To Our Stockholders

BDO LEASING & FINANCE, INC.

FACED THE CHALLENGES OF 2008 DETERMINED TO MAINTAIN ITS LEADERSHIP IN THE LEASING AND FINANCING INDUSTRY. IN SPITE OF THE DIFFICULTIES BROUGHT ON BY THE GLOBAL CRISIS, AND OUR OWN INTEGRATION ADJUSTMENTS FOLLOWING THE BANK MERGER, WE ARE PLEASED TO REPORT POSITIVE RESULTS FOR THE YEAR.

> BDO LEASING CONCENTRATED ITS MARKETING STRATEGY ON A WIDER RANGE OF INNOVATIVE PRODUCTS AND SERVICES

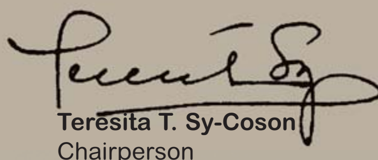
Total assets grew by 10.14% to P10.408 billion. We posted a 10.18% growth in total revenues to P1.37 billion, while operating income climbed 25.26% to P530.56 million. We also ended with net income up by 7.0% to P366 million.

BDO Rental, Inc., a wholly-owned subsidiary of BDO Leasing, contributed revenues amounting to P306.05 million, which represents a robust 299% growth from 2007. Its net income surged 148% to P73 million.

This year, the Securities and Exchange Commission (SEC) granted approval to increase its Short-Term Commercial Paper (STCP) license from P2 billion to P4 billion. The STCP issue was given a "PRS 2 plus" rating by Philratings.

BDO Leasing concentrated its marketing strategy on a wider range of innovative products and services, as well as, competitive pricing. Its branches were further complemented by BDO's close to 700 branch network, thus giving clients more convenience and accessibility.

The Board of Directors, management and staff look to 2009 challenges with more confidence than ever. We thank all our clients for their unwavering support.



Teresita T. Sy-Coson
Chairperson

Antonio N. Cotoco
Vice Chairman and
Managing Director

Review of Operations

CONSISTENT WITH A TRACK RECORD OF RESILIENCY AND GROWTH,

BDO LEASING DREW ON ITS STRENGTHS TO PULL THROUGH A TOUGH YEAR. TOTAL REVENUES INCREASED BY 10.18% TO P1.37 BILLION, WHILE TOTAL ASSETS WENT UP 10.14% TO P10.41 BILLION. OPERATING REVENUES GREW BY 25.27% TO P530.56 MILLION, AND NET INCOME IMPROVED 7% TO P365.6 MILLION. TOTAL CAPITALIZATION STOOD AT ABOUT P4.6 BILLION, THE HIGHEST LEVEL IN THE LEASING AND FINANCE INDUSTRY.

A strong contributor to the Company's financial performance in 2008 was BDO Rental, Inc. (BDORI), BDO Leasing's wholly-owned subsidiary. It mounted aggressive efforts to offer operating lease packages to both local and multinational clients, resulting to revenue contributions amounting to P306.08 million. This represents a remarkable 299% growth over the revenue level in previous year. BDORI's total assets surged by 422% to P1.75 billion.

Navigating through the daunting challenges faced by the company, BDO Leasing's management steered the organization towards focusing on its goals of strengthening the business, opening new revenue streams, and maintaining market leadership. Being a dynamic enterprise, the Company is able to make decisions quickly and implement them effectively. Its agility is carried through to the Company's lending units, which anticipated the increasing demand for innovative leasing and financing products and capitalized on opportunities accordingly.

In the Luzon, Visayas and Mindanao Provincial Areas, the Company beefed up the manpower complement to address the growing clientele of the BDO Group. Likewise, it enhanced its credit process to ensure compliance with BDO Leasing's risk management policies and guidelines.

The Credit Division carefully managed credit risk with a thorough and regular review of the loan/lease portfolio mix to monitor exposures to various industries. It also assured strict compliance with credit approval limits and credit policies.

The Treasury Division safeguarded the size and quality of the Company's credit lines. Besides ensuring sufficient funding for the various lending activities, it also kept interest costs below target levels. Moreover, the division

played a key role in increasing the Company's Short-Term Commercial Paper (STCP) license to P4 billion, or double the previous year's level. The STCP issue was given a high rating of "PRS 2 plus," which reaffirmed BDO Leasing's above average capability in paying both principal and interest.

As has been tried and tested over the years, BDO Leasing's strengths rest mainly in its people and in an organizational structure that encourages innovation and flexibility as much as excellence and team spirit. The Company harnesses these resources to find new ways of improving processes, reducing costs, and enhancing client service.

By constantly aiming for increased value and industry leadership, BDO Leasing further sharpens its focus and, with singular determination, takes on the task of setting the pace in the leasing and financing industry.

Roberto E. Lapid
President

Board of Directors

Teresita T. Sy-Coson
Chairperson

Antonio N. Cotoco
Vice Chairman & Managing Director

Atty. Fulgencio S. Factoran, Jr.
Director

Ma. Luz C. Generoso
Director

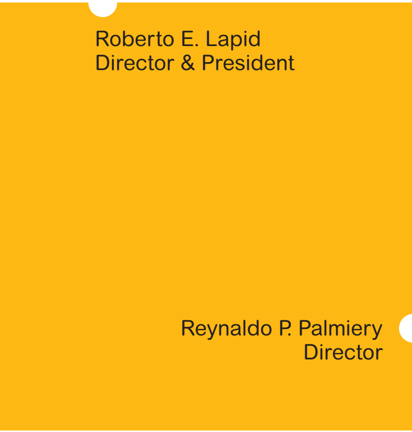
Antonio A. Henson
Director

Exequiel P. Villacorta, Jr.
Director

Ma. Leonora V. De Jesus
Independent Director

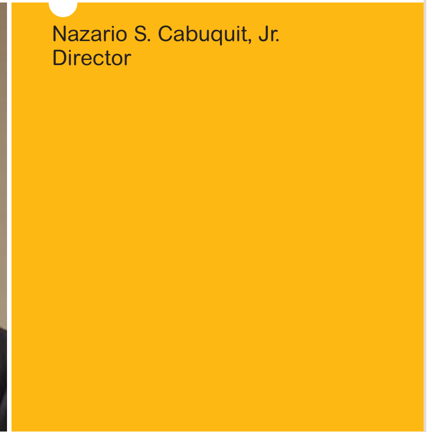
Jesus G. Tirona
Independent Director

Nestor V. Tan
Director



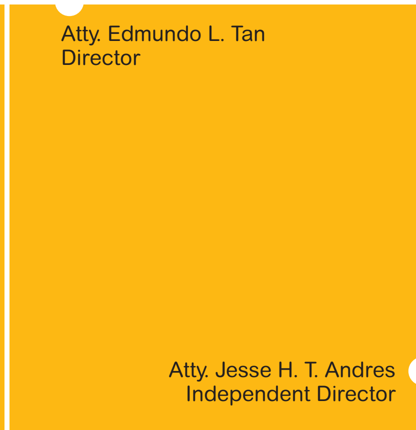
Roberto E. Lapid
Director & President

Reynaldo P. Palmiery
Director



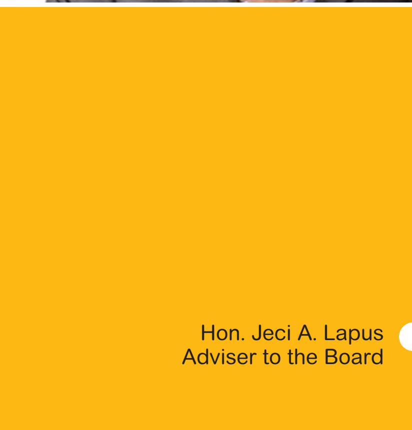
Nazario S. Cabuquit, Jr.
Director

Walter C. Wassmer
Director

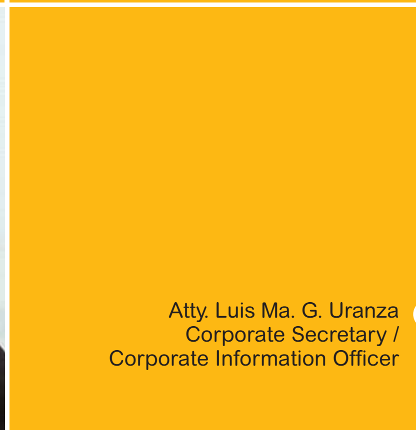


Atty. Edmundo L. Tan
Director

Atty. Jesse H. T. Andres
Independent Director



Hon. Jeci A. Lapus
Adviser to the Board



Atty. Luis Ma. G. Uranza
Corporate Secretary /
Corporate Information Officer

Statement of Management's Responsibility for Financial Statements

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

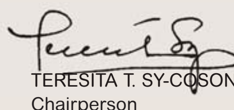
The management of BDO Leasing and Finance, Inc. is responsible for all information and representations contained in the financial statements for the years ended December 31, 2008 and 2007. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards (PFRS) and 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 company'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 company.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing 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.

Signed under oath by the following:



TERESITA T. SY-COSON
Chairperson

ROBERTO E. LAPID
President

CORAZON S. CHIU
Comptroller

Report of Independent Auditors

The Board of Directors and the Stockholders
BDO Leasing and Finance, Inc.
(Formerly PCI Leasing and Finance, Inc.)
(A Subsidiary of Banco de Oro Unibank, Inc.)
BDO Leasing Centre, Corinthian Gardens
Ortigas Avenue, Quezon City

We have audited the accompanying financial statements of BDO Leasing and Finance, Inc. and subsidiary (the "Group") and BDO Leasing and Finance, Inc. (the "Parent Company") which comprise the balance sheets as at December 31, 2008 and 2007, and the income statements, statements of changes in equity and cash flow statements for each of the three years in the period ended December 31, 2008, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

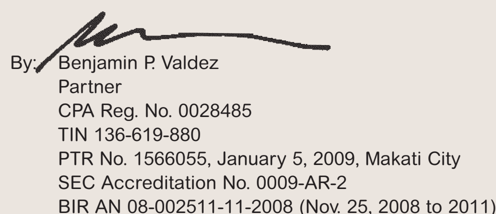
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Leasing and Finance, Inc. and subsidiary and of BDO Leasing and Finance, Inc. as of December 31, 2008 and 2007, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2008 in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO



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

April 1, 2009

Balance Sheets

DECEMBER 31, 2008 AND 2007

(Amounts in Philippine Pesos)

	Notes	Group				Parent Company			
			2008		2007		**2008**		2007
ASSETS									
Cash and cash equivalents	5	**P**	**186,128,464**	P	210,180,331	**P**	**171,906,630**	P	204,653,076
Loans and other receivables - Net	6		**7,692,926,296**		8,175,211,308		**8,329,330,711**		8,158,781,725
Property and equipment - Net	7		**1,649,684,281**		310,083,386		**15,182,502**		8,240,545
investment properties - Net	8		**751,629,098**		706,276,736		**751,629,098**		706,276,736
Other assets - Net	9		**128,086,035**		48,585,587		**101,975,120**		77,850,856
Total Assets		**P**	**10,408,454,174**	P	9,450,337,348	**P**	**9,370,024,061**	P	9,155,802,938
LIABILITIES AND EQUITY									
Bills payable	10	**P**	**3,681,552,019**	P	3,522,592,676	**P**	**3,093,645,967**	P	3,320,461,391
Accounts payable and other liabilities	11		**194,128,784**		238,093,596		**159,505,701**		232,353,137
Lease deposits	12		**2,025,496,011**		1,547,980,431		**1,742,857,671**		1,521,684,960
Total Liabilities			**5,901,176,814**		5,308,666,703		**4,996,009,339**		5,074,499,488
Capital stock	13		**2,225,169,030**		2,225,169,030		**2,225,169,030**		2,225,169,030
Additional paid-in capital			**571,095,676**		571,095,676		**571,095,676**		571,095,676
Retained earnings			**1,793,051,345**		1,427,467,567		**1,659,788,707**		1,367,100,372
Treasury shares		**(**	**81,776,628)**	(	81,776,628)	**(**	**81,776,628)**	(	81,776,628)
Fair value loss on available-for-sale securities	**9**	**(**	**262,063)**	(	285,000)	**(**	**262,063)**	(	285,000)
Total Equity			**4,507,277,360**		4,141,670,645		**4,374,014,722**		4,081,303,450
Total Liabilities and Equity		**P**	**10,408,454,174**	P	9,450,337,348	**P**	**9,370,024,061**	P	9,155,802,938

See Notes to Financial Statements.

Income Statements

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(With Comparative Figures for 2006)

(Amounts in Philippine Pesos)

		Group		
	Notes	**2008**	2007	2006
Revenues				
Interest and discounts	6	**P 1,012,462,179**	P 1,077,826,423	P 945,872,585
Rent	17	**256,422,358**	58,383,469	58,796,684
Service fees		**20,654,430**	15,080,419	14,068,860
		1,289,538,967	1,151,290,311	1,018,738,129
Other income	14	**78,930,163**	90,759,747	36,174,968
Total operating income		**1,368,469,130**	1,242,050,058	1,054,913,097
Operating costs and expenses	15	**837,907,131**	818,497,033	593,682,012
Income before tax		**530,561,999**	423,553,025	461,231,085
Tax expense	21	**164,978,221**	81,900,856	142,308,117
Net income		**P 365,583,778**	P 341,652,169	P 318,922,968
Basic / Diluted Earnings Per Share	22	**P 0.17**	P 0.16	P 0.15

See Notes to Financial Statements.

	Parent Company		
	2008	2007	2006
	P 1,018,542,041	P 1,077,761,444	P 945,747,262
	-	-	-
	20,654,430	15,080,419	14,068,860
	1,039,196,471	1,092,841,863	959,816,122
	29,873,927	73,065,949	35,996,520
	1,069,070,398	1,165,907,812	995,812,642
	630,601,035	779,704,304	556,988,058
	438,469,363	386,203,508	438,824,584
	145,781,028	73,988,979	134,311,572
	P 292,688,335	P 312,214,529	P 304,513,012
	P 0.14	P 0.14	P 0.14

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(With Comparative Figures for 2006)

(Amounts in Philippine Pesos)

	Notes	Group		
		2008	2007	2006
CAPITAL STOCK - P1 par value				
Authorized - 3,400,000,000 shares				
Issued and Outstanding - 2,225,169,030	13	**P 2,225,169,030**	P 2,225,169,030	P 2,225,169,030
ADDITIONAL PAID-IN CAPITAL		**571,095,676**	571,095,676	571,095,676
RETAINED EARNINGS				
Balance at Beginning of Year		**1,427,467,567**	1,085,815,398	766,892,430
Net Income		**365,583,778**	341,652,169	318,922,968
Balance at End of Year		**1,793,051,345**	1,427,467,567	1,085,815,398
TREASURY SHARES - 62,693,718 shares				
Balance at Beginning of Year		**(81,776,628)**	(81,776,628)	(81,569,228)
Acquisition During the Year		**-**	-	(207,400)
Balance at End of Year		**(81,776,628)**	(81,776,628)	(81,776,628)
FAIR VALUE LOSS ON AVAILABLE-FOR-SALE SECURITIES				
Balance at Beginning of Year		**(285,000)**	(285,000)	(550,650)
Net Fair Value Gains for the Year		22,937	-	265,650
Balance at End of Year	9	**(262,063)**	(285,000)	(285,000)
TOTAL EQUITY		**P 4,507,277,360**	P 4,141,670,645	P 3,800,018,476
Net Gains Recognized Directly in Equity		**P 22,937**	P -	P 265,650

See Notes to Financial Statements.

Parent Company		
2008	2007	2006
P 2,225,169,030	P 2,225,169,030	P 2,225,169,030
571,095,676	571,095,676	571,095,676
1,367,100,372	1,054,885,843	750,372,831
292,688,335	312,214,529	304,513,012
1,659,788,707	1,367,100,372	1,054,885,843
(81,776,628)	(81,776,628)	(81,569,228)
-	-	(207,400)
(81,776,628)	(81,776,628)	(81,776,628)
(285,000)	(285,000)	(550,650)
22,937	-	265,650
(262,063)	(285,000)	(285,000)
P 4,374,014,722	P 4,081,303,450	P 3,769,088,921
P 22,937	P -	P 265,650

Cash Flow Statements

For the Years Ended December 31, 2008 and 2007
(With Comparative Figures for 2006)
(Amounts in Philippine Pesos)

	Notes	Group 2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Income Before Tax		**P 530,561,999**	P 423,553,025	P 461,231,085
Adjustments for:				
Interest received		**1,014,085,999**	1,030,598,890	1,058,027,896
Interest income	6	**(1,012,462,179)**	(1,077,826,423)	(945,872,585)
Interest and financing charges	10	**284,458,242**	301,357,677	231,988,496
Interest and financing charges paid		**(283,162,870)**	(255,748,887)	(238,037,322)
Depreciation and amortization	7, 8, 9	**195,774,660**	48,299,212	27,929,663
Impairment and credit losses	6, 8	**75,000,000**	179,435,880	29,762,091
Fair value gains		**(51,098,919)**	(87,435,587)	(1,069,042)
Loss (gain) on sale of investment properties	8	**(3,937,975)**	11,745,449	4,538,766
Loss (gain) on sale of property and equipment		**85,985**	(93)	159,404
Operating Income Before Changes in Operating Assets and Liabilities		**749,304,942**	573,979,143	628,658,452
Decrease (increase) in loans and other receivables		**391,478,545**	(152,914,356)	(1,324,835,697)
Decrease (increase) in other assets		**(89,149,680)**	11,320,148	4,786,849
Increase (decrease) in accounts payable and other liabilities		**75,276,811**	5,531,940	(14,464,959)
Increase in lease deposits		**489,949,796**	109,523,132	214,861,997
Cash Generated From (Used in) Operations		**1,616,860,414**	547,440,007	(490,993,358)
Cash Paid for Income Tax		**(231,372,493)**	(144,381,377)	(84,688,917)
Net Cash From (Used in) Operating Activities		**1,385,487,921**	403,058,630	(575,682,275)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Property and Equipment		**(1,525,617,639)**	(99,022,500)	(156,073,074)
Net Increase in Investment Properties		**(50,055,879)**	(81,140,372)	(25,327,175)
Proceeds from Disposal of Property and Equipment		**8,469,760**	9,087,188	6,744,461
Investment in a Subsidiary		**-**	-	-
Net Cash Used in Investing Activities		**(1,567,203,758)**	(171,075,684)	(174,655,788)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of Bills Payable		**7,638,040,745**	4,822,834,581	1,144,523,237
Payments of Bills Payable		**(7,480,376,775)**	(4,992,750,509)	(386,381,586)
Acquisition of Treasury Shares		**-**	-	(207,400)
Net Cash From (Used in) Financing Activities		**157,663,970**	(169,915,928)	757,934,251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(24,051,867)**	62,067,018	7,596,188
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**210,180,331**	148,113,313	140,517,125
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**P 186,128,464**	P 210,180,331	P 148,113,313

Supplemental Information on Noncash Investing Activities

The following are the noncash investing activities that relate to the analysis of the cash flow statements:

a. Additions to investment properties in settlement of loans and receivables amounted to P114,717,524, P110,603,398 and P26,555,593 in 2008, 2007 and 2006, respectively (see Notes 6 and 8).

b. Additions to repossessed chattels and other equipment in settlement of loans and other receivables amounted to P28,903,404, P57,102,192 and P25,616,183 in 2008, 2007 and 2006, respectively (see Notes 6 and 9).

See Notes to Financial Statements.

	Parent Company		
	2008	2007	2006
	P 438,469,363	P 386,203,508	P 438,824,584
	957,887,779	1,030,479,911	1,063,914,509
	(1,018,542,041)	(1,077,761,444)	(945,747,262)
	255,203,247	286,840,927	220,968,756
	(171,167,220)	(244,648,684)	(220,968,756)
	23,370,468	25,824,375	18,431,659
	75,000,000	179,435,880	15,978,954
	(1,519,003)	(231,146,260)	-
	(3,937,975)	11,745,449	4,538,766
	85,985	(93)	159,404
	554,850,603	366,973,569	596,100,614
	(199,077,371)	20,526,974	(1,334,911,705)
	(26,898,496)	18,765,290	16,885,841
	(49,884,764)	2,720,830	(16,861,856)
	192,816,650	99,946,712	182,677,802
	471,806,622	508,933,375	(556,109,304)
	(212,801,411)	(134,473,486)	(77,319,725)
	259,005,211	374,459,889	(633,429,029)
	(14,030,319)	(4,709,028)	(11,505,761)
	(50,055,878)	(81,140,373)	(25,327,175)
	1,945,570	8,776,506	2,007,894
	(6,875,000)	(30,000,000)	-
	(69,015,627)	(107,072,895)	(34,825,042)
	6,240,240,745	4,736,834,581	1,055,723,237
	(6,462,976,775)	(4,940,150,509)	(386,381,586)
	-	-	(207,400)
	(222,736,030)	(203,315,928)	669,134,251
	(32,746,446)	64,071,066	880,180
	204,653,076	140,582,010	139,701,830
	P 171,906,630	P 204,653,076	P 140,582,010

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(With Comparative Figures for 2006)

(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

BDO Leasing and Finance, Inc. (BDO Leasing or the Parent Company) is a domestic corporation incorporated in 1981 and listed in the Philippine Stock Exchange, Inc. on January 6, 1997. The Parent Company operates as a leasing and financing entity which provides direct leases, sale and leaseback arrangements and real estate leases. Financing products include amortized commercial and consumer loans, installment paper purchases, receivables discounting and factoring.

The Parent Company is a subsidiary of Banco de Oro Unibank, Inc. (BDO Unibank or the "Ultimate Parent Company"), an expanded commercial bank incorporated and doing business in the Philippines.

BDO Rental, Inc. (BDO Rental), a wholly-owned subsidiary of BDO Leasing, is licensed by the Philippine Securities and Exchange Commission (SEC) to engage in renting and leasing of equipment. It started its commercial operations on June 30, 2005.

The Parent Company's principal office is located at BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City. It has eight branches located in the cities of Cebu, Davao, Dagupan, San Pablo, Cagayan de Oro, Iloilo, Pampanga and Cavite. The registered address of BDO Unibank is located at Benguet Center, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

1.2 Change in Corporate Name

On July 30, 2007, the Board of Directors approved the change in the Parent Company's corporate name from PCI Leasing and Finance, Inc. to BDO Leasing and Finance, Inc. This change was subsequently approved by the SEC on June 13, 2008.

1.3 Approval of Financial Statements

The accompanying financial statements of BDO Leasing and subsidiary (the "Group") and of the Parent Company were authorized for issue by the Board of Directors on April 1, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards (PFRS)

The financial statements of BDO Leasing and its subsidiary have been prepared in accordance with PFRSs. PFRSs are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

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

(b) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated (see also Note 2.15).

2.2 Impact of New Amendments and Interpretations to Existing Standards

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

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

Philippine Interpretation International Financial Reporting Interpretation Committee (IFRIC) 14 :	Philippine Auditing Standard (PAS) 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
PAS 39 and PFRS 7 (Amendments) :	PAS 39, Financial Instruments: Recognition and Measurements and PFRS 7, Financial Instruments: Disclosures

Discussed below are the impact on the financial statements of this new accounting standards.

(i) Philippine Interpretation IFRIC 14, *PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective from January 1, 2008). This Philippine Interpretation provides guidance on assessing the limit in PAS 19, Employee Benefits, on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group's adoption of this interpretation does not have any impact on the Group's financial statements, as it has a retirement benefit obligation and is not subject to any minimum funding requirements.

(ii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement* and PFRS 7 (Amendment), *Financial Instruments: Disclosures* (effective from July 1, 2008). The amendments permit an entity to:

- Reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of fair value through profit or loss category in particular circumstances; and

- Transfer from the available for sale category to the loans and receivable category those financial assets that would have met the definition of loans and receivables, provided that the entity has the intention and the ability to hold those financial assets for the foreseeable future.

The amendments are applicable in a partially retrospective manner up to July 1, 2008 provided that the reclassification was made on or before November 15, 2008, the cut-off date set by the FRSC. After the cut-off date, all reclassifications will only take effect prospectively. As the Group did not exercise the option to reclassify its financial assets; hence, it determined that the adoption of these amendments has no impact on the 2008 financial statements.

The first time application of these interpretation and amendments has not resulted in any prior period adjustments of balance sheet, net income or cash flows line items.

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

The following interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2008 but are not relevant to the Group's operations:

Philippine Interpretation IFRIC 11	:	Group and Treasury Share Transactions
Philippine Interpretation IFRIC 12	:	Service Concession Arrangements

(c) Effective Subsequent to 2008

There are new and amended standards that are effective for periods subsequent to 2008. The following new standards, effective for annual periods beginning on or after January 1, 2009, are relevant to the Group which the Group will apply in accordance with their transitional provisions.

PAS 1 (Revised 2007)	:	Presentation of Financial Statements
PFRS 8	:	Operating Segments
Various Standards	:	2008 Annual Improvements to PFRS

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

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

(ii) PFRS 8, *Operating Segments* (effective from January 1, 2009). PFRS 8 replaces PAS 13 and aligns segment reporting with requirements of the US standard SFAS 131, Disclosures about segments of an enterprise and related information. The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply PFRS 8 from January 1, 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

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

- PAS 19 (Amendment), *Employee Benefits*. The amendment includes the following:

  - Clarification that a curtailment is considered to have occurred to the extent that benefit promises are affected by future salary increases and a reduction in the present value of the defined benefit obligation results in negative past service cost.

  - Change in the definition of return of plan assets to require the deduction of plan administration costs in the calculation of plan assets return only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

  - Distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

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

  The Group's management assessed that this amendment to PAS 19 will have no impact on its 2009 financial statements.

- PAS 40 (Amendment), *Investment Property*. PAS 40 is amended to include property under construction or development for future use as investment property in its definition of investment property. This results in such property being within the scope of PAS 40; previously, it was within the scope of PAS 16. Also, if an entity's policy is to measure investment property at fair value, but during construction or development of an investment property the entity is unable to reliably measure its fair value, then the entity would be permitted to measure the investment property at cost until construction or development is complete. At such time, the entity would be able to measure the investment property at fair value.

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

2.3 Basis of Consolidation

The Parent Company obtains and exercises control through voting rights. The Group's financial statements comprise the accounts of the Parent Company and its subsidiary, after the elimination of material intercompany transactions. All intercompany balances and transactions with its subsidiary, including income, expenses and dividends, are eliminated in full.

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

A subsidiary is an entity over which the Group has the power to control the former's financial and operating policies. The Parent Company obtains and exercises control through voting rights. A subsidiary is consolidated from the date the Parent Company obtains control until such time that such control ceases.

An acquired subsidiary is subject to the application of the purchase method for acquisitions. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group balance sheets at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

The results of subsidiary acquired or disposed of during the year, if any, are included in the Group income statements from the date of acquisition or up to the date of disposal, as appropriate.

2.4 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

2.5 Financial Assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. 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 financial assets at fair value through profit or loss, the designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash.

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

The foregoing categories of financial instruments relevant to the Group are more fully described below.

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss, except for changes in fair values of reclassified financial assets under PAS 39 and PFRS 7 (Amendments). Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amounts of the financial assets at the date of the change in estimate.

Impairment losses is the estimated amount of losses in the Group's loan portfolio, based on the evaluation of the estimated future cash flows discounted at the loan's original effective interest rate. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. Loans and receivables are written off against the allowance for impairment losses when management believes that the collectibility of the principal is unlikely.

The Group's loans and receivables are presented as Loans and Other Receivables in the balance sheets.

(b) Available-for-sale Financial Assets

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.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity. Gains and losses arising from securities classified as available-for-sale are recognized in the income statement when these are sold or when the investment is impaired.

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

Available-for-sale Securities are presented as part of Other Assets in the balance sheets.

Impairment losses recognized on financial assets are included as part of Impairment and Credit Losses under Operating Costs and Expenses in the income statements (see Note 15).

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows (such as dividend income) of the underlying net asset base of the investment.

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

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

2.6 Property and Equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and amortization and any impairment in value.

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 any impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Except for certain equipment which are depreciated based on the rate of utilization, depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets as follows:

Transportation and other equipment	2-8 years
Furniture, fixtures, and others	3-5 years

Leasehold 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 2.17).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

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

2.7 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 properties acquired by the Parent Company from defaulting borrowers not held for sale in the next twelve months. For these assets, the cost is recognized initially at the fair market 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 in value.

The Group adopted the cost model in measuring its investment properties, hence, these are carried at cost less accumulated depreciation and any impairment in value. Depreciation and impairment loss are recognized in the same manner as in Property and Equipment.

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

2.8 Financial Liabilities

Financial liabilities of the Group include bills payable, accounts payable and other liabilities and lease deposits, which are measured at amortized cost using the effective interest method.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are included as part of Interest and Financing Charges under Operating Costs and Expenses in the income statements (see Note 15).

Bills payable are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

Lease deposits are initially recognized at fair value. The excess of the principal amount of the deposits over its fair value is immediately recognized and is included as part of Fair Value Gains under Other Income in the income statements (see Note 14). Meanwhile, interest expense on the lease deposits is accrued using the effective interest method and is included as part of Interest and Financing Charges under Operating Costs and Expenses in the income statements (see Note 15).

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

2.9 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 balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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

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

2.10 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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.

2.11 Residual Value of Leased Assets

The residual value of leased assets, which approximates the amount of lease 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 receivable of the leased asset is generally applied against the lease deposit of the lessee.

2.12 Equity

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

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.

Treasury shares are stated at the cost of re-acquiring such shares.

Fair value loss on available-for-sale securities pertains to cumulative mark-to-market valuation of available-for-sale securities.

Retained earnings include all current and prior period results as disclosed in the income statement.

2.13 Revenue and Expense Recognition

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

(a) *Interest income on finance lease receivables* – The interest income on finance lease is allocated over the lease term on a systematic and rational basis. The recognition of interest income on finance lease is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

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

(c) *Rent* – Revenue is recognized in the income statement on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(d) *Service fees* – Fees related to the administration and servicing a loan are recognized as revenue as the services are rendered.

Operating costs and expenses are recognized in the income statement upon utilization of the assets or services or at the date they are incurred.

2.14 Leases

The Group accounts for its leases as follows:

(a) Group as Lessor

Finance leases, where the Group transfers substantially all the risk and benefits incidental to ownership of the leased item to the lessee, are included in the balance sheets under Loans and Other Receivables account. A lease receivable is recognized at an amount equal to the net investment in the lease. The difference between the gross lease receivable and the net investment in the lease is recognized as unearned finance income. All income resulting from the receivable is included as part of Interest and Discounts in the income statements. Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases.

Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which they are earned.

(b) Group as Lessee

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

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

2.15 Functional Currency and Foreign Currency Transactions

(a) Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine peso, which is also the Group's functional and presentation currency.

(b) Transactions and Balances

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

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

2.16 Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about certain loss events, including, among others: significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in interest or principal payments; it is probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

(a) Assets carried at amortized cost. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and other receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the

loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. When practicable, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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

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

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

(b) *Assets carried at fair value with changes charged to equity.* In the case of investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

(c) *Assets carried at cost.* The Group assesses at each balance sheet date whether there is objective evidence that any of the unquoted equity securities and derivative assets linked to and required to be settled in such unquoted equity instruments, which are carried at cost and for which objective evidence of impairment exist. 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.

2.17 Impairment of Non-financial Assets

The Group's property and equipment, investment properties and other assets are subject to impairment testing.

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, some assets are tested individually for impairment and some are tested at 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.

2.18 Employee Benefits

(a) *Retirement Benefit Obligations*

Pension benefits are provided to employees through a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for

funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

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

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives.

Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

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

(b) Termination Benefits

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

(c) Compensated Absences

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

2.19 Income Taxes

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

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

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

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

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

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

2.20 Earnings Per Share (EPS)

Basic earnings per common share is determined by dividing net income by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend declared in the current period. The Group does not have dilutive common shares.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Operating and Finance Leases

The Parent Company has determined that it has transferred all the significant risks and rewards of ownership of the properties which are leased out on finance lease arrangements. Interest earned on finance lease arrangements amounted to P455.6 million, P432.5 million and P367.9 million in 2008, 2007 and 2006, respectively (see Note 6).

BDO Rental's operations involve operating leases. BDO Rental has determined that it retains all the significant risks and rewards of ownership over the properties which are leased out on operating lease arrangements. BDO Rental's rent income on operating lease arrangements amounted to P256.4 million, P58.4 million and P58.8 million in 2008, 2007 and 2006, respectively (see Note 17).

The Group has entered in various lease arrangements as a lessee. Critical judgment was exercised by management to distinguish each lease arrangement 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.

Rental expense charged to operations included as part of Occupancy and Equipment-Related Expenses under Operating Costs and Expenses in the income statements amounted to P13.6 million in 2008, P13.5 million in 2007 and P12.9 million in 2006 in the Group and Parent Company financial statements (see Note 15).

(b) Distinction Between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also 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 portion can be sold separately (or leased out separately under finance lease), the Group accounts for the 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 or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(c) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.9 and relevant disclosures are presented in Note 23.

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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.

Property and equipment, net of accumulated depreciation and amortization, amounted to P1.649 billion and P0.3 billion as of December 31, 2008 and 2007, respectively, in the Group financial statements and P15.2 million and P8.2 million as of December 31, 2008 and 2007, respectively, in the Parent Company financial statements (see Note 7).

There is no change in estimated useful lives of property and equipment during the year.

(b) Allowance for Impairment of Loans and Other Receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the

customers, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

Impairment losses on loans and other receivables amounted to about P75.0 million in 2008, P157.3 million in 2007 and P16.0 million in 2006 in the Group and Parent Company financial statements (see Note 6).

(c) Realizable Amount of Deferred Tax Assets

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

Deferred tax assets recognized gross of deferred tax liabilities, amounted to P62.4 million and P102.7 million as of December 31, 2008 and 2007, respectively, in the Group financial statements and P57.8 million and P97.9 million as of December 31, 2008 and 2007, respectively, in the Parent Company financial statements (see Note 21).

(d) Impairment of Non-financial Assets

Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.17. 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.

No impairment losses on investment properties and other assets were recognized in 2008. In 2007 and 2006, impairment on these non-financial assets amounted to P22.2 million and P14.4 million, respectively, in the Group financial statements and P22.2 million and P0.6 million, respectively, in the Parent Company financial statements (see Notes 8 and 9).

(e) Retirement and Other Benefits

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 2.18 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 expense and obligation to be recognized in such future periods.

The retirement benefit obligation and net unrecognized actuarial losses amounted to P14.7 million and P 27.0 million, respectively, in 2008, and the retirement benefit obligation and net unrecognized actuarial losses amounted to P13.6 million and P7.4 million, respectively, in 2007 (see Note 18).

(f) Fair Value of Financial Assets and Liabilities

The following table summarizes by category the carrying amounts and fair value of financial assets and liabilities not presented in the Group's and Parent Company's balance sheets at their fair value or where fair value is presented, such fair value is determined based on valuation techniques described below.

(Amounts in thousand pesos)

	2008			
	Group		**Parent Company**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash and cash equivalents	**P 186,128**	**P 186,128**	**P 171,907**	**P 171,907**
Loans and other receivables	**7,692,926**	**5,677,705**	**8,329,331**	**6,345,178**
Bills payable	**3,670,885**	**3,623,627**	**3,089,285**	**3,044,578**
Accounts payable and other liabilities	**194,129**	**194,094**	**159,506**	**159,506**
Lease deposits	**2,025,496**	*****	**1,742,858**	*****

	2007			
	Group		Parent Company	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	P 210,180	P 210,180	P 204,653	P 204,653
Loans and other receivables	8,175,211	6,911,358	8,158,782	6,894,929
Bills payable	3,513,221	3,270,911	3,312,021	3,069,711
Accounts payable and other liabilities	238,094	238,094	232,353	232,353
Lease deposits	1,547,980	*	1,521,685	*

** not determined*

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

(i) Cash and cash equivalents

The fair values of cash and cash equivalents approximate carrying amounts given their short-term maturities.

(ii) Loans and other receivables

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

(iii) Bills payable

The estimated fair value of bills payable represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Accounts payable and other liabilities

Fair values approximate carrying amounts given the short-term maturities of the liabilities.

(v) Lease deposits

Lease deposits are carried at amortized cost which represents the present value.

4. RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

4.1 Foreign Currency Risk

The Parent Company's foreign-currency denominated financial assets and liabilities translated into Philippine pesos at the closing rate at December 31, 2008 and 2007, and Philippine peso-denominated financial assets and liabilities as of December 31, 2008 and 2007, are as follows:

	2008			2007		
	U.S. Dollar	Philippine Peso	Total	U.S. Dollar	Philippine Peso	Total
Cash and cash equivalents	P 3,699,097	P 182,429,367	P 186,128,464	P 6,741,994	P 203,438,337	P 210,180,331
Loans and other receivables	-	7,692,930,296	7,692,930,296	-	8,175,211,308	8,175,211,308
Lease deposits	21,384,000	2,004,112,011	2,025,496,011	18,576,000	1,529,404,431	1,547,980,431

At December 31, 2008 and 2007, the currency exchange rates used to translate U.S. dollar denominated cash and cash equivalents amounting to $77,843 and $163,323 as of December 31, 2008 and 2007, respectively, and lease deposits amounting to $450,000 as of December 31, 2008 and 2007 to the Philippine pesos are P47.52 and P41.28, respectively.

The following table illustrates the sensitivity of the net result for the year and equity with regard to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate. It assumes a +/-6.57% change and +/-4.55% change of the Philippine peso/U.S. dollar exchange rate at December 31, 2008 and 2007, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each balance sheet date.

If the Philippine peso had strengthened against the U.S. dollar, then this would have the following impact on the Group's financial statements:

Decrease In	2008	2007
Income before tax	(P 754,628)	(P 351,110)
Equity	(1,160,966)	(540,170)

If the Philippine peso had weakened against the U.S. dollar, then this would have the following impact on the Group's financial statements:

Increase In		2008		2007
Income before tax	P	754,628	P	351,110
Equity		1,160,966		540,170

4.2 Interest Rate Risk

At December 31, 2008 and 2007, the Group is exposed to changes in market interest rates through its bills payable and a portion of BDO Leasing's loans and other receivables, which are subject to periodic interest rate repricing. All other financial assets and liabilities have fixed rates.

The Group follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The current composition of the Group's assets and liabilities results in significant negative gap positions for repricing periods under one year. Consequently, the Group may be vulnerable to increases in market interest rates. However, in consideration of the substantial net interest margins between the Group's marginal funding cost and its interest-earning assets; and favorable lease and financing terms which allow the Group to reprice annually, and to reprice at anytime in response to extraordinaty fluctuations in interest rates, the Group believes that the adverse impact of any interest rate increase would be limited. In addition, during periods of declining interest rates, the existence of a negative gap position favorably impacts the Group.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates for bills payable of +/-5.25% at December 31, 2008 and +/-2.95% at December 31, 2007 to a reasonably possible change in interest rates for loans and other receivables of +/-39.55% at December 31, 2008 and +/-15.13% at December 31, 2007. These changes are considered to be reasonably possible based on observation of current market conditions for the past 12 months. The calculations are based on the Group's financial instruments held at each balance sheet date. All other variables are held constant.

	2008				2007			
Loans and other receivables		+39.55%		-39.55%		+15.13%		-15.13%
Bills payable		+5.25%		-5.25%		+2.95%		-2.95%
Group								
Increase (decrease) in:								
Income before tax	P	6,474,539	(P	6,474,539)	P	2,488,305	(P	2,488,305)
Equity		4,208,451	(	4,208,451)		1,617,399	(	1,617,399)
Parent Company								
Increase (decrease) in:								
Income before tax	P	5,488,681	(P	5,488,681)	P	1,929,015	(P	1,929,015)
Equity		3,567,643	(	3,567,643)		1,253,860	(	1,253,860)

4.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual borrowers, and groups of borrowers and industry segments. The Group maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy.

The Group actively seeks to increase its exposure in industry sectors which it believes possess attractive growth opportunities. Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal.

Although the Group's leasing and financing portfolio is composed of transactions with a wide variety of businesses, the results of operation and financial condition of the Group may be adversely affected by any downturn in these sectors as well as in the Philippine economy in general.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The concentration of credit risk for the Group and the Parent Company follows:

Group

	2008		
	Cash and Cash Equivalents	**Loans and Other Receivables**	**Available-for-sale Securities**
Concentration by sector:			
Manufacturing	P -	P 2,240,687,328	P -
Financial intermediaries	186,128,464	129,714,276	-
Transportation and communication	-	1,198,756,576	-
Wholesale and retail trade and personal activities	-	1,338,309,065	-
Real estate, renting and business activities	-	239,734,898	-
Agriculture, fishing and forestry	-	35,127,939	-
Other community, social and personal activities	-	2,510,596,214	1,117,938
	P 186,128,464	**P 7,692,926,296**	**P 1,117,938**

	2007		
	Cash and Cash Equivalents	Loans and Other Receivables	Available-for-sale Securities
Concentration by sector:			
Manufacturing	P -	P 2,710,539,520	P -
Financial intermediaries	210,180,331	389,423,239	-
Transportation and communication	-	1,666,605,894	-
Wholesale and retail trade and personal activities	-	1,007,818,370	-
Real estate, renting and business activities	-	225,304,437	-
Agriculture, fishing and forestry	-	58,438,705	-
Other community, social and personal activities	-	2,117,081,143	1,087,000
	P 210,180,331	P 8,175,211,308	P 1,087,000

Parent Company

	2008		
	Cash and Cash Equivalents	**Loans and Other Receivables**	**Available-for-sale Securities**
Concentration by sector:			
Manufacturing	P -	P 2,240,687,328	P -
Financial intermediaries	171,906,630	129,714,276	-
Transportation and communication	-	1,198,756,576	-
Wholesale and retail trade and personal activities	-	1,338,309,065	-
Real estate, renting and business activities	-	896,982,404	-
Agriculture, fishing and forestry	-	35,127,939	-
Other community, social and personal activities	-	2,489,734,183	1,117,938
	P 171,906,630	**P 8,329,330,711**	**P 1,117,938**

	2007		
	Cash and Cash Equivalents	Loans and Other Receivables	Available-for-sale Securities
Concentration by sector:			
Manufacturing	P -	P 2,710,539,521	P -
Financial intermediaries	204,653,076	389,423,239	-
Transportation and communication	-	1,666,605,894	-
Wholesale and retail trade and personal activities	-	1,007,818,370	-
Real estate, renting and business activities	-	225,304,438	-
Agriculture, fishing and forestry	-	58,438,705	-
Other community, social and personal activities	-	2,100,651,558	1,087,000
	P 204,653,076	P 8,158,781,725	P 1,087,000

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The carrying amount of financial assets recorded in the Group financial statements represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

	2008	
	Loans and Other Receivables	**Available-for-Sale Securities**
Carrying Amount	**P 7,692,926,296**	**P 1,117,938**
Individually Impaired		
Grade D: Impaired	196,867,282	-
Grade E: Impaired	247,534,888	-
Grade F: Impaired	45,804,614	-
Gross Amount	490,206,784	-
Allowance for impairment	(124,147,805)	-
Carrying amount	366,058,979	-
Past due but not impaired		
Grade A	144,843,759	-
Aging of Past Due		
30- 60 days	208,440	-
61-90 days	2,488,106	-
91-180 days	90,145,762	-
More than 180 days	52,001,451	-
Carrying amount	144,843,759	-
Neither past due nor impaired		
Grade A	7,182,023,558	1,117,938
Total carrying amount	**P 7,692,926,296**	**P 1,117,938**

	2007	
	Loans and Other Receivables	Available-for-Sale Securities
Carrying Amount	P 8,175,211,308	P 1,087,000
Individually Impaired		
Grade D: Impaired	41,054,759	-
Grade E: Impaired	254,750,489	-
Grade F: Impaired	73,079,493	-
Gross Amount	368,884,741	-
Allowance for impairment	(207,090,581)	-
Carrying amount	161,794,160	-
Past due but not impaired		
Grade A	176,486,940	-
Aging of Past Due		
30- 60 days	1,968,729	-
61-90 days	7,904,690	-
91-180 days	47,240,818	-
More than 180 days	119,372,703	-
Carrying amount	176,486,940	-
Neither past due nor impaired		
Grade A	7,836,930,208	1,087,000
Total carrying amount	**P 8,175,211,308**	**P 1,087,000**

The Group holds collateral against loans and other receivables in the form of mortgage interests over real and personal properties. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not held against available-for-sale securities, and no such collateral was held at December 31, 2008 and 2007.

The Group holds collateral against loans and other receivables in the form of real and personal properties. An estimate of the fair value of collateral and other security enhancements held against loans and other receivables as of December 31, 2008 and 2007 is shown below:

		2008		2007
Against past due but not impaired				
Real property	P	**54,671,043**	P	427,065,255
Personal property		**112,830,950**		505,794,382
Against neither past due nor impaired				
Real property		**997,921,698**		1,671,753,058
Personal property		**9,120,095,964**		7,334,226,834
	P	**10,285,519,655**	P	9,938,839,529

4.4 Liquidity Risk

The primary business of financing companies entails the borrowing and relending of funds. Consequently, financing companies are subject to substantial leverage, and may therefore be exposed to the potential financial risks that accompany borrowing.

The Group expects that its continued asset expansion will result in higher funding requirements in the future. Like most financing companies in the Philippines, the Group does not have a license to engage in quasi-banking function, and as such, it is precluded from engaging in deposit-taking activities. In addition, it is precluded under the General Banking Act from incurring borrowings from more than 19 lenders at any one time, which to some extent, restricts its access to the public debt markets.

The Group believes that it currently has adequate debt funding from banks, other financial institutions, and through the issuance of short term Commercial Papers (STCPs). The Group has a license from the SEC to issue P4 billion STCPs.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflow due in its day-to-day business.

Presented below are the financial assets and liabilities as of December 31, 2008 and 2007 analyzed according to when they are expected to be recovered or settled. The amounts of financial liabilities disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amounts included in the balance sheet because the balance sheet amounts are based on discounted cash flows.

2008	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Group					
Financial assets					
Cash and cash equivalents	P 186,128,464	P -	P -	P -	P 186,128,464
Loans and other receivables	2,099,934,105	2,154,702,211	2,708,480,982	729,808,998	7,692,926,296
Other assets	1,117,937	-	-	-	1,117,937
	P 2,287,180,506	P 2,154,702,211	P 2,708,480,982	P 729,808,998	P 7,880,172,697
Financial liabilities					
Bills payable	P 3,136,867,184	P 544,684,834	P -	P -	P 3,681,552,018
Accounts payable and other liabilities	158,793,424	-	-	14,661,499	173,454,923
Lease deposits	168,653,080	430,015,778	1,321,838,786	223,799,617	2,144,307,261
	P 3,464,313,688	P 974,700,612	P 1,321,838,786	P 238,461,116	P 5,999,314,202
Parent Company					
Financial assets					
Cash and cash equivalents	P 171,906,630	P -	P -	P -	P 171,906,630
Loans and other receivables	2,501,338,520	2,389,702,211	2,708,480,982	729,808,998	8,329,330,711
Other assets	1,117,937	-	-	-	1,117,937
	P 2,674,363,087	P 2,389,702,211	P 2,708,480,982	P 729,808,998	P 8,502,355,278
Financial liabilities					
Bills payable	P 2,548,961,133	P 544,684,834	P -	P -	P 3,093,645,967
Accounts payable and other liabilities	144,844,202	-	-	14,661,499	159,505,701
Lease deposits	167,087,017	423,930,626	994,994,596	220,025,481	1,806,037,720
	P 2,860,892,352	P 968,615,460	P 994,994,596	P 234,686,980	P 5,059,189,388

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	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
2007					
Group					
Financial assets					
Cash and cash equivalents	P 210,180,331	P -	P -	P -	P 210,180,331
Loans and other receivables	2,109,202,543	2,168,409,179	3,333,374,077	564,225,509	8,175,211,308
Other assets	1,087,000	-	-	-	1,087,000
	P 2,320,469,874	P 2,168,409,179	P 3,333,374,077	P 564,225,509	P 8,386,478,639
Financial liabilities					
Bills payable	P 2,854,540,106	P 34,081,891	P 706,110,405	P -	P 3,594,732,402
Accounts payable and other liabilities	-	224,493,858	-	13,599,738	238,093,596
Lease deposits	85,587,672	339,939,051	975,815,852	241,971,154	1,643,313,729
	P 2,940,127,778	P 598,514,800	P 1,681,926,257	P 255,570,892	P 5,476,139,727
Parent Company					
Financial assets					
Cash and cash equivalents	P 204,653,076	P -	P -	P -	P 204,653,076
Loans and other receivables	2,109,202,543	2,151,979,596	3,333,374,077	564,225,509	8,158,781,725
Other assets	1,087,000	-	-	-	1,087,000
	P 2,314,942,619	P 2,151,979,596	P 3,333,374,077	P 564,225,509	P 8,364,521,801
Financial liabilities					
Bills payable	P 2,652,212,988	P 34,081,891	P 706,110,405	P -	P 3,392,405,284
Accounts payable and other liabilities	-	218,753,399	-	13,599,738	232,353,137
Lease deposits	80,469,488	319,126,221	913,985,375	208,103,876	1,521,684,960
	P 2,732,682,476	P 571,961,511	P 1,620,095,780	P 221,703,614	P 5,146,443,381

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	Group		Parent Company	
	2008	2007	**2008**	2007
Cash on hand and in banks	**P 184,058,876**	P 181,154,051	**P 169,837,042**	P 175,626,796
Cash equivalents	**2,069,588**	29,026,280	**2,069,588**	29,026,280
	P 186,128,464	P 210,180,331	**P 171,906,630**	P 204,653,076

Cash in banks earn interest at rates based on daily bank deposit rates. Cash equivalents represent a special savings account and time-deposit with annual interest rate ranging from 2.375% to 3.00% in 2008 and 0.75% and 3.50% in 2007.

6. LOANS AND OTHER RECEIVABLES

This account consists of the following:

	Group		Parent Company	
	2008	2007	**2008**	2007
Receivable from customers:				
Finance lease receivables	**P 3,587,101,500**	P 3,875,130,372	**P 3,587,101,500**	P 3,875,130,372
Residual value of leased assets	**1,664,751,989**	1,438,325,567	**1,664,751,989**	1,438,325,567
Unearned lease income	**(526,461,007)**	(562,641,824)	**(526,461,007)**	(562,641,824)
	4,725,392,482	4,750,814,115	**4,725,392,482**	4,750,814,115
Loans and receivables financed	**3,643,534,416**	4,312,877,192	**4,306,425,256**	4,312,877,192
Unearned finance income	**(515,879,834)**	(641,817,719)	**(521,524,227)**	(641,817,719)
Clients' equity	**(127,251,434)**	(79,917,520)	**(127,251,434)**	(79,917,520)
	3,000,403,148	3,591,141,953	**3,657,649,595**	3,591,141,953
Other receivables:				
Accounts receivable	**52,249,291**	34,654,234	**31,407,259**	18,224,652
Sales contract receivable	**47,448,734**	9,141,270	**47,448,734**	9,141,270
Advances to gratuity fund	**-**	3,346,051	**-**	3,346,050
Accrued interest receivable	**376,926**	2,000,746	**376,926**	2,000,746
	100,074,951	49,142,301	**79,232,919**	32,712,718
Total	**7,825,870,581**	8,391,098,369	**8,462,274,996**	8,374,668,786
Less allowance for impairment losses	**(132,944,285)**	(215,887,061)	**(132,944,285)**	(215,887,061)
	P 7,692,926,296	P 8,175,211,308	**P 8,329,330,711**	P 8,158,781,725

As of December 31, 2008 and 2007, 61% and 54%, respectively, of the total receivables from customers of the Group are subject to periodic interest repricing. Remaining receivables from customers earn annual fixed interest rates ranging from 9% to 37% in 2008 and 9% to 40% in 2007.

The fair value loss on initial recognition of the residual value receivables under finance lease amounted to P14,182,647 and P92,576,184 in 2008 and 2007, respectively, (none in 2006), and is presented as part of Fair Value Gains under Other Income in the Group income statements (see Note 14).

Interest income on receivables pertaining to the residual value of assets under finance lease accrued using the effective interest method amounted to P31,139,041, P47,875,440 and nil in 2008, 2007 and 2006, respectively, and is presented as part of Interest and Discounts in the Group income statements.

The breakdown of total loans as to secured and unsecured follows:

	Group		Parent Company	
	2008	2007	**2008**	2007
Secured:				
Real estate mortgage	**P 944,395,347**	P 996,222,263	**P 944,395,347**	P 996,222,263
Chattel mortgage	**5,949,493,879**	6,035,966,256	**5,982,651,848**	6,035,966,256
	6,893,889,226	7,032,188,519	**6,927,047,195**	7,032,188,519
Unsecured	**799,037,070**	1,143,022,789	**1,402,283,516**	1,126,593,206
	P 7,692,926,296	P 8,175,211,308	**P 8,329,330,711**	P 8,158,781,725

An analysis of the Parent Company's finance lease receivables as of December 31, 2008 and 2007 follows:

	2008	2007
Maturity of gross investment in:		
Finance lease receivables		
Within 1 year	P 2,263,034,090	P 1,931,378,049
Beyond 1 year but not beyond 5 years	1,324,067,410	1,943,752,323
	3,587,101,500	3,875,130,372
Residual value of leased assets		
Within 1 year	568,968,903	350,733,514
Beyond 1 year but not beyond 5 years	1,095,783,086	1,087,592,053
	1,664,751,989	1,438,325,567
Gross finance lease receivable	5,251,853,489	5,313,455,939
Unearned lease income	(526,461,007)	(562,641,824)
Net investment in finance lease receivables	P 4,725,392,482	P 4,750,814,115

An analysis of the Parent Company's net investment in finance lease receivables follows:

	2008	2007
Due within 1 year	P 2,763,864,205	P 2,057,244,959
Due beyond 1 year but not beyond 5 years	1,961,528,277	2,693,569,156
Net investment in finance lease receivables	P 4,725,392,482	P 4,750,814,115

Past due finance lease receivables amounted to P344.9 million and P250.3 million as of December 31, 2008 and 2007, respectively.

Past due loans and receivables financed amounted to P290.1 million and P441.0 million as of December 31, 2008 and 2007, respectively.

During 2008 and 2007, the Board of Directors approved the write-off of certain loans and receivables financed and finance lease receivables with total amount of P157.9 million and P168.6 million, respectively.

Interest and discounts in the income statements consists of interest on:

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Loans and receivables financed	P 555,979,151	P 644,059,633	P 569, 069,663	P 562,123,980	P 644,059,633	P 569,069,663
Finance lease receivables	455,610,225	432,473,319	367,881,228	455,610,225	432,473,319	367,881,228
Due from affiliates and other loans	404,866	853,856	8,061,509	349,455	794,935	7,940,964
Cash and cash equivalents	467,937	439,615	860,185	458,381	433,557	855,407
	P 1,012,462,179	P 1,077,826,423	P 945,872,585	P 1,018,542,041	P 1,077,761,444	P 945,747,262

The changes in the allowance for impairment losses are summarized below:

	Group		Parent Company	
	2008	2007	2008	2007
Balance at beginning of year	P 215,887,061	P 227,240,561	P 215,887,061	P 227,240,561
Impairment loss during the year	75,000,000	157,284,536	75,000,000	157,284,536
Accounts written-off	(157,942,776)	(168,638,036)	(157,942,776)	(168,638,036)
Balance at end of year	P 132,944,285	P 215,887,061	P 132,944,285	P 215,887,061

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2008 and 2007 are shown below.

	Transportation and Other Equipment	Furniture, Fixtures and Others	Leasehold Improvements	Total
Group				
December 31, 2008				
Cost	**P 1,847,892,491**	**P 18,783,702**	**P 9,790,926**	**P 1,876,467,119**
Accumulated depreciation and amortization	**(213,390,712)**	**(11,953,749)**	**(1,438,377)**	**(226,782,838)**
Net carrying amount	**P 1,634,501,779**	**P 6,829,953**	**P 8,352,549**	**P 1,649,684,281**
December 31, 2007				
Cost	P 345,521,205	P 19,530,940	P 3,242,529	P 368,294,674
Accumulated depreciation and amortization	(43,707,738)	(13,819,867)	(683,683)	(58,211,288)
Net carrying amount	P 301,813,467	P 5,711,073	P 2,558,846	P 310,083,386
January 1, 2007				
Cost	P 252,745,151	P 35,912,222	P 2,667,736	P 291,325,109
Accumulated depreciation and amortization	(22,498,803)	(18,984,197)	(847,706)	(42,330,706)
Net carrying amount	P 230,246,348	P 16,928,025	P 1,820,030	P 248,994,403
Parent Company				
December 31, 2008				
Cost	P -	P 18,783,702	P 9,761,551	P 28,545,253
Accumulated depreciation and amortization	-	(11,953,749)	(1,409,002)	(13,362,751)
Net carrying amount	**P -**	**P 6,829,953**	**P 8,352,549**	**P 15,182,502**
December 31, 2007				
Cost	P -	P 19,530,940	P 3,134,824	P 22,665,764
Accumulated depreciation and amortization	-	(13,819,867)	(605,352)	(14,425,219)
Net carrying amount	P -	P 5,711,073	P 2,529,472	P 8,240,545
January 1, 2007				
Cost	P -	P 35,912,221	P 2,550,240	P 38,462,461
Accumulated depreciation and amortization	-	(18,984,196)	(798,750)	(19,782,946)
Net carrying amount	P -	P 16,928,025	P 1,751,490	P 18,679,515

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2008 and 2007 is shown below.

	Transportation and Other Equipment	Furniture, Fixtures and Others	Leasehold Improvements	Total
Group				
Balance at January 1, 2008, net of accumulated depreciation and amortization	**P 301,813,467**	**P 5,711,073**	**P 2,558,846**	**P 310,083,386**
Additions	**1,511,587,319**	**6,409,892**	**7,620,428**	**1,525,617,639**
Disposals	**(6,524,189)**	**(1,643,208)**	**(388,348)**	**(8,555,745)**
Depreciation and amortization charges for the year	**(172,374,818)**	**(2,743,271)**	**(1,438,377)**	**(177,460,999)**
Balance at December 31, 2008, net of accumulated depreciation and amortization	**P 1,634,501,779**	**P 6,829,953**	**P 8,352,549**	**P 1,649,684,281**
Balance at January 1, 2007, net of accumulated depreciation and amortization	P 230,246,348	P 16,928,025	P 1,820,030	P 248,994,403
Additions	94,313,472	3,284,242	1,424,786	99,022,500
Disposals	(310,681)	(8,774,127)	(2,287)	(9,087,095)
Depreciation and amortization charges for the year	(22,435,672)	(5,727,067)	(683,683)	(28,846,422)
Balance at December 31, 2007, net of accumulated depreciation and amortization	P 301,813,467	P 5,711,073	P 2,558,846	P 310,083,386
Parent Company				
Balance at January 1, 2008, net of accumulated depreciation and amortization	**P -**	**P 5,711,073**	**P 2,529,472**	**P 8,240,545**
Additions	**-**	**6,409,892**	**7,620,427**	**14,030,319**
Disposals	**-**	**(1,643,208)**	**(388,348)**	**(2,031,556)**
Depreciation and amortization charges for the year	**-**	**(3,647,804)**	**(1,409,002)**	**(5,056,806)**
Balance at December 31, 2008, net of accumulated depreciation and amortization	**P -**	**P 6,829,953**	**P 8,352,549**	**P 15,182,502**
Balance at January 1, 2007, net of accumulated depreciation and amortization	**P** -	P 16,928,025	P 1,751,490	P 18,679,515
Additions	-	3,284,242	1,424,786	4,709,028
Disposals	(-)	(8,774,127)	(2,287)	(8,776,414)
Depreciation and amortization charges for the year	(-)	(5,727,067)	(644,517)	(6,371,584)
Balance at December 31, 2007, net of accumulated depreciation and amortization	P -	P 5,711,073	P 2,529,472	P 8,240,545

Depreciation and amortization charges for the year are included as part of Occupancy and Equipment-Related Expenses under Operating Costs and Expenses in the income statements (see Note 15).

In 2008, the Group entered into sale and lease back transactions classified as operating lease with a lessee, with lease terms ranging from 20 to 24 months, involving various equipment with gross carrying amount and accumulated depreciation as of December 31, 2008 as follows:

Cost	P	1,370,033,704
Accumulated depreciation	(	95,372,860)
Net carrying amount	P	1,274,660,844

Total operating lease income earned from the leases with the lessee presented as part of Rent in the Group income statements amounted to P111,378,455 in 2008. The carrying amount of lease deposits payable to the lessee amounted to P239,753,078 as of December 31, 2008. Interest expense accrued on such lease deposits included as part of Interest and Financing Charges under Operating Costs and Expenses in the Group income statements amounted to P1,842,692 in 2008.

As of December 31, 2008 and 2007, the net book value of transportation and other equipment leased out by the Group under operating lease arrangements amounted to P1,580,358,279 and P292,849,527, respectively.

8. INVESTMENT PROPERTIES

Investment properties include land and building and improvements held for rentals and capital appreciation.

The carrying amounts and accumulated depreciation at the beginning and end of 2008 and 2007 in the Group and Parent Company financial statements are shown below.

2008		Land		Building and Improvements		Total
December 31, 2008						
Cost	P	682,376,673	P	110,339,165	P	792,715,838
Accumulated depreciation		-	(	25,949,117)	(	25,949,117)
Accumulated impairment		-	(	15,137,623)	(	15,137,623)
Net carrying amount	**P**	**682,376,673**	**P**	**69,252,425**	**P**	**751,629,098**
2007						
December 31, 2007						
Cost	P	613,560,612	P	134,314,692	P	747,875,304
Accumulated depreciation		-	(	18,745,752)	(	18,745,752)
Accumulated impairment		-	(	22,852,816)	(	22,852,816)
Net carrying amount	P	613,560,612	P	92,716,124	P	706,276,736
January 1, 2007						
Cost	P	597,580,037	P	82,118,062	P	679,698,099
Accumulated depreciation		-	(	5,617,947)	(	5,617,947)
Accumulated impairment		-	(	701,472)	(	701,472)
Net carrying amount	P	597,580,037	P	75,798,643	P	673,378,680

A reconciliation of the carrying amounts at the beginning and end of 2008 and 2007 of investment properties in the Group and Parent Company financial statements is shown below.

2008		Land		Building and Improvements		Total
Balance at January 1, 2008, net of accumulated depreciation and impairment	P	613,560,612	P	92,716,124	P	706,276,736
Additions		82,899,599		31,817,925		114,717,524
Disposals	(	14,083,538)	(	46,640,132)	(	60,723,670)
Depreciation and amortization charges for the year		-	(	8,641,492)	(	8,641,492)
Balance at December 31, 2008, net of accumulated depreciation and impairment	**P**	**682,376,673**	**P**	**69,252,425**	**P**	**751,629,098**

	Land	Building and Improvements	Total
2007			
Balance at January 1, 2007, net of accumulated depreciation and impairment	P 597,580,037	P 75,798,643	P 673,378,680
Additions	47,754,760	62,848,638	110,603,398
Disposals	(31,774,185)	(9,434,290)	(41,208,475)
Depreciation and amortization charges for the year	-	(14,345,523)	(14,345,523)
Impairment loss for the year	-	(22,151,344)	(22,151,344)
Balance at December 31, 2007, net of accumulated depreciation and impairment	P 613,560,612	P 92,716,124	P 706,276,736

The appraised values of the investment properties as of December 31, 2008 and 2007 follow:

	2008	2007
Land	**P 950,255,513**	P 721,110,756
Building and improvements	**115,675,047**	97,767,243
	P 1,065,930,560	P 818,877,999

Income (loss) from sale of investment properties lodged under Miscellaneous Income amounted to P3.9 million, (P11.7 million) and P4.5 million in 2008, 2007, and 2006, respectively.

A reconciliation of the allowance for impairment on investment properties at the beginning and end of 2008 and 2007 is shown below.

	2008	2007
Balance at beginning of year	**P 22,852,816**	P 701,472
Impairment during the year	**-**	22,151,344
Disposals	**(7,715,193)**	-
Balance at end of year	**P 15,137,623**	P 22,852,816

9. OTHER ASSETS

Other assets consist of the following:

	Group		Parent Company	
	2008	2007	**2008**	2007
Input value-added tax (VAT)	**P 85,543,670**	P 23,750,712	**P -**	P -
Investment in a subsidiary	**-**	-	**46,875,000**	40,000,000
Prepaid expenses	**27,580,847**	12,643,456	**26,568,336**	12,092,059
Repossessed chattels and other equipment - net	**23,048,619**	18,335,333	**23,048,619**	18,335,333
Available-for-sale securities	**1,117,938**	1,087,000	**1,117,938**	1,087,000
Miscellaneous - net	**4,578,098**	6,552,223	**4,365,227**	6,336,464
	141,869,172	62,368,724	**101,975,120**	37,850,856
Allowance for impairment losses	**(13,783,137)**	(13,783,137)	**-**	-
	P 128,086,035	**P** 48,585,587	**P 101,975,120**	P 77,850,856

Input VAT includes transitional input tax and the VAT due or paid by the Group on purchases of goods, properties, and services, including lease or use of properties in the ordinary course of business.

Investment in a subsidiary represents 100% ownership of the Group in BDO Rental.

The movements of this account are presented below.

	2008	2007
Balance at beginning of year	P 40,000,000	P 10,000,000
Additions during the year	-	30,000,000
	40,000,000	40,000,000
Deposit for stock subscription	6,875,000	-
Balance at end of year	P 46,875,000	P 40,000,000

The gross carrying amounts and accumulated depreciation of repossessed chattels and other equipment are shown below.

	2008	2007
Cost	P 31,651,291	P 20,322,006
Accumulated depreciation	(8,602,672)	(1,986,673)
Net carrying amount	P 23,048,619	P 18,335,333

A reconciliation of the carrying amounts of repossessed chattels and other equipment at the beginning and end of 2008 and 2007 is shown below.

	2008	2007
Balance at January 1, net of accumulated depreciation	P 18,335,333	P 39,757,993
Additions	28,903,404	57,102,192
Disposals	(14,517,949)	(73,417,585)
Depreciation charges for the year	(9,672,169)	(5,107,267)
Net carrying amount	P 23,048,619	P 18,335,333

No impairment loss was recognized on repossessed chattels and other equipment in 2008 and 2007.

Available-for-sale securities consist of Philippine Long Distance Telephone Co. (PLDT) preferred and golf and country club shares of stock. These securities are carried net of fair value loss of P262,063 and P285,000 as of December 31, 2008 and 2007, respectively.

10. BILLS PAYABLE

This account consists of borrowings from:

	Group		Parent Company	
	2008	2007	2008	2007
Banks	P 1,635,284,834	P 2,693,020,864	P 1,053,684,834	P 2,491,820,864
Others	2,035,600,000	820,200,000	2,035,600,000	820,200,000
Accrued interest	10,667,185	9,371,812	4,361,133	8,440,527
	P 3,681,552,019	P 3,522,592,676	P 3,093,645,967	P 3,320,461,391

Bills payable to banks represent peso borrowings from BDO Unibank and other local banks, with annual interest rates ranging from 6.00% to 9.25% in 2008 and 5.50% to 6.95% in 2007. As of December 31, 2008 and 2007, bills payable - others represent short-term notes issued to individual investors, with annual interest rates ranging from 4.00% to 7.48% and 4.00% to 6.25%, respectively.

The breakdown of bills payable as to secured and unsecured follows:

	Group				Parent Company			
		2008		2007		**2008**		2007
Secured:								
Real estate mortgage	**P**	**255,106,229**	P	-	**P**	**255,106,229**	P	-
Chattel mortgage		**-**		-		**-**		-
		255,106,229		-		**255,106,229**		-
Unsecured		**3,426,445,790**		3,522,592,676		**2,838,539,738**		3,320,461,391
	P	**3,681,552,019**	P	3,522,592,676	**P**	**3,093,645,967**	P	3,320,461,391

Interest and financing charges consist of interest on:

	Note		**2008**		2007		2006
Group							
Bills payable - banks		**P**	**150,814,395**	P	182,524,174	P	192,586,351
Bills payable - others			**80,796,497**		46,424,489		38,447,238
Amortization on lease deposits	12		**52,847,350**		72,409,014		954,907
		P	**284,458,242**	P	301,357,677	P	231,988,496
Parent Company							
Bills payable - banks		**P**	**130,349,039**	P	171,413,871	P	182,521,518
Bills payable - others			**80,796,497**		46,424,489		38,447,238
Amortization on lease deposits			**44,057,711**		69,002,567		-
		P	**255,203,247**	P	286,840,927	P	220,968,756

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consist of the following:

	Note	Group				Parent Company			
			2008		2007		**2008**		2007
Deferred tax liabilities – net	21	**P**	**72,316,988**	P	40,903,255	**P**	**79,203,688**	P	40,828,803
Accounts payable			**40,785,978**		36,194,036		**29,903,667**		32,547,245
Deferred rent			**20,673,861**		-		**-**		-
Retirement benefit obligation			**14,661,499**		13,599,738		**14,661,499**		13,599,738
Accrued taxes and other expenses			**13,730,028**		15,071,168		**13,096,625**		14,762,375
Accrued insurance payable			**12,080,616**		17,497,231		**11,654,953**		16,974,827
Income tax payable - current			**8,945,139**		106,753,144		**190,059**		105,585,326
Withholding taxes payable			**4,335,581**		4,185,538		**4,240,756**		4,183,554
Other liabilities			**6,599,094**		3,889,486		**6,554,454**		3,871,269
		P	**194,128,784**	P	238,093,596	**P**	**159,505,701**	P	232,353,137

Management considers the carrying amounts of accounts payable and other liabilities recognized in the balance sheets to be reasonable approximation of their fair values due to their short duration.

12. LEASE DEPOSITS

Lease deposits consist of deposits on:

	Group				Parent Company			
		2008		2007		**2008**		2007
Finance leases	**P**	**1,742,857,670**	P	1,521,684,960	**P**	**1,742,857,671**	P	1,521,684,960
Operating leases		**282,638,341**		26,295,471		**-**		-
	P	**2,025,496,011**	P	1,547,980,431	**P**	**1,742,857,671**	P	1,521,684,960

The fair value gains on initial recognition of lease deposits (representing excess of principal amount over fair value of leased deposits) amounted to P65,281,566, P180,011,771 and P1,069,042 in 2008, 2007 and 2006, respectively, and are included as part of Fair Value Gains under Other Income in the Group income statements, net of fair value losses recognized on initial recognition of residual value receivables under finance lease (see Note 6).

Interest expense on lease deposits accrued using the effective interest method amounted to P52,847,350, P72,409,014 and P954,907 in 2008, 2007 and 2006, respectively, and is included as part of Interest and Financing Charges under Operating Costs and Expenses in the Group income statements (see Note 10).

13. EQUITY

13.1 Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are:

a. To ensure the Group's ability to continue as a going concern; and,
b. To provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheets.

13.2 Capital Stock

The Parent Company has 200,000 authorized preferred shares at P100 par value with the following features:

a. Issued serially in blocks of not less than 100,000 shares;
b. No pre-emptive rights to any or all issues on other disposition of preferred shares;
c. Entitled to cumulative dividends at a rate not higher than 20% yearly;
d. Subject to call or with rights for their redemption, either mandatory at a fixed or determinable date after issue; and
e. Nonvoting, except in cases expressly provided for by law.

As of December 31, 2008, 2007 and 2006, out of the total authorized capital stock of 3,400,000,000 common shares with par value of P1 per share, 2,225,169,030 common shares amounting to P2,225,169,030 are issued and outstanding.

As of December 31, 2008, the Parent Company has 1,280 stockholders owning 100 or more shares each of the Parent Company's common stock.

14. OTHER INCOME

This account is composed of the following:

	Notes	2008	2007	2006
Group				
Fair value gains - net	6, 12	P 51,098,919	P 87,435,587	P 1,069,042
Miscellaneous	16	27,831,244	3,324,160	35,105,926
		P 78,930,163	P 90,759,747	P 36,174,968
Parent Company				
Fair value gains - net		P 1,519,003	P 69,285,038	P -
Miscellaneous	16	28,354,924	3,780,911	35,996,520
		P 29,873,927	P 73,065,949	P 35,996,520

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(With Comparative Figures for 2006)

(Amounts in Philippine Pesos)

15. OPERATING COSTS AND EXPENSES

This account is composed of the following:

	Notes		2008		2007		2006
Group							
Interest and financing charges	10	P	**284,458,242**	P	301,357,677	P	231,988,496
Occupancy and equipment-related expenses	7, 8, 9		**221,220,692**		72,803,008		52,993,692
Employee benefits	18		**114,321,541**		127,595,759		140,390,316
Taxes and licenses	21		**80,726,673**		71,826,378		75,802,799
Impairment and credit losses	6, 8		**75,000,000**		179,435,880		29,762,091
Litigation/assets acquired expenses			**26,600,838**		27,424,468		21,481,428
Miscellaneous	16		**35,579,145**		38,053,863		41,263,190
		P	**837,907,131**	P	818,497,033	P	593,682,012
Parent Company							
Interest and financing charges	10	P	**255,203,247**	P	286,840,927	P	220,968,756
Occupancy and equipment-relatedexpenses			**48,471,542**		50,243,396		41,996,469
Employee benefits	18		**114,321,541**		127,595,759		140,390,316
Taxes and licenses	21		**78,307,642**		70,582,961		75,036,515
Impairment and credit losses	6, 8		**75,000,000**		179,435,880		15,978,954
Litigation/assets acquired expenses			**26,600,838**		27,424,468		21,481,428
Miscellaneous	16		**32,696,225**		37,580,913		41,135,620
		P	**630,601,035**	P	779,704,304	P	556,988,058

16. MISCELLANEOUS INCOME AND EXPENSES

Miscellaneous income is composed of the following:

		2008		2007		2006
Group						
Gain (loss) from sale and exchange of assets acquired	P	**9,151,898**	(P	17,718,448)	P	445,418
Rent		**6,805,837**		6,176,084		7,976,192
Recovery on accounts written-off		**4,709,858**		4,648,900		9,627,277
Others		**7,163,651**		10,217,624		17,057,039
	P	**27,831,244**	P	3,324,160	P	35,105,926
Parent Company						
Gain (loss) from sale and exchange of assets acquired	P	**9,151,898**	(P	17,718,448)	P	445,418
Rent		**6,805,837**		6,176,084		7,976,192
Recovery on accounts written-off		**4,709,858**		4,648,900		9,627,277
Others		**7,687,331**		10,674,375		17,947,633
	P	**28,354,924**	P	3,780,911	P	35,996,520

Miscellaneous expense is composed of the following:

	2008	2007	2006
Group			
Travelling	P 7,290,265	P 5,896,569	P 7,477,365
Security, clerical and messengerial	6,110,975	5,585,341	4,073,181
Management and other professional fees	3,822,494	2,489,155	2,810,338
Information technology	3,775,696	2,116,619	2,015,562
Entertainment, amusement and recreation	2,422,673	3,818,161	4,350,265
Fuel and lubricants	2,367,258	5,150,221	7,103,369
Foreign currency exchange loss (gain)	2,261,364	(284,288)	2,978,365
Supplies	2,123,329	1,557,973	1,547,594
Advertising and publicity	1,122,946	676,975	5,246,313
Others	4,282,145	11,047,137	3,660,838
	P 35,579,145	P 38,053,863	P 41,263,190
Parent Company			
Travelling	P 7,290,265	P 5,894,359	P 7,477,365
Security, clerical and messengerial	5,978,206	5,516,630	4,073,181
Management and other professional fees	3,822,494	2,489,155	2,810,338
Information technology	3,775,696	2,116,619	2,015,562
Entertainment, amusement and recreation	2,422,280	3,816,752	4,350,265
Fuel and lubricants	2,367,258	5,150,221	7,103,369
Foreign currency exchange loss (gain)	2,261,364	(284,288)	2,978,365
Supplies	2,103,814	1,557,973	1,505,820
Advertising and publicity	1,122,946	676,975	5,246,313
Others	1,551,902	10,646,517	3,575,042
	P 32,696,225	P 37,580,913	P 41,135,620

17. LEASES

The Parent Company's finance lease contracts generally have lease terms ranging from 24 to 60 months.

In the ordinary course of business, the Group enters into various operating leases with lease terms ranging from 6 to 60 months. Operating lease income presented under Rent account in the Group income statements for the years ended December 31, 2008, 2007 and 2006 amounted to P256.4 million, P58.4 million and P58.8 million, respectively.

Future minimum rentals receivable under operating leases follow:

	2008	2007
Within one year	P 765,373,681	P 7,915,279
After one year but not more than five years	457,775,617	218,934,523
	P 1,223,149,298	P 226,849,802

18. EMPLOYEE BENEFITS

18.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below:

	2008	2007	2006
Salaries and wages	P 65,066,221	P 47,878,808	P 39,100,419
Bonuses	23,875,615	44,445,372	85,468,421
Retirement - defined benefit plan	7,961,761	22,455,441	2,559,665
Social security costs	2,893,065	2,436,148	1,846,158
Other benefits	14,524,879	10,379,990	11,415,653
	P 114,321,541	P 127,595,759	P 140,390,316

18.2 Employee Retirement Benefit Obligation

The Parent Company maintains a wholly-funded, tax-qualified, noncontributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions.

The amounts of retirement benefit obligation presented in the balance sheets as part Accounts Payable and Other Liabilities, respectively, are determined as follows (see Note 11):

	2008	2007
Present value of the obligation	P 86,293,460	P 67,433,463
Fair value of plan assets	(44,648,051)	(46,415,173)
Excess of obligation	41,645,409	21,018,290
Unrecognized actuarial losses	(26,983,910)	(7,418,552)
Retirement benefit obligation	P 14,661,499	P 13,599,738

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

	2008	2007
Balance at beginning of year	P 67,433,463	P 33,174,773
Current service cost and interest cost	11,647,967	6,406,284
Actuarial losses	18,857,807	29,185,049
Benefits paid by the plan	(11,645,777)	(1,332,643)
Balance at end of year	P 86,293,460	P 67,433,463

The movement in the fair value of plan assets is presented below.

	2008	2007
Balance at beginning of year	P 46,415,173	P 43,455,879
Contributions paid into the plan	6,900,000	1,200,000
Benefits paid by the plan	(11,645,777)	(1,332,643)
Actuarial losses	(734,559)	(819,092)
Expected return on plan assets	3,713,214	3,911,029
Balance at end of year	P 44,648,051	P 46,415,173

Actual return on plan assets amounted P3.0 million in 2008 and P3.1 million in 2007.

The amounts of retirement benefits expense recognized in the income statements are as follows:

	2008	2007	2006
Current service costs	P 6,024,016	P 4,084,050	P 2,570,288
Interest costs	5,623,951	2,322,234	3,436,227
Expected return on plan assets	(3,713,214)	(3,911,029)	(3,467,636)
Effect of asset limit	-	(3,003,813)	-
Past service cost	-	237,151	20,655
Net actuarial loss recognized	27,008	22,726,848	131
	P 7,961,761	P 22,455,441	P 2,559,665

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

	2008	2007
Discount rates	11.38%	8.34%
Expected rate of return on plan assets	7.00%	8.00%
Expected rate of salary increases	10.00%	10.00%

19. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group enters into transactions with BDO Unibank and other affiliates. Under the Group's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks.

a. As of December 31, 2008 and 2007, total savings and demand deposit accounts maintained in BDO Unibank by the Group amounted to P54,195,299 and P189,846,725, respectively. Interest income earned on deposits amounted to P645,186 , P850,810 and P2,377,659 in 2008, 2007 and 2006, respectively.

b. Total bills payable to BDO Unibank amounted to P254,000,000 and P4,074,999 as of December 31, 2008 and 2007, respectively. Interest expense incurred on bills payable amounted to P11,272,437 , P22,524,722 and P116,692,741 in 2008, 2007 and 2006, respectively.

c. The Parent Company leases its head office premises from BDO Unibank for a period of five years from July 1, 2005 to June 30, 2010, renewable for such period and under such terms and conditions as may be agreed upon with the Parent Company. The rentals shall be increased on the 4th year at a rate of 15.00% of the current rate. Related rent expense incurred amounted to P12.7 million, P12.49 million and P9.25 million in 2008, 2007 and 2006, respectively.

d. 2008, the Parent Company granted short-term unsecured loan to BDO Rental amounting to P667,600,000, presented as part of Loans and Other Receivables in the Parent Company's balance sheets. The loan bears annual interest rates ranging from 8.00% to 8.75%. As of December 31, 2008, the carrying amount of the loan amounted to P657,246,447. Total interest income earned by the Parent Company amounted to P6,144,829 and is presented as part of Interest and Discounts in the Parent Company's income statement.

e. Loans to officers and employees, with annual interrest rates ranging from 9% to 10%, amounted to P441,452, P559,507 and P598,696 in 2008, 2007 and 2006, respectively. These loans have payment terms ranging from 18 to 36 months except for housing loans which are payable in 5 to 20 years.

f. Compensation of key management personnel (covering officer positions starting from Assistant Vice President and up) included as part of Employee Benefits under Operating Costs and Expenses in the income statements of the Group and Parent Company follows:

		2008		2007		2006
Short-term employee benefits	**P**	**20,680,000**	P	17,640,379	P	14,230,461
Post-employment pension and medical benefits		**-**		-		163,240
	P	**20,680,000**	P	17,640,379	P	14,393,701

Short-term employee benefits include salaries, paid annual leave and paid sick leave, profit sharing and bonuses, and non-monetary benefits.

20. BUSINESS SEGMENTS

For management purposes, the Group is organized into three major business segments, namely leasing, financing and others. These are also the basis of the Group in reporting its primary segment information.

The products under the leasing segment are the following:
- Direct leases; and
- Sale-and-leaseback arrangements.

The products under the financing segment are the following:
- Amortized commercial loans;
- Amortized retail loans;
- Installment paper purchases;
- Discounting of receivables; and
- Factoring of receivables.

The Group's products and services are marketed in Metro Manila and in its eight branches.

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

	2008			
	Leasing	Financing	Others	Total
Segment revenues	P 712,032	P 524,896	P 131,541	P 1,368,469
Segment expenses	435,974	321,391	80,542	837,907
Segment results	276,058	203,505	50,999	530,562
Income tax expense				164,978
Net income				P 365,584
Segment assets	P 6,490,588	P 2,880,230	P -	P 9,370,818
Unallocated assets				1,037,636
Total assets				P 10,408,454
Segment liabilities	P 3,726,212	P 1,970,169	-	P 5,696,381
Unallocated liabilities				204,796
Total liabilities				P 5,901,177
Other segment information :				
Capital expenditures	P 1,510,573	P -	P 14,030	P 1,524,603
Depreciation and amortization	172,404	-	23,371	195,775

	2007			
	Leasing	Financing	Others	Total
Segment revenues	P 494,407	P 579,819	P 167,824	P 1,242,050
Segment expenses	325,809	382,094	110,594	818,497
Segment results	168,598	197,725	57,230	423,553
Income tax expense				81,901
Net income				P 341,652
Segment assets	P 5,022,005	P 3,414,674	P	P 8,436,679
Unallocated assets				1,013,658
Total assets				P 9,450,337
Segment liabilities	P 3,184,937	P 1,876,265	P	P 5,061,202
Unallocated liabilities				247,465
Total liabilities				P 5,308,667
Other segment information :				
Capital expenditures	P 94,313	P -	P 4,709	P 99,022
Depreciation and amortization	22,436	-	25,794	48,230

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	2008		2007	
	Leasing	Financing	Leasing	Financing
Receivables	P 3,587,102	P 3,643,534	P 3,875,130	P 4,312,877
Residual value of leased assets	1,664,752	-	1,438,326	-
Unearned income	(526,461)	(515,880)	(562,642)	(641,818)
Client's equity	-	(127,251)	-	(79,917)
	4,725,393	3,000,403	4,750,814	3,591,142
Allowance for impairment losses	(3,975)	(120,173)	(30,623)	(176,468)
	4,721,418	2,880,230	4,720,191	3,414,674
Equipment under lease	1,769,170	-	301,814	-
	P 6,490,588	P 2,880,230	P 5,022,005	P 3,414,674

Bills payable to BDO Unibank amounting to P254.0 million and P4.1 million as of December 31, 2008 and 2007, respectively, are allocated between the leasing and financing segments based on the carrying amounts of receivables of these segments as of December 31, 2008 and 2007. Deposits on lease amounting to P2.025 billion and P1.548 billion as of December 31, 2008 and 2007, respectively, are included in the leasing segment.

21. TAXES

21.1 Taxes and Licenses

This account is composed of the following:

	Group		
	2008	2007	2006
Gross receipts tax	**P 53,886,085**	P 50,519,821	P 54,935,186
Documentary stamp tax	**16,680,555**	11,991,403	12,601,844
Local taxes	**7,130,514**	6,657,172	6,615,916
Others	**3,029,519**	2,657,982	1,649,853
	P 80,726,673	P 71,826,378	P 75,802,799

	Parent Company		
	2008	2007	2006
Gross receipts tax	**P 53,886,085**	P 50,519,821	P 54,935,186
Documentary stamp tax	**14,752,590**	11,117,391	12,302,936
Local taxes	**6,639,448**	6,287,767	6,149,040
Others	**3,029,519**	2,657,982	1,649,353
	P 78,307,642	P 70,582,961	P 75,036,515

21.2 Current and Deferred Income Taxes

The components of tax expense for the years ended December 31 are as follows:

	Group		
	2008	2007	2006
Current tax expense:			
Regular corporate income tax (RCIT) at 35%	**P 133,401,376**	P 90,830,908	P 128,899,822
Final tax at 20%, 10% and 7.5%	**163,116**	173,552	454,528
	133,564,488	91,004,460	129,354,350
Deferred tax expense (income)			
Deferred tax relating to origination and reversal of temporary differences	**37,257,055**	(9,103,604)	12,953,767
Deferred tax relating to reduction in tax rate	**(5,843,322)**	-	-
	31,413,733	9,103,604	12,953,767
Tax expense reported in the income statement	**P 164,978,221**	P 81,900,856	P 142,308,117

	Parent Company		
	2008	2007	2006
Current tax expense:			
Regular corporate income tax (RCIT) at 35%	**P 107,244,938**	P 86,188,220	P 117,729,715
Final tax at 20%, 10% and 7.5%	**161,205**	172,340	434,565
	107,406,143	88,360,560	118,164,280
Deferred tax expense (income)			
Deferred tax relating to origination and reversal of temporary differences	**44,207,571**	(12,371,581)	16,147,292
Deferred tax relating to reduction in tax rate	**(5,832,686)**	-	-
	38,374,885	(12,371,581)	16,147,292
Tax expense reported in the income statement	**P 145,781,028**	P 73,988,979	P 134,311,572

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(With Comparative Figures for 2006)

(Amounts in Philippine Pesos)

A reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in the income statements follows:

	Group		
	2008	2007	2006
Tax on pretax income at 35%	**P 185,755,312**	P 148,243,559	P 161,430,880
Adjustment for income subjected to lower tax rates	**(122,972)**	(258,891)	(2,659,557)
Tax effects of:			
Non-taxable income	**(33,916,478)**	(134,312,693)	(30,075,655)
Non-deductible expense	**24,971,887**	68,047,255	12,304,533
Reduction in deferred tax rate	**(12,052,831)**	-	-
Non-deductible interest expense	**343,303**	181,626	1,307,916
Tax expense reported in the income statement	**P 164,978,221**	P 81,900,856	P 142,308,117

	Parent Company		
	2008	2007	2006
Tax on pretax income at 35%	**P 153,464,277**	P 135,171,228	P 153,588,604
Adjustment for income subjected to lower tax rates	**(121,538)**	(257,982)	(2,644,585)
Tax effects of:			
Non-deductible expense	**21,863,121**	66,854,999	6,709,074
Non-taxable income	**(16,563,508)**	(127,960,001)	(24,634,765)
Reduction in deferred tax rate	**(13,200,615)**	-	-
Non-deductible interest expense	**339,291**	180,735	1,293,244
Tax expense reported in the income statement	**P 145,781,028**	P 73,988,979	P 134,311,572

The components of deferred tax liabilities as of December 31, 2008 and 2007 are as follows:

	Balance Sheets			
	Group		Parent Company	
	2008	2007	**2008**	2007
Deferred tax assets:				
Allowance for impairment and credit losses	**P 48,559,513**	P 88,383,055	**P 44,424,571**	P 83,558,957
Accumulated depreciation on investment properties	**7,784,735**	6,561,013	**7,784,735**	6,561,013
Retirement benefit liability	**4,398,450**	4,759,908	**4,398,450**	4,759,908
Others	**1,666,323**	3,031,472	**1,249,847**	3,031,472
Deferred tax liabilities:				
Lease income differential	**(133,161,833)**	(142,648,036)	**(135,497,116)**	(137,749,486)
Unrealized gain on exchange of assets	**(1,564,177)**	(990,667)	**(1,564,177)**	(990,667)
Net deferred tax liabilities	**P 72,316,988**	P 40,903,255	**P 79,203,688**	P 40,828,803

	Group Income Statements		
	2008	2007	2006
Allowance for impairment losses	**P 39,823,542**	(P 3,779,245)	(P 9,892,092)
Lease income differential	**(9,486,205)**	8,964,018	24,930,428
Accumulated depreciation on investment properties	**(1,223,722)**	(4,594,732)	1,251,821
Unrealized gain on exchange of assets	**573,510**	(3,728,890)	(1,034,213)
Retirement liability (asset)	**361,459**	(7,439,404)	(1,311,750)
Unamortized past service cost	**-**	134,801	87,962
Others	**1,365,149**	1,339,848	(1,078,389)
Deferred tax expense (income)	**P 31,413,733**	(P 9,103,604)	P 12,953,767

	Parent Company Income Statements		
	2008	2007	2006
Allowance for impairment losses	**P 39,134,384**	(P 3,779,245)	P 5,067,994)
Lease income differential	**(2,252,371)**	5,696,041	23,299,855
Accumulated depreciation on investment properties	**(1,223,722)**	(4,594,732)	(1,251,821)
Unrealized gain on exchange of assets	**573,510**	(3,728,890)	1,034,213
Retirement liability (asset)	**361,459**	(7,439,404)	1,311,750
Unamortized past service cost	**-**	134,801	87,962
Others	**1,781,625**	1,339,848	(1,078,389)
Deferred tax expense (income)	**P 38,374,885**	(P 12,371,581)	P 16,147,292

21.3 Relevant Tax Regulations

Among the significant provisions of the National Internal Revenue Code (NIRC) that apply to the Group are the following:

a. The RCIT tax of 32% (30% starting January 1, 2009) is imposed on taxable income net of applicable deductions;

b. Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (this is a final tax to be paid by the employer);

c. Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid at the end of the year starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. On October 19, 2007, the BIR issued RR No. 12-2007 which requires the quarterly computation and payment of the MCIT beginning on the income tax return for the fiscal quarter ending September 30, 2007. This RR amended certain provisions of RR No. 9-98 which specifically provides for the computation of the MCIT at end of each taxable year. Thus, in the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly corporate income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d. Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e. Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made; and

f. The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 42% of the interest income subjected to final tax.

21.4 Gross Receipts Tax (GRT)/ VAT

Beginning January 1, 2003, the imposition of VAT on banks and financial institutions became effective pursuant to the provisions of Republic Act 9010. The Parent Company became subject to VAT based on their gross receipts, in lieu of the GRT under Sections 121 and 122 of the Tax Code which was imposed on banks, non-banks financial intermediaries and finance companies in prior years.

On January 29, 2004, Republic Act 9238 reverts the imposition of GRT on banks and financial institutions. This law is retroactive to January 1, 2004. The Parent Company complied with the transitional guidelines provided by the BIR on the final disposition of the uncollected Output VAT as of December 31, 2004.

On May 24, 2005, the amendments on RA 9337 was approved amending, among others, the gross receipts tax on royalties, rentals of property, real or personal, profits from exchange and on net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments from 5% to 7% effective November 1, 2005.

22. EARNINGS PER SHARE

Basic / diluted earnings per share were computed as follows:

	Group		
	2008	2007	2006
Net income	**P 365,583,778**	P 341,652,169	P 318,922,968
Divided by the weighted average number of outstanding common shares	**2,162,475,312**	2,162,475,336	2,162,509,281
Basic / diluted earnings per share	**P 0.17**	P 0.16	P 0.15

	Parent Company		
	2008	2007	2006
Net income	**P 292,688,335**	P 312,214,529	P 304,513,012
Divided by the weighted average number of outstanding common shares	**2,162,475,312**	2,162,475,336	2,162,509,281
Basic / diluted earnings per share	**P 0.14**	P 0.14	P 0.14

There were no outstanding dilutive potential common shares as of December 31, 2008, 2007 and 2006.

23. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those already mentioned in the preceding notes, in the ordinary course of business, the Group incurs contingent liabilities and commitments arising from normal business transactions which are not reflected in the accompanying financial statements. As of December 31, 2008, management does not anticipate significant losses from these contingencies and commitments that would adversely affect the Group's financial position and results of operations.

Officers

SENIOR OFFICERS

Antonio N. Cotoco
Vice Chairman and Managing Director

Roberto E. Lapid
President

Vicente C. Rallos
First Vice President

Gerard M. Aguirre
First Vice President

Renato G. Oñate
First Vice President and Treasurer

Rosario C. Crisostomo
Senior Assistant Vice President

Ma. Theresa M. Soriano
Senior Assistant Vice President

Florecita R. Gonzales
Assistant Vice President

Corazon S. Chiu
Assistant Vice President

Edenila D. Tuazon
Assistant Vice President

Sergio M. Ceniza
Assistant Vice President

Edwin R. Aquino
Assistant Vice President

NORTHERN PROVINCIAL DIVISION

REGION GROUP

Sheryl G. Calamiong
Admin. Officer

CAVITE BRANCH

Fermin E. Laguna
Officer-in-Charge / Branch Manager

Roberto H. Evangelista
Caroline A. Monteza
Rodrigo A. Quinsay, Jr.
Marketing Officers

Alberto I. Estrella, Jr.
Branch Accountant

DAGUPAN BRANCH

Michael John S. Ugto
Branch Manager

Mary Jane D. Salazar
Branch Accountant

Randi T. Melchor
Jayson R. Coquia
Joeven Y. Handig
Arisknowell L. Leaño
Arthur Anthony C. Bueno
Marketing Officers

SAN PABLO BRANCH

Jovenal N. Jose
Rolando E. Renales
Marketing Officers

PAMPANGA BRANCH

Rommel I. Paguio
Ricardo C. Halasan
Marketing Officers

Virgilio M. Serafica
Branch Accountant

SOUTHERN DIVISION

CEBU BRANCH

Vicente T. Sarigumba
Officer-in-Charge

Ted S. Garcia
Ahnalyn O. Gregorio
Marketing Officers

Sheilah G. Beltran
Administrative Officer

Mary Christy Y. Elizalde
Branch Accountant

CAGAYAN DE ORO BRANCH

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Branch Manager

Mildy B. Acuram
Branch Accountant

Frisco E. Tangara
Crescencio Al C. Co Untian
Pepito C. Dumaluan
Melchor C. Tubero
Marketing Officers

DAVAO BRANCH

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Branch Manager

Emmanuel D. Amores
Reinero D. Condag
Marketing Officers

ILOILO BRANCH

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Officer-in-Charge

Erwin D. Subong
R.S Angelo M. Alba
Marketing Officers

Dohlmier P. Bayona
Branch Accountant

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Maria Roxime M. Lacdao
Lilia M. Bien

TREASURY DIVISION

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Scandutch Theresa D. Macainag

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Ronabel Joyce A. Garrovillas

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Evelyn I. Pangan
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Ma. Aurora R. Purugganan
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