amendment has no significant impact on the financial statements of BDO Unibank Group as only recognized assets are classified as cash flows from investing activities.

- PAS 17 (Amendment), *Leases* (effective from January 1, 2010). The amendment clarifies that when a lease includes both land and building elements, an entity assesses the classification of each element as finance or an operating lease separately in accordance with the general guidance on lease classification set out in PAS 17.
- PAS 18 (Amendment), *Revenue* (effective from January 1, 2010). The amendment provides guidance on determining whether an entity is acting as a principal or as an agent. Presently, BDO Unibank Group is the principal in all of its significant business undertakings.
- PAS 36 (Amendment), *Impairment of Assets* (effective from January 1, 2010). PAS 36 clarifies that the largest unit permitted for the purpose of allocating goodwill to cash-generating units for goodwill impairment is the operating segment level defined in PFRS 8, *Operating Segments*, before aggregation.
- PAS 38 (Amendment), *Intangible Assets* (effective from July 1, 2009). The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. In 2010, the BDO Unibank Group has no new intangible asset acquired in business combination.
- PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement* (effective from January 1, 2010). The amendment clarifies whether embedded prepayment options, in which the exercise price represented a penalty for early repayment of the loan are considered closely related to the host debt contract. It also clarifies the scope of exemption which applies only to binding contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date. Gains and losses on hedging instruments should be reclassified from equity to profit and loss account as a reclassification adjustment. The BDO Unibank Group has no similar transaction in 2010.
- PFRS 2 (Amendment), *Share-based Payment* (effective from July 1, 2009). The amendment confirms that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of PFRS 2. Management has determined that the amendment has no material impact on the financial statements of BDO Unibank Group since there are no contributions to a business for the purpose of the formation of joint ventures and common control transactions.
- PFRS 5 (Amendment), *Non-current Assets Held for Sale and Discontinued Operations* (effective from January 1, 2010). The amendment clarifies that PFRS 5 specifically refer to non-current assets (or disposal groups) classified as held for sale or discontinued operations and set out all the disclosures required in respect of those assets or operations.
- PFRS 8 (Amendment), *Operating Segments* (effective from January 1, 2010). It clarifies that a measure of segment assets should be disclosed only if the amount is regularly provided to the chief operating decision maker (CODM). BDO Unibank Group reports total resources for each of its reportable segments as they are regularly provided to the CODM.

(b) *Effective in 2010 but not Relevant to BDO Unibank Group*

The following amended standards and interpretations are mandatory for accounting periods beginning on or after January 1, 2010 but are not relevant to BDO Unibank Group:

PFRS 2 (Amendment)	:	Group Cash-settled Share-based Payment Transactions
Philippine Interpretations		
IFRIC 18	:	Transfer of Assets from Customers
PFRS for SMEs	:	PFRS for Small and Medium-sized Entities

(c) *Effective Subsequent to 2010 that are Relevant to BDO Unibank Group but not Adopted Early*

There are new PFRS, and revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2010. Management has initially determined the following pronouncements, which the BDO Unibank Group will apply in accordance with their transitional provisions, to be relevant to its financial statements.

PAS 12 (Amendment)	:	Income Taxes
PAS 24 (Revised 2008)	:	Related Party Disclosures
PFRS 9	:	Financial Instruments
Philippine Interpretation		
IFRIC 14	:	Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14
IFRIC 19	:	Extinguishing Financial Liabilities with Equity Instruments
Various Standards	:	2010 Annual Improvements to PFRS

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

- (i) PAS 12 (Amendment), *Income Taxes* (effective from January 1, 2012). An entity is required to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. However, when the asset is measured using the fair value model in PAS 40, *Investment Property*, it can be difficult and subjective to assess whether recovery will be through use or through sale; accordingly, an amendment to PAS 12 was made. The amendment introduces a presumption that recovery of the carrying amount will be or normally be through sale. Consequently, Philippine Interpretation SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* would no longer apply to investment properties carried at fair value. The amendments also incorporate into PAS 12 the remaining guidance previously contained in Philippine Interpretation Standing Interpretations Committee (SIC)-21, which is accordingly withdrawn. As of December 31, 2010, management has determined that the effect of this amendment to the BDO Unibank Group's financial statements will not be significant as the BDO Unibank Group uses the cost model in PAS 40 in measuring its investment property.

(ii) PAS 24 (Revised), *Related Party Disclosures* (effective from January 1, 2011). Earlier application of the standard, in whole or in part, is permitted but BDO Unibank Group opted not to early adopt the standard. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. Management has determined that the adoption of the revised PAS 24 will not have significant effect on BDO Unibank Group's financial statements.

(iii) PFRS 9, *Financial Instruments* (effective from January 1, 2013). PAS 39, *Financial Instruments: Recognition and Measurement* will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):

Phase 1: Classification and Measurement

Phase 2: Impairment Methodology

Phase 3: Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2013. Other chapters dealing with impairment methodology and hedge accounting are still being developed.

Management is yet to assess the impact that this amendment is likely to have on the financial statements of BDO Unibank Group. However, it does not expect to implement the amendments until all chapters of the PAS 39 replacement have been published and it can comprehensively assess the impact of all changes.

(iv) Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14* (effective on or before January 1, 2011). This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit post-employment plan. It sets out guidance on when an entity recognizes an asset in relation to a PAS 19, *Employee Benefits*, surplus for defined benefit plans that are subject to a minimum funding requirement. Management has considered the amendment to have no material effect on its financial statements because it does not usually make substantial advance contribution to its retirement fund in excess of the present value of unfunded obligation over the fair value of plan assets.

(v) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective on or after July 1, 2010). It addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps, and have happened with increased regularity during the financial crisis. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of the equity instruments to a creditor to extinguish all (or part of a financial liability) is consideration paid in accordance with PAS 39;

- the entity measures the equity instrument issued at fair value, unless this cannot be reliably measured;
- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,
- the difference between the carrying amount of the financial liability extinguished and the consideration paid is the recognized profit or loss.

Management has determined that the adoption of the interpretation will not have a material effect on its financial statements as management does not anticipate to extinguish financial liabilities through equity swap in the subsequent periods.

(vi) 2010 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to Philippine Financial Reporting Standards 2010* (the 2010 Improvements). Most of these amendments became effective for annual periods beginning on or after July 1, 2010, or January 1, 2011. The 2010 Improvements amend certain provisions of PFRS 3 (Revised 2008), clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The BDO Unibank Group's preliminary assessments indicate that the 2010 Improvements will not have a material impact on its financial statements.

2.3 Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements*. BDO Unibank Group has elected to present the statement of comprehensive income in two statements: a statement of income and a statement of comprehensive income.

Two comparative periods are presented for the statements of financial position when BDO Unibank Group:

- (a) Applies an accounting policy retrospectively;
- (b) Makes a retrospective restatement of items in its financial statements; or,
- (c) Reclassifies items in the financial statements.

2.4 Basis of Consolidation

BDO Unibank Group obtains and exercises control through voting rights. BDO Unibank Group's financial statements comprise the accounts of the Parent Bank and its subsidiaries as enumerated in Note 13.1, 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 BDO Unibank Group financial statements.

Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls BDO Unibank 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 in BDO Unibank Group's controlling shareholder's financial statements at the carrying amounts recognized previously. The components of equity of the acquired entities are added to the same components within BDO Unibank Group equity.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting principles.

BDO Unibank Group accounts for its investments in subsidiaries and non-controlling interest (previously called "minority interest") as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which BDO Unibank Group has the power to control in terms of financial and operating policies. BDO Unibank Group obtains and exercises control over subsidiaries through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether BDO Unibank Group controls another entity. Subsidiaries are consolidated from the date BDO Unibank Group obtains control until such time that such control ceases.

Except as otherwise indicated, the acquisition of subsidiaries are accounted for using the acquisition method (previously called "purchase method" - see Note 2.13). Acquisition method requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the BDO Unibank, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the BDO Unibank Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss as gain (see Note 2.13).

(b) Transactions with Non-controlling Interests

BDO Unibank Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the BDO Unibank Group. Any difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses that are also recognized in equity.

When BDO Unibank Group ceases to have control, any interest retained in the subsidiary is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The initial carrying amount for the purposes of subsequently accounting for the interest retained as an associate, joint venture or financial asset is the fair value. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if BDO Unibank Group had directly disposed of the related resources or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Upon adoption in 2010 of PAS 27 (Revised 2008), *Consolidated and Separate Financial Statements*, BDO Unibank Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence. It has applied the new policy prospectively as required by the standards beginning January 1, 2010. As a result, no adjustments were necessary to any of the amounts previously recognized and reported in the financial statements.

Before the adoption of the revised PAS 27, non-controlling interests were treated as transactions with parties external to BDO Unibank Group. Purchases of equity shares from non-controlling 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. Disposals of equity investments to non-controlling interests result in gains and losses for BDO Unibank Group, which are recorded in BDO Unibank Group statements of income.

Also previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

In BDO Unibank Group financial statements, the non-controlling interest component is shown in BDO Unibank Group statement of changes in equity and in BDO Unibank Group statement of income. Non-controlling interests in 2010 and 2009 represent the interests not held by BDO Unibank Group in BDO Leasing and Finance, Inc., BDO Elite Savings Bank, Inc. and Equimark – NFC Development Corp.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the BDO Unibank Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the BDO Unibank Group's products and services as disclosed in Note 5, which represent the main products and services provided by the BDO Unibank Group.

Each of these operating segments is managed separately as each of these services requires different technologies and resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the BDO Unibank Group uses for segment reporting under PFRS 8, *Operating Segments*, is the same as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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

2.6 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, held-to-maturity (HTM) and available-for-sale (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 the end of each reporting period at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchases and sales of financial assets are recognized on their settlement date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

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

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

This category includes derivative financial instruments and financial assets that are either classified as held for trading (HFT) or are designated by BDO Unibank 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 reporting and by the SEC for financial reporting.

(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 BDO Unibank Group provides money, goods or services directly to the debtor with no intention of trading the receivables. Included in this category are financial assets 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, except for reclassified financial assets under PAS 39 and PFRS 7 (Amendments). Increases in estimates of future cash receipts from financial assets that have been reclassified in accordance with PAS 39 and PFRS 7 (Amendments) shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate. Securities Purchased Under Reverse Repurchase Agreement (SPURRA), wherein BDO Unibank 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.

BDO Unibank Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents and Loans and Other Receivables in the statement of financial position. Cash and cash equivalents consist 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 SPURRA with original maturities of three months or less from placement date.

Impairment loss is the estimated amount of loss in BDO Unibank 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 2.23). Impairment is established through an allowance account which is charged to expense. Loans and receivables are written off against the allowance for impairment when management believes that the collectibility of the principal is unlikely, subject to BSP regulations.

(c) *Held-to-maturity Investments*

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as HTM if BDO Unibank 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 BDO Unibank 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 BDO Unibank 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 BDO Unibank Group, is nonrecurring and could not have been reasonably anticipated by BDO Unibank 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 Securities*

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 other comprehensive income, net of any effects arising from income taxes. Cumulative gains and losses arising from securities classified as AFS are reclassified from other comprehensive income to profit or loss when these are sold or when the investment are impaired and presented as a reclassification adjustment within comprehensive income.

In the case of impairment, any loss previously recognized in other comprehensive income is reclassified to profit or loss. Losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Losses recognized in prior period profit or loss resulting from the impairment of debt instruments are reversed through the profit or loss, when the recovery in the amount of previously recognized impairment losses can be objectively related to an event occurring after the impairment loss is recognized.

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, BDO Unibank 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 FVTPL category are reported as part of Trading Gain under Other Operating Income account in the statement of income in the period in which these arise. Gains and losses arising from changes in the fair value of AFS securities are recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income shall be reclassified to profit or loss. However, interest calculated using the effective interest method is recognized in profit or loss.

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.

2.7 Derivative Financial Instruments and Hedge Accounting

BDO Unibank 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 BDO Unibank 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 BDO Unibank 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, BDO Unibank Group recognizes profit or loss at initial recognition.

For more complex instruments, BDO Unibank 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 financial position.

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 profit or loss (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 BDO Unibank Group.

2.8 Non-current Assets Classified as Held for Sale

Assets held for sale include real and other properties acquired through repossession or foreclosure that BDO Unibank 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 profit or loss.

2.9 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 BDO Unibank 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.

BDO Unibank Group adopted the cost model in measuring its investment property; hence, this 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 profit or loss in the year of retirement or disposal.

2.10 Real Properties for Development and Sale

Real properties for development and sale consist of subdivision land for sale and development, and land acquired for home building, home development, and other types of real estate development. Real properties for development and sale are carried at the lower of aggregate cost and net realizable value (NRV). Costs include acquisition costs and costs incurred for development, improvement and construction of subdivision land. NRV is the selling price less estimated cost to complete, commissions and other marketing costs.

Land acquired for home building, home development and other types of real estate development is also carried at the lower of aggregate cost and NRV. Cost include acquisition costs and, once land development commences, the cost of these properties, including development costs incurred, will be classified to Real Properties for Development and Sale.

2.11 Equity Investments

In the financial statements of BDO Unibank Group, investments in associates are accounted for under the equity method of accounting and are initially recognized at cost (see Note 2.24).

The BDO Unibank Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, 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 BDO Unibank Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, BDO Unibank Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between BDO Unibank Group and its associates are eliminated to the extent of BDO Unibank 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 BDO Unibank Group.

Subsidiaries are all entities over which BDO Unibank 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 BDO Unibank Group controls another entity. Subsidiaries are fully consolidated from the date on which BDO Unibank Group obtains control. They are de-consolidated from the date that control ceases.

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

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

2.12 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 BDO Unibank 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 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 profit or loss for the period.

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

Buildings	10 - 50 years
Furniture, fixtures and equipment	3 - 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 2.24).

The residual values and estimated useful lives of premises, furniture, fixtures and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

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 profit or loss in the period the item is derecognized.

2.13 Business Combination

Except as indicated otherwise, business acquisitions are accounted for using the acquisition 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 BDO Unibank Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent to 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 2.24). Impairment losses on goodwill are not reversed.

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

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

Prior to January 1, 2010, certain items are treated as follows as opposed to how they are now treated based on the changes in accounting policy of BDO Unibank Group as a result of the adoption of the revised PFRS 3 and PAS 27:

- (a) Transaction costs directly attributable to business acquisition formed part of the acquisition costs.
- (b) The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.
- (c) Business combinations achieved in stages were accounted for as separate steps or acquisitions. Any additional shares acquired of interest did not affect previously recognized goodwill.
- (d) Contingent consideration was recognized if, and only if, payment was probable; i.e. BDO Unibank Group had a present obligation, the economic outflow was more likely than not, and a reliable estimate is determinable. Subsequent adjustment to the contingent consideration was recognized as an adjustment to goodwill.

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

2.14 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 2.24). 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 life of five years. Costs associated with maintaining computer software are expensed as incurred.

2.15 Financial Liabilities

Financial liabilities of the BDO Unibank 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 terms 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 profit or loss 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 financial position. The dividends on these preferred shares are recognized in profit or loss 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 profit or loss.

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

Financial assistance from the Philippine Deposit Insurance Corporation (PDIC), arising from the acquisition of First e-Bank in 2002, is accounted for under PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, 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 financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.16 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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.

2.17 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. The residual value of leased assets is included as part of Other Liabilities account in the BDO Unibank Group statement of financial position.

2.18 Related Party Transactions

Related party transactions are transfer of resources, services or obligations between BDO Unibank Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the BDO Unibank Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the BDO Unibank Group that gives them significant influence over BDO Unibank Group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.19 Equity

Capital stock represents the nominal value of shares that have been issued.

Common stock options pertain to the cumulative amount of stock option arising from the stock option plan granted by BDO Unibank Group to its qualified officers. The options under the stock option plan were fully exercised and paid for in 2010.

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 BDO Unibank 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 profit or loss and which are available and not restricted for use by BDO Unibank Group.

Net unrealized fair value gains (losses) on available-for-sale securities pertains 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 to other comprehensive income.

Non-controlling interests represents the portion of the net assets and profit or loss not attributable to BDO Unibank Group and are presented separately in the BDO Unibank Group statement of income and within equity in BDO Unibank Group statement of financial position and changes in equity.

2.20 Revenue and Expense Recognition

Revenue is recognized to the extent that it can be reliably measured; it is probable that the economic benefits will flow to BDO Unibank Group; and the expenses incurred or to be incurred can be measured reliably. 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 profit or loss 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, BDO Unibank 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 BDO Unibank 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. Only trading gain arising from mark-to-market valuation of financial assets at FVTPL is recognized in profit or loss by the BDO Unibank Group.
- (d) *Income from assets sold or exchanged* – Income from assets sold or exchanged is 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 profit or loss.
- (e) *Dividend income* – Dividend income is recognized when BDO Unibank Group's right to receive dividend 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 profit or loss 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.
- (i) *Real property sales* – Revenue is accounted for using the full accrual method. Under this method, sale is recognized when the earning process is virtually complete and collectability of the entire sales price is reasonably assured.

Collections from accounts which did not qualify from revenue recognition are treated as customers' deposit included in accounts payable under Other Liabilities in the statements of financial position.

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

2.21 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 end of reporting period, including the risks and uncertainties associated with the present obligation. 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 the end of each reporting period 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. On the other hand, 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. Similarly, 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.

2.22 Leases

BDO Unibank Group accounts for its leases as follows:

(a) BDO Unibank Group as Lessor

Leases, wherein BDO Unibank 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 BDO Unibank Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on BDO Unibank 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 profit or loss on a straight-line basis over the lease term.

(b) BDO Unibank Group as Lessee

Leases, which do not transfer to BDO Unibank 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 profit or loss on a straight-line basis over the lease term.

BDO Unibank 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.

2.23 Impairment of Financial Assets

BDO Unibank Group assesses at the end of each reporting period 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 BDO Unibank 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.* BDO Unibank 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 BDO Unibank Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, BDO Unibank 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 profit or loss. 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, BDO Unibank 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 BDO Unibank Group's or BSP's grading process that considers asset type, industry, collateral type, 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 BDO Unibank Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures, including approval from the management and the BOD, 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 profit or loss. 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 profit or loss.

- (b) *Assets carried at fair value with changes recognized in other comprehensive income.* In the case of investments classified as AFS securities, 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 securities, 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 reclassified from other comprehensive income to profit or loss as a reclassification adjustment. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. 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 profit or loss.
- (c) *Assets carried at cost.* BDO Unibank Group assesses at the end of each reporting period 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.

When possible, BDO Unibank 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 profit or loss.

2.24 Impairment of Non-financial Assets

BDO Unibank Group's real properties for development and sale, 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). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

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.

2.25 Foreign Currency Transactions

The financial statements of the foreign currency deposit units (FCDUs) of BDO Unibank Group and foreign subsidiaries are translated at the prevailing current exchange rates (for statement of financial position accounts) and average exchange rate during the period (for statement of income accounts) for consolidation purposes.

The accounting records of BDO Unibank Group are maintained in Philippine pesos except for the FCDUs and foreign subsidiaries which are maintained in US dollars or European Union Euro (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 profit or loss.

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, are translated to Philippine pesos, the BDO Unibank Group's functional currency, as follows:

- (i) Assets and liabilities are translated at the closing rate at the end of the reporting period;
- (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 the overseas branch which used the 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 other comprehensive income.

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

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.

2.26 Employee Benefits

(a) Post-employment Benefits

Post-employment benefits are provided to employees through a defined benefit plan, as well as defined contribution plan.

A defined benefit plan is a post-employment plan that defines an amount of post-employment 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 post-employment plan remains with BDO Unibank 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. BDO Unibank Group's defined benefit post-employment plan covers all regular full-time employees. The post-employment plan is tax-qualified, noncontributory and administered by a trustee.

The asset recognized in the statement of financial position for defined benefit post-employment plans is the fair value of plan assets at the end of reporting period 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 post-employment 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 profit or loss, unless the changes to the post-employment 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 post-employment plan under which BDO Unibank Group pays fixed contributions into an independent entity, such as the Social Security System (SSS). BDO Unibank 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 BDO Unibank Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. BDO Unibank 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 end of reporting period are discounted to present value.

(c) Bonus Plans

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

(d) Executive Stock Option Plan

BDO Unibank Group grants stock option plan to its senior officers (from vice-president up) for their contribution to BDO Unibank 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 BDO Unibank Group's performance in the preceding year and amortized over five years starting from the date of the approval of the BOD. 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 decreased in case there are changes in the number of qualified employees arising from resignation or disqualification. The annual amortization of stock option is included as part of Employee Benefits in profit or loss and the cumulative balance is shown as Common Stock Options in the statement of changes in equity in 2009 and 2008 (nil in 2010).

(e) *Compensated Absences*

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

2.27 Income Taxes

Tax expense recognized in profit or loss comprise the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

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 end of reporting period. 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 profit or loss.

Deferred tax is provided, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the 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 the end of each reporting period 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 end of each reporting period.

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

2.28 Earnings Per Share (EPS)

Basic earnings per common share is determined by dividing net profit 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.

The diluted earnings per common share is also computed by dividing net profit by the weighted average number of common shares subscribed and issued during the period. However, net profit 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 and stock option plan granted by BDO Unibank Group to the qualified officers. Convertible preferred shares are deemed to have been converted to common shares at the issuance of preferred shares. The stock option plan is deemed to have been converted into common stock in the year the stock option is granted.

2.29 Trust Activities

BDO Unibank 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 neither assets nor income of BDO Unibank Group.

2.30 Event After the Reporting Period

Any post-year-end event that provides additional information about BDO Unibank Group's position at the end of reporting period (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

BDO Unibank 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 the 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 BDO Unibank 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

BDO Unibank Group follows the guidance of PAS 39 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, BDO Unibank Group considers its intention and ability to hold such investments to maturity.

If BDO Unibank 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 BDO Unibank 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 BDO Unibank Group, is nonrecurring and could not have been reasonably anticipated by BDO Unibank Group.

(b) Impairment of AFS Securities

BDO Unibank Group follows the guidance of PAS 39 in determining when an investment is permanently impaired. This determination requires significant judgment. In making this judgment, BDO Unibank 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, BDO Unibank 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.

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

BDO Unibank Group determines whether a property qualifies as investment property. In making its judgment, BDO Unibank Group considers whether the property generates cash flows largely independent of the other assets held by BDO Unibank 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), BDO Unibank 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. BDO Unibank Group considers each property separately in making its judgment.

(d) Operating and Finance Leases

BDO Unibank 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. Failure to make the right judgment will result in either overstatement or understatement of resources and liabilities.

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

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

(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 2.21 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 end of the reporting period, 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)*

BDO Unibank 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 profit or loss, BDO Unibank 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.

BDO Unibank Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement are 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 BDO Unibank Group had utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

For the total impairment losses on financial assets recognized in profit or loss, see Note 14.

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

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

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
<u>December 31, 2010</u>				
Financial Assets:				
Due from other banks and BSP	P 160,259	P 160,260	P 150,151	P 150,152
AFS securities – unquoted	927	*	662	*
HTM investments	104,241	115,245	95,569	106,175
Loans and other receivables	566,021	567,808	548,618	554,063
Other resources	2,552	2,552	2,886	2,886
Financial Liabilities:				
Deposit liabilities	782,635	775,097	762,634	755,469
Bills payable	65,861	65,378	56,081	55,679
Subordinated notes payable	23,152	25,120	23,152	25,120
Other liabilities	37,898	37,898	32,403	32,403
<u>December 31, 2009</u>				
Financial Assets:				
Due from other banks and BSP	P 81,565	P 81,452	P 77,475	P 77,362
AFS securities – unquoted	3,532	*	721	*
HTM investments	116,177	121,000	107,440	111,781
Loans and other receivables	524,901	523,604	497,302	498,665
Other resources	2,461	2,461	2,087	2,087
Financial Liabilities:				
Deposit liabilities	694,678	684,912	669,805	660,039
Bills payable	31,415	31,271	21,519	21,375
Subordinated notes payable	23,152	24,199	23,152	24,199
Other liabilities	42,897	42,897	36,308	36,308

* Data not available

(i) *Due from Other Banks and BSP*

Due from BSP pertains to deposits made by BDO Unibank 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 approximate the nominal value.

(ii) *AFS Securities*

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

Currently, there is no available market to sell the unquoted equity AFS securities. The Bank will hold into the investments until management decides to sell them when there will be offers to buy out such investments on the appearance of an available market where the investments can be sold.

(iii) *HTM Investments*

The 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 the reported fair value of financial instruments. BDO Unibank Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) *Financial Instruments Measured at Fair Value*

BDO Unibank Group adopted the amendments to PFRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* effective from January 1, 2009. These amendments require BDO Unibank Group to present certain information about financial instruments measured at fair value in the statement of financial position.

The following table presents financial assets and liabilities measured at fair value in the statements of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statements of financial position as of December 31, 2010 and 2009 are grouped into the fair value hierarchy as presented in the following table. For the purpose of this disclosure, the investments in unquoted equity securities classified as AFS amounting to P927 and P3,532 in 2010 and 2009, respectively, in the BDO Unibank Group financial statements and P662 and P721 in 2010 and 2009, respectively in the Parent Bank financial statements are measured at cost less impairment charges because the fair value cannot be reliably measured and therefore are not included. Unquoted equity securities consist of preferred shares and common shares of various unlisted local companies.

BDO Unibank Group

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>December 31, 2010</u>				
Resources				
Financial assets at FVTPL	9.1			
Derivative financial assets		P 3,380	P 1,730	P 5,110
Government bonds		1,640	-	1,640
Other debt securities		610	-	610
Equity securities - quoted		<u>12</u>	<u>-</u>	<u>12</u>
		<u>5,642</u>	<u>1,730</u>	<u>7,372</u>
AFS securities	9.2			
Government debt securities		52,299	78	52,377
Other debt securities-quoted		26,211	-	26,211
Equity securities-quoted		<u>6,140</u>	<u>19</u>	<u>6,159</u>
		<u>84,650</u>	<u>97</u>	<u>84,747</u>
		<u>P 90,292</u>	<u>P 1,827</u>	<u>P 92,119</u>
Liabilities				
Derivatives with negative fair values	18	<u>P 3,168</u>	<u>P 1,547</u>	<u>P 4,715</u>
<u>December 31, 2009</u>				
Resources				
Financial assets at FVTPL	9.1			
Derivative financial assets		P 3,957	P 1,604	P 5,561
Government bonds		1,886	37	1,923
Other debt securities		32	936	968
Equity securities - quoted		<u>50</u>	<u>-</u>	<u>50</u>
		<u>5,925</u>	<u>2,577</u>	<u>8,502</u>
AFS securities	9.2			
Government debt securities		34,540	436	34,976
Other debt securities - quoted		6,483	652	7,135
Equity securities - quoted		<u>1,371</u>	<u>19</u>	<u>1,390</u>
		<u>42,394</u>	<u>1,107</u>	<u>43,501</u>
		<u>P 48,319</u>	<u>P 3,684</u>	<u>P 52,003</u>
Liabilities				
Derivatives with negative fair values	18	<u>P 3,549</u>	<u>P 1,394</u>	<u>P 4,943</u>

Parent Bank

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>December 31, 2010</u>				
Resources				
Financial assets at FVTPL	9.1			
Derivative financial assets		P 3,379	P -	P 3,379
Government bonds		866	-	866
Other debt securities		<u>102</u>	<u>-</u>	<u>102</u>
		<u>4,347</u>	<u>-</u>	<u>4,347</u>
AFS securities	9.2			
Government debt securities		49,677	78	49,755
Other debt securities - quoted		24,348	-	24,348
Equity securities - quoted		<u>2,940</u>	<u>20</u>	<u>2,960</u>
		<u>76,965</u>	<u>98</u>	<u>77,063</u>
		<u>P 81,312</u>	<u>P 98</u>	<u>P 81,410</u>
Liabilities				
Derivatives with negative fair values	18	<u>P 3,168</u>	<u>P -</u>	<u>P 3,168</u>
<u>December 31, 2009</u>				
Resources				
Financial assets at FVTPL	9.1			
Derivative financial assets		P 3,956	P -	P 3,956
Government bonds		1,557	-	1,557
Other debt securities		32	924	956
Equity securities - quoted		<u>26</u>	<u>-</u>	<u>26</u>
		<u>5,571</u>	<u>924</u>	<u>6,495</u>
AFS securities	9.2			
Government debt securities		31,793	87	31,880
Other debt securities - quoted		5,238	498	5,736
Equity securities - quoted		<u>971</u>	<u>19</u>	<u>990</u>
		<u>38,002</u>	<u>604</u>	<u>38,606</u>
		<u>P 43,573</u>	<u>P 1,528</u>	<u>P 45,101</u>
Liabilities				
Derivatives with negative fair values	18	<u>P 3,549</u>	<u>P -</u>	<u>P 3,549</u>

The BDO Unibank Group and Parent Bank has no financial instrument as of December 31, 2010 and 2009 which fair value was measured under level 3. The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

There have been no significant transfers among levels 1, 2 and 3 in the reporting periods.

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

BDO Unibank 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. The carrying amounts of premises, furniture, fixtures and equipment are analyzed in Note 11. On the other hand, the carrying amounts of investment properties are analyzed in Note 12. Based on management's assessment as at December 31, 2010, there is no change in estimated useful lives of premises, furniture, fixtures and equipment and investment properties during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) Realizable Amount of Deferred Tax Assets

BDO Unibank Group reviews its deferred tax assets at the end of each reporting period 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. The carrying value of deferred tax assets, which management assessed to be fully utilized within the next two to three years, as of December 31, 2010 and 2009 is disclosed in Note 27.1.

(g) 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. BDO Unibank Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.24. 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.

Impairment losses recognized in profit or loss are disclosed in Note 14.

(h) Retirement Benefits

The determination of BDO Unibank Group's obligation and cost of post-employment 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 of BDO Unibank Group amounted to P998 and P3,821, respectively, in 2010 while the retirement benefit liability and net unrecognized actuarial losses amounted to P97 and P4,005, respectively, in 2009. On the other hand, the retirement benefit asset and net unrecognized actuarial losses of the Parent Bank amounted to P1,026 and P3,650, respectively, in 2010 while the retirement benefit liability and net unrecognized actuarial losses amounted to P67 and P3,732, respectively, in 2009 (see Note 23).

4. RISK MANAGEMENT

By their nature, BDO Unibank Group's activities are principally related to the use of financial instruments including derivatives. BDO Unibank 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. BDO Unibank 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. BDO Unibank 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 risk for holding financial assets and liabilities, BDO Unibank 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. BDO Unibank Group's risk management objective is to adequately and consistently evaluate, manage, control, and monitor the risk profile of BDO Unibank Group's statements of financial position to optimize the risk-reward balance and maximize return on BDO Unibank Group's capital. BDO Unibank Group's Risk Management Committee (RMC) has overall responsibility for BDO Unibank Group's risk management systems and sets risks management policies across the full range of risks to which BDO Unibank Group is exposed. Specifically, BDO Unibank 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 BDO Unibank Group's overall risk management system, the Assets and Liabilities Committee (ALCO) is responsible for managing the Group's statement of financial position, including BDO Unibank 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 BDO Unibank 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 BDO Unibank Group's Non-Performing Loan (NPL)/property-related items in litigations portfolio and ensures 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 its 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 BDO Unibank Group's customers and repay deposits on maturity. BDO Unibank 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, BDO Unibank 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-book items as of December 31, 2010 and 2009 in accordance with account classification of the BSP, are presented subsequently. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows using the primary contractual maturities or behavioral assumptions on core levels (e.g., core deposit liabilities and core deposit substitutes with maturities within one year have been classified in the more than three years category), if the latter is more relevant for purposes of profiling the liquidity gap. Such undiscounted cash flows differ from the amounts included in the statement of financial position because the statement of financial position amounts are based on discounted cash flows.

BDO Unibank Group

		2010				
		One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:						
Cash and other cash items	P	26,673	P -	P -	P -	P 26,673
Due from BSP/ other banks		160,056	-	203	-	160,259
Loans and other receivables		194,732	47,730	85,579	237,980	566,021
Trading and investment securities		11,995	13,939	29,484	141,869	197,287
Other resources		<u>-</u>	<u>10,142</u>	<u>-</u>	<u>40,487</u>	<u>50,629</u>
Total Resources		<u>393,456</u>	<u>71,811</u>	<u>115,266</u>	<u>420,336</u>	<u>1,000,869</u>
Liabilities and Equity:						
Deposit liabilities		178,826	3,781	10,138	589,890	782,635
Bills and subordinated notes payable		37,694	277	30,861	20,181	89,013
Other liabilities		<u>5,245</u>	<u>22,857</u>	<u>6,316</u>	<u>6,071</u>	<u>40,489</u>
Total Liabilities		221,765	26,915	47,315	616,142	912,137
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>88,732</u>	<u>88,732</u>
Total Liabilities and Equity		<u>221,765</u>	<u>26,915</u>	<u>47,315</u>	<u>704,874</u>	<u>1,000,869</u>
On-book gap		<u>171,691</u>	<u>44,896</u>	<u>67,951</u>	<u>(284,538)</u>	<u>-</u>
Cumulative on-book gap		<u>171,691</u>	<u>216,587</u>	<u>284,538</u>	<u>-</u>	<u>-</u>
Contingent assets		186,900	60,742	7,634	13,791	269,067
Contingent liabilities		<u>189,913</u>	<u>61,050</u>	<u>7,715</u>	<u>13,737</u>	<u>272,415</u>
Off-book gap	<u>(3,013)</u>	<u>(308)</u>	<u>(81)</u>	<u>54</u>	<u>(3,348)</u>	
Net Periodic Gap		<u>168,678</u>	<u>44,588</u>	<u>67,870</u>	<u>(284,484)</u>	<u>(3,348)</u>
Cumulative Total Gap	P	<u>168,678</u>	<u>P 213,266</u>	<u>P 281,136</u>	<u>(P 3,348)</u>	<u>P -</u>

BDO Unibank Group

2009					
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:					
Cash and other cash items	P 30,544	P -	P -	P -	P 30,544
Due from BSP/ other banks	81,116	-	449	-	81,565
Loans and other receivables	182,368	51,242	78,726	212,565	524,901
Trading and investment securities	8,456	5,453	27,677	130,126	171,712
Other resources	-	-	-	53,327	53,327
Total Resources	<u>302,484</u>	<u>56,695</u>	<u>106,852</u>	<u>396,018</u>	<u>862,049</u>
Liabilities and Equity:					
Deposit liabilities	170,829	6,871	10,695	506,283	694,678
Bills and subordinated notes payable	15,607	3,862	2,962	32,136	54,567
Other liabilities	<u>4,138</u>	<u>975</u>	<u>1,122</u>	<u>38,682</u>	<u>44,917</u>
Total Liabilities	190,574	11,708	14,779	577,101	794,162
Equity	-	-	-	67,887	67,887
Total Liabilities and Equity	<u>190,574</u>	<u>11,708</u>	<u>14,779</u>	<u>644,988</u>	<u>862,049</u>
On-book gap	<u>111,910</u>	<u>44,987</u>	<u>92,073</u>	(<u>248,970</u>)	-
Cumulative on-book gap	<u>111,910</u>	<u>156,897</u>	<u>248,970</u>	-	-
Contingent assets	191,164	52,517	22,022	10,095	275,798
Contingent liabilities	<u>200,270</u>	<u>51,710</u>	<u>21,950</u>	<u>10,493</u>	<u>284,423</u>
Off-book gap	(<u>9,106</u>)	<u>807</u>	<u>72</u>	(<u>398</u>)	(<u>8,625</u>)
Net Periodic Gap	<u>102,804</u>	<u>45,794</u>	<u>92,145</u>	(<u>249,368</u>)	(<u>8,625</u>)
Cumulative Total Gap	<u>P 102,804</u>	<u>P 148,598</u>	<u>P 240,743</u>	<u>(P 8,625)</u>	<u>P -</u>

Parent Bank

2010					
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:					
Cash and other cash items	P 26,660	P -	P -	P -	P 26,660
Due from BSP/ other banks	150,151	-	-	-	150,151
Loans and other receivables	189,156	44,487	80,805	234,170	548,618
Trading and investment securities	8,853	12,356	27,874	128,558	177,641
Other resources	-	<u>10,142</u>	-	<u>45,991</u>	<u>56,133</u>
Total Resources	<u>374,820</u>	<u>66,985</u>	<u>108,679</u>	<u>408,719</u>	<u>959,203</u>
(balance carried forward)					

Parent Bank

2010					
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Total Resources (balance brought forward)	P 374,820	P 66,985	P 108,679	P 408,719	P 959,203
Liabilities and Equity:					
Deposit liabilities	178,184	3,636	9,550	571,264	762,634
Bills and subordinated notes payable	35,333	252	25,916	17,732	79,233
Other liabilities	4,583	24,671	5,397	136	34,787
Total Liabilities	218,100	28,559	40,863	589,132	876,654
Equity	-	-	-	82,549	82,549
Total Liabilities and Equity	218,100	28,559	40,863	671,681	959,203
On-book gap	156,720	38,426	67,816	(262,962)	-
Cumulative on-book gap	156,720	195,146	262,962	-	-
Contingent assets	173,035	55,056	5,347	4,858	238,296
Contingent liabilities	176,103	55,347	5,480	4,854	241,784
Off-book gap	(3,068)	(291)	(133)	4	(3,488)
Net Periodic Gap	153,652	38,135	67,683	(262,958)	(3,488)
Cumulative Total Gap	P 153,652	P 191,787	P 259,470	(P 3,488)	P -
2009					
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Resources:					
Cash and other cash items	P 30,365	P -	P -	P -	P 30,365
Due from BSP/ other banks	77,475	-	-	-	77,475
Loans and other receivables	173,427	47,290	68,902	207,683	497,302
Trading and investments securities	8,230	4,698	26,124	114,210	153,262
Other resources	-	-	-	56,780	56,780
Total Resources	289,497	51,988	95,026	378,673	815,184
Liabilities and Equity:					
Deposit liabilities	162,259	6,220	9,491	491,835	669,805
Bills and subordinated notes payable	8,537	3,518	2,799	29,817	44,671
Other liabilities	3,845	-	-	34,291	38,136
Total Liabilities	174,641	9,738	12,290	555,943	752,612
Equity	-	-	-	62,572	62,572
Total Liabilities and Equity (balance carried forward)	174,641	9,738	12,290	618,515	815,184

Parent Bank

	2009				
	One to three months	More than three months to one year	More than one year to three years	More than three years	Total
Total Liabilities and Equity (balance brought forward)	P 174,641	P 9,738	P 12,290	P 618,515	P 815,184
On-book gap	114,856	42,250	82,736	(239,842)	-
Cumulative on-book gap	114,856	157,106	239,842	-	-
Contingent assets	180,995	51,747	10,145	5,347	248,234
Contingent liabilities	190,217	50,949	10,104	5,779	257,049
Off-book gap	(9,222)	798	41	(432)	(8,815)
Net Periodic Gap	105,634	43,048	82,777	(240,274)	(8,815)
Cumulative Total Gap	P 105,634	P 148,682	P 231,459	(P 8,815)	P -

4.2 Market Risk

BDO Unibank 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, equity securities and derivatives. BDO Unibank 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 BDO Unibank Group's RMC and Board of Directors.

4.2.1 Foreign Exchange Risk

BDO Unibank 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.

BDO Unibank 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. BDO Unibank Group's foreign exchange exposure is primarily limited to the day-to-day, over-the-counter buying and selling of foreign exchange in BDO Unibank Group's branches as well as foreign exchange trading with corporate accounts and other financial institutions. BDO Unibank Group, being a major market participant in the Philippine Dealing System, may engage in proprietary trading to take advantage of foreign exchange fluctuations.

BDO Unibank Group's foreign exchange exposure during the day is guided by the limits set forth in BDO Unibank Group's Risk Management Manual. These limits are within the prescribed ceilings mandated by the BSP. At the end of each day, BDO Unibank 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 assets and liabilities as to foreign and peso-denominated balances as of December 31, 2010 and 2009 follows:

BDO Unibank Group

	2010			2009		
	Foreign Currency	Peso	Total	Foreign Currency	Peso	Total
Resources:						
Cash and other cash items						
and due from BSP	P 12	P 165,143	P 165,155	P 19	P 95,358	P 95,377
Due from other banks	21,738	39	21,777	16,707	25	16,732
Trading and investment securities:						
At FVTPL	3,743	3,629	7,372	5,535	2,967	8,502
AFS securities	48,040	37,634	85,674	23,296	23,737	47,033
HTM	84,361	19,880	104,241	93,891	22,286	116,177
Loans and other receivables	133,032	432,989	566,021	75,717	449,184	524,901
Other resources	2,194	358	2,552	2,085	376	2,461
	<u>P 293,120</u>	<u>P 659,672</u>	<u>P 952,792</u>	<u>P 217,250</u>	<u>P 593,933</u>	<u>P 811,183</u>
Liabilities:						
Deposit liabilities	P 217,049	P 565,586	P 782,635	P 188,988	P 505,690	P 694,678
Bills payable	39,825	26,036	65,861	3,594	27,821	31,415
Subordinated notes payable	-	23,152	23,152	-	23,152	23,152
Other liabilities	5,080	32,818	37,898	8,469	34,428	42,897
	<u>P 261,954</u>	<u>P 647,592</u>	<u>P 909,546</u>	<u>P 201,051</u>	<u>P 591,091</u>	<u>P 792,142</u>

Parent Bank

	2010			2009		
	Foreign Currency	Peso	Total	Foreign Currency	Peso	Total
Resources:						
Cash and other cash items						
and due from BSP	P -	P 156,378	P 156,378	P 11	P 93,218	P 93,229
Due from other banks	20,396	37	20,433	14,261	350	14,611
Trading and investment securities:						
At FVTPL	3,203	1,144	4,347	5,070	1,425	6,495
AFS securities	44,791	32,934	77,725	20,558	18,769	39,327
HTM	79,168	16,401	95,569	88,259	19,181	107,440
Loans and other receivables	131,914	416,704	548,618	71,143	426,159	497,302
Other resources	2,194	692	2,886	2,085	2	2,087
	<u>P 281,666</u>	<u>P 624,290</u>	<u>P 905,956</u>	<u>P 201,387</u>	<u>P 559,104</u>	<u>P 760,491</u>

Parent Bank

	2010			2009		
	Foreign Currency	Peso	Total	Foreign Currency	Peso	Total
Liabilities:						
Deposit liabilities	P 209,524	P 553,110	P 762,634	P 179,377	P 490,428	P 669,805
Bills payable	39,605	16,476	56,081	3,593	17,926	21,519
Subordinated notes payable	-	23,152	23,152	-	23,152	23,152
Other liabilities	4,842	27,561	32,403	8,072	28,236	36,308
	<u>P 253,971</u>	<u>P 620,299</u>	<u>P 874,270</u>	<u>P 191,042</u>	<u>P 559,742</u>	<u>P 750,784</u>

4.2.2 Interest Rate Risk

BDO Unibank Group prepares gap analysis to measure the sensitivity of its resources, liabilities and off-book items 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 BDO Unibank 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-book items as of December 31, 2010 and 2009 based on the expected interest realization or recognition are presented below.

BDO Unibank Group

	2010					
	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
Resources:						
Cash and other cash items	P 26,673	P -	P -	P -	P -	P 26,673
Due from BSP/other banks	85,204	135	-	-	74,920	160,259
Loans and other receivables	332,314	44,523	83,456	100,169	5,559	566,021
Trading and investment securities	11,926	16,911	44,184	122,730	1,536	197,287
Other resources	4,152	3,798	1,154	-	41,525	50,629
Total Resources	<u>460,269</u>	<u>65,367</u>	<u>128,794</u>	<u>222,899</u>	<u>123,540</u>	<u>1,000,869</u>
Liabilities and Equity:						
Deposit liabilities	246,928	20,272	89,072	2,281	424,082	782,635
Bills and subordinated notes payable	55,492	2,816	29,237	1,468	-	89,013
Other liabilities	1,365	3,053	1,385	56	34,630	40,489
Total Liabilities	303,785	26,141	119,694	3,805	458,712	912,137
Equity	-	-	-	-	88,732	88,732
Total Liabilities and Equity (balance carried forward)	<u>P 303,785</u>	<u>P 26,141</u>	<u>P 119,694</u>	<u>P 3,805</u>	<u>P 547,444</u>	<u>P 1,000,869</u>

BDO Unibank Group

2010						
	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
Total Liabilities and Equity (balance brought forward)	P 303,785	P 26,141	P 119,694	P 3,805	P 547,444	P 1,000,869
On-book gap	156,484	39,226	9,100	219,094	(423,904)	-
Cumulative on-book gap	156,484	195,710	204,810	423,904	-	-
Contingent assets	35,448	20,471	15,047	6,377	2,420	79,763
Contingent liabilities	35,238	20,206	15,228	6,371	1,207	78,250
Off-book gap	210	265	(181)	6	1,213	1,513
Net Periodic Gap	156,694	39,491	8,919	219,100	(422,691)	1,513
Cumulative Total Gap	P 156,694	P 196,185	P 205,104	P 424,204	P 1,513	P -
2009						
	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
Resources:						
Cash and other cash items	P 30,544	P -	P -	P -	P -	P 30,544
Due from BSP/ other banks	81,116	-	449	-	-	81,565
Loans and other receivables	342,014	51,177	69,136	52,300	10,274	524,901
Trading and investment securities	10,009	6,024	51,091	98,028	6,560	171,712
Other resources	-	-	-	-	53,327	53,327
Total Resources	463,683	57,201	120,676	150,328	70,161	862,049
Liabilities and Equity:						
Deposit liabilities	239,458	24,219	58,387	13,377	359,237	694,678
Bills and subordinated notes payable	15,607	5,522	30,002	3,436	-	54,567
Other liabilities	293	978	2,283	10	41,353	44,917
Total Liabilities	255,358	30,719	90,672	16,823	400,590	794,162
Equity	-	-	-	-	67,887	67,887
Total Liabilities and Equity	255,358	30,719	90,672	16,823	468,477	862,049
On-book gap	208,325	26,482	30,004	133,505	(398,316)	-
Cumulative on-book gap	208,325	234,807	264,811	398,316	-	-
Contingent assets	31,264	4,680	21,953	-	-	57,897
Contingent liabilities	29,824	5,160	22,294	-	-	57,278
Off-book gap	1,440	(480)	(341)	-	-	619
Net Periodic Gap	209,765	26,002	29,663	133,505	(398,316)	619
Cumulative Total Gap	P 209,765	P 235,767	P 265,430	P 398,935	P 619	P -

Parent Bank

		2010					
		<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>
Resources:							
Cash and other cash items	P	26,660	P -	P -	P -	P -	P 26,660
Due from BSP/ other banks		82,323	135	-	-	67,693	150,151
Loans and other receivables		326,196	41,280	76,583	98,910	5,649	548,618
Trading and investment securities		8,817	15,576	39,213	114,035		177,641
Other resources		<u>4,152</u>	<u>3,798</u>	<u>1,154</u>	<u>-</u>	<u>47,029</u>	<u>56,133</u>
Total Resources		<u>448,148</u>	<u>60,789</u>	<u>116,950</u>	<u>212,945</u>	<u>120,371</u>	<u>959,203</u>
Liabilities and Equity:							
Deposit liabilities		236,309	18,827	83,176	1,973	422,349	762,634
Bills and subordinated notes payable		46,051	2,790	28,923	1,469	-	79,233
Other liabilities		<u>702</u>	<u>2,538</u>	<u>-</u>	<u>-</u>	<u>31,547</u>	<u>34,787</u>
Total Liabilities		283,062	24,155	112,099	3,442	453,896	876,654
Equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,549</u>	<u>82,549</u>
Total Liabilities and Equity		<u>283,062</u>	<u>24,155</u>	<u>112,099</u>	<u>3,442</u>	<u>536,445</u>	<u>959,203</u>
On-book gap		<u>165,086</u>	<u>36,634</u>	<u>4,851</u>	<u>209,503</u>	<u>(416,074)</u>	<u>-</u>
Cumulative on-book gap		<u>165,086</u>	<u>201,720</u>	<u>206,571</u>	<u>416,074</u>	<u>-</u>	<u>-</u>
Contingent assets		21,587	14,789	6,248	3,957	-	46,581
Contingent liabilities		<u>21,428</u>	<u>14,527</u>	<u>6,540</u>	<u>3,954</u>	<u>-</u>	<u>46,449</u>
Off-book gap		<u>159</u>	<u>262</u>	<u>(292)</u>	<u>3</u>	<u>-</u>	<u>132</u>
Net Periodic Gap		<u>165,245</u>	<u>36,896</u>	<u>4,559</u>	<u>209,506</u>	<u>(416,074)</u>	<u>132</u>
Cumulative Total Gap	P	<u>165,245</u>	P <u>202,141</u>	P <u>206,700</u>	P <u>416,206</u>	P <u>132</u>	P <u>-</u>

Parent Bank

		2009					
		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
Resources:							
Cash and other cash items	P 30,365	P -	P -	P -	P -	P -	P 30,365
Due from BSP/ other banks	77,475	-	-	-	-	-	77,475
Loans and other receivables	333,073	47,225	56,170	50,560	10,274	497,302	
Trading and investment securities	9,786	5,275	45,752	85,889	6,560	153,262	
Other Resources	-	-	-	-	56,780	56,780	
Total Resources	450,699	52,500	101,922	136,449	73,614	815,184	
Liabilities and Equity:							
Deposit liabilities	231,531	23,568	56,201	-	358,505	669,805	
Bills and subordinated notes payable	8,537	5,178	29,511	1,445	-	44,671	
Other liabilities	-	-	-	-	38,136	38,136	
Total Liabilities	240,068	28,746	85,712	1,445	396,641	752,612	
Equity	-	-	-	-	62,572	62,572	
Total Liabilities and Equity	240,068	28,746	85,712	1,445	459,213	815,184	
On-book gap	210,631	23,754	16,210	135,004	(385,599)	-	
Cumulative on-book gap	210,631	234,385	250,595	385,599	-	-	
Contingent assets	21,873	3,921	5,347	-	-	31,141	
Contingent liabilities	20,544	4,436	5,775	-	-	30,755	
Off-book gap	1,329	(515)	(428)	-	-	386	
Net Periodic Gap	211,960	23,239	15,782	135,004	(385,599)	386	
Cumulative Total Gap	P 211,960	P 235,199	P 250,981	P 385,985	P 386	P -	

BDO Unibank 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. BDO Unibank Group uses the value at risk (VaR) model to estimate the daily potential loss that BDO Unibank 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 to prevent over-trading, excessive concentration, and to limit financial loss supplementing other already established limits.

- 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.

BDO Unibank 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 BDO Unibank 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. BDO Unibank Group uses a 99% confidence level and a 260-day observation period in VaR calculation. BDO Unibank Group's VaR limit is established as a percentage of projected earnings and is used to alert senior management whenever the potential losses in BDO Unibank 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; and,
- The VaR measure is dependent upon BDO Unibank Group'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 follows:

BDO Unibank Group

	<u>2010</u>		<u>2009</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
Foreign currency risk	(P 12)	(P 108)	(P 22)	(P 147)
Interest rate risk – Peso	(136)	(969)	(14)	(123)
Interest rate risk – USD	(14)	(206)	(13)	(202)
	<u>(P 162)</u>	<u>(P 1,283)</u>	<u>(P 49)</u>	<u>(P 472)</u>

Parent Bank

	<u>2010</u>		<u>2009</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
Foreign currency risk	(P 11)	(P 102)	(P 22)	(P 147)
Interest rate risk – Peso	(115)	(779)	(10)	(81)
Interest rate risk – USD	(2)	(42)	(10)	(156)
	<u>(P 128)</u>	<u>(P 923)</u>	<u>(P 42)</u>	<u>(P 384)</u>

The earnings-at-risk before tax in a rising and declining interest rate scenario for financial assets and liabilities repriced during 2010 and 2009 is shown below.

BDO Unibank Group

	<u>2010</u>			
	<u>Change in interest rates (in basis points)</u>			
	<u>-100</u>	<u>+100</u>	<u>-50</u>	<u>+50</u>
Change on annualized net interest income	<u>(P 1,090)</u>	<u>P 1,090</u>	<u>(P 545)</u>	<u>P 545</u>
As a percentage of BDO Unibank Group's net interest income for 2010	<u>(3.2%)</u>	<u>3.2%</u>	<u>(1.6%)</u>	<u>1.6%</u>
Earnings-at-risk	<u>P 386</u>			

	<u>2009</u>			
	<u>Change in interest rates (in basis points)</u>			
	<u>-100</u>	<u>+100</u>	<u>-50</u>	<u>+50</u>
Change on annualized net interest income	<u>(P 1,026)</u>	<u>P 1,026</u>	<u>(P 513)</u>	<u>P 513</u>
As a percentage of BDO Unibank Group's net interest income for 2009	<u>(3.4%)</u>	<u>3.4%</u>	<u>(1.7%)</u>	<u>1.7%</u>
Earnings-at-risk	<u>P 506</u>			

Parent Bank

	2010			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 1,365)	P 1,365	(P 683)	P 683
As a percentage of Parent Bank's net interest income for 2010	(4.3%)	4.3%	(2.2%)	2.2%
Earnings-at-risk	P 419			
	2009			
	Change in interest rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 1,103)	P 1,103	(P 552)	P 551
As a percentage of Parent Bank's net interest income for 2009	(4.0%)	4.0%	(2.0%)	1.0%
Earnings-at-risk	P 512			

4.2.3 Price Risk

BDO Unibank Group is exposed to equity securities price risk because of investments held by BDO Unibank Group and classified on the statement of financial position either as AFS or at FVTPL. BDO Unibank Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, BDO Unibank Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by BDO Unibank Group.

The table below summarizes the impact of increases of the financial assets at FVTPL and AFS securities on BDO Unibank Group's net profit after tax and equity as of December 31. The analysis is based on the assumption that the correlated equity indices have increased by 17.2% in 2010 and decreased by 37.6% in 2009 for securities classified as FVTPL and AFS securities with all other variables held constant and all BDO Unibank Group's equity instruments moved according to the historical correlation with the index.

BDO Unibank Group

	Impact on net profit after tax		Impact on other comprehensive income	
	increase (decrease)		increase (decrease)	
	2010	2009	2010	2009
Financial assets at FVTPL	P 1	P 13	P -	P -
AFS securities	-	-	540	304
	<u>P 1</u>	<u>P 13</u>	<u>P 540</u>	<u>P 304</u>

Parent Bank

	Impact on net profit after tax increase (decrease)		Impact on other comprehensive income increase (decrease)	
	2010	2009	2010	2009
Financial assets at FVTPL	P -	P 7	P -	P -
AFS securities	-	-	150	189
	<u>P -</u>	<u>P 7</u>	<u>P 150</u>	<u>P 189</u>

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 BDO Unibank Group. BDO Unibank 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 BDO Unibank 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 BDO Unibank 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 BDO Unibank Group's loan portfolio, including the portfolio risks associated with particular industry sectors, loan size and maturity, and development of a strategy for BDO Unibank Group to achieve its desired portfolio mix and risk profile.

BDO Unibank 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 BDO Unibank Group's loan portfolio in line with BDO Unibank 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 its net worth.

4.2.4.1 Exposure to Credit Risk

The following table shows the exposure to credit risk as of December 31, 2010 and 2009 for each internal risk grade and the related allowance for impairment:

BDO Unibank Group

	2010		
	<u>Loans and Other Receivables</u>	<u>Due from Other Banks</u>	<u>Trading and Investment Securities</u>
Carrying Amount	<u>P 566,021</u>	<u>P 21,777</u>	<u>P 190,310</u>
Individually Impaired			
Grade: Unclassified	P -	P -	P 2,439
Grade C: Impaired	2,386	-	219
Grade D: Impaired	7,090	-	-
Grade E: Impaired	2,412	-	3,314
Grade F: Impaired	<u>7,852</u>	<u>-</u>	<u>1,253</u>
Gross amount	19,740		7,225
Allowance for impairment	(<u>13,622</u>)	<u>-</u>	(<u>4,932</u>)
Carrying amount	<u>6,118</u>	<u>-</u>	<u>2,293</u>
Collectively Impaired			
Grade: Unclassified	18	-	-
Grade C: Impaired	3,208	-	-
Grade D: Impaired	1,993	-	-
Grade E: Impaired	638	-	-
Grade F: Impaired	<u>6,509</u>	<u>-</u>	<u>-</u>
Gross amount	12,366	-	-
Allowance for impairment	(<u>7,419</u>)	<u>-</u>	<u>-</u>
Carrying amount	<u>4,947</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Grade: Unclassified	<u>5,183</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Grade: Unclassified	<u>549,773</u>	<u>21,777</u>	<u>188,017</u>
Accounts with Negotiated Terms	<u>-</u>	<u>-</u>	<u>-</u>
Total Carrying Amount	<u>P 566,021</u>	<u>P 21,777</u>	<u>P 190,310</u>

BDO Unibank Group

	2009		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities
Carrying Amount	<u>P 524,901</u>	<u>P 16,732</u>	<u>P 166,098</u>
Individually Impaired			
Grade: Unclassified	P 1,290	P 1,418	P 2,532
Grade C: Impaired	1,885	-	-
Grade D: Impaired	6,923	-	133
Grade E: Impaired	4,322	-	5,027
Grade F: Impaired	<u>5,394</u>	<u>-</u>	<u>1,380</u>
Gross amount	19,814	1,418	9,072
Allowance for impairment	(<u>13,940</u>)	<u>-</u>	(<u>6,064</u>)
Carrying amount	<u>5,874</u>	<u>1,418</u>	<u>3,008</u>
Collectively Impaired			
Grade: Unclassified	6,396	-	-
Grade C: Impaired	2,880	-	-
Grade D: Impaired	1,512	-	-
Grade E: Impaired	494	-	-
Grade F: Impaired	<u>4,635</u>	<u>-</u>	<u>-</u>
Gross amount	15,917	-	-
Allowance for impairment	(<u>5,428</u>)	<u>-</u>	<u>-</u>
Carrying amount	<u>10,489</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Grade: Unclassified	<u>3,703</u>	<u>-</u>	<u>2</u>
Neither Past Due Nor Impaired			
Grade: Unclassified	<u>504,835</u>	<u>14,999</u>	<u>163,088</u>
Accounts with Negotiated Terms	<u>-</u>	<u>315</u>	<u>-</u>
Total Carrying Amount	<u>P 524,901</u>	<u>P 16,732</u>	<u>P 166,098</u>

An aging of past due but not impaired accounts of BDO Unibank Group follows:

	<u>Loans and Other Receivables</u>		<u>Trading and Investment Securities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Below 30 days	P 4,963	P 3,249	P -	P -
30 to 60 days	23	17	-	-
61 to 90 days	20	122	-	-
91 to 180 days	10	40	-	-
More than 180 days	<u>167</u>	<u>275</u>	<u>-</u>	<u>2</u>
	<u>P 5,183</u>	<u>P 3,703</u>	<u>P -</u>	<u>P 2</u>

Parent Bank

	<u>2010</u>		
	<u>Loans and Other Receivables</u>	<u>Due from Other Banks</u>	<u>Trading and Investment Securities</u>
Carrying Amount	<u>P 548,618</u>	<u>P 20,433</u>	<u>P 174,141</u>
Individually Impaired			
Grade: Unclassified	P -	P -	P 2,439
Grade C: Impaired	1,443	-	-
Grade D: Impaired	6,848	-	-
Grade E: Impaired	2,303	-	3,314
Grade F: Impaired	<u>7,704</u>	<u>-</u>	<u>1,114</u>
Gross amount	18,298	-	6,867
Allowance for impairment	(<u>13,286</u>)	<u>-</u>	(<u>4,752</u>)
Carrying amount	<u>5,012</u>	<u>-</u>	<u>2,115</u>
Collectively Impaired			
Grade C: Impaired	3,208	-	-
Grade D: Impaired	1,993	-	-
Grade E: Impaired	638	-	-
Grade F: Impaired	<u>6,508</u>	<u>-</u>	<u>-</u>
Gross amount	12,347	-	-
Allowance for impairment	(<u>7,418</u>)	<u>-</u>	<u>-</u>
Carrying amount	<u>4,929</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Grade: Unclassified	<u>5,122</u>	<u>-</u>	<u>-</u>
Neither Past Due Nor Impaired			
Grade: Unclassified	<u>533,555</u>	<u>20,433</u>	<u>172,026</u>
Total Carrying Amount	<u>P 548,618</u>	<u>P 20,433</u>	<u>P 174,141</u>

Parent Bank

	2009		
	Loans and Other Receivables	Due from Other Banks	Trading and Investment Securities
Carrying Amount	P <u>497,302</u>	P <u>14,611</u>	P <u>151,681</u>
Individually Impaired			
Grade: Unclassified	P -	P 1,418	P 2,161
Grade C: Impaired	1,880	-	-
Grade D: Impaired	6,488	-	133
Grade E: Impaired	4,150	-	5,027
Grade F: Impaired	<u>4,742</u>	<u>-</u>	<u>1,380</u>
Gross amount	17,260	1,418	8,701
Allowance for impairment	(<u>13,053</u>)	<u>-</u>	(<u>5,998</u>)
Carrying amount	<u>4,207</u>	<u>1,418</u>	<u>2,703</u>
Collectively Impaired			
Grade C: Impaired	2,868	-	-
Grade D: Impaired	1,275	-	-
Grade E: Impaired	487	-	-
Grade F: Impaired	<u>4,635</u>	<u>-</u>	<u>-</u>
Gross amount	9,265	-	-
Allowance for impairment	(<u>5,208</u>)	<u>-</u>	<u>-</u>
Carrying amount	<u>4,057</u>	<u>-</u>	<u>-</u>
Past Due But Not Impaired			
Grade: Unclassified	<u>3,679</u>	<u>-</u>	<u>2</u>
Neither Past Due Nor Impaired			
Grade: Unclassified	<u>485,359</u>	<u>13,193</u>	<u>148,976</u>
Total Carrying Amount	P <u>497,302</u>	P <u>14,611</u>	P <u>151,681</u>

An aging of past due but not impaired accounts of the Parent Bank follows:

	Loans and Other Receivables		Trading and Investment Securities	
	2010	2009	2010	2009
Below 30 days	P 4,953	P 3,249	P -	P -
30 to 60 days	20	16	-	-
61 to 90 days	15	121	-	-
91 to 180 days	9	39	-	-
More than 180 days	<u>125</u>	<u>254</u>	<u>-</u>	<u>2</u>
	P <u>5,122</u>	P <u>3,679</u>	P <u>-</u>	P <u>2</u>

Exposure to credit risk also includes unused commercial letters of credit amounting to P30,991 and P26,492 for 2010 and 2009, respectively, in the BDO Unibank Group financial statements and P30,991 and P25,845 for 2010 and 2009, respectively, in the Parent Bank financial statements (see Note 31.3).

4.2.4.2 Collateral Held as Security and Other Credit Enhancements

BDO Unibank 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 Parent 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. BDO Unibank Group holds collateral against loans and other receivables in the form of property, debt securities, equities and others.

Estimate of the fair value of collateral and other security enhancements held against the following loans and other receivables risk groupings as of December 31 follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Individually impaired				
Property	P 20,821	P 26,654	P 20,678	P 26,363
Debt security	-	229	-	2
Equity	118	195	-	181
Others	<u>6,776</u>	<u>5,696</u>	<u>6,372</u>	<u>5,530</u>
	<u>27,715</u>	<u>32,774</u>	<u>27,050</u>	<u>32,076</u>
Collectively impaired				
Property	4,636	4,105	4,636	4,063
Others	<u>200</u>	<u>2,459</u>	<u>200</u>	<u>2,407</u>
	<u>4,836</u>	<u>6,564</u>	<u>4,836</u>	<u>6,470</u>
Past due but not impaired				
Property	6,574	5,943	6,573	5,745
Debt security	-	-	-	-
Equity	1	10	-	-
Others	<u>863</u>	<u>3,088</u>	<u>854</u>	<u>2,615</u>
	<u>7,438</u>	<u>9,041</u>	<u>7,427</u>	<u>8,360</u>
Neither past due nor impaired				
Property	267,958	150,241	267,148	149,441
Debt security	1,027	13	899	13
Equity	5,472	95,168	-	95,158
Others	<u>130,754</u>	<u>114,038</u>	<u>123,002</u>	<u>99,640</u>
	<u>405,211</u>	<u>359,460</u>	<u>391,049</u>	<u>344,252</u>
	<u>P 445,200</u>	<u>P 407,839</u>	<u>P 430,362</u>	<u>P 391,158</u>

4.2.4.3 Concentrations of Credit Risk

The Parent Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk (gross of allowance) at the reporting date is shown below.

BDO Unibank Group

		2010			2009		
		Cash and Cash Equivalents	Receivables from Customers	Investment Securities	Cash and Cash Equivalents	Receivables from Customers	Investment Securities
Concentration by sector:							
Financial intermediaries	P	186,932	P 79,058	P 137,745	P 111,780	P 84,148	P 129,707
Manufacturing	-	-	90,555	17,151	-	84,869	3,657
Wholesale and retail trade	-	-	76,592	541	-	63,685	-
Real estate, renting and other related activities	-	-	55,842	4,320	-	49,701	38,655
Transportation and communication	-	-	36,295	6,946	-	38,418	-
Other community, social and personal activities	-	-	39,474	-	-	34,628	307
Agriculture, fishing and forestry	-	-	9,592	717	-	6,917	481
Others	-	-	154,104	27,823	329	110,318	139
	P	186,932	P 541,512	P 195,243	P 112,109	P 472,684	P 172,946
Concentration by location:							
Philippines	P	166,404	P 535,335	P 158,756	P 110,037	P 467,728	P 142,075
Others	-	20,528	6,177	36,487	2,072	4,956	30,871
	P	186,932	P 541,512	P 195,243	P 112,109	P 472,684	P 172,946

Parent Bank

		2010			2009		
		Cash and Cash Equivalents	Receivables from Customers	Investment Securities	Cash and Cash Equivalents	Receivables from Customers	Investment Securities
Concentration by sector:							
Financial intermediaries	P	176,811	P 78,142	P 123,773	P 107,840	P 83,546	P 117,737
Manufacturing	-	-	86,861	15,546	-	81,311	1,177
Wholesale and retail trade	-	-	75,211	541	-	61,937	-
Real estate, renting and other related activities	-	-	53,887	4,113	-	44,252	38,458
Other community, social and personal activities	-	-	39,291	-	-	31,543	307
Transportation and communication	-	-	33,845	6,946	-	36,251	-
Agriculture, fishing and forestry	-	-	8,254	717	-	5,627	-
Others	-	-	151,462	27,257	-	109,604	-
	P	176,811	P 526,953	P 178,893	P 107,840	P 454,071	P 157,679
Concentration by location:							
Philippines	P	157,949	P 520,776	P 143,680	P 93,720	P 449,226	P 127,018
Others	-	18,862	6,177	35,213	14,120	4,845	30,661
	P	176,811	P 526,953	P 178,893	P 107,840	P 454,071	P 157,679

4.3 Operational Risk

Operational risk is the risk of loss due to BDO Unibank 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.

BDO Unibank Group manages its operational risks by instituting 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, BDO Unibank Group considers operational risk management as a critical element in the conduct of its business. Under BDO Unibank Group's Operational Risk Management (ORM) framework, the BOD has the ultimate responsibility for providing leadership in the management of risk in BDO Unibank 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 BDO Unibank Group as well as monitors the implementation of the ORM framework and policies.

ORM is a dynamic process that continues to be driven at the business line level under strict guidelines and reporting mechanisms handled by ORM. In 2010, the BDO Unibank Group ensured compliance to its identified Top Five (5) ORM focus areas (business continuity, information security, legal and regulatory compliance, outsourcing and complaints/ feedback management). The BDO Unibank Group will expand its focus areas in 2011 to ensure more proactive management of identified operational risks.

Launched in 2009, the BDO Unibank Group continues to implement its risk assessment process using Key Risk Indicators (KRI) and Key Control Self Assessments (KCSA) as alerts for operational risk vulnerabilities. ORM also launched in 2010 a Risk Profile Assessment activity that would provide business and service units a more disciplined approach to prioritizing and mitigating high risk areas based on their KRI and KCSA data.

The BDO Unibank Group continues to expand its operational loss database to cover more loss event categories as defined by Basel II.

Operational risks arising from health, safety and environmental issues are appropriately managed through policies and measures that are integrated into the BDO Unibank Group's day-to-day operations. These include Environmental Consciousness, Occupational Health and Safety, and Community Health and Safety.

5. SEGMENT REPORTING

The BDO Unibank Group's main operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of BDO Unibank Group in reporting to its chief operating decision-maker for its strategic decision-making activities.

Management currently identifies the BDO Unibank Group's three service lines as primary operating segments. In addition, minor operating segments, for which quantitative thresholds have not been met, as described in PFRS 8, *Operating Segments*, are combined below as Others.

- (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.

These segments are the basis on which BDO Unibank Group reports its segment information. Transactions between the segments are on normal commercial terms and conditions. Inter-segment transactions are eliminated in consolidation.

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

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

Segment revenues and expenses that are directly attributable to primary operating segment and the relevant portions of BDO Unibank Group's revenues and expenses that can be allocated to that operating segment are accordingly reflected as revenues and expenses of that operating segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

Segment information (by service lines) as of and for the years ended December 31, 2010 and 2009 follows:

	Commercial Banking	Investment Banking	Private Banking	Others	Eliminations	Group
December 31, 2010						
Statements of Income						
Total interest income						
External	P 46,764	P 22	P 1,267	P 1,877	P -	P 49,930
Inter-segment	<u>1</u>	<u>13</u>	<u>-</u>	<u>20</u>	<u>(34)</u>	<u>-</u>
	<u>46,765</u>	<u>35</u>	<u>1,267</u>	<u>1,897</u>	<u>(34)</u>	<u>49,930</u>
Total interest expense						
External	14,998	-	480	294	-	15,772
Inter-segment	<u>32</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>(34)</u>	<u>-</u>
	<u>15,030</u>	<u>1</u>	<u>481</u>	<u>294</u>	<u>(34)</u>	<u>15,772</u>
Net interest income	<u>31,735</u>	<u>34</u>	<u>786</u>	<u>1,603</u>	<u>-</u>	<u>34,158</u>
Other operating income						
Investment banking fees	-	392	-	-	-	392
Others	<u>16,429</u>	<u>188</u>	<u>681</u>	<u>1,130</u>	<u>(979)</u>	<u>17,449</u>
	<u>16,429</u>	<u>580</u>	<u>681</u>	<u>1,130</u>	<u>(979)</u>	<u>17,841</u>
Other operating expenses						
Depreciation and amortization	2,004	4	24	848	-	2,880
Impairment losses	6,376	-	58	316	(52)	6,698
Others	<u>30,036</u>	<u>237</u>	<u>653</u>	<u>1,066</u>	<u>(83)</u>	<u>31,909</u>
	<u>38,416</u>	<u>241</u>	<u>735</u>	<u>2,230</u>	<u>(135)</u>	<u>41,487</u>
Profit before tax	<u>9,748</u>	<u>373</u>	<u>732</u>	<u>503</u>	<u>(844)</u>	<u>10,512</u>
Tax expense	<u>1,310</u>	<u>82</u>	<u>84</u>	<u>162</u>	<u>(7)</u>	<u>1,631</u>
Net profit	<u>P 8,438</u>	<u>P 291</u>	<u>P 648</u>	<u>P 341</u>	<u>(P 837)</u>	<u>P 8,881</u>
Statements of Financial Position						
Total resources						
Segment assets	P 954,185	P 2,148	P 30,590	P 22,701	(P 15,155)	P 994,469
Intangible assets	805	10	1	-	-	816
Deferred tax assets	<u>5,687</u>	<u>(32)</u>	<u>29</u>	<u>(100)</u>	<u>-</u>	<u>5,584</u>
	<u>P 960,677</u>	<u>P 2,126</u>	<u>P 30,620</u>	<u>P 22,601</u>	<u>(P 15,155)</u>	<u>P 1,000,869</u>
Total liabilities	<u>P 876,657</u>	<u>P 934</u>	<u>P 26,149</u>	<u>P 15,973</u>	<u>(P 7,576)</u>	<u>P 912,137</u>
Other segment information						
Capital expenditures	P 2,493	P 2	P 8	P 285	P -	P 2,788
Investment in associates under equity method	3,858	68	-	-	-	3,926
Share in the profit of associates	15	-	-	-	-	15

	Commercial Banking	Investment Banking	Private Banking	Others	Eliminations	Group
<u>December 31, 2009</u>						
Statements of Income						
Total interest income						
External	P 45,284	P 20	P 1,528	P 1,978	P -	P 48,810
Inter-segment	<u>16</u>	<u>14</u>	<u>-</u>	<u>69</u>	<u>(99)</u>	<u>-</u>
	<u>45,300</u>	<u>34</u>	<u>1,528</u>	<u>2,047</u>	<u>(99)</u>	<u>48,810</u>
Total interest expense						
External	17,194	-	860	197	-	18,251
Inter-segment	<u>83</u>	<u>1</u>	<u>-</u>	<u>15</u>	<u>(99)</u>	<u>-</u>
	<u>17,277</u>	<u>1</u>	<u>860</u>	<u>212</u>	<u>(99)</u>	<u>18,251</u>
Net interest income	<u>28,023</u>	<u>33</u>	<u>668</u>	<u>1,835</u>	<u>-</u>	<u>30,559</u>
Other operating income						
Investment banking fees	-	622	-	-	-	622
Others	<u>14,402</u>	<u>43</u>	<u>655</u>	<u>1,144</u>	<u>(1,383)</u>	<u>14,861</u>
	<u>14,402</u>	<u>665</u>	<u>655</u>	<u>1,144</u>	<u>(1,383)</u>	<u>15,483</u>
Other operating expenses						
Depreciation and amortization	1,742	4	18	1,084	-	2,848
Impairment losses	5,764	-	207	182	-	6,153
Others	<u>27,342</u>	<u>423</u>	<u>589</u>	<u>1,099</u>	<u>(172)</u>	<u>29,281</u>
	<u>34,848</u>	<u>427</u>	<u>814</u>	<u>2,365</u>	<u>(172)</u>	<u>38,282</u>
Profit before tax	<u>7,577</u>	<u>271</u>	<u>509</u>	<u>614</u>	<u>(1,211)</u>	<u>7,760</u>
Tax expense	<u>1,273</u>	<u>85</u>	<u>85</u>	<u>216</u>	<u>-</u>	<u>1,659</u>
Net profit	<u>P 6,304</u>	<u>P 186</u>	<u>P 424</u>	<u>P 398</u>	<u>(P 1,211)</u>	<u>P 6,101</u>
Statements of Financial Position						
Total resources						
Segment assets	P 816,862	P 2,917	P 29,389	P 20,217	(P 14,183)	P 855,202
Intangible assets	1,148	10	3	-	-	1,161
Deferred tax assets	<u>5,740</u>	<u>(18)</u>	<u>27</u>	<u>(63)</u>	<u>-</u>	<u>5,686</u>
	<u>P 823,750</u>	<u>P 2,909</u>	<u>P 29,419</u>	<u>P 20,154</u>	<u>(P 14,183)</u>	<u>P 862,049</u>
Total liabilities	<u>P 759,719</u>	<u>P 1,615</u>	<u>P 25,594</u>	<u>P 13,769</u>	<u>(P 6,535)</u>	<u>P 794,162</u>
Other segment information						
Capital expenditures	P 2,787	P 1	P 7	P 870	P -	P 3,665
Investment in associates under equity method	2,168	68	-	-	-	2,236
Share in the profit of associates	24	-	-	-	-	24

6. FINANCIAL ASSETS AND LIABILITIES

These consist of the following:

BDO Unibank Group

		2010			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets					
Cash and other cash items	P	-	P 26,673	P 26,673	P 26,673
Due from BSP		138,482	-	138,482	138,483
Due from other banks		21,777	-	21,777	21,777
Financial assets at FVTPL		-	7,372	7,372	7,372
AFS securities		-	85,674	85,674	85,674
HTM investments		104,241	-	104,241	115,245
Loans and other receivables		566,021	-	566,021	567,808
Other resources		<u>2,552</u>	<u>-</u>	<u>2,552</u>	<u>2,552</u>
		<u>P 833,073</u>	<u>P 119,719</u>	<u>P 952,792</u>	<u>P 965,584</u>
			At Amortized	Carrying	Fair
			Cost	Amount	Value
Financial Liabilities					
Deposit liabilities			P 782,635	P 782,635	P 775,097
Bills payable			65,861	65,861	65,378
Subordinated notes payable			23,152	23,152	25,120
Other liabilities			<u>37,898</u>	<u>37,898</u>	<u>37,898</u>
			<u>P 909,546</u>	<u>P 909,546</u>	<u>P 903,493</u>
		2009			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial Assets					
Cash and other cash items	P	-	P 30,544	P 30,544	P 30,544
Due from BSP		64,833	-	64,833	64,720
Due from other banks		16,732	-	16,732	16,732
Financial assets at FVTPL		-	8,502	8,502	8,502
AFS securities		-	47,033	47,033	47,033
HTM investments		116,177	-	116,177	121,000
Loans and other receivables		524,901	-	524,901	523,604
Other resources		<u>2,461</u>	<u>-</u>	<u>2,461</u>	<u>2,461</u>
		<u>P 725,104</u>	<u>P 86,079</u>	<u>P 811,183</u>	<u>P 814,596</u>

		At Amortized Cost		Carrying Amount		Fair Value
Financial Liabilities						
Deposit liabilities	P	694,678	P	694,678	P	684,912
Bills payable		31,415		31,415		31,271
Subordinated notes payable		23,152		23,152		24,199
Other liabilities		<u>42,897</u>		<u>42,897</u>		<u>42,897</u>
	P	<u>792,142</u>	P	<u>792,142</u>	P	<u>783,279</u>

Parent Bank

		2010			
		Classes			
		At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and other cash items	P	-	P 26,660	P 26,660	P 26,660
Due from BSP		129,718	-	129,718	129,719
Due from other banks		20,433	-	20,433	20,433
Financial assets at FVTPL		-	4,347	4,347	4,347
AFS securities		-	77,725	77,725	77,725
HTM investments		95,569	-	95,569	106,175
Loans and other receivables		548,618	-	548,618	554,063
Other resources		<u>2,886</u>	<u>-</u>	<u>2,886</u>	<u>2,886</u>
	P	<u>797,224</u>	P <u>108,732</u>	P <u>905,956</u>	P <u>922,008</u>

		At Amortized Cost		Carrying Amount		Fair Value
Financial Liabilities						
Deposit liabilities	P	762,634	P	762,634	P	755,469
Bills payable		56,081		56,081		55,679
Subordinated notes payable		23,152		23,152		25,120
Other liabilities		<u>32,403</u>		<u>32,403</u>		<u>32,403</u>
	P	<u>874,270</u>	P	<u>874,270</u>	P	<u>868,671</u>

		2009			
		Classes			
		At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and other cash items	P	-	P	30,365	P 30,365
Due from BSP		62,864	-	62,864	62,751
Due from other banks		14,611	-	14,611	14,611
Financial assets at FVTPL		-	6,495	6,495	6,495
AFS securities		-	39,327	39,327	39,327
HTM investments		107,440	-	107,440	111,781
Loans and other receivables		497,302	-	497,302	498,665
Other resources		<u>2,087</u>	<u>-</u>	<u>2,087</u>	<u>2,087</u>
	P	<u>684,304</u>	P	<u>76,187</u>	P <u>760,491</u>
					<u>766,082</u>

	At Amortized Cost	Carrying Amount	Fair Value
Financial Liabilities			
Deposit liabilities	P 669,805	P 669,805	P 660,039
Bills payable	21,519	21,519	21,375
Subordinated notes payable	23,152	23,152	24,199
Other liabilities	<u>36,308</u>	<u>36,308</u>	<u>36,308</u>
	<u>P 750,784</u>	<u>P 750,784</u>	<u>P 741,921</u>

7. CASH AND BALANCES WITH THE BSP

These accounts are composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash and other cash items	<u>P 26,673</u>	<u>P 30,544</u>	<u>P 26,660</u>	<u>P 30,365</u>
Due from BSP:				
Mandatory reserves	<u>70,237</u>	<u>58,983</u>	<u>68,166</u>	<u>57,910</u>
Other than mandatory reserves	<u>68,245</u>	<u>5,850</u>	<u>61,552</u>	<u>4,954</u>
	<u>138,482</u>	<u>64,833</u>	<u>129,718</u>	<u>62,864</u>
	<u>P 165,155</u>	<u>P 95,377</u>	<u>P 156,378</u>	<u>P 93,229</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 0% to 4.2% in 2010 and 3.2% to 4.2% in 2009, except for the amounts within the required reserve as determined by BSP. Total interest income earned amounted to P2,714, P1,988, and P1,811 in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and P2,631, P1,941, and P1,789 in 2010, 2009 and 2008, respectively, in the Parent Bank's 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 statutory reserve requirements in the form of deposit 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 deposit 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 deposits with the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Foreign banks	P 20,144	P 16,142	P 18,848	P 14,120
Local banks	<u>1,633</u>	<u>590</u>	<u>1,585</u>	<u>491</u>
	<u>P 21,777</u>	<u>P 16,732</u>	<u>P 20,433</u>	<u>P 14,611</u>

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
US dollar	P 18,051	P 13,162	P 17,582	P 11,088
Other currencies	<u>3,687</u>	<u>3,545</u>	<u>2,814</u>	<u>3,173</u>
Peso	<u>39</u>	<u>25</u>	<u>37</u>	<u>350</u>
	<u>P 21,777</u>	<u>P 16,732</u>	<u>P 20,433</u>	<u>P 14,611</u>

Annual interest rates on these deposits range from 0% to 4.1% in 2010, 0% to 10% in 2009, and 0% to 5.9% in 2008 in the BDO Unibank Group financial statements and 0% to 2.6% in 2010, 0% to 5% in 2009, and 0% to 4.5% in 2008 in the Parent Bank's financial statements.

Due from other banks are included in cash and cash equivalents for statements of cash flows purposes.

9. TRADING AND INVESTMENT SECURITIES

The components of this account are shown below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Financial assets at FVTPL	P 7,372	P 8,502	P 4,347	P 6,495
AFS securities	<u>85,674</u>	<u>47,033</u>	<u>77,725</u>	<u>39,327</u>
HTM investments	<u>104,241</u>	<u>116,177</u>	<u>95,569</u>	<u>107,440</u>
	<u>P 197,287</u>	<u>P 171,712</u>	<u>P 177,641</u>	<u>P 153,262</u>

9.1 Financial Assets at FVTPL

This account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Derivative financial assets	P 5,110	P 5,561	P 3,379	P 3,956
Government bonds	1,640	1,923	866	1,557
Other debt securities	<u>610</u>	<u>968</u>	<u>102</u>	<u>956</u>
	7,360	8,452	4,347	6,469
Equity securities - quoted	<u>12</u>	<u>50</u>	<u>-</u>	<u>26</u>
	<u>P 7,372</u>	<u>P 8,502</u>	<u>P 4,347</u>	<u>P 6,495</u>

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. BDO Unibank Group recognized total fair value gain (loss) on financial assets at FVTPL amounting to (P131), P1,814, and (P1,356) in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and (P270), P1,778, and (P1,452) in 2010, 2009 and 2008, respectively, in the Parent Bank financial statements. These are included as part of Other Operating Income in the statements of income (see Note 22).

Foreign currency-denominated securities amounted to P3,743 and P5,535 as of December 31, 2010 and 2009, respectively, in the BDO Unibank Group financial statements and P3,203 and P5,070 as of December 31, 2010 and 2009, respectively, in the Parent Bank financial statements.

Derivative instruments used by BDO Unibank 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 and Other Receivables 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.

BDO Unibank Group

	2010			2009		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 272,670	P 2,110	P 2,200	P 279,550	P 3,365	P 2,804
Currency swaps	70,016	2,474	1,899	32,196	1,600	1,471
Interest rate swaps	15,490	475	575	22,070	541	639
Credit default swaps	2,077	1	2	1,873	1	1
Others	1,320	50	39	1,888	54	28
	<u>P 361,573</u>	<u>P 5,110</u>	<u>P 4,715</u>	<u>P 337,577</u>	<u>P 5,561</u>	<u>P 4,943</u>

Parent Bank

	2010			2009		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	P 217,077	P 1,509	P 1,564	P 226,629	P 2,601	P 2,089
Currency swaps	33,565	1,373	1,059	17,985	792	880
Interest rate swaps	10,961	448	504	12,765	509	552
Credit default swaps	440	-	2	236	-	-
Others	1,320	49	39	1,888	54	28
	<u>P 263,363</u>	<u>P 3,379</u>	<u>P 3,168</u>	<u>P 259,503</u>	<u>P 3,956</u>	<u>P 3,549</u>

In 2010, the Parent Bank participated in the Global Bond Exchange offered by the Republic of the Philippines (ROP) wherein certain U.S. dollar denominated government bonds due between 2013 to 2014 were exchanged by the Parent Bank for a newly issued U.S. dollar denominated global bonds due 2021 (see Note 9.3). The Parent Bank exchanged ROP bonds with face value of US\$1.3 million due 2013 and 2014 for a US\$1.6 million bond due 2021, resulting in a gain of US\$0.014 million or P1 recognized as part of Trading gain –net presented under Other Operating Income in the statements of income. As of December 31, 2010, the Parent Bank has significantly disposed of the related bonds.

In 2008, BDO Unibank 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 and P70 in BDO Unibank Group and Parent Bank financial statements, respectively, as of reclassification date, were reclassified to Loans and Other Receivables together with their related host contracts (see Note 9.4).

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.

9.2 AFS Securities

The BDO Unibank Group's AFS securities consist of the following:

	Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Government debt securities		P 52,580	P 35,050	P 49,958	P 31,954
Other debt securities:					
Quoted		30,366	11,649	28,364	10,821
Not quoted		243	881	243	258
Equity securities:					
Quoted		6,197	1,428	2,960	989
Not quoted		<u>2,099</u>	<u>4,551</u>	<u>726</u>	<u>737</u>
		91,485	53,559	82,251	44,759
Allowance for impairment	14	(<u>5,811</u>)	(<u>6,526</u>)	(<u>4,526</u>)	(<u>5,432</u>)
		<u>P 85,674</u>	<u>P 47,033</u>	<u>P 77,725</u>	<u>P 39,327</u>

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

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Foreign currencies	P 48,040	P 23,296	P 44,791	P 20,558
Peso	<u>37,634</u>	<u>23,737</u>	<u>32,934</u>	<u>18,769</u>
	<u>P 85,674</u>	<u>P 47,033</u>	<u>P 77,725</u>	<u>P 39,327</u>

Government debt securities issued by the ROP and foreign sovereigns and other debt securities issued by resident and non-resident corporations earn interest at annual rates ranging from 0% to 12% in 2010, 0% to 13% in 2009, and 0% to 13% in 2008 in the BDO Unibank Group financial statements and 0% to 12% in 2010, 0% to 13% in 2009, and 0% to 13% in 2008 in the Parent Bank financial statements.

Other debt securities also include investments in a foreign financial institutions under bankruptcy amounting to P4,016 and P5,650 as of December 31, 2010 and 2009, respectively, both in BDO Unibank Group and Parent Bank financial statements. The allowance for impairment on such investments amounted to P4,016 and P5,085 as of December 31, 2010 and 2009, respectively, both in the BDO Unibank Group and Parent Bank financial statements (see Note 10 for the related interbank loan receivables from this financial institution).

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

The fair values of government debt and quoted AFS securities (other debt securities and equity shares) have been determined directly by reference to published prices generated in an active market. For unquoted AFS 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 AFS securities are carried at cost.

Changes in AFS securities are presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Balance at beginning of year	P 47,033	P 35,173	P 39,327	P 31,656
Additions	487,648	78,783	485,044	73,142
Disposals	(450,925)	(67,508)	(447,710)	(66,069)
Foreign currency revaluation	(1,803)	(890)	(1,793)	(857)
Unrealized fair value gains	3,020	2,356	1,951	2,173
Impairment recovery (loss) - net	701	(881)	906	(718)
	<u>P 85,674</u>	<u>P 47,033</u>	<u>P 77,725</u>	<u>P 39,327</u>

9.3 Held-to-Maturity Investments

The balance of this account is composed of the following:

		<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
Note		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Government debt securities		P 90,514	P 98,959	P 82,202	P 90,596
Other debt securities:					
Listed		13,035	16,007	12,681	15,776
Not quoted		<u>1,145</u>	<u>1,948</u>	<u>1,098</u>	<u>1,805</u>
		104,694	116,914	95,981	108,177
Allowance for impairment	14	(453)	(737)	(412)	(737)
		<u>P 104,241</u>	<u>P 116,177</u>	<u>P 95,569</u>	<u>P 107,440</u>

On October 6, 2010, the BDO Unibank Group participated in the Global Bond Exchange offered by the ROP wherein certain U.S. dollar denominated government bonds due between 2011 to 2016 were exchanged by the Parent Bank for newly issued U.S. dollar denominated global bonds due 2021 (see Note 9.1). The BDO Unibank Group and Parent Bank exchanged Republic of Philippine (ROP) bonds with face value of US\$111.5 million and US\$75.4 million, respectively. The fair value of the Benchmark bonds received by BDO Unibank Group and Parent Bank amounted to US\$134.6 million and US\$94.8 million, respectively, resulting to a gain of US\$18.8 million or P824 and US\$16.6 million or P728, respectively, to be deferred and amortized over the remaining life of the Benchmark bonds. The total amount of gain amortized in 2010 by BDO Unibank Group and Parent Bank amounted to US\$0.407 million or P18 and US\$0.357 million or P16, shown as part of Trading Gains – net presented under Other Operating Income in the 2010 statement of income.

The deferred gain from this transaction amounted to P806 and P712, which is included as part of Unearned Income under Other Liabilities account in the 2010 statement of financial position (see Note 18). As of December 31, 2010, outstanding balance of the Benchmark bonds of BDO Unibank Group and the Parent Bank amounted to P6,107 and P4,356, respectively.

Government debt securities issued by the ROP and foreign sovereigns include securities deposited with BSP as security for the BDO Unibank Group's faithful compliance of its fiduciary obligations in connection with the BDO Unibank Group's trust operations (see Note 25).

As to currency, HTM investments consist of the following:

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Foreign currencies	P 84,361	P 93,891	P 79,168	P 88,259
Peso	19,880	22,286	16,401	19,181
	P 104,241	P 116,177	P 95,569	P 107,440

The maturity profile of HTM investments is presented below.

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Less than one year	P 16,334	P 11,014	P 14,320	P 10,069
One to five years	25,206	40,325	22,397	35,283
Beyond five years	62,701	64,838	58,852	62,088
	P 104,241	P 116,177	P 95,569	P 107,440

Changes in the HTM account are summarized below.

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Balance at beginning of year	P 116,177	P 114,128	P 107,440	P 105,276
Additions	25,446	47,612	22,632	46,896
Maturities	(32,656)	(42,761)	(30,171)	(42,027)
Foreign currency revaluation	(4,653)	(2,738)	(4,300)	(2,641)
Impairment loss - net	(73)	(64)	(32)	(64)
	P 104,241	P 116,177	P 95,569	P 107,440

The fair values of the HTM investments follow:

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Government debt securities	P 100,405	P 103,472	P 91,667	P 94,646
Other debt securities	14,840	17,528	14,508	17,135
	P 115,245	P 121,000	P 106,175	P 111,781

The fair values are 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 14% in 2010, 0% to 11.4% in 2009 and 0% to 16.5% in 2008 both in the BDO Unibank Group and the Parent Bank financial statements.

9.4 Reclassification of Investment Securities

BDO Unibank 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 mortgaged-backed securities, guarantee of new unsecured debt issued by banks and purchase of equity stakes in financial institutions.

In 2008, BDO Unibank 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 details of the reclassifications made by BDO Unibank Group in 2008 and the related details at the end of 2010 and 2009.

BDO Unibank Group

	At Reclassification Date	
	Carrying Value	Fair Value
Reclassification from FVTPL to HTM	P 6,297	P 6,297
Reclassification of debt securities from AFS to HTM	25,540	25,540
Reclassification of embedded derivatives of CLNs from FVTPL to Loans and Other Receivables	(183)	(183)
Reclassification of CLNs from AFS to Loans and Other Receivables	18,520	18,520

	Balances at			
	December 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Reclassification from FVTPL to HTM	P 1,635	P 1,885	P 4,661	P 4,918
Reclassification of debt securities from AFS to HTM	20,184	22,696	24,044	25,577
Reclassification of CLNs from AFS to Loans and Other Receivables	13,037	14,224	19,417	20,366

Parent Bank

	At		Reclassification Date	
	Carrying		Fair	
	Value		Value	
Reclassification from FVTPL to HTM	P	6,297	P	6,297
Reclassification of debt securities from AFS to HTM		22,474		22,474
Reclassification of embedded derivatives of CLNs				
from FVTPL to Loans and Other Receivables	(	70)	(	70)
Reclassification of CLNs from AFS to Loans and Other Receivables		14,096		14,096

	Balances at			
	December 31, 2010		December 31, 2009	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
Reclassification from FVTPL to HTM	P	1,635	P	1,885
Reclassification of debt securities				
from AFS to HTM		18,248		20,539
Reclassification of CLNs from AFS				
to Loans and Other Receivables		12,159		13,351
			14,997	15,913

Estimated cash flows on instruments reclassified from FVTPL to HTM at the date of reclassification amounted to P9,174 both for BDO Unibank Group and Parent Bank. On the other hand, estimated cash flows on CLNs reclassified from AFS to Loans and Other Receivables at the date of reclassification amounted to P22,591 and P18,728 for BDO Unibank Group and Parent Bank, respectively.

Reclassification from FVTPL to AFS

Trading losses of FVTPL transferred to AFS amounted to P39 in 2008. 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 P66. No impairment recovery or loss was booked on reclassified instruments in 2009. Fair value loss realized from reclassified instruments as a result of their disposal in 2009 amounted to P61. As of December 31, 2010, there are no outstanding securities reclassified from FVTPL to AFS.

Reclassification from FVTPL to HTM

Total trading losses on FVTPL reclassified to HTM both in the BDO Unibank Group and Parent Bank financial statements which were recognized in profit or loss amounted to P199 in 2008. On the other hand, the net trading gain (loss) that would have been recognized in the period following the reclassification during 2010, 2009 and 2008 if the reclassifications had not been made would have amounted to P84, P396 and (P125), respectively, for both BDO Unibank Group and Parent Bank. Effective interest rates of FVTPL reclassified to HTM range from 7% to 8.8% in 2010, 2009 and 2008 in the BDO Unibank Group and Parent Bank financial statements. Amortization of premium due to change in effective interest rates recognized as part of interest income in profit or loss on reclassified securities amounted to (P9) and (P37) in both the BDO Unibank Group and Parent Bank financial statements in 2010 and 2009, respectively. No impairment recovery or loss was booked on reclassified instruments in both the BDO Unibank Group and Parent Bank financial statements in 2010 and 2009.

Reclassification of Debt Securities from AFS to HTM

Unrealized fair value losses in equity of debt securities reclassified from AFS to HTM at reclassification dates amounted to P102 and P46 in the BDO Unibank Group and Parent Bank financial statements, respectively, in 2008. The net trading gain (loss) that would have been recognized in other comprehensive income during the period following the reclassification in 2010, 2009 and 2008 if the reclassifications had not been made would have amounted to P1,175, P3,190 and (P1,984), respectively. Trading gain booked on the redemption of the reclassified securities both in BDO Unibank Group and Parent Bank financial statements are P98 in 2010 (nil in 2009). On the other hand, amortization of fair value loss previously recognized in other comprehensive income to profit or loss due to reclassification amounted to P20 and P94 both in the BDO Unibank Group and Parent Bank financial statements in 2010 and 2009, respectively.

Reclassification of CLNs from AFS to Loans and Other Receivables

Unrealized fair value losses in equity of CLNs linked to ROP bonds reclassified from AFS to Loans and Other Receivables at reclassification dates amounted to P627 and P624 in the BDO Unibank Group and Parent Bank financial statements, respectively, in 2008. The effective interest rates on reclassified instruments range from 1.64% to 12.55%, 4.3% to 9.6% and 4.7% to 11.4% in the BDO Unibank Group financial statements, in 2010, 2009 and 2008, respectively, and 2.78% to 12.55% in 2010 and 1.1% to 12.55% in 2009 and 1.3% to 12.55% in 2008 in the Parent Bank financial statements. Interest income recognized in profit or loss on reclassified securities amounted to P254 and P372 in 2010 and 2009, respectively, in the BDO Unibank Group financial statements and P125 and P216 in 2010 and 2009, respectively, in the Parent Bank financial statements. Additional unrealized fair value losses recognized in other comprehensive income in the period following the reclassification had the CLNs not been reclassified to Loans and Other Receivables would have amounted to P444, P643 and P495 in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and P469, P623 and P555 in 2010, 2009 and 2008, respectively, in the Parent Bank financial statements. Additional trading gain (loss) to be recognized in profit or loss had the embedded derivatives not been reclassified totaled to P152, P1,597 and (P1,134) in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and P148, P1,274 and (P909) in 2010, 2009 and 2008, respectively, in the Parent Bank financial statements. Trading gain (loss) of P11 and (P65) was recognized on the reclassified securities by BDO Unibank Group in 2010 and 2009, respectively, and (P5) in the Parent Bank's 2010 and 2009 financial statements.

After the reclassification, amortization of unrealized fair value gains (losses) previously recognized directly in the statements of comprehensive income amounted to (P88) and P184 in 2010 and 2009, respectively, for the BDO Unibank Group and (P98) and P194 in 2010 and 2009, respectively, for the Parent Bank.

10. LOANS AND OTHER RECEIVABLES

This account consists of the following:

Notes	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Receivables from customers:				
Loans and discounts	P 470,461	P 409,669	P 455,902	P 391,170
Customers' liabilities under letters of credit and trust receipts	34,104	30,717	34,104	30,608
Bills purchased	9,356	10,750	9,356	10,745
Others	27,591	21,548	27,591	21,548
	541,512	472,684	526,953	454,071
Allowance for impairment 14	(23,507)	(18,968)	(23,276)	(17,956)
	518,005	453,716	503,677	436,115
Other receivables:				
Interbank loans receivables	P 26,151	P 33,012	P 26,151	P 33,012
UDSCL 9.4	13,386	20,217	12,505	15,359
Accounts receivable 24	6,002	7,891	6,861	7,639
SPURRA	2,912	11,286	-	6,502
Sales contract receivables	2,107	2,263	1,954	2,083
Others	95	44	-	-
	50,653	74,713	47,471	64,595
Allowance for impairment 14	(2,637)	(3,528)	(2,530)	(3,408)
	48,016	71,185	44,941	61,187
	P 566,021	P 524,901	P 548,618	P 497,302

Included in loans and other receivables are non-accruing loans amounting to P26,429 and P23,931 as of December 31, 2010 and 2009, respectively, in the BDO Unibank Group financial statements and P25,892 and P22,657 as of December 31, 2010 and 2009, respectively, in the Parent Bank financial statements.

As of December 31, 2010 and 2009, interbank loans receivables include loans to a foreign financial institution under bankruptcy amounting to P19 and P1,426, respectively, with related allowance for impairment of P19 and P1,248, respectively, (see Note 9.2 for the investment in other debt securities in that foreign financial institution).

The concentration credit of the total loan portfolio as to industry follows:

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Manufacturing (various industries)	P 90,555	P 84,869	P 86,861	P 81,311
Financial intermediaries	79,058	84,148	78,142	83,546
Wholesale and retail trade	76,592	63,685	75,211	61,937
Real estate, renting and other related activities	55,842	49,701	53,887	44,252
Other community, social and personal activities	39,474	34,628	39,291	31,543
Transportation and communication	36,295	38,418	33,845	36,251
Agriculture, fishing and forestry	9,592	6,917	8,254	5,627
Others	154,104	110,318	151,462	109,604
	P 541,512	P 472,684	P 526,953	P 454,071

The breakdown of total loan portfolio as to secured and unsecured follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Secured:				
Real estate mortgage	P 93,722	P 82,379	P 93,309	P 78,029
Chattel mortgage	42,566	34,504	34,738	26,449
Other securities	<u>104,142</u>	<u>101,678</u>	<u>103,961</u>	<u>101,008</u>
	240,430	218,561	232,008	205,486
Unsecured	<u>301,082</u>	<u>254,123</u>	<u>294,945</u>	<u>248,585</u>
	<u>P 541,512</u>	<u>P 472,684</u>	<u>P 526,953</u>	<u>P 454,071</u>

The breakdown of total loans as to type of interest rate follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Variable interest rates	P 364,479	P 322,249	P 355,991	P 319,136
Fixed interest rates	<u>177,033</u>	<u>150,435</u>	<u>170,962</u>	<u>134,935</u>
	<u>P 541,512</u>	<u>P 472,684</u>	<u>P 526,953</u>	<u>P 454,071</u>

Loans and other receivables bear annual interest rates of 0% to 43.7% per annum both in 2010 and 2009 and 0% to 51.1% in 2008 in the BDO Unibank Group and Parent Bank financial statements.

The BDO Unibank Group's receivables from customers amounting to P1,448 and P4,707 as of December 31, 2010 and 2009, respectively, are pledged as collaterals with the BSP to secure borrowings under rediscounting privileges. In addition, receivables from customers amounting to P15 as of December 31, 2009 (nil in 2010) have been rediscounted under the Development Bank of the Philippines, Land Bank of the Philippines and SSS rediscounting facilities.

11. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of premises, furniture, fixtures and equipment at the beginning and end of 2010 and 2009 are shown below.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
<u>December 31, 2010</u>					
Cost	P 5,079	P 6,620	P 2,673	P 15,185	P 29,557
Accumulated depreciation and amortization	-	(2,167)	(1,268)	(11,065)	(14,500)
Net carrying amount	<u>P 5,079</u>	<u>P 4,453</u>	<u>P 1,405</u>	<u>P 4,120</u>	<u>P 15,057</u>

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
<u>December 31, 2009</u>					
Cost	P 4,780	P 5,568	P 2,293	P 16,475	P 29,116
Accumulated depreciation and amortization	-	(1,685)	(880)	(11,811)	(14,376)
Allowance for impairment	-	-	(4)	(4)	(8)
Net carrying amount	<u>P 4,780</u>	<u>P 3,883</u>	<u>P 1,409</u>	<u>P 4,660</u>	<u>P 14,732</u>
<u>January 1, 2009</u>					
Cost	P 4,956	P 5,357	P 1,768	P 14,625	P 26,706
Accumulated depreciation and amortization	-	(1,500)	(339)	(10,191)	(12,030)
Net carrying amount	<u>P 4,956</u>	<u>P 3,857</u>	<u>P 1,429</u>	<u>P 4,434</u>	<u>P 14,676</u>

Parent Bank

<u>December 31, 2010</u>					
Cost	P 5,079	P 6,561	P 2,611	P 12,170	P 26,421
Accumulated depreciation and amortization	-	(2,131)	(1,255)	(8,920)	(12,306)
Net carrying amount	<u>P 5,079</u>	<u>P 4,430</u>	<u>P 1,356</u>	<u>P 3,250</u>	<u>P 14,115</u>
<u>December 31, 2009</u>					
Cost	P 4,780	P 5,509	P 2,125	P 13,487	P 25,901
Accumulated depreciation and amortization	-	(1,651)	(803)	(10,389)	(12,843)
Net carrying amount	<u>P 4,780</u>	<u>P 3,858</u>	<u>P 1,322</u>	<u>P 3,098</u>	<u>P 13,058</u>
<u>January 1, 2009</u>					
Cost	P 4,956	P 5,238	P 1,644	P 12,629	P 24,467
Accumulated depreciation and amortization	-	(1,438)	(270)	(9,873)	(11,581)
Net carrying amount	<u>P 4,956</u>	<u>P 3,800</u>	<u>P 1,374</u>	<u>P 2,756</u>	<u>P 12,886</u>

A reconciliation of the carrying amounts, at the beginning and end of 2010 and 2009, of premises, furniture, fixtures and equipment is shown below.

BDO Unibank 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, 2010, net of accumulated depreciation and amortization	P 4,780	P 3,883	P 1,409	P 4,660	P 14,732
Additions	89	564	474	1,334	2,461
Disposals	(15)	(15)	(37)	(155)	(222)
Reclassifications	225	253	5	-	483
Depreciation and amortization charges for the year	-	(232)	(446)	(1,719)	(2,397)
Balance at December 31, 2010, net of accumulated depreciation and amortization	<u>P 5,079</u>	<u>P 4,453</u>	<u>P 1,405</u>	<u>P 4,120</u>	<u>P 15,057</u>

BDO Unibank 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, 2009, net of accumulated depreciation and amortization	P	4,956	P	3,857	P	1,429	P	4,434	P	14,676
Additions	-			428		377		2,269		3,074
Disposals	(	258)	(	56)	(	2)	(	122)	(	438)
Reclassifications		82	(	132)		10	(	4)	(	44)
Depreciation and amortization charges for the year	-		(	214)	(	401)	(	1,913)	(	2,528)
Impairment	-				(	4)	(	4)	(	8)
Balance at December 31, 2009, net of accumulated depreciation and amortization	P	<u>4,780</u>	P	<u>3,883</u>	P	<u>1,409</u>	P	<u>4,660</u>	P	<u>14,732</u>

Parent Bank

Balance at January 1, 2010, net of accumulated depreciation and amortization	P	4,780	P	3,858	P	1,322	P	3,098	P	13,058
Additions		89		564		447		1,100		2,200
Disposals	(	15)	(	15)	(	6)	(	59)	(	95)
Reclassifications		225		252		5		-		482
Depreciation and amortization charges for the year	-		(	229)	(	412)	(	889)	(	1,530)
Balance at December 31, 2010, net of accumulated depreciation and amortization	P	<u>5,079</u>	P	<u>4,430</u>	P	<u>1,356</u>	P	<u>3,250</u>	P	<u>14,115</u>

Balance at January 1, 2009, net of accumulated depreciation and amortization	P	4,956	P	3,800	P	1,374	P	2,756	P	12,886
Additions				428		305		1,215		1,948
Disposals	(	258)	(	26)	(	1)	(	40)	(	325)
Reclassifications		82	(	133)		9	(	23)	(	65)
Depreciation and amortization charges for the year	-		(	211)	(	365)	(	810)	(	1,386)
Balance at December 31, 2009, net of accumulated depreciation and amortization	P	<u>4,780</u>	P	<u>3,858</u>	P	<u>1,322</u>	P	<u>3,098</u>	P	<u>13,058</u>

Under BSP rules, investments in premises, furniture, fixtures and equipment should not exceed 50% of a bank's unimpaired capital. As of December 31, 2010 and 2009, the BDO Unibank Group has 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 P81 and P78 in 2010 and P124 and P120 in 2009 in the BDO Unibank Group and Parent Bank financial statements, respectively. Direct expenses incurred from these properties amounted to P32 and P22 in 2010 and P43 and P41 in 2009 in the BDO Unibank Group and Parent Bank financial statements, respectively.

The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2010 and 2009 are shown below.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>December 31, 2010</u>			
Cost	P 11,342	P 4,077	P 15,419
Accumulated depreciation	-	(1,500)	(1,500)
Allowance for impairment (see Note 14)	(1,765)	(175)	(1,940)
Net carrying amount	<u>P 9,577</u>	<u>P 2,402</u>	<u>P 11,979</u>
<u>December 31, 2009</u>			
Cost	P 12,123	P 4,537	P 16,660
Accumulated depreciation	-	(1,555)	(1,555)
Allowance for impairment (see Note 14)	(1,251)	(20)	(1,271)
Net carrying amount	<u>P 10,872</u>	<u>P 2,962</u>	<u>P 13,834</u>
<u>January 1, 2009</u>			
Cost	P 12,994	P 4,646	P 17,640
Accumulated depreciation	-	(1,378)	(1,378)
Allowance for impairment	(1,019)	(9)	(1,028)
Net carrying amount	<u>P 11,975</u>	<u>P 3,259</u>	<u>P 15,234</u>

Parent Bank

<u>December 31, 2010</u>			
Cost	P 10,566	P 3,840	P 14,406
Accumulated depreciation	-	(1,417)	(1,417)
Allowance for impairment (see Note 14)	(1,719)	(118)	(1,837)
Net carrying amount	<u>P 8,847</u>	<u>P 2,305</u>	<u>P 11,152</u>
<u>December 31, 2009</u>			
Cost	P 11,312	P 4,225	P 15,537
Accumulated depreciation	-	(1,479)	(1,479)
Allowance for impairment (see Note 14)	(1,233)	(20)	(1,253)
Net carrying amount	<u>P 10,079</u>	<u>P 2,726</u>	<u>P 12,805</u>
<u>January 1, 2009</u>			
Cost	P 12,241	P 4,398	P 16,639
Accumulated depreciation	-	(1,316)	(1,316)
Allowance for impairment	(1,000)	(9)	(1,009)
Net carrying amount	<u>P 11,241</u>	<u>P 3,073</u>	<u>P 14,314</u>

A reconciliation of the carrying amounts, at the beginning and end of 2010 and 2009, of investment properties is shown below.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2010, net of accumulated depreciation and impairment	P 10,872	P 2,962	P 13,834
Additions	165	162	327
Disposals	(1,385)	(177)	(1,562)
Reclassifications	25	(186)	(161)
Depreciation for the year	-	(302)	(302)
Impairment	(100)	(57)	(157)
Balance at December 31, 2010, net of accumulated depreciation and impairment	<u>P 9,577</u>	<u>P 2,402</u>	<u>P 11,979</u>
Balance at January 1, 2009, net of accumulated depreciation and impairment	P 11,975	P 3,259	P 15,234
Additions	77	193	270
Disposals	(958)	(285)	(1,243)
Reclassifications	11	(11)	-
Depreciation for the year	-	(184)	(184)
Impairment	(233)	(10)	(243)
Balance at December 31, 2009, net of accumulated depreciation and impairment	<u>P 10,872</u>	<u>P 2,962</u>	<u>P 13,834</u>

Parent Bank

Balance at January 1, 2010, net of accumulated depreciation and impairment	P 10,079	P 2,726	P 12,805
Additions	145	148	293
Disposals	(1,346)	(100)	(1,446)
Reclassification	54	(186)	(132)
Impairment	(85)	-	(85)
Depreciation for the year	-	(283)	(283)
Balance at December 31, 2010, net of accumulated depreciation and impairment	<u>P 8,847</u>	<u>P 2,305</u>	<u>P 11,152</u>

Parent Bank

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2009, net of accumulated depreciation and impairment	P 11,241	P 3,073	P 14,314
Additions	3	87	90
Disposals	(932)	(260)	(1,192)
Reclassification			
Impairment	(233)	(10)	(243)
Depreciation for the year	<u>-</u>	<u>(164)</u>	<u>(164)</u>
Balance at December 31, 2009, net of accumulated depreciation and impairment	<u>P 10,079</u>	<u>P 2,726</u>	<u>P 12,805</u>

The fair value of investment properties as of December 31, 2010 and 2009, determined based on the present value of the estimated future cash flows discounted at the current market rate, amounted to P17,393 and P21,250, respectively, for BDO Unibank Group accounts and P16,225 and P20,504, 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 either: financial assets, investment properties, non-current assets held for sale or available-for-sale securities. As of December 31, 2010 and 2009, ROPA, gross of allowance, comprise of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Investment properties	P 12,796	P 12,916	P 12,044	P 12,811
Non-current assets held for sale	2,295	2,489	2,295	2,489
Available-for-sale securities	3,731	2,953	3,731	2,953
Other resources - others	<u>66</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>P 18,888</u>	<u>P 18,359</u>	<u>P 18,070</u>	<u>P 18,253</u>

13. OTHER RESOURCES

The components of this account are shown below.

	Notes	BDO Unibank Group		Parent Bank	
		2010	2009	2010	2009
Deferred tax assets - net	27	P 5,584	P 5,686	P 5,687	P 5,740
Equity investments		3,926	2,236	14,548	12,905
Real properties for development and sale		3,453	3,507	-	-
Receivables from special purpose vehicles (SPVs)		3,440	3,440	3,440	3,440
Advances to subsidiaries	24	-	-	3,183	3,183
Deposits under escrow		2,931	2,931	2,931	2,931
Non-current assets held for sale		2,328	2,522	2,295	2,489
Foreign currency notes and coins on hand		2,182	2,071	2,182	2,071
Goodwill	26	1,247	1,247	1,247	1,247
Interoffice float items - net		716	1,698	1,084	1,698
Computer software - net		367	480	366	438
Returned checks and other cash items		341	184	341	184
Deferred charges - net		4	114	-	-
Others	24	5,614	6,756	5,074	5,486
		32,133	32,872	42,378	41,812
Allowance for impairment	14	(8,540)	(8,111)	(11,512)	(10,895)
		P 23,593	P 24,761	P 30,866	P 30,917

13.1 Equity Investments

Equity investments consist of the following:

	% Interest Held	BDO Unibank Group		Parent Bank	
		2010	2009	2010	2009
Philippine Subsidiaries					
BDO Private Bank, Inc. (BDO Private)	100%	P -	P -	P 2,579	P 2,579
BDO Strategic Holdings, Inc. (BDOSHI)					
(formerly EBC Investments, Inc. or EBCII)	100%	-	-	2,135	2,135
BDO Leasing and Finance, Inc. (BDO Leasing)	87%	-	-	1,878	1,878
BDO Elite Savings Bank, Inc.					
(formerly GE Money Bank, Inc. or GEMB)	99%	-	-	1,500	1,500
EBC Strategic Holdings Corporation (ESHC)	100%	-	-	1,421	1,421
BDO Capital & Investment Corporation					
(BDO Capital)	100%	-	-	300	300
BDO Technology Center, Inc. (BDO Technology)	100%	-	-	47	47
Equimark - NFC Development Corp.	60%	-	-	45	45
PCIB Securities, Inc.	100%	-	-	39	39
PCI Realty Corporation	100%	-	-	34	34
BDO Insurance Brokers, Inc. (BDI)	100%	-	-	11	11
PCI Insurance Brokers, Inc. (PCI Insurance)	100%	-	-	8	8
Equitable Card Network, Inc.	100%	-	-	-	-
Sub-total (balance carried forward)		P -	P -	P 9,997	P 9,997

	% Interest Held	BDO Unibank Group		Parent Bank	
		2010	2009	2010	2009
Sub-total (balance brought forward)		P -	P -	P 9,997	P 9,997
Foreign Subsidiaries					
PCI Express Padala (HK) Ltd.	100%	-	-	215	215
Express Padala HK Ltd.	100%	-	-	28	28
BDO Remittance (USA), Inc	100%	-	-	26	26
PCIB Europe, S.P.A.	100%	-	-	1	33
Express Padala Frankfurt GmbH	100%	-	-	1	1
Equitable PCI Express Padala (Nederland) B.V.	100%	-	-	1	1
		-	-	272	304
Associates					
Manila North Tollways Corporation (MNTC)	12%	1,405	-	1,405	-
SM Keppel Land, Inc.	50%	1,294	1,294	1,294	1,294
Generali Pilipinas Holdings, Inc. (Generali)	40%	1,235	966	1,168	898
Northpine Land Incorporated	20%	232	232	232	232
Taal Land	33%	170	170	170	170
Others	*	10	10	10	10
		4,346	2,672	4,279	2,604
Accumulated equity in net losses:					
Balance at beginning of year		(436)	(460)	-	-
Equity in net profit during the year		16	24	-	-
		(420)	(436)	-	-
Net investments in associates		3,926	2,236	4,279	2,604
Gross		3,926	2,236	14,548	12,905
Allowance for impairment		(539)	(526)	(4,355)	(4,291)
Net		P 3,387	P 1,710	P 10,193	P 8,614

* This consists of various insignificant investments in associates, thus, percentage held is no longer disclosed.

The BDO Unibank Group's percentage of interest held in each subsidiary and associate is the same as that of the Parent Bank, except for Generali which is at 40% at the BDO Unibank Group and 37.5% at the Parent Bank.

The BDO Unibank Group's subsidiaries and associates are all incorporated in the Philippines, except for the following:

Subsidiaries	Country of Incorporation
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 the aggregated unaudited financial information of BDO Unibank Group's associates as of and for the years ended December 31, 2010, 2009 and 2008:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets	P 22,819	P 3,941	P 3,314
Liabilities	11,890	799	1,045
Equity	10,929	3,142	2,269
Revenues	8,101	(9)	(119)
Net profit (loss)	1,750	(352)	(368)

13.1.1 Dividend Declarations

In 2010 and 2009, the BDO Unibank Group's subsidiaries declared cash dividends amounting to P791 and P1,239, respectively. These are presented as part of Dividend income under Other Operating Income in the Parent Bank statements of income (see Note 22). Out of the total dividends declared, the Parent Bank received P102 and P1,239 in 2010 and 2009, respectively.

13.1.2 Mergers Among Subsidiaries

On April 24, 2009, the respective BOD of EBCII, PCIB Properties, Inc., BDO Financial Services, Inc., Property Care, Inc., BDO Realty Corporation and EBC Management, Inc. approved the plan of merger with EBCII, renamed as BDO Strategic Holdings, Inc., as the surviving entity. The merger was approved by the SEC on September 24, 2009 and was accounted for using the pooling-of-interests method since the merging entities are under the common control of the BDO Unibank Group.

13.1.3 Acquisitions

On February 11, 2010, BSP approved the acquisition of BDO of the 12.4% equity interest equivalent to 2,197,800 common shares held by Global Fund Holdings, Inc. (Global Fund) in MNTC for a purchase price of P1,405. The acquisition was made together with World Fund Pte., Ltd., an SM Investments Corporation (SMIC) associate, which purchased an additional 4.1% of MNTC. The purchase of 12.4% was previously approved by the BOD on July 25, 2009. Investment in MNTC is recognized as Equity Investments and is presented as part of Other Resources in the 2010 statements of financial position.

In response to the capital infusion call of Generali to cover its 2007 and 2008 capital deficiency, BDO Unibank Group's BOD separately approved on January 9, 2010 and July 31, 2010 additional investment of P114 and P156, respectively. The approval of the BSP was made on March 5, 2010 and September 21, 2010, respectively. Investment in Generali has a carrying value of P1,167 and allowance for impairment loss amounting to P898 as of December 31, 2010. The investment is recognized as Equity Investments and is presented as part of Other Resources account.

On August 24, 2009, the Parent Bank acquired 98.81% of the issued and outstanding common stock of GEMB (see Note 26.3) for a total consideration of P2,000. The agreed price for the net assets of GEMB at the closing date amounted to P1,500. Hence, the Parent Bank recognized goodwill of P500 representing the excess of purchase price over the fair value of GEMB's net assets. The goodwill is included in the Other Resources account in the statement of financial position. The acquisition was approved by the BOD and by the BSP on May 27, 2009 and July 30, 2009, respectively. On August 12, 2010, GEMB amended its Articles of Incorporation and adopted the name BDO Elite Savings Bank, Inc.

13.1.4 Dissolution

On April 30, 2010 by virtue of a proxy letter, the Parent Bank approved the liquidation of PCIB Europe S.P.A with cut-off financial statement date of December 31, 2009. PCIB Europe S.P.A made partial returns of capital amounting to P23 and P1 on July 16, 2010 and October 6, 2010, respectively. The liquidation and return of capital are expected to be completed in the first half of 2011. As of December 31, 2010, total equity of PCIB Europe S.P.A. amounted to P0.5.

13.2 Receivables from SPVs

Receivables from SPVs represent the amount due from sale of certain non-performing assets to SPVs. In 2005, the former EPCIB (now part of BDO Unibank Group) sold certain nonperforming assets with book value of P15,069 to Philippine Investment One, Philippine Investment Two and Cameron Granville Asset Management, Inc. (CGAM) for a consideration of P4,134. Cash received from the SPVs amounted to P98 in 2005 and the balance of P3,336, 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 and P560, 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 P621 and for the sale of its investment properties to LNC for P98. The former ESB received SPV Notes amounting to P60 for loans from CGAM and P39 for investment properties from LNC, in addition to cash received amounting to P23 from CGAM and P4 from LNC.

Allowance for impairment on receivables from SPVs amounted to P3,440 as of December 31, 2010 and 2009.

13.3 Deposits Under Escrow

Deposits under escrow pertain to the portion of the cash received by BDO Unibank 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 BDO Unibank Group with certain terms and conditions, particularly the transfer of titles, as stipulated in the Memorandum of Agreement (MOA). Deposits under escrow earn an annual effective interest of 5.7% and 6.7% in 2010 and 2009, respectively.

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 BDO Unibank Group intends to sell within one year from the date of classification as held for sale. Impairment loss recognized by the BDO Unibank Group and the Parent Bank on non-current assets held for sale in 2010, 2009 and 2008 amounted to P128, P5 and P86, respectively (see Note 14).

13.5 Goodwill

Goodwill represents the excess of the cost of acquisition of the Parent Bank over the fair value of the net assets acquired and branch licenses at the date of acquisition. This is significantly from the acquisition of BDO Card Corporation, United Overseas Bank Philippines (UOBP), American Express Bank, Ltd. and GE Money Bank (see Note 26.3), which were acquired in 2005, 2006, 2007 and 2009, respectively. The BDO Unibank Group and the Parent Bank recognized impairment loss of P271, P171 and P81 in 2010, 2009 and 2008, respectively (see Note 14).

13.6 Computer Software Licenses

Amortization expense on computer software licenses amounted to P181, P136, and P115 in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and P173, P134, and P115 in 2010, 2009 and 2008, respectively, in the Parent Bank financial statements. These are included as part of Miscellaneous under Other Operating Expenses account in the statements of income (see Note 22).

14. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized below.

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Balance at beginning of year:				
AFS securities	P 6,526	P 5,645	P 5,432	P 4,714
HTM investments	737	673	737	673
Loans and other receivables	22,496	19,131	21,364	18,858
Investment properties	1,271	1,028	1,253	1,009
Other resources	<u>8,111</u>	<u>7,299</u>	<u>10,895</u>	<u>9,586</u>
	<u>39,141</u>	<u>33,776</u>	<u>39,681</u>	<u>34,840</u>
Impairment losses - net	<u>6,698</u>	<u>6,153</u>	<u>6,374</u>	<u>5,775</u>
Reclassification/write-off/foreign currency revaluation	(<u>2,951</u>)	(<u>788</u>)	(<u>1,962</u>)	(<u>934</u>)
Balance at end of year:				
AFS securities	5,811	6,526	4,526	5,432
HTM investments	453	737	412	737
Loans and other receivables	26,144	22,496	25,806	21,364
Investment properties	1,940	1,271	1,837	1,253
Other resources	<u>8,540</u>	<u>8,111</u>	<u>11,512</u>	<u>10,895</u>
	<u>P 42,888</u>	<u>P 39,141</u>	<u>P 44,093</u>	<u>P 39,681</u>

Total impairment losses on financial assets amounted to P6,141, P5,261, and P4,737 in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and P5,777, P4,892, and P4,575 in 2010, 2009 and 2008, respectively, in the Parent Bank financial statements.

Total impairment losses on non-financial assets amounted to P557, P892, and P495 in 2010, 2009 and 2008, respectively, in the BDO Unibank Group financial statements and P597, P883, and P596 in 2010, 2009 and 2008, respectively, in the Parent Bank financial statements.

In 2008, the BDO Unibank Group reversed excess allowance on loans amounting to P1,506 reported as part of Impairment Losses account in the BDO Unibank Group and Parent Bank 2008 statement of income.

15. DEPOSIT LIABILITIES

The breakdown of this account follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Demand	P 45,445	P 42,692	P 33,489	P 32,909
Savings	426,024	354,407	426,687	354,848
Time	<u>311,166</u>	<u>297,579</u>	<u>302,458</u>	<u>282,048</u>
	<u>P 782,635</u>	<u>P 694,678</u>	<u>P 762,634</u>	<u>P 669,805</u>

This account is composed of the following (by counterparties):

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Due to other banks				
Demand	P 714	P 1,194	P 702	P 1,063
Savings	2,874	2,172	2,874	2,172
Time	<u>4,334</u>	<u>1,191</u>	<u>1,950</u>	<u>1,164</u>
	<u>7,922</u>	<u>4,557</u>	<u>5,526</u>	<u>4,399</u>
Due to customers				
Demand	44,731	41,498	32,787	31,846
Savings	423,150	352,235	423,813	352,676
Time	<u>306,832</u>	<u>296,388</u>	<u>300,508</u>	<u>280,884</u>
	<u>774,713</u>	<u>690,121</u>	<u>757,108</u>	<u>665,406</u>
	<u>P 782,635</u>	<u>P 694,678</u>	<u>P 762,634</u>	<u>P 669,805</u>

The breakdown of deposit liabilities, as to currency, follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Foreign currencies	P 217,049	P 188,988	P 209,524	P 179,377
Peso	<u>565,586</u>	<u>505,690</u>	<u>553,110</u>	<u>490,428</u>
	<u>P 782,635</u>	<u>P 694,678</u>	<u>P 762,634</u>	<u>P 669,805</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Less than one year	P 708,223	P 610,286	P 693,130	P 594,275
One to five years	59,469	69,988	54,561	61,127
Beyond five years	<u>14,943</u>	<u>14,404</u>	<u>14,943</u>	<u>14,403</u>
	<u>P 782,635</u>	<u>P 694,678</u>	<u>P 762,634</u>	<u>P 669,805</u>

The BDO Unibank Group's deposit liabilities are in the form of demand, savings and time deposit accounts bearing annual interest rates of 0% to 9.73% both in 2010 and 2009. Demand and savings deposits usually have both fixed and variable interest rates while time deposit has fixed interest rate except for one tranche of the peso-denominated long-term negotiable certificates of deposits (LTNCDs) 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 worth of peso-denominated LTNCDs within one year from date of approval. The first tranche amounting to P2,100 was issued on June 1, 2005 and matured on June 2, 2010 and the second tranche amounting to P2,900 was issued on November 23, 2005 and matured on November 24, 2010. The first tranche paid a variable interest based on 3M PDST-F (formerly MART 1) plus 0.25% spread while the second tranche paid a fixed rate of 9.73%. Also, on September 25, 2006, the BSP approved the Parent Bank's application to issue another P5,000 LTNCDs in one tranche. The P5,000 LTNCDs, with a fixed interest rate of 8.25% per annum, were issued on October 4, 2006 and will mature on November 3, 2011. These are presented as part of the Time Deposit under Deposit Liabilities account in the statements of financial position.

Also on April 26, 2007, the Monetary Board (MB) of the BSP authorized BDO Private to issue up to P5,000 worth of fixed rate or zero coupon LTNCDs in one or more tranches. The first tranche, consisting of P2,191 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 included P17 in capitalized transaction costs, as part of the Time Deposit Liabilities account in the statements of financial position.

Under existing BSP regulations, non-FCDU deposit liabilities of the BDO Unibank Group are subject to liquidity reserve equal to 11% starting July 15, 2005 (under BSP Circular 491) and statutory reserve equal to 8% starting November 14, 2008 (under BSP Circular 632). As of December 31, 2010, the BDO Unibank Group is in compliance with these regulations.

16. **BILLS PAYABLE**

This account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Foreign banks	P 26,096	P 3,456	P 25,876	P 3,456
Senior notes	13,202	-	13,202	-
Deposit substitutes	8,304	6,598	8,031	5,068
PDIC	4,483	4,438	4,483	4,438
BSP	1,445	4,917	1,445	4,917
Local banks	131	125	131	106
Others	12,200	11,881	2,913	3,534
	<u>P 65,861</u>	<u>P 31,415</u>	<u>P 56,081</u>	<u>P 21,519</u>

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Peso	P 26,036	P 27,821	P 16,476	P 17,926
Foreign currencies	39,825	3,594	39,605	3,593
	<u>P 65,861</u>	<u>P 31,415</u>	<u>P 56,081</u>	<u>P 21,519</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Less than one year	P 43,976	P 20,399	P 34,477	P 10,617
One to five years	6,788	8,737	6,514	8,679
Beyond five years	15,097	2,279	15,090	2,223
	<u>P 65,861</u>	<u>P 31,415</u>	<u>P 56,081</u>	<u>P 21,519</u>

Bills payable bear annual interest rates of 0.3% to 12.0% in 2010 and 0.2% to 12.0% in 2009. Certain bills payable to local banks and the BSP are collateralized by certain receivables from customers.

The following comprise the interest expense included as part of Interest Expenses on bills payable and other liabilities in the statements of income (see Note 21):

BDO Unibank Group					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Deposit substitutes	P 312	P	635	P	890
PDIC	175		175		175
BSP	121		254		271
Senior notes	98		-		290
Foreign banks	69		112		559
Local banks	1		29		289
SMPHI	-		126		146
Others	575		459		10
	<u>P 1,351</u>		<u>P 1,790</u>		<u>P 2,630</u>
Parent Bank					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Deposit substitutes	P 285	P	422	P	661
PDIC	175		175		175
BSP	121		254		70
Senior notes	98		-		290
Foreign banks	69		112		485
SMPHI	-		127		146
Local banks	-		27		208
Others	243		303		11
	<u>P 991</u>		<u>P 1,420</u>		<u>P 2,046</u>

Senior Notes

On October 22, 2010, BDO Unibank Group issued Senior Notes with a face value of US\$300 million at a price of 99.632 or a total price of US\$299 million. The Senior Notes, which will mature on April 22, 2016, bear a fixed interest rate of 3.875% per annum, with an effective rate of 3.95% per annum, and will be payable semi-annually every April 22 and October 22 starting in 2011. The net proceeds from the issuance are intended to support business expansion plans, and general banking and relending activities. As of December 31, 2010, the Senior Notes have a carrying amount of P13,202 and are presented as part of Bills Payable in the 2010 statement of financial position. Interest on Senior Notes incurred in 2010 amounted to P98 recognized in profit or loss and included as part of Interest Expense on Bills Payable and Other Liabilities account on an amortized cost basis using the effective interest method (see Note 21).

PDIC

This represents the financial assistance to United Overseas Bank Philippines (UOBP) from PDIC amounting to P4,420 which was transferred by UOBP to the Parent Bank. The transfer was covered by the MOA relative to the Parent Bank's acquisition of UOBP branches in 2005. The financial assistance, which is recorded as part of Bills Payable in the statements of financial position will mature on December 19, 2012 and bears annual interest rate of 3.9%. The proceeds of the financial assistance from PDIC are invested in government securities as provided for in the MOA.

SMPHI (Preferred Shares)

As required under PAS 32, *Financial Instruments: Presentation and Disclosure*, the Parent Bank 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 million. The preferred shares entitled SMPHI to cumulative dividends, payable in US dollars semi-annually in arrears, equal to 6.5% of the issue price per annum.

As required by BSP, the Parent 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 amounted to P2,110 and was invested in debt securities, shown as part of HTM investments.

Dividends in arrears (recognized as interest expense) as of December 31, 2008 amounted to P31 computed using the exchange rate at year-end and are presented as part of Bills Payable account in the 2008 statement of financial position.

On October 19, 2009, the preferred shares were redeemed in full by the Parent Bank at P2,446 inclusive of remaining dividends in arrears of P77 (see Note 19.6).

17. SUBORDINATED NOTES PAYABLE

On November 21, 2007, the Parent Bank issued P10,000 unsecured subordinated notes eligible as Lower Tier 2 Capital due on November 21, 2017 bearing an interest of 7.0% per annum, callable with step-up in 2012 (the Notes) pursuant to the authority granted by the BSP to the Parent 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 30, 2008, the Parent Bank issued another tranche of P10,000 unsecured subordinated notes eligible as Lower Tier 2 Capital due on May 30, 2018 bearing an interest of 8.5% per annum, callable with step-up in 2013 pursuant to the authority granted by the BSP to the Parent 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.

On March 20, 2009, the Parent Bank issued the third tranche of unsecured subordinated debt qualifying as Tier 2 Capital of the Parent Bank with face of P3,000 due March 20, 2019 with coupon interest of 7.5% per annum. This issuance was approved by the BOD on January 31, 2009.

The Notes represent direct, unconditional unsecured and subordinated peso-denominated obligations of the Parent Bank, issued in accordance with the Terms and Conditions under the Master Note. The Notes, like other subordinated indebtedness of the Parent Bank, are subordinated to the claims of depositors and ordinary creditors, are not a deposit, and are not guaranteed nor insured by the Parent Bank or any party related to the Parent 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 Parent 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 Parent Bank has the option to call the Notes on the fifth year, subject to prior notice to Noteholders. The Notes were used further to expand the Parent Bank's consumer loan portfolio and to refinance an existing issue of Lower Tier 2 debt. The Notes also increased and strengthened the Parent Bank's capital base, in anticipation of continued growth in the coming years.

The outstanding balance of the Notes amounted to P23,152 as of December 31, 2010 and 2009.

Total interest expense on subordinated notes payable included as part of Interest Expenses on bills payable and other liabilities in the statements of income amounted to P1,775, P1,725, and P1,687 in 2010, 2009 and 2008, respectively, both in the BDO Unibank Group and Parent Bank statements of income (see Note 21).

18. OTHER LIABILITIES

Other liabilities consist of the following:

Note	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Bills purchased-contra	P 9,162	P 10,580	P 9,162	P 10,575
Accounts payable	5,125	6,987	4,481	5,154
Derivatives with negative fair values	4,715	4,943	3,168	3,549
Manager's checks	4,609	3,883	4,586	3,846
Accrued taxes, licenses and other expenses	4,138	2,955	3,971	2,651
Outstanding acceptances payable	1,214	1,589	1,214	1,589
Unearned income	1,083	303	976	298
Withholding taxes payable	760	752	729	698
Capitalized interest and other charges	677	742	677	742
Due to BSP and Treasurer of the Philippines	357	153	354	151
Income tax payable	71	223	2	90
Others	8,578	11,807	5,467	8,793
	P 40,489	P 44,917	P 34,787	P 38,136

19. EQUITY

19.1 Capital Management and Regulatory Capital

The lead regulator of BDO Unibank Group, the BSP, sets and monitors capital requirements for the BDO Unibank Group. In implementing current capital requirements, the BSP requires BDO Unibank 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 BDO Unibank 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 BDO Unibank 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 BDO Unibank 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 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.

At the end of each reporting period, BDO Unibank Group has complied with the prescribed ratio of qualifying capital to risk-weighted assets.

Under an existing BSP circular, expanded commercial banks are required to comply with the minimum capital requirement of P4,950. At the end of each reporting period, the Parent Bank has complied with the above capitalization requirement.

There have been no material changes in BDO Unibank Group's management of capital during the period.

The Bank's regulatory capital position as of December 31, 2010 and 2009 follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Tier 1 Capital	P 83,474	P 66,381	P 78,201	P 61,512
Tier 2 Capital	<u>28,967</u>	<u>27,175</u>	<u>28,823</u>	<u>27,103</u>
Total Regulatory Capital	112,441	93,556	107,024	88,615
Deductions	(<u>10,229</u>)	(<u>10,200</u>)	(<u>21,957</u>)	(<u>21,768</u>)
Total Qualifying Capital	<u>P 102,212</u>	<u>P 83,356</u>	<u>P 85,067</u>	<u>P 66,847</u>
Total Risk Weighted Assets	<u>P 738,416</u>	<u>P 684,660</u>	<u>P 700,510</u>	<u>P 640,458</u>
Capital ratios				
Total regulatory capital expressed as percentage of total risk weighted assets	13.8%	12.2%	12.1%	10.4%
Total Tier 1 expressed as percentage of total risk weighted assets	10.0%	8.3%	8.6%	6.9%
Tier 1 Capital	P 83,474	P 66,381	P 78,201	P 61,512
Tier 1 Capital Deductions	(<u>9,394</u>)	(<u>9,499</u>)	(<u>17,698</u>)	(<u>17,602</u>)
Net Tier 1 Capital	<u>P 74,080</u>	<u>P 56,882</u>	<u>P 60,503</u>	<u>P 43,910</u>

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 BDO Unibank 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 longer term strategic objectives. The policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

19.3 Capital Stock

Capital stock consists of the following:

	Number of Shares	
	2010	2009
Common shares – P10 par value		
Authorized – 4,500,000,000 shares in 2010 and 5,500,000,000 shares in 2009		
Issued, fully paid and outstanding		
Balance at beginning of year	2,339,768,510	2,302,032,661
Issued during the year	<u>267,669,397</u>	<u>37,735,849</u>
Balance at end of year	<u><u>2,607,437,907</u></u>	<u><u>2,339,768,510</u></u>
Preferred shares – P10 par value		
Authorized – 2,000,000,000 shares in 2010 and 1,000,000,000 shares in 2009		
Issued, fully paid and outstanding	<u><u>500,000,000</u></u>	<u><u>500,000,000</u></u>
	Amount	
	2010	2009
Common shares		
Balance at beginning of year	P 23,397	P 23,020
Issued during the year	<u>2,677</u>	<u>377</u>
Balance at end of year	<u><u>P 26,074</u></u>	<u><u>P 23,397</u></u>
Preferred shares		
Issued, fully paid and outstanding	<u><u>P 5,000</u></u>	<u><u>P 5,000</u></u>

On March 19, 2010, the Bank's BOD approved a capital raising program that would allow the Bank to raise between US\$250 million to US\$300 million worth of common shares, with the IFC (International Finance Corporation) and the IFC Capitalization (Equity) Fund, L.P. as anchor investors. Subsequently, on April 26, 2010, the Bank issued 24,033,253 shares to the IFC and 136,315,662 shares to the IFC Capitalization Fund at P41.50 per share for a total subscription price of P997 and P5,657, respectively. Foreign institutional investors participated in this capital raising through a top-up offering, resulting in the issuance of an additional 107,320,482 common shares at the same offer price. The Bank was able to raise a total of P10,994 from this capital raising exercise.

In 2009, the Parent Bank issued to GE Capital International Holdings Corporation (GE Capital) 37,735,849 common shares worth P377 in line with the latter's strategic investment in the Parent Bank (see Note 26.3).

On August 30, 2008, the BOD 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 BDO Unibank Group. The conversion right is at the option of the holder after three years from the issue date or at the option of BDO Unibank 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 BDO Unibank 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.

19.4 Issuance of Global Depositary Receipts by Primebridge

On various dates in 2006, Primebridge Holdings, Inc. (Primebridge), a stockholder owning 22.1% of the Parent Bank'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 Parent Bank'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 BDO Unibank 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 Parent Bank'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 Parent Bank. As of December 31, 2010, 9,600 GDRs equivalent to 192,000 shares of the Parent Bank remained unconverted.

19.5 Reclassification of Authorized Capital Stock

On April 25, 2009 and May 29, 2009, the BOD and stockholders approved the reclassification in the Parent Bank's authorized capital stock of 1,000,000,000 unissued common shares into 1,000,000,000 Series A preferred shares without affecting the features of unissued shares of the Parent Bank, both common and preferred, and without modifying the rights of current stockholders. On March 8, 2010, the Securities and Exchange Commission (SEC) approved the Parent Bank's Amended Articles of Incorporation to implement the reclassification.

19.6 Surplus Free

On May 28, 2010, the BOD of the Parent Bank approved the declaration of annual of cash dividends amounting to P0.80 per common share or a total of P2,085 payable to stockholders of record as of August 17, 2010. The cash dividends were approved by BSP on July 1, 2010 and were paid to the stockholders on August 27, 2010.

On January 9, 2010, the BOD approved the declaration of annual cash dividends on peso denominated preferred shares at the rate of 6.5% per annum amounting to P330. The declaration was approved by BSP on February 19, 2010 and was paid on March 19, 2010.

On May 23, 2009, the BOD approved the declaration of cash dividends amounting to P0.28 per common share or a total of P645 payable to stockholders of record as of August 11, 2009. The cash dividends were approved by the BSP on July 17, 2009 and were paid to the stockholders on August 28, 2009.

On February 28, 2009, the BOD approved the declaration of annual dividend on peso denominated and semi-annual dividend on U.S. dollar denominated preferred shares at the rate of 6.5% per annum each for a total dividend of P84 for the peso denominated preferred shares and US\$1,625 thousand for the U.S. dollar denominated preferred shares. The dividends were approved by the BSP on July 17, 2009 and were paid to the stockholders on July 23, 2009.

On December 8, 2010, the BOD of BDO Leasing, a subsidiary (87% - owned) of BDO Unibank Group, approved the declaration of cash dividends at P0.10 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P216. The dividends were declared to stockholders on record as of December 22, 2010 and payable on January 18, 2011, of which, total dividends paid to stockholders not within BDO Unibank Group amounted to P27.

On May 31, 2010, the BOD of BDO Leasing approved the declaration of cash dividends at P0.05 per share on the 2,162,475,312 shares outstanding at the date of declaration or for a total of P108. The dividends were declared to stockholders on record as of June 30, 2010 and payable on July 26, 2010, of which, total dividends paid to stockholders not within BDO Unibank Group amounted to P5.

20. INTEREST INCOME

Interest income consists of the following:

	Notes	BDO Unibank Group		
		2010	2009	2008
Loans and other receivables	10	P 35,923	P 33,561	P 27,939
Trading and investment securities	9	10,203	11,345	11,136
Due from other banks	7, 8	2,739	2,531	2,620
Others		1,065	1,373	664
		<u>P 49,930</u>	<u>P 48,810</u>	<u>P 42,359</u>
	Notes	Parent Bank		
		2010	2009	2008
Loans and other receivables	10	P 34,389	P 32,238	P 26,862
Trading and investment securities	9	9,379	10,123	9,800
Due from other banks	7, 8	2,646	2,473	2,506
Others		130	177	565
		<u>P 46,544</u>	<u>P 45,011</u>	<u>P 39,733</u>

21. INTEREST EXPENSE

Interest expense is composed of the following:

	Notes	BDO Unibank Group		
		2010	2009	2008
Deposit liabilities	15	P 12,645	P 14,735	P 14,997
Bills payable and other liabilities	16, 17, 18	3,127	3,516	4,326
		<u>P 15,772</u>	<u>P 18,251</u>	<u>P 19,323</u>
	Notes	Parent Bank		
		2010	2009	2008
Deposit liabilities	15	P 12,224	P 14,034	P 14,301
Bills payable and other liabilities	16, 17, 18	2,766	3,147	3,742
		<u>P 14,990</u>	<u>P 17,181</u>	<u>P 18,043</u>

22. OTHER OPERATING INCOME AND EXPENSES

Other operating income (expense) is composed of the following:

	Notes	BDO Unibank Group		
		2010	2009	2008
Service charges, fees and commissions		P 8,930	P 8,351	P 7,419
Trading gain (loss) - net	9	5,630	3,712 (	2,868)
Trust fees	25	1,474	1,218	1,153
Foreign exchange gain - net		261	294	4,605
Dividend income	13	239	71	58
Rental income	12	196	199	181
Income from assets acquired		95	140	103
Miscellaneous - net		1,016	1,498	3,080
		P 17,841	P 15,483	P 13,731

	Notes	Parent Bank		
		2010	2009	2008
Service charges, fees and commissions		P 7,952	P 7,155	P 6,200
Trading gain (loss) - net	9	5,220	3,399 (	2,710)
Trust fees	25	1,273	1,089	1,094
Dividend income	13	820	1,286	132
Rental income		185	186	173
Income from assets acquired		83	133	99
Foreign exchange gain (loss) - net		31 (	71)	4,168
Miscellaneous - net		840	1,198	2,654
		P 16,404	P 14,375	P 11,810

Other operating expenses consist of the following:

	Notes	BDO Unibank Group		
		2010	2009	2008
Employee benefits	23	P 13,619	P 12,399	P 10,096
Occupancy	31	4,467	4,334	3,501
Taxes and licenses		3,510	3,424	3,373
Advertising		2,022	1,278	1,074
Security, clerical, messengerial and janitorial		1,894	1,881	1,599
Insurance		1,515	1,367	1,044
Representation and entertainment		859	730	589
Power, light and water		740	601	572
Repairs and maintenance		671	638	783
Travelling		537	583	605
Miscellaneous	13.6	4,955	4,894	4,616
		P 34,789	P 32,129	P 27,852

	Notes	Parent Bank		
		2010	2009	2008
Employee benefits	23	P 12,776	P 11,520	P 9,378
Occupancy	31	3,473	3,081	3,157
Taxes and licenses		3,243	3,106	3,094
Advertising		1,954	1,209	1,028
Security, clerical, messengerial and janitorial		1,845	1,832	1,570
Insurance		1,467	1,313	1,010
Representation and entertainment		755	666	535
Power, light and water		702	573	516
Repairs and maintenance		644	620	775
Travelling		492	534	552
Miscellaneous	13.6	<u>4,503</u>	<u>4,357</u>	<u>4,277</u>
		<u>P 31,854</u>	<u>P 28,811</u>	<u>P 25,892</u>

23. EMPLOYEE BENEFITS

23.1 Employee Benefits Expense

Expenses recognized for employee benefits are presented below.

	BDO Unibank Group		
	2010	2009	2008
Salaries and wages	P 7,415	P 6,977	P 6,194
Bonuses	2,367	2,217	1,685
Retirement – defined benefit plan	1,336	1,309	947
Social security costs	325	309	284
Other benefits	<u>2,176</u>	<u>1,587</u>	<u>986</u>
	<u>P 13,619</u>	<u>P 12,399</u>	<u>P 10,096</u>

	Parent Bank		
	2010	2009	2008
Salaries and wages	P 6,895	P 6,385	P 5,683
Bonuses	2,201	2,079	1,583
Retirement – defined benefit plan	1,264	1,239	900
Social security costs	307	291	266
Other benefits	<u>2,109</u>	<u>1,526</u>	<u>946</u>
	<u>P 12,776</u>	<u>P 11,520</u>	<u>P 9,378</u>

23.2 Post-employment Benefits

The BDO Unibank Group maintains a tax-qualified noncontributory retirement plan that is being administered by the Parent Bank's trust department covering all regular full-time employees.

The amounts of retirement benefit asset (liability) recognized are determined as follows:

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Present value of the obligation	(P 10,130)	(P 8,459)	(P 9,658)	(P 7,913)
Fair value of plan assets	<u>7,390</u>	<u>4,357</u>	<u>7,106</u>	<u>4,114</u>
Deficiency of plan assets	(2,740)	(4,102)	(2,552)	(3,799)
Unrecognized actuarial losses	3,821	4,005	3,650	3,732
Transfer from the plan assets	(72)	-	(72)	-
Unrecognized net transition obligation	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retirement benefit asset (liability)	<u>P 998</u>	<u>(P 97)</u>	<u>P 1,026</u>	<u>(P 67)</u>

The movements in the present value of the retirement benefit obligation recognized in the books follow:

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Balance at beginning of year	P 8,459	P 7,086	P 7,913	P 6,684
Current service cost and interest cost	1,490	1,333	1,413	1,241
Actuarial losses	856	739	837	648
Transfer to (from) plan assets	(141)	-	4	-
Benefits paid by the plan	<u>(534)</u>	<u>(699)</u>	<u>(509)</u>	<u>(660)</u>
Balance at end of year	<u>P 10,130</u>	<u>P 8,459</u>	<u>P 9,658</u>	<u>P 7,913</u>

The movements in fair value of plan assets are presented below.

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Balance at beginning of year	P 4,357	P 3,460	P 4,114	P 3,277
Contributions paid into the plan	2,435	1,173	2,357	1,114
Benefits paid by the plan	(534)	(699)	(509)	(660)
Actuarial gains	857	164	813	138
Transfer to plan assets	11	-	77	-
Expected return on plan assets	<u>264</u>	<u>259</u>	<u>254</u>	<u>245</u>
Balance at end of year	<u>P 7,390</u>	<u>P 4,357</u>	<u>P 7,106</u>	<u>P 4,114</u>

As at December 31, the composition (in percentages) of plan assets is presented below.

	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Placements in debt instruments	55.4%	61.8%	55.1%	61.8%
Deposits in other banks	11.8%	5.7%	11.2%	5.7%
Loans and other receivables	5.4%	9.2%	5.4%	9.2%
Other properties	<u>27.4%</u>	<u>23.3%</u>	<u>28.3%</u>	<u>23.3%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Actual returns on plan assets were P1,087 and P1,067 in 2010 and P416 and P383 in 2009 in the BDO Unibank Group and the Parent Bank financial statements, respectively. The amounts of retirement benefits recognized in profit or loss are as follows:

BDO Unibank Group					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Current service costs	P 725	P	515	P	455
Interest costs	771		818		513
Expected return on plan assets	(264)	(	259)	(	249)
Net actuarial losses recognized	112		111		89
Net transition obligation (asset) recognized	(8)		124		139
	<u>P 1,336</u>		<u>P 1,309</u>		<u>P 947</u>
Parent Bank					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Current service costs	P 679	P	480	P	420
Interest costs	734		761		488
Expected return on plan assets	(254)	(	245)	(	233)
Net actuarial gain recognized	105		104		86
Net transition obligation (asset) recognized	-		139		139
	<u>P 1,264</u>		<u>P 1,239</u>		<u>P 900</u>

The movements in the retirement benefit asset (liability) recognized in the books follow:

BDO Unibank Group			Parent Bank		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Balance at beginning of year	(P 97)	P 14	(P 67)	P 58	
Expense recognized	(1,336)	(1,309)	(1,264)	(1,239)	
Retirement benefit asset (liability)					
of acquired subsidiaries	(4)	25	-	-	
Contributions paid	<u>2,435</u>	<u>1,173</u>	<u>2,357</u>	<u>1,114</u>	
Balance at end of year	<u>P 998</u>	<u>(P 97)</u>	<u>P 1,026</u>	<u>(P 67)</u>	

Presented below are the historical information related to the present value of the retirement benefit obligation, fair value of plan assets and deficit in the plan as well as experienced adjustments arising on plan assets and liabilities.

BDO Unibank Group

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Present value of the obligation	P 10,130	P 8,459	P 7,086	P 6,283
Fair value of the plan assets	<u>7,390</u>	<u>4,357</u>	<u>3,460</u>	<u>2,989</u>
Deficit in the plan	<u>P 2,740</u>	<u>P 4,102</u>	<u>P 3,626</u>	<u>P 3,294</u>
Experience adjustments arising on plan liabilities	P 351	P 985	P 967	P 397
Experience adjustments arising on plan assets	P 813	P 148	(P 179)	(P 72)

Parent Bank

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Present value of the obligation	P 9,658	P 7,913	P 6,684	P 5,897
Fair value of the plan assets	<u>7,106</u>	<u>4,114</u>	<u>3,277</u>	<u>2,690</u>
Deficit in the plan	<u>P 2,552</u>	<u>P 3,799</u>	<u>P 3,407</u>	<u>P 3,207</u>
Experience adjustments arising on plan liabilities	P 351	P 930	P 919	P 351
Experience adjustments arising on plan assets	P 813	P 137	(P 170)	(P 72)

The BDO Unibank Group and the Parent Bank expect to pay P1,823 and P1,730, respectively, as contributions to retirement benefit plans in 2011.

In determining the retirement benefits, the following actuarial assumptions were used:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Discount rates	8.25%	8.0% - 9.3%	8.3%	9.3%
Expected rate of return on plan assets	5.0%	5.0%	5.0%	5.0%
Expected rate of salary increases	10.0%	10.0%	10.0%	10.0%

24. RELATED PARTY TRANSACTIONS

In the ordinary course of business, BDO Unibank Group has loans, deposits and other transactions with its related parties and with certain directors, officers, stockholders and related interest (DOSRI) as described below.

Transactions with and between subsidiaries have been eliminated in the consolidated financial statements.

(a) *Loans to Related Parties*

Under existing policies of BDO Unibank 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 bank 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 the investment in the BDO Unibank Group. In the aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of BDO Unibank Group, whichever is lower.

The following additional information relates to the DOSRI loans:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Total DOSRI loans	P 35,453	P 24,430	P 35,413	P 24,412
Unsecured DOSRI loans	2,146	2,005	2,126	2,000
% of DOSRI loans to total loan portfolio	6.6%	5.0%	6.7%	5.0%
% of unsecured DOSRI loans to total DOSRI loans	6.1%	8.0%	6.0%	8.0%
% of past due DOSRI loans to total DOSRI loans	0.0%	0.0%	0.0%	0.0%

DOSRI loans bear interest rates ranging from 0% to 11.0% in 2010 and 2009 for both BDO Unibank Group and Parent Bank financial statements.

(b) *Deposits from Related Parties*

As of December 31, 2010 and 2009, total deposits made by the related parties to BDO Unibank Group amounted to P194,625 and P94,796, respectively. The related interest expense from deposits amounted to P10, P6, and P6 in 2010, 2009 and 2008, respectively.

(c) *Other Transactions with Related Parties*

A summary of other transactions of the Parent Bank with subsidiaries and associates is shown below.

(i) *Advances to Subsidiaries*

The Parent Bank grants non-interest bearing advances to subsidiaries for working capital requirements, which are unsecured and without fixed repayment terms. Unpaid advances to subsidiaries amounted to P4,580 as of December 31, 2010 and 2009. Advances granted to BDOSHI and ESHC totaling P3,183 is included as part of Others under Other Resources in the Parent Bank statements of financial position (see Note 13), while advances granted to Strategic Property Holdings, Inc. (SPHI) amounting to P1,397 is included as part of Accounts Receivable under Loans and Other Receivables in the Parent Bank statements of financial position (see Note 10).

(ii) *Income to the Parent Bank*

- i. 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 thousand per quarter or P200 thousand 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 for P500 thousand annually.

- ii. BDOSHI engaged the Parent Bank to provide various support such as human resources management, audit, preparation and issuance of checks for and in behalf of BDOSHI, documentation and safekeeping/custodianship of securities and collateral documents, accounting functions and review of financial statements for BDOSHI. The agreement is renewable every year. In 2010 and 2009, total service fees amounted to P132 thousand and P295 thousand, respectively.
- iii. 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 thousand. 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 P1.6 per year.
- iv. Generali has an existing Investment Management Agreement with the BDO Unibank Group. For services rendered, Generali shall pay BDO Unibank 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. In 2010 and 2009, total service fees amounted to P22 and P5, respectively.

There are no outstanding balances arising from these transactions as of December 31, 2010 and 2009.

(iii) Expenses of the Parent Bank

- i.* On May 30, 2007, Equitable Card Network (ECN) entered into a service agreement with the Parent Bank. Under this agreement, ECN agreed to provide marketing, central operations, systems credit and collection support and finance services to the Parent Bank 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 the Parent Bank.
- 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. The transactions amounted to P5 each in 2010 and 2009.
- iii.* BDO Unibank Group leases space from related parties for its branch operations. For the years ended December 31, 2010, 2009 and 2008, total rent expense paid to related parties amounted to P349, P315, and P256, respectively, and is included as part of Occupancy account in the statements of income.

(iv) Others

The Parent Bank has cost sharing agreements with subsidiaries as follows:

- i.* BDO Capital has a service agreement with the Parent Bank whereby the Parent Bank 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 the Parent Bank. Under this agreement, the Parent Bank 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, 2010 and 2009 amounted to P6 and P5, respectively.

- (v) The salaries and other compensation given to BDO Unibank Group's key management follow:

BDO Unibank Group					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Salaries and wages	P 513	P	504	P	437
Bonuses	255		239		208
Social security costs and other benefits	<u>33</u>		<u>34</u>		<u>33</u>
	<u>P 801</u>		<u>P 777</u>		<u>P 678</u>
Parent Bank					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Salaries and wages	P 349	P	326	P	270
Bonuses	178		165		135
Social security costs and other benefits	<u>25</u>		<u>19</u>		<u>21</u>
	<u>P 552</u>		<u>P 510</u>		<u>P 426</u>

25. TRUST OPERATIONS

The following securities and other properties held by BDO Unibank Group in fiduciary or agency capacity (for a fee) for its customers are not included in the accompanying BDO Unibank Group statements of financial position since these are not properties of BDO Unibank Group (see Note 31).

	BDO Unibank Group		Parent Bank	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Investments	P 531,025	P 195,775	P 464,093	P 149,654
Others	<u>38,932</u>	<u>261,253</u>	<u>3,552</u>	<u>240,258</u>
	<u>P 569,957</u>	<u>P 457,028</u>	<u>P 467,645</u>	<u>P 389,912</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 P5,887 and P8,007 as of December 31, 2010 and 2009, respectively, in BDO Unibank Group and P4,791 and P3,771 as of December 31, 2010 and 2009, respectively, in the Parent Bank are deposited with BSP as security for the Bank's faithful compliance with its fiduciary obligations; and,
- (b) A certain percentage of the 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 BDO Unibank Group's authorized capital stock. As of December 31, 2010, the reserve for trust functions amounted to P89 and is included as part of Surplus Reserves in BDO Unibank Group equity.

Income from trust operations, shown as Trust Fees under Other Operating Income, amounted to P1,474, P1,218, and P1,153, for the years ended December 31, 2010, 2009 and 2008, respectively, in the BDO Unibank Group statements of income and P1,273, P1,089 and P1,094 for the years ended 2010, 2009 and 2008, respectively, in the Parent Bank statements of income.

26. MERGERS AND ACQUISITIONS

26.1 Merger with Equitable PCI Bank, Inc.

On August 29, 2006, the Parent Bank, together with SM Investments Corporation (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: 10% on October 2, 2006; 10% on June 2, 2007; 10% on February 2, 2008; and the remaining balance 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.

26.2 Merger with Equitable Savings Bank, Inc., BDO Elite Savings Bank, Inc. and PCI Capital Corporation

The respective BOD of the Parent Bank, Equitable Savings Bank, Inc. (ESB), BDO Elite Savings Bank, Inc. (BDO Elite, formerly American Express Bank, Ltd.) 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 the Parent Bank as the surviving entity.

The Plan of Merger was approved by stockholders of the Parent Bank, 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 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 and liabilities with carrying value of P9,249 as of October 30, 2008 were transferred to and absorbed by the Parent Bank. Since the merged entities were all subsidiaries of the Parent Bank, BDO Unibank Group accounted for the merger under the pooling-of-interest method of accounting.

26.3 Acquisition of GE Money Bank

In May 2009, the Parent Bank and GE Capital, a financial services unit of the General Electric Company, announced the signing of a definitive agreement to transfer GEMB in the Philippines into the Parent Bank. As part of the agreement, GE Capital will also make an investment in the Parent Bank by acquiring a stake of approximately 1.5%. The transaction consolidated GEMB's business into the Parent Bank, including 30,000 customers, 350 employees, a network of 31 branch licenses and 38 ATMs nationwide. On August 24, 2009, the Parent Bank completed the purchase of 98.81% of the issued and outstanding common stock and 100% of the preferred stock of GEMB for a consideration of P2,000.

On August 12, 2010, GEMB amended its Articles of Incorporation with the SEC and adopted the name BDO Elite Savings Bank, Inc.

27. TAXES

27.1 Current and Deferred Taxes

The components of tax expense for the years ended December 31 follow:

		BDO Unibank Group		
		2010	2009	2008
<i>Reported in profit or loss</i>				
Current tax expense:				
Regular corporate income tax (RCIT) at 30% in 2010 and 2009; and 35% in 2008	P	203	P 231	P 298
Minimum corporate income tax (MCIT) at 2%		384	297	82
Final taxes at 20%, 15%, 10% and 7.5%		965	980	1,078
		1,552	1,508	1,458
Deferred tax expense (income) relating to origination and reversal of temporary differences				
		79	151	(13)
	P	1,631	P 1,659	P 1,445
<i>Reported in other comprehensive income</i>				
Movements in fair value of AFS securities	P	29	P 2	(P 2)
Movements in revaluation increment		(6)	(59)	(22)
	P	23	(P 57)	(P 24)
		Parent Bank		
		2010	2009	2008
<i>Reported in profit or loss</i>				
Current tax expense – MCIT at 2%	P	359	P 273	P 81
Final taxes at 20%, 15%, 10% and 7.5%		879	903	983
		1,238	1,176	1,064
Deferred tax expense (income) relating to origination and reversal of temporary differences				
		59	87	(106)
	P	1,297	P 1,263	P 958
<i>Reported in other comprehensive income</i>				
Movements in revaluation increment	(P	6)	(P 54)	(P 22)
Movements in fair value of AFS securities		-	(26)	(4)
	(P	6)	(P 80)	(26)

The reconciliation of the tax on pretax profit computed at the statutory tax rates to tax expense is shown below.

BDO Unibank Group					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Tax on pretax profit at 30% in 2010 and 2009 and 35% in 2008	P 3,154	P	2,328	P	1,289
Adjustment for income subjected to lower income tax rates	(444)	(	633)	(	402)
Tax effects of:					
Income exempt from tax	(3,037)	(	1,010)	(	1,183)
Non-deductible expenses	2,439		585		718
Deductible temporary differences not recognized	489		51	(	1,063)
Net operating loss carryover (NOLCO) not recognized	(1,374)		14		1,496
Tax-exempt loss (income) of FCDU	-	(	1,314)		914
Effects of change in tax rate	-		-		861
Others	404		1,638	(	1,185)
Tax expense reported in profit or loss	<u>P 1,631</u>	P	<u>1,659</u>	P	<u>1,445</u>
Parent Bank					
	<u>2010</u>		<u>2009</u>		<u>2008</u>
Tax on pretax profit at 30% in 2010 and 2009 and 35% in 2008	P 2,919	P	2,286	P	853
Adjustment for income subjected to lower income tax rates	(404)	(	531)	(	478)
Tax effects of:					
Deductible temporary differences not recognized	477		1,439	(	1,414)
Income exempt from tax	(2,960)	(	1,015)	(	1,139)
Non-deductible expenses	2,266		542		693
NOLCO not recognized (applied)	(1,360)	(	458)		1,495
Tax-exempt income of FCDU	-	(	1,314)		914
Effects of change in tax rate	-		-		861
Others	359		314	(	827)
Tax expense reported in profit or loss	<u>P 1,297</u>	P	<u>1,263</u>	P	<u>958</u>

The components of the net deferred tax assets (see Note 13) as of December 31 follow:

	Statements of Financial Position			
	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Deferred tax assets:				
Allowance for impairment	P 6,012	P 5,870	P 5,916	P 5,917
Unamortized past service cost	564	324	560	319
Lease income differential	74	-	74	67
NOLCO	9	133	-	-
Others	36	31	-	-
	<u>6,695</u>	<u>6,358</u>	<u>6,550</u>	<u>6,303</u>
Deferred tax liabilities:				
Revaluation increment	499	505	497	503
Lease income differential	180	71	-	-
Changes in fair values of AFS	62	32	-	-
Capitalized interest	58	60	58	60
Others	312	4	308	-
	<u>1,111</u>	<u>672</u>	<u>863</u>	<u>563</u>
Net Deferred Tax Assets	<u>P 5,584</u>	<u>P 5,686</u>	<u>P 5,687</u>	<u>P 5,740</u>

Movements in net deferred tax assets for the year ended December 31 follow:

	Statements of Income		
	2010	2009	2008
<u>BDO Unibank Group</u>			
Lease income differential	P 31	P 169	P 22
Allowance for impairment	(24)	34	(45)
Capitalized interest	(2)	(2)	(13)
Unamortized past service costs	(240)	56	10
NOLCO	-	50	39
Others	<u>314</u>	<u>(156)</u>	<u>(26)</u>
Deferred Tax Expense (Income)	<u>P 79</u>	<u>P 151</u>	<u>(P 13)</u>
<u>Parent Bank</u>			
Unamortized past service costs	(P 241)	P 56	P 12
Allowance for impairment	1	22	(140)
Capitalized interest	(2)	(2)	(13)
NOLCO	-	11	38
Others	<u>301</u>	<u>-</u>	<u>(3)</u>
Deferred Tax Expense (Income)	<u>P 59</u>	<u>P 87</u>	<u>(P 106)</u>

	Statements of Comprehensive Income			
	BDO Unibank Group		Parent Bank	
	2010	2009	2010	2009
Movements in fair value of AFS securities	P 29	P 2	P -	(P 26)
Movements in revaluation increment	(6)	(59)	(6)	(54)
Deferred Tax Expense (Income)	<u>P 23</u>	<u>(P 57)</u>	<u>(P 6)</u>	<u>(P 80)</u>

BDO Unibank Group is subject to MCIT, which is computed at 2% of gross income, as defined under tax regulations or RCIT, whichever is higher.

The breakdown of NOLCO with the corresponding validity periods follow:

BDO					
<u>Year</u>	<u>Unibank Group</u>		<u>Parent Bank</u>		<u>Valid Until</u>
2010	P	1	P	-	2013
2009		40		-	2012
2008		2,313		1,711	2011

In 2010 and 2009, NOLCO amounting to P4,534 and P1,528, respectively, were applied by the Parent Bank.

The breakdown of MCIT with the corresponding validity periods follow:

BDO					
<u>Year</u>	<u>Unibank Group</u>		<u>Parent Bank</u>		<u>Valid Until</u>
2010	P	367	P	359	2013
2009		283		273	2012
2008		79		78	2011
	P	729	P	710	

The amounts of unrecognized deferred tax assets arising from NOLCO and other temporary differences as of December 31, 2010 and 2009 follow:

BDO Unibank Group							
<u>2010</u>				<u>2009</u>			
<u>Tax Base</u>	<u>Tax Effect</u>			<u>Tax Base</u>	<u>Tax Effect</u>		
Allowance for impairment	P 26,033	P 7,810	P	20,667	P 6,200		
NOLCO	1,793	538		6,563	1,969		
MCIT	713	713		561	561		
Others	677	203		3	1		
	<u>P 29,216</u>	<u>P 9,264</u>	P	<u>27,794</u>	<u>P 8,731</u>		
Parent Bank							
<u>2010</u>				<u>2009</u>			
<u>Tax Base</u>	<u>Tax Effect</u>			<u>Tax Base</u>	<u>Tax Effect</u>		
Allowance for impairment	P 24,373	P 7,312	P	19,678	P 5,903		
NOLCO	1,711	513		6,245	1,874		
MCIT	710	710		536	536		
Others	599	180		-	-		
	<u>P 27,393</u>	<u>P 8,715</u>	P	<u>26,459</u>	<u>P 8,313</u>		

27.2 Optional Standard Deductions

Effective July 2008, RA No. 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 is made at the beginning of the taxable year, it shall be irrevocable for the taxable year for which the option was made. BDO Unibank Group claims itemized deduction for tax purposes.

27.3 Change in Applicable Tax Rate

Effective January 1, 2009, in accordance with RA No. 9337, RCIT rate was reduced from 35% to 30% and non-allowable deductions for interest expense from 42% to 33% of interest income subjected to final tax.

27.4 Gross Receipts Tax (GRT)/ Value-added Tax (VAT)

Beginning January 1, 2003, the imposition of VAT on banks and financial institutions became effective pursuant to the provisions of RA No. 9010. The Parent 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-bank financial intermediaries and finance companies in prior years.

However, on January 29, 2004, RA No. 9238 reverted the imposition of GRT on banks and financial institutions.

On May 24, 2005, the amendments on RA No. 9337 was approved amending, among others, the gross GRT 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.

27.5 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 No. 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 one peso on each two hundred pesos 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 75 centavos on each two hundred pesos, 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 30 centavos on each two hundred pesos, 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 thousand 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 No. 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.

**27.6 Supplementary Information Required Under Revenue Regulation (RR)
No. 15-2010**

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued RR No. 15-2010, which requires certain information on taxes, duties and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with financial reporting standards in the Philippines for banks; it is neither a required disclosure under the Philippine Securities and Exchange Commission rules and regulations covering form and content of financial statements under Securities Regulation Code Rule 68.

The Parent Bank, however, presented this tax information required by the BIR as a supplementary schedule filed separately from the basic financial statements.

28. EARNINGS PER SHARE

Basic earnings per share were computed as follows:

	BDO Unibank Group		
	2010	2009	2008
Net profit attributable to shareholders of the Parent Bank	P 8,825	P 6,035	P 2,182
Dividends on preferred shares	(330)	(84)	-
Net profit available to common shares	P 8,495	P 5,951	P 2,182
Divided by the weighted average number of outstanding common shares (in millions)	2,522	2,315	2,302
Basic earnings per share	P 3.37	P 2.57	P 0.95

Diluted earnings per share were computed as follows:

	BDO Unibank Group		
	2010	2009	2008
Net profit attributable to shareholders of the Parent Bank	P 8,495*	P 6,035	P 2,182
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	2,522	2,315	2,302
Potential common shares from assumed conversion of preferred shares	*	128	52
Potential common shares from assumed conversion of stock option plan	-	1	3
Total weighted average number of common shares after assumed conversion of convertible preferred shares	2,522	2,444	2,357
Diluted earnings per share	P 3.37	P 2.47	P 0.93

* Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2010.

Basic earnings per share were computed as follows:

	Parent Bank		
	2010	2009	2008
Net profit	P 8,433	P 6,356	P 1,479
Dividends on preferred shares	(330)	(84)	-
Net profit available to common shares	8,103	6,272	1,479
Divided by the weighted average number of outstanding common shares (in millions)	2,522	2,315	2,302
Basic earnings per share	P 3.21	P 2.71	P 0.64

Diluted earnings per share were computed as follows:

	Parent Bank		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net profit	P 8,103*	P 6,356	P 1,479
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	2,522	2,315	2,302
Potential common shares from assumed conversion of convertible preferred shares	*	128	52
Potential common shares from assumed conversion of stock option plan	-	1	3
Total weighted average number of common shares after assumed conversion of convertible preferred shares	<u>2,522</u>	<u>2,444</u>	<u>2,357</u>
Diluted earnings per share	P 3.21	P 2.60	P 0.63

* Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2010.

29. SELECTED FINANCIAL PERFORMANCE INDICATORS

(a) The following are some measures of the BDO Unibank Group's financial performance:

BDO Unibank Group

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	11.3%	9.7%	3.8%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.0%	0.7%	0.3%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	4.1%	4.1%	3.7%

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Capital to risk assets ratio:			
Combined credit, market and operational risks	13.8%	12.2%	13.8%

Parent Bank

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	11.6%	11.0%	2.7%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.0%	0.8%	0.2%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	4.0%	4.0%	3.7%
Capital to risk assets ratio:			
Combined credit, market and operational risk	12.1%	10.4%	11.2%

Secured liabilities and resources pledged as security are shown below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Aggregate amount of secured liabilities	<u>P 23,997</u>	<u>P 9,947</u>	<u>P 23,997</u>	<u>P 9,947</u>
Aggregate amount of resources pledged as security	<u>P 26,988</u>	<u>P 11,257</u>	<u>P 26,988</u>	<u>P 11,257</u>

30. EVENT AFTER THE REPORTING PERIOD

In its meeting on January 29, 2011, the BOD approved the declaration of annual dividends on peso denominated preferred shares at the rate of 6.5% per annum for a total dividend of P330 payable within 60 banking days from the dividend declaration date, subject to prior approval by the BSP.

On the same meeting, the BOD approved the amendment of the Parent Bank's Articles of Incorporation and By-Laws to change the name "Banco de Oro Unibank, Inc." to "BDO Unibank, Inc.". This is subject for ratification by the Bank's stockholders and, subsequently, by the BSP.

31. COMMITMENTS AND CONTINGENCIES

31.1 Litigations

BDO Unibank Group has pending claims and/or is a defendant in various legal actions arising from the ordinary course of business operation. As of December 31, 2010, management believes that no such legal proceedings are expected to have material adverse effect on the BDO Unibank Group's financial position.

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 Bank may be exposed to potential liabilities arising from the Bankard arbitration case. BDO (as successor in interest of EPCIB), as respondent, and RCBC Capital Corporation ("RCBC Capital"), as claimant, are currently involved in court proceedings after an arbitral award was granted by the International Chamber of Commerce ("ICC") International Court of Arbitration.

The arbitration proceedings arose from the sale and purchase agreement ("SPA") executed between RCBC Capital and EPCIB in 2000, whereby EPCIB sold to RCBC Capital its 67% stake in the outstanding capital stock of Bankard, Inc. ("Bankard"). RCBC Capital's claim is based on the alleged breach of certain representations and warranties under the SPA, in particular, those relating to the accuracy, fairness and completeness of portions of Bankard's audited financial statements for the years ending 1997, 1998 and 1999 and the unaudited financial statements for the first quarter of 2000. RCBC Capital claimed rescission of its purchase and restitution of all amounts paid to EPCIB with damages or, if rescission cannot be granted, damages of at least P586 million.

EPCIB questioned the timeliness of the filing of RCBC Capital's claim and averred that the financial statements for the relevant period were prepared in accordance with PFRS. On October 4, 2007, BDO received a copy of a Partial Award dated September 27, 2007 in favor of RCBC Capital, (the "Partial Award"), granting damages of unspecified amount and subject to proof of loss. All other issues, including those relating to cost, were to be dealt with in a further or final award.

In a second partial award dated 28 May 2008 (the "Second Partial Award"), the Arbitral Tribunal has ordered BDO to pay RCBC Capital the sum of US\$290,000. The sum represents BDO's pro rata or 50% share in the amount of deposit required by the ICC to proceed with the arbitration proceeding at the initial and quantum determination stages. According to the Second Partial Award, the costs had been assumed by the parties when they had agreed to settle dispute by arbitration. When BDO's Motion to vacate the Second Partial Award was denied by the RTC, it elevated the matter to the Court of Appeals (CA-G.R. SP No. 113525). In a Decision received last December 20, 2010, the Court of Appeals reversed and set aside the Second Partial Award dated May 28, 2008 issued by the ICC as well as the RTC's orders denying BDO's motion to vacate the second partial award. RCBC's motion for reconsideration from this Decision is still pending.

On June 28, 2010, BDO received a copy of the Final Award, dated June 16, 2010, rendered by 2 arbitrators (the "Award"), as well as the Dissenting Opinion of the 3rd arbitrator. The Award granted RCBC Capital damages in the amount of P348.7 million and reimbursement of costs and expenses of around P72.5 million (using P44.00 exchange rate for US Dollar award) for costs of arbitration, while the Dissenting Opinion dismissed all RCBC Capital's claims and granted BDO's claim for reimbursement for costs of arbitration, attorney's fees and other expenses. The Award is vigorously contested by BDO through the judicial process that commenced with BDO's filing of a Petition to Vacate the Final Award on July 1, 2010 with the Regional Trial Court (SP Proc Case No. M-6995). RCBC Capital's Omnibus Motion seeking dismissal of this case was denied and likewise elevated to the Court of Appeals. Nonetheless, the parties have complied with the Court's order and submitted the required affidavits and reply affidavits in accordance with special alternative dispute resolution ("ADR") rules. RCBC Capital also filed a motion to confirm the Final Award last July 28, 2010 in SP Proc Case No. M-6046. The RTC orders denying BDO motion to dismiss on jurisdictional grounds is likewise questioned in a certiorari proceeding in the Court of Appeals (CA GR SP No. 116448). In an Order dated November 10, 2010, the RTC resolved to grant RCBC's motion to confirm the final award. BDO's motion for reconsideration is still pending. RCBC Capital filed its Opposition together with a motion for execution which was vigorously opposed by BDO for being premature, considering that the confirmation of the final award is not final and executory. BDO also filed a supplemental motion for reconsideration, citing the CA Decision reversing the Second Partial Award considering that there are several dispositions in the Final Award which relies on the validity of the Second Partial Award and that the reversal of the confirmation of the Second Partial Award was premised on the partiality of the Arbitral Tribunal. Said decision has put in question the impartiality of the same Tribunal with respect to the resolution of the Final Award. Moreover, the Decision of the CA greatly supports BDO's claim in the Petition to Vacate Final Award that the Arbitral Tribunal is biased in favor of RCBC Capital.

Management believes that the above claim is baseless and without merit. The resulting liability, if any, from such a claim, will not have a material adverse effect on the BDO Unibank Group's financial position and performance.

Sale of Maxicare

BDO 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 Branch 149, (RTC, Br. 149) in connection with their 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 sale of Maxicare shares, 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 BDO and the claimants. Moreover, the RTC also ruled that BDO'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 Maxicare shares has become final under said Interim Rules. The claimants have since filed a Petition for Certiorari with the Court of Appeals (CA), which resolved that the RTC Judge did not commit an abuse of discretion in issuing the said ruling. Upon denial of their motion for reconsideration, the Claimants filed on July 9, 2010 a Petition for Review with the Supreme Court questioning the CA resolution upholding the order of RTC, Br. 149.

The claimants have also filed a Request for Arbitration with the International Chamber of Commerce (ICC) – International Court of Arbitration in Singapore on the same issue of the petitioners' right to buy the shares. As of November 25, 2009, the Singapore arbitration hearing has been suspended by virtue of a writ of injunction issued by the Presiding Judge of the Makati Regional Trial Court, Branch 66 (RTC, Br. 66) restraining the parties, and their respective representatives from participating and performing any act in connection with the arbitration case. The injunction has been issued in connection with the petition filed by Maxicare for a declaration as to the rightful shareholder of its 60% outstanding shares. The claimants went up to the CA for the immediate filing of the preliminary injunction to restrain the implementation of the RTC injunction. Since the CA did not lift the injunction, the claimants filed a Petition for Certiorari with the Supreme Court in early February 2010 questioning the CA resolution and praying for the setting aside of the RTC writ of injunction. In a Resolution dated October 18, 2010, the Supreme Court denied the claimants' Urgent Reiterative Motion to Refer the Case to Supreme Court En Banc dated July 20, 2010, reiterating their prayer to refer the Petition to the Supreme Court En Banc and the urgent application for issuance of a TRO against the Anti-Arbitration writ of injunction and to set the pending incident for oral argument before the Supreme Court En Banc. On December 17, 2010, Claimants' Urgent Motion for Partial Reconsideration and To Dissolve the Writ of Preliminary Injunction dated December 14, 2010 remains pending.

Management continues to believe that the above claim is baseless and without merit or that the resulting liability, if any, from such a claim, will not have a material adverse effect on the BDO Unibank Group's financial position and financial performance.

Others

The BDO Unibank Group is also a defendant in various cases pending in courts for alleged claims against the BDO Unibank Group, the outcomes of which are not fully determinable at present. As of December 31, 2010, 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 BDO Unibank Group and will be taken up if and when a final resolution by the courts is made on each claim.

31.2 Leases

BDO Unibank Group leases the premises of its head office and most of its branch offices for periods ranging from one 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 Expenses account in the statements of income, amounted to P1,759 in 2010, P1,651 in 2009, and P1,463 in 2008 in the BDO Unibank Group financial statements and P1,659 in 2010, P1,531 in 2009, and P1,386 in 2008 in the Parent Bank financial statements (see Note 22).

The estimated minimum future annual rentals for the next five years follow:

BDO					
<u>Year</u>		<u>Unibank Group</u>		<u>Parent Bank</u>	
2011	P	1,457	P	1,359	
2012		1,630		1,529	
2013		1,824		1,720	
2014		2,027		1,920	
2015		<u>2,253</u>		<u>2,142</u>	
		<u>P 9,191</u>		<u>P 8,670</u>	

31.3 Others

In the normal course of BDO Unibank 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 BDO Unibank Group financial statements. BDO Unibank 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, 2010, no additional material losses or liabilities are required to be recognized in the accompanying financial statements of BDO Unibank Group as a result of the above commitments and contingencies.

Following is a summary of BDO Unibank Group's commitments and contingent accounts:

	<u>Note</u>	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Trust department accounts	25	P 569,957	P 457,028	P 467,645	P 389,912
Forward exchange sold		162,503	165,030	134,715	138,608
Forward exchange bought		143,723	132,504	115,927	106,006
Unused commercial letters of credit		30,991	26,492	30,991	25,845
Interest rate swap receivable		25,971	24,986	5,481	6,383
Interest rate swap payable		25,923	25,016	5,481	6,383
Bills for collection		5,523	4,209	5,523	4,209
Spot exchange sold		4,162	4,037	4,123	3,991
Spot exchange bought		3,617	3,410	3,617	3,364
Late deposits/payments received		1,538	1,655	1,538	1,586
Outstanding guarantees issued		862	1,248	862	1,248
Export letters of credit confirmed		130	44	130	44
Other contingent accounts		112,790	96,619	111,971	95,800