

COVER SHEET

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S.E.C. Registration Number

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

(COMPANY'S FULL NAME)

1 2 A D B A V E N U E O R T I G A S C E N T E R

M A N D A L U Y O N G C I T Y

(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

ALBERTO D. REYES/RUBY A. CRUZ

Contact Person

856-7434/840-7000 loc 4575

Company Telephone Number

0 3
Month

3 1
Day

S E C 1 7 - Q
Form Type

0 5
Month

2 6
Day

Annual Meeting

Secondary License type, if applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

14,267

Total No.of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

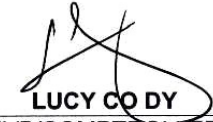
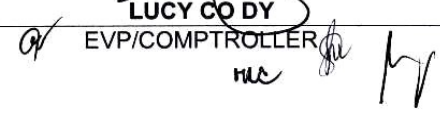
Stamps

Remarks: Pls. Use black ink of scanning purposes

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... **BANCO DE ORO UNIBANK, INC.**

Signature and Title..... 
LUCY CO DY
EVP/COMPTROLLER 

Date..... **May 11, 2009**

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

Signature and Title..... 
LUCY CO DY
EVP/COMPTROLLER

Date..... **May 11, 2009**

SEC FORM 17-Q

I hereby certify that all the information set forth in the above report are true and correct
of my own knowledge.


LUCY CO DY (EVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION)

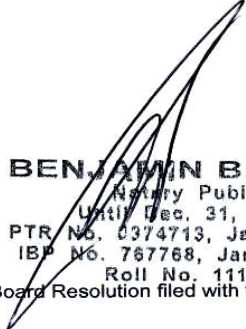

REPUBLIC OF THE PHILIPPINES }
CITY OF MAKATI } S.S.

SUBSCRIBED AND SWORN TO before me this MAY 11 2009 day of May,
2009, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

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

Notary Public

Doc. No. 214
Page No. 44
Book No. L
Series of 2009


BENJAMIN B. MATA
Notary Public
Until Dec. 31, 2009
PTR No. 0374713, Jan. 5, 2009
IBP No. 767768, Jan. 5, 2009
Roll No. 11106

* To be signed by any of the following officers pursuant to a Board Resolution filed with the Commission
1. Chief Operating Officer
2. Chief Financial Officer
3. Comptroller or Treasurer

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

CONDENSED STATEMENT OF CONDITION
(Amounts in Thousands of Pesos)

		As of March 31, 2009		Audited As of Dec 31, 2008
RESOURCES				
CASH AND OTHER CASH ITEMS	P	20,267,415	P	21,770,401
DUE FROM BANGKO SENTRAL NG PILIPINAS		63,681,075		62,668,428
DUE FROM OTHER BANKS		16,097,399		17,101,434
INVESTMENT SECURITIES				
At Fair Value Through Profit or Loss		6,898,263		6,848,931
Available-for-Sale – net		45,250,555		35,173,343
Held-to-Maturity – net		110,375,561		114,128,667
LOANS AND OTHER RECEIVABLES–net		479,779,020		491,986,431
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		15,160,917		14,676,390
INVESTMENT PROPERTIES		14,984,834		15,234,361
EQUITY INVESTMENTS – net		1,702,847		1,697,189
DEFERRED TAX ASSETS		5,995,507		5,779,921
OTHER RESOURCES - net		16,550,898		14,966,578
TOTAL RESOURCES	P	<u>796,744,291</u>	P	<u>802,032,074</u>
LIABILITIES AND CAPITAL FUNDS				
DEPOSIT LIABILITIES	P		P	
Demand		28,204,600		36,321,331
Savings		280,663,262		263,247,504
Time		327,559,400		337,184,731
Total Deposit Liabilities		<u>636,427,262</u>		<u>636,753,566</u>
BILLS PAYABLE		45,009,213		51,435,638
SUBORDINATED NOTES PAYABLE		23,325,957		20,145,977
OTHER LIABILITIES		32,825,669		35,922,673
Total Liabilities		<u>737,588,101</u>		<u>744,257,854</u>
EQUITY				
Attributable to Shareholders of the Parent Company		58,437,555		57,056,534
Minority Interest		718,635		717,686
Total Equity		<u>59,156,190</u>		<u>57,774,220</u>
TOTAL LIABILITIES AND EQUITY	P	<u>796,744,291</u>	P	<u>802,032,074</u>
CONTINGENT				
Trust department accounts	P	382,586,464	P	338,173,471
Unused commercial letters of credit		20,812,116		17,998,121
Outstanding guarantees issued		475,522		724,094
Export L/Cs Confirmed		2,513		48,708
Bills for collection		4,504,600		10,641,072
Late deposits/payment received		1,300,545		5,341,041
Spot Exchange Bought		4,421,302		6,644,832
Spot Exchange Sold		5,939,043		3,325,926
Forward Exchange Bought		84,868,684		67,647,414
Forward Exchange Sold		106,517,459		91,710,780
Interest Rate Swap Receivable		14,476,486		14,752,995
Interest Rate Swap Payable		15,571,714		15,837,774
Committed Credit Card Lines		50,820,242		56,119,196
Others		21,666,795		22,588,803
TOTAL CONTINGENT ACCOUNTS	P	<u>713,963,485</u>	P	<u>651,554,227</u>

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

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

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

	For the three-month Period ended Mar 31,2009	For the three-month Period ended Mar 31,2008
INTEREST INCOME ON		
Loans and Receivables	P 8,594,952	P 5,958,055
Investment Securities	2,802,883	2,699,855
Due from Other Banks	725,478	535,911
Others	<u>294,608</u>	<u>213,863</u>
Total Interest Income	<u>12,417,921</u>	<u>9,407,684</u>
INTEREST EXPENSE ON		
Deposit liabilities	4,513,439	2,954,444
Bills Payable and Others	<u>933,593</u>	<u>1,038,909</u>
Total Interest Expense	<u>5,447,032</u>	<u>3,993,353</u>
NET INTEREST INCOME	6,970,889	5,414,331
IMPAIRMENT LOSSES	<u>1,018,436</u>	<u>869,577</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>5,952,453</u>	<u>4,544,754</u>
OTHER INCOME		
Service Charges, Fees and Commissions	1,903,402	1,774,799
Trading Gain – net	379,775	-239,202
Trust Fees	279,052	262,320
Foreign Exchange Gain/(Loss) – net	591,009	988,531
Miscellaneous – net	<u>360,302</u>	<u>968,631</u>
Total Other Income	<u>3,513,540</u>	<u>3,755,079</u>
OTHER EXPENSES		
Employee Benefits	2,329,047	1,960,263
Occupancy	1,060,688	805,327
Taxes and licenses	725,458	540,378
Security, Clerical, Messengerial and Janitorial	459,160	340,009
Insurance	364,806	245,047
Advertising	227,330	188,870
Litigation/Assets Acquired	125,351	119,303
Miscellaneous	<u>2,747,092</u>	<u>2,100,998</u>
Total Other Expenses	<u>8,038,932</u>	<u>6,300,195</u>
INCOME BEFORE TAX	1,427,061	1,999,638
TAX EXPENSE (INCOME)	404,367	642,811
NET INCOME AFTER TAX	<u>P 1,022,694</u>	<u>P 1,356,827</u>
ATTRIBUTABLE TO:		
Equitable holders of the parent	P 1,009,178	P 1,345,448
Minority Interest	<u>13,516</u>	<u>11,379</u>
	<u>P 1,022,694</u>	<u>P 1,356,827</u>
AVERAGE COMMON STOCK	2,302,032	2,302,032
INCOME PER SHARE (See annex A)		
Basic	0.37	0.58
Diluted	0.40	0.58

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

BANCO DE ORO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands of Pesos)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 1,427,061	P 1,999,638
Adjustments for:		
Interest income	-11,692,443	-8,871,773
Interest expense	5,447,032	3,993,353
Provision for impairment losses	1,018,436	869,577
Depreciation and amortization	1,192,743	878,245
Fair value loss (gain)	-211,496	-642,395
Amortization of deferred charges	64	49
Operating loss before changes in operating resources and liabilities	-2,818,603	-1,773,306
Decrease (increase) in financial assets at fair value through profit or loss	195,330	9,161,892
Increase in loans and other receivables	6,775,716	-17,369,912
Increase in investment properties	-255,519	137,787
Decrease (increase) in other resources	-1,862,488	-1,481,020
Increase (decrease) in deposit liabilities	-693,185	18,470,691
Increase in other liabilities	-40,953	-4,880,124
Cash generated from (used in) operations	1,300,298	2,266,008
Interest received	13,081,334	9,207,603
Interest paid	-4,146,558	-3,031,643
Cash paid for income tax	-349,147	-559,019
Net Cash From (Used in) Operating Activities	9,885,927	7,882,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisitions of bank premises, furniture, fixtures and equipment	-1,172,224	-1,169,644
Net decrease (increase) in equity investment	-5,658	-35,513
Net decrease (increase) in held-to-maturity investments	5,829,828	1,821,362
Increase in available-for-sale financial assets	-8,672,908	-9,807,739
Dividends received		
Trust account deposit under escrow		
Net Cash From (Used in) Investing Activities	-4,020,962	-9,191,534
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares		
Net proceeds from (payments of) bills payable	-7,359,339	-5,245,160
Sale (acquisition) of treasury stock		
Dividends paid		
Net Cash From (Used in) Financing Activities	-7,359,339	-5,245,160
NET INCREASE IN CASH AND CASH EQUIVALENTS (Carried Forward)	-1,494,374	-6,553,745
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	21,770,401	18,387,847
Due from Bangko Sentral ng Pilipinas	62,668,428	49,461,276
Due from other banks	17,101,434	20,689,635
	101,540,263	88,538,758
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	20,267,415	14,183,949
Due from Bangko Sentral ng Pilipinas	63,681,075	54,806,573
Due from other banks	16,097,399	12,994,491
	100,045,889	81,985,013

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

STATEMENT OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED March 31,2009 AND 2008
(Amounts in Thousands of Pesos)

		Mar 31,2009		Mar 31,2008
CAPITAL STOCK				
Balance Beginning	P	28,020,327	P	23,020,327
Issuance of Preferred Shares (500M @ P10)				
Issuance of Common Shares				
Balance End of Qtr. March	P	28,020,327	P	23,020,327
COMMON STOCK OPTION				
Beginning Balance	P	76,280	P	76,280
Contribution to the BDO employees stock grant/option		-68,030		
Balance end of Qtr. March	P	8,250	P	76,280
Treasury Shares – At Cost				
Balance end of Qtr. March	P	0	P	0
ADDITIONAL PAID IN CAPITAL				
Balance beginning	P	15,936,419	P	15,936,419
Auditor's Adjusting Entries		-19,258		-19,258
Balance end of Qtr. March	P	15,917,161	P	15,917,161
SURPLUS RESERVES				
Balance beginning	P	1,329,476	P	1,051,041
Transfer from Surplus Free				12,000
Auditor's Adjusting Entries		3,140		-140,216
Balance end of Qtr. March	P	1,332,616	P	922,825
SURPLUS FREE				
Balance beginning	P	13,892,906	P	15,600,437
Net Income		1,022,694		1,356,827
Transfer to Surplus Reserves				-12,000
Declaration of Cash Dividends				-1,816,503
Auditor's Adjusting Entries		-336,724		234,502
Balance end of Qtr. March	P	14,578,876	P	15,363,263
FAIR VALUE GAIN/(LOSS) ON AVAILABLE-FOR-SALE SECURITIES				
Balance end of Qtr. March	P	-2,720,677	P	442,292
ACCUMULATED TRANSLATION ADJUSTMENT				
Balance end of Qtr. March	P	-4,066	P	-5,786
APPRAISAL INCREMENT RESERVES				
Balance end of Qtr. March	P	1,305,068	P	1,363,072
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY				
	P	58,437,555	P	57,099,434
MINORITY INTEREST				
	P	718,635	P	667,342
TOTAL EQUITY				
	P	59,156,190	P	57,766,776

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

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of March 31,2009
(Amounts in Thousands of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK CALL LOANS RECEIVABLES	P 31,756,810	P 0	P 0	P 0	P 0	P 31,756,810
Interbank Call Loan Receivable-Local Banks	2,009,477					2,009,477
Interbank Call Loan Receivable-Fx. Regular	852,938					852,938
Interbank Call Loan Receivable Fcdu(Fx Banks-Abroad)	28,894,395					28,894,395
B. LOANS AND RECEIVABLES	P 442,293,803	P 3,746,266	P 1,991,351	P 15,027,699	P 2,005,981	P 465,065,100
Loans & Discounts	292,958,806	2,121,189	1,125,927	4,777,558	1,739,811	302,723,291
Agra-Agri Loans	32,162,282	20,483	13,689	1,216,575	85,156	33,498,185
Development Incentive Loans	369,905	5,108	3,530	19,614	17,062	415,219
Bills Purchases	9,394,734			30,295	1,817	9,426,846
Customers Liability on draft under LC/TR	24,149,900	205,427	145,585	2,879,988	65,714	27,446,614
Customers Liability for this bank's acceptances	1,291,203					1,291,203
Credit Card Receivables	12,522,078	1,086,527	574,026	1,927,370		16,110,001
Restructured Loans	795,466	307,532	128,594	4,176,299	96,421	5,504,312
Other Loan & Receivables	5,657,031					5,657,031
Reverse Repurchase Agreement	47,185,980					47,185,980
Unquoted Debt Securities Classified as Loans	15,806,418					15,806,418
C. ACCOUNTS RECEIVABLE	P 2,073,518	P 1,551,751	P 1,937,892	P 723,273	P	P 6,286,434
TOTAL	P 476,124,131	P 5,298,017	P 3,929,243	P 15,750,972	P 2,005,981	P 503,108,344

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

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

NO. OF SHARES – COMMON As of March	Balance of Common Shares	Average Number of Common Shares
January 2008	2,302,032	
February 2008	2,302,032	
March 2008	2,302,032	2,302,032
Weighted Average		<u>2,302,032</u>
Basic Earnings per share		
Consolidated Net Income		1,345,448
Divided by the weighted average number of outstanding common shares		<u>2,302,032</u>
Basic Earnings per share		<u>0.58</u>
Diluted Earnings Per Share		<u>0.58</u>
January 2009	2,302,032	
February 2009	2,302,032	
March 2009	2,302,032	2,302,032
Weighted Average		<u>2,302,032</u>
Basic Earnings per share		
Consolidated Net Income for the three-months period ending March 2009		1,009,178
Dividends in Arrears (5,000,000*(183/360)*.065)		-165,208
Total Basic Net Income		843,970
Divided by the weighted average number of outstanding common shares		<u>2,302,032</u>
Basic Earnings per share		<u>0.37</u>
Diluted Earnings Per Share		
Consolidated Net Income for the three-months period ending March 2009		1,009,178
Total Consolidated net income for DEPS computation		1,009,178
Weighted Average number of outstanding common shares	2,302,032	2,302,032
Potential common shares from assumed conversion of preferred shares		250,000
Total weighted average Common Shares after conversion		<u>2,552,032</u>
Diluted Earnings Per Share		<u>0.40</u>

CHECKLIST OF REQUIRED DISCLOSURES
BANCO DE ORO UNIBANK, INC.
For the three months ended: March 31, 2009

FINANCIAL INFORMATION

6. Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles.

The Bank's interim financial statements are in compliance with Philippine Financial Reporting Standards except for the reclassification of certain financial assets, which was done in accordance with the guidelines set in Bangko Sentral ng Pilipinas' (BSP) Circular No. 626, Series of 2008. The full details of the reclassification are discussed in Section 4 of this report.

- 7.a A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.

The Bank used the same accounting policies and methods of computation for the interim and latest annual financial statements.

- 7.b Explanatory comments about the seasonality or cyclicity of interim operations.

Remarks: There is no seasonality or cyclicity in the Bank's operations.

- 7.c The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

Remarks: NONE

- 7.d The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

Remarks: NONE

- 7.e Issuances, repurchases, and repayments of debt and equity securities.

On March 20, 2009, the Bank issued P3.0B unsecured subordinated notes eligible as Lower Tier 2 Capital. This issue was part of a one-year capital program to support the Bank's business expansion.

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

Remarks: NONE

- 7.g Segment revenue and segment result for business segments or geographical segments whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).

Remarks: NONE. The Bank does not yet report quarterly revenues and expenses by business segment.

7.h Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Remarks: NONE

7.i The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

Remarks: NONE

7.j Changes in contingent liabilities or contingent assets from December 31,2008.

- Total Contingent Accounts rose 10% to P713.963B due to the following:
 - Trust Department Accounts increased by 13% to P382.586B due to higher levels of funds managed from new and existing accounts.
 - Unused L/Cs went up 16% to P20.812B from a higher volume of trade transactions.
 - Owing to increased treasury activities:
 - Spot Exchange Sold grew 79% to P5.939B
 - Forward Exchange Bought climbed 25% to P84.869B
 - Forward Exchange Sold rose 16% to P106.517B
- Outstanding Guarantees Issued went down by 34% to P476M from lower levels of guarantees for foreign loans, shipside bonds and airway bills.
- Export L/Cs Confirmed dropped 95% to P3M owing to a reduced volume of unutilized balances of export L/Cs as of the cut-off date.
- Bills for Collection and Late Deposit / Payments declined by 58% and 76% to P4.505B and P1.301B, respectively, as year-end levels were unusually high from transactions during the holiday season.
- Spot Exchange Bought fell by 33% to P4.421B from a lower level of foreign exchange purchase contracts as of the cut-off date.
- Committed Credit Card Lines were reduced by 9% to P50.820B in an effort to clean up the credit lines available to the Bank's credit cardholder customer base.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – March 2009 vs. December 2008

- Cash and Other Cash Items went down by 7% to P20.267B as the Bank maximized earnings on reserve assets. Year-end 2008 level was particularly high owing to cash deposits by clients, from sales generated during the Christmas season.
- Due from Other Banks declined by 6% to P16.097B from lower levels of placements and working balances with correspondent banks.
- Investment Securities were slightly up by 4% to P162.524B on account of a 29% increase in Available-for-Sale Securities (AFS).
- Other Resources rose by P1.584B to P16.551B owing to higher volume of transactions affecting inter-office and clearing accounts.
- Deposit Liabilities were steadfast at P636.427B as a 22% decline in demand deposits was offset by a 7% increase in savings deposits.
- Bills Payable dropped 12% to P45.009B on account of maturities of short-term borrowings.
- Subordinated Notes Payable rose by 16% to P23.326B after the Bank issued P3.0 billion worth of unsecured subordinated notes in March 2009.
- Other Liabilities went down 9% to P32.826B primarily due to lower domestic bills purchased level.

II. Balance Sheet – March 2009 vs. March 2008

- Total Resources grew 27% to P796.544B owing to expansion in customer loans primarily funded by the growth in deposits.
- Cash and Other Cash Items and Due from BSP went up by 43% and 16% following the strong growth in deposit levels.
- Due from Other Banks rose by 24%, as reflected in higher year-on-year levels of placements and deposits with foreign banks.
- Investment Securities slightly decreased by 1% as portions of Financial Assets at Fair Value Through Profit and Loss (FVPL) and AFS were reclassified to Held-to-Maturity Securities (HTM) and Unquoted Debt Securities Classified as Loans (UDSCL). The full details of the reclassification are discussed in Section 4 of this report.
- Net Loans and Other Receivables expanded 48% to P479.779B as gross customer receivables grew 25% owing to sustained demands from all market segments. Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA) and Other Receivables likewise increased by 92%, 1082% and 17%, respectively.
- Bank Premises went up 25% to P15.161B due to head office renovations and investments in new equipment to support expansion in business volumes.
- Investment Properties contracted 14% to P14.985B owing to the continued ROPA disposal programs of the Bank.
- Deferred Tax Assets increased 10% to P5.996B attributed to alignment of allowance for impairment losses booked by the Bank.
- Other Resources went down by 7% primarily due to dispositions of integration-related inter-office accounts.
- Deposit Liabilities surged 37% owing to the Bank's effective deposit marketing efforts. Savings Deposits dropped 13% as funds shifted to Time Deposits, which increased substantially by 177%. Demand deposits went up by 21%.

- Bills Payable slid 7% due to a reduction in short-term borrowings as deposit growth provided for the Bank's funding requirement.
- Subordinated Notes Payable grew 25% from the issuance of unsecured subordinated notes in March 2009 and the refinancing of a \$200M Lower Tier 2 issue with a P10.0B subordinated notes issuance in November 2008.
- Other Liabilities dropped 12% on primarily owing to reduced domestic bills purchased level.

III. Income Statement – March 2009 vs. March 2008

- Net Income attributable to Equity holders of the Parent Company stood at P1.01B, translating to a 45% gain over the recurring income the Bank registered in the first quarter of 2008.
- Net Interest Income expanded by 29% to P6.971B, owing to healthy spreads resulting from the growth in loan volume funded by strong deposit take up.
- Provision for Impairment Loss was 17% higher at P1.018B as the Bank took a more conservative approach on asset impairment provisioning.
- Other Income slightly declined by 6% to P3.514B due to the following:
 - Foreign Exchange Gain dropped 40% to P591M from lower levels of swap and other foreign exchange transactions.
 - Miscellaneous Income, on a recurring basis, registered a 12% increase to P360M.
 - Trading Gain stood at P380M for the first quarter of the year compared to a trading loss of P239M for the same period last year as prices of securities recovered.
 - Service Charges and Fees grew 7% to P1.903B brought about by increased volume from the Bank's major business lines.
 - Trust Fees likewise went up by 6% to P279M on an expanded portfolio of funds managed.
- Operating Expenses grew 28% to P8.039B owing to the following:
 - Employee Benefits increased by 19% from a higher manpower count brought about by business expansion.
 - Occupancy expenses rose 32% on account of higher depreciation coming from head office renovations, branch conversions and other integration-related expenditures.
 - Taxes and Licenses went up 34% resulting from higher gross income due to growth in business volumes.
 - Insurance expenses surged 49% owing to the expansion in deposits.
 - Advertising expenses grew 20% on account of continued marketing and advertising campaigns.
 - Litigation/Assets Acquired expenses increased by 5% from expenses related to ROPA maintenance and disposal.
 - Security, Clerical, Messengerial & Janitorial as well as Miscellaneous expenses rose by 35% and 31%, respectively, as business volumes and opportunities continue to expand.
- Tax Expense fell 37% owing to a higher level of tax-deductible expenses.

1. Discussion of the company's and its majority-owned subsidiaries' top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis.

	1Q2009	1Q2008	Inc/(Dec)
1.) Return on Average Equity (Annualized)			

Net Income / Average Total Capital Account

1,009,178 / 58,465,205	6.90%		
1,345,448 / 59,047,417		9.11%	(2.21%)

2.) Return on Average Assets (Annualized)

Net Income / Average Total Assets

1,009,178 / 799,388,183	0.50%		
1,345,448 / 621,531,971		0.87%	(0.37%)

3.) Net Interest Margin (Annualized)

Net Interest Income / Average Earning Assets

6,970,889 / 712,716,580	3.91%		
5,414,331 / 541,060,586		4.00%	(0.09%)

4.) Capital Adequacy Ratio (covering credit, market and operations risk)

Total Qualifying Capital / Total Risk Weighted Assets

77,236,254 / 593,504,225	13.01%		
64,742,579 / 515,393,577		12.56%	0.45%

5.) Basic Earnings per Share

Net Income Available to Common Shareholders / Average Common Stock

843,970 / 2,302,032	0.37		
1,345,448 / 2,302,032		0.58	-0.21

2. 1.) Annualized return on average equity (ROE) dropped by 2.21% from lower bottomline profits.
- 2.) Annualized return on average assets (ROA) went down by 0.37% as a result of lower net income and a larger asset base.
- 3.) Annualized Net Interest Margin decreased by 0.09% primarily owing to spread compression.
- 4.) Capital Adequacy Ratio (CAR), covering credit market and operations risk, increased 0.45% from profitable operations as well as issuances of unsecured subordinated notes.
- 5.) Basic Earnings per Share declined by P0.21 to due to the lower bottomline profits available to common shareholders.

3.a Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Remarks: NONE

3.b Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Remarks: NONE

- 3.c Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Remarks: NONE

- 3.d Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

Remarks: NONE

- 3.e Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

Remarks: NONE

- 3.f Any significant elements of income or loss that did not arise from the issuer's continuing operations.

Remarks: NONE

- 3.g The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item;

The term "material" in this section shall refer to changes of items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Vertical Analysis-Material Changes

- I. Balance Sheet – March 2009 vs. December 2008

Remarks: NONE

- II. Balance Sheet – March 2009 vs. March 2008

- AFS to Total Assets went down to 5.7% from 13.5% due to the reclassification of securities discussed in Section 4 of this report.
- Net Loans and Other Receivables grew to 60.2% from 51.9% of Total Assets primarily owing to the increase in SPURRA.
- Savings Deposits as a percentage of Total Deposits declined to 44.1% from 69.5% as funds shifted to Time Deposits, which consequently increased to 51.5% from 25.5% of Total Deposits.

- III. Income Statement – March 2009 vs. March 2008

- Interest Income on Loans and Other Receivables as a percentage of Total Interest Income rose to 69.2% from 63.3% on account of expansion in customer loans, interbank loans, SPURRA and other receivables.
- Interest Income on Investment Securities, on the other hand, declined to 22.6% of Total Interest Income on a slightly smaller portfolio of investment securities.
- Interest Expense on Deposit Liabilities went up by 8.9% to 82.9% of Total Interest Expense owing to higher deposit levels. Consequently, Interest Expense on Bills Payable went down to 17.1% of Total Interest Expense.
- Trading gain improved to 10.8% of Other income from –6.4% as unfavorable revaluation of the Bank's trading portfolios resulted in trading losses last year.
- Service Charges and Fees as a percentage of Other Income increased to 54.2% from 47.3% brought about by higher volume from major business lines.
- FX Gain to Other Income declined to 16.8% from 26.3% owing to lower levels of foreign exchange-related transactions.
- While, Miscellaneous Income dropped to 10.3% from 25.8% of Other Income, its recurring portion slightly improved from 8.5% for the same period last year.

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

Remarks: NONE

4. The details of reclassification of financial assets are stated below:

a. The financial assets reclassified into and from each category

As of September 30, 2008, the Bank reclassified certain FVTPL, AFS and credit-linked transactions booked in Due from Other Banks to HTM and UDSC.

b. For each reporting period until derecognition, the carrying amounts and fair values of all financial assets reclassified in the current reporting period and previous reporting periods.

in US\$ mil	Carrying Amount	Fair Value
HTM	610.1	578.8
UDSCL	419.6	384.1
<u>Total</u>	<u>1,029.8</u>	<u>962.9</u>

c. In the reporting period to which financial assets are reclassified, the fair value of the gains or losses of those assets as recognized either in profit or loss, or in equity (other comprehensive income) in that reporting period and previous reporting periods.

in US\$ mil	P&L Impact	Equity Impact
HTM	2.1	17.2
UDSCL	11.6	27.5
Adjustment of BV	(3.1)	(18.0)
<u>Total</u>	<u>10.6</u>	<u>26.8</u>

- d. For the remainder of the instruments' lives, the gains or losses that would have been recognized in profit or loss, or equity had they not been reclassified, together with the gains, losses, income and expenses now recognized.

<u>in US\$ mil</u>	<u>Impact</u>
HTM	24.5
UDSCL	(8.2)
<u>Total</u>	<u>16.3</u>

- e. As at that date of reclassification, the effective interest rates and estimated amounts of cash flows the company expects to recover.

The effective interest rates of the reclassified securities range from 4.46% to 12.54%. The Bank expects cashflows amounting to US\$1.5 billion from these financial assets.