



## *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.



## 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

“

**BDO LEASING'S  
MANAGEMENT STEERED  
THE ORGANIZATION  
TOWARDS FOCUSING  
ON ITS GOALS OF  
STRENGTHENING THE  
BUSINESS, OPENING NEW  
REVENUE STREAMS, AND  
MAINTAINING MARKET  
LEADERSHIP.**

”



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