# EQUITABLE BANK
# ANNUAL REPORT 1997

*Spurred on by the challenges of globalization on the one hand and the imperatives of financial deregulation on the other, Equitable Bank in 1995 began taking a series of measures to transform itself into a stronger, more responsive service organization better able to meet the demands of a changing environment. Three years since, it reports on a growth performance that has paced the system particularly in earnings, capital and resources.*

Equitable

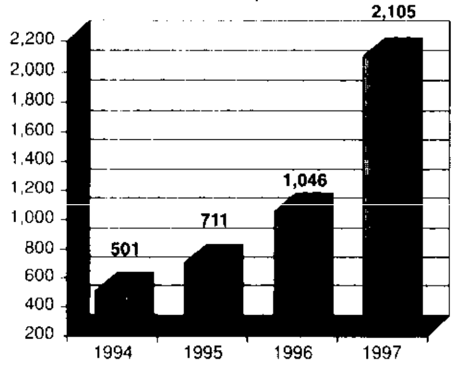
BANK

Building on a heritage of stable institutional growth, Equitable Bank in 1995 through 1997 took its organization on a dynamic growth mode, transforming itself in the process. A new symbol reflective of its redefined commitment to service excellence founded on five core values of wisdom, faith, benevolence, propriety and rectitude henceforth marks the Bank's corporate identity and heralds its ultimate transformation into a premier financial institution.

# Performance Indicators

## Net Income

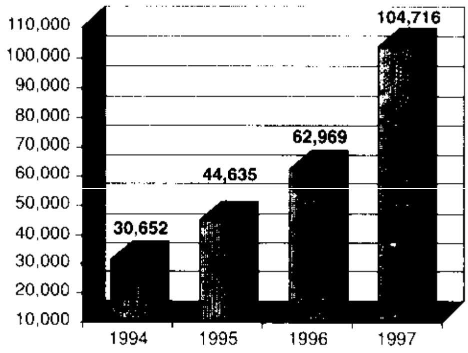
(in million pesos)




| Year | 1995 | 1996 | 1997 |
|---|---|---|---|
| % Growth | 42 | 47 | 101 |

## Total Resources

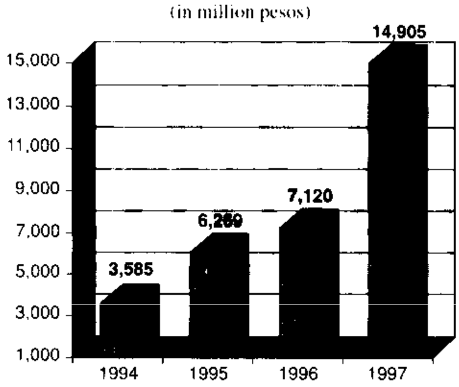
(in million pesos)




| Year | 1995 | 1996 | 1997 |
|---|---|---|---|
| % Growth | 46 | 41 | 66 |

## Capital Funds

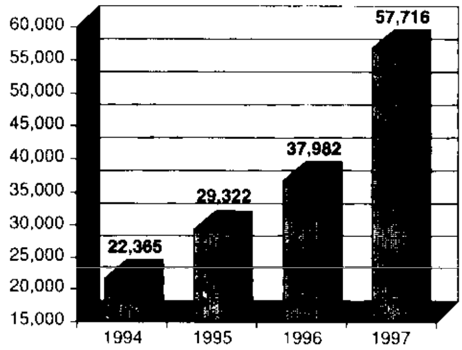
(in million pesos)




| Year | 1995 | 1996 | 1997 |
|---|---|---|---|
| % Growth | 75 | 14 | 109 |

## Deposits

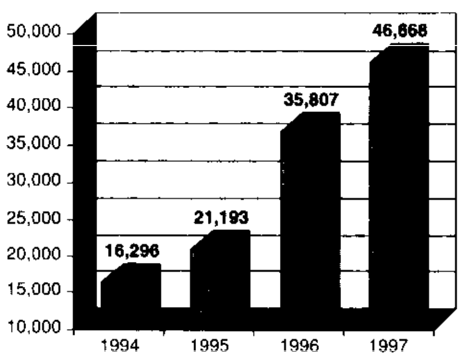
(in million pesos)




| Year | 1995 | 1996 | 1997 |
|---|---|---|---|
| % Growth | 31 | 29 | 52 |

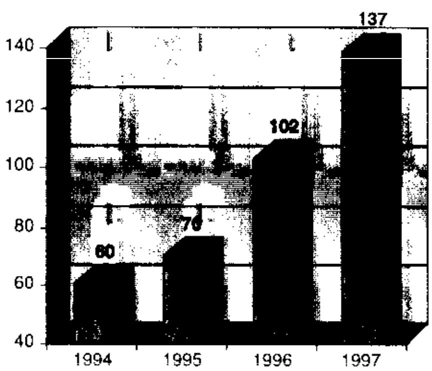
## Loans

(in million pesos)




| Year | 1995 | 1996 | 1997 |
|---|---|---|---|
| % Growth | 30 | 69 | 30 |

## No. of Banking Units




| Year | 1995 | 1996 | 1997 |
|---|---|---|---|
| % Growth | 17 | 46 | 34 |

# Financial Highlights

| In Thousand Pesos | **1997** | 1996 | 1995 | 1994 |
|---|---|---|---|---|
| Net Income | **2,105,354** | 1,046,080 | 711,267 | 500,797 |
| Total Resources | **104,715,721** | 62,969,432 | 44,634,881 | 30,652,372 |
| Capital Funds | **14,905,309** | 7,119,539 | 6,268,612 | 3,585,221 |
| Deposits | **57,716,090** | 37,982,273 | 29,332,277 | 22,364,736 |
| Loans | **46,667,590** | 35,807,130 | 21,192,763 | 16,295,942 |
| Cash Dividends (total) | **393,146** | 195,184 | 101,835 | 120,693 |
| Stock Dividends (%) | – | 50% | – | 100% |
| Earnings per Share | **6.99** | 4.11 | 2.85 | 2.21 |
| ROE* | **21.60%** | 19.26% | 16.56% | 14.75% |
| ROA* | **2.55%** | 1.99% | 1.92% | 1.75% |
| No. of Banking Units | **137** | 102 | 70 | 60 |

* *Excludes the appraisal increment.*

## Letter to Shareholders

Initiated three years ago, Equitable Bank's ongoing process of transformation reached a historic turning point during the year under review. In March of 1997, the Bank successfully held its initial public offering (IPO) which effectively doubled its capital base and paved the way for a year of accomplishments unparalleled in its 47-year history.

The Bank's P7.04 billion IPO was completed during the first quarter and *enabled total capital funds to reach P14.91 billion by year-end, 109.4 percent higher* than the previous year. Consequently, net income reached P2.11 billion, 101.3 percent higher than the P1.05 billion achieved in 1996. Resources increased by 66.3 percent, past the hundred billion peso mark to close the year at P104.72 billion. Deposits grew by 52.0 percent to P57.72 billion, while total loan portfolio increased by 30.3 percent to P46.67 billion as of year-end 1997.

Significantly, *these achievements* were delivered by the Bank against an economic setting that was favorable and stable in the first half but turned bleak and volatile in the second half as all of Asia reeled under the effects of a currency turmoil.

Fortunately for the Philippines, the expansion in the corporate sector debt and the use of aggressive leverage and foreign currency borrowings were relatively moderated, compared to our Southeast Asian neighbors. Nevertheless, the debilitating effects of volatility in the exchange and interest rates in the second half of 1997 caused deceleration of the Gross National Product to 5.8 percent from 6.9 percent a year ago, and Gross Domestic Product to 5.1 percent from 5.7 percent in 1996.

In the midst of these events, the stability of the banking industry was put to test as the system faced, throughout the second semester, issues regarding asset quality, loan exposures, and foreign exchange risks. Monetary authorities became more vigilant and implemented several policy measures to ensure the health of the industry. Commercial bank lending to the property sector was limited to 20 percent of total loan portfolio. Loan values were likewise reduced to 60 percent from the previous 70 percent of appraised value of real estate collaterals. Subsequently the Bangko Sentral ng Pilipinas imposed an additional general provision for loan losses equivalent to 2 percent of the total loan portfolio to be set up on a staggered basis over a two year period. In addition, measures were taken to define loans or receivables that are to be considered as past due accounts. Furthermore, several adjustments in required reserves of banks were implemented to help arrest the volatility in foreign exchange rates.

Foreign exchange transactions were kept under close watch. To minimize the vulnerability of the system to foreign exchange risks, the Bangko Sentral required banks to maintain a 30 percent liquidity reserve on their FCDU assets. Further, to rationalize foreign exchange trading and to quell speculations, the Bangko Sentral adjusted the overbought and oversold positions of banks, mandated prior approval on the sale of non-deliverable forwards and required the consolidation of all foreign exchange holdings of banks and their subsidiaries and affiliates for purposes of determining foreign exchange positions.

On the fiscal side, the Comprehensive Tax Reform Package was finally passed to improve revenue generation, but not without an impact on intermediation costs, notwithstanding the deferment of the expanded VAT on financial services. A 7.5 percent tax on interest income on FCDU deposits was imposed together with a 10 percent withholding tax on FCDU on-shore interbank transactions.

As the events unfolded, public concern over the safety and soundness of the banking industry emerged as a critical aspect of the current business environment. This concern is overdone and for the most part lacks basis in fact. The general nervousness in the markets however underscores all the more the importance of the major transformation initiatives put in place in 1995 which enabled Equitable Bank to respond effectively to the challenges of a harsh environment.

These initiatives included the expansion of market presence, the escalation of financial intermediation activities, the broadening of the product and service spectrum, the enhancement of the capital base, the improvement of operating and service delivery systems, and the strengthening of the organization. The resultant organizational effectiveness enabled the Bank to deliver industry pacing performance over the last three years, demonstrating dynamic growth and the capability to sustain such growth. Compared to the benchmark levels of 1994, the Bank's key performance indicators exhibited significant improvements. Net income grew by a multiple of 4.2 times to P2.11 billion from P0.50 billion in 1994. Capital accounts likewise increased 4.2 times to P14.91 billion from P3.59 billion. Resources expanded by 3.4 times to P104.72 billion from P30.65 billion. During the same period the branch network expanded from 60 to 137 while operating subsidiaries increased to 11.

Throughout the year, efforts were focused towards strengthening key areas of bank operations: core businesses, delivery systems, risk management and control, human resources and the domestic branch network. Major investments were made in human resource development and in technology to ensure improvements in the service delivery systems. Wholesale banking remained a key thrust as the Bank successfully penetrated major corporate markets and introduced greater diversification in its loan portfolio. At the same time, the retail network was strengthened with the addition of 35 new banking offices and the completion of the reengineering of all Metro Manila branches. Branch banking now delivers dramatically improved efficiencies and economies. In addition, the asset-based financial services group was reorganized to further expand product offerings and to increase fee-based income. Likewise, our remittance business expanded in terms of reach and coverage, improving the Bank's share of the overseas remittance market.

The Bank's allied financial undertakings exhibited favorable performance. Equitable Savings Bank ended the year with six branches, on its way towards becoming a full service savings bank. Equitable CardNetwork, Inc. implemented 13 new card programs during the year and showed impressive growth in net income, merchant volume and new card issuance, enabling the subsidiary to maintain its position as the market leader in the payment services industry.

Three years of transformation has strengthened our faith in the capabilities of the institution and its people. And this confidence is now appropriately reflected in the Bank's new corporate logo, one that mirrors the Bank's new spirit of dynamism even as it enshrines its heritage of traditional values. In our logo are represented the five elements of water, earth, wood, fire and metal which, as believed by ancient Asian scholars, guide all human activity and which, in turn, are associated with the values of wisdom, faith, benevolence, propriety and rectitude. These are the very same core values that underlie the single most important element in our reason for being: service.

As we close one of the Bank's more memorable years, its first as a public corporation, we extend our deep gratitude, in behalf of our management team, to our clients for their continuing patronage of the Bank, to our expanded base of shareholders for their investment of confidence in our institution, and to our directors, officers and staff for their contribution towards the ultimate transformation of Equitable Bank into a premier financial institution.

George L. Go
Chairman

Wilfrido V. Vergara
President

## 1997: Three Years Into Transformation

The levels of performance achieved by Equitable Bank in 1997 again affirmed the organization's capability to sustain the growth momentum brought about by the transformation initiatives that were put in place in 1995.

Against the benchmark year of 1994, the Bank has exhibited a dynamic growth that consistently outpaced the system averages. From P500.80 million in 1994, net income grew to P2.11 billion in 1997 for a compound annual growth rate (CAGR) of 61.6 percent. Likewise, due in large part to the successful IPO in 1997, capital funds increased to P14.91 billion from P3.59 billion in 1994 for a CAGR of 60.8 percent. Total resources expanded from P30.65 billion to P104.72 billion in 1997 for a CAGR of 50.6 percent. Loans increased to P46.67 billion from P16.30 billion in 1994 for a CAGR of 42.0 percent, while deposits posted a CAGR of 37.2 percent from P22.36 billion to P57.72 billion in 1997.

The profitability indicators likewise exhibited favorable trends. Return on Assets, excluding appraisal increment, consistently increased from 1.75 percent in 1994 to 2.55 percent in 1997. Reflecting a similar trend, Return on Equity increased dramatically from 14.8 percent in 1994 to 21.6 percent in 1997. By end 1997, Equitable had moved up in industry rankings to sixth largest in terms of capital and resources among the private domestic banks.

Through the immediate past three years, various banking units of Equitable Bank displayed constantly expanding capabilities to respond to the customers' changing needs and to the emerging challenges in a dynamic operating environment.

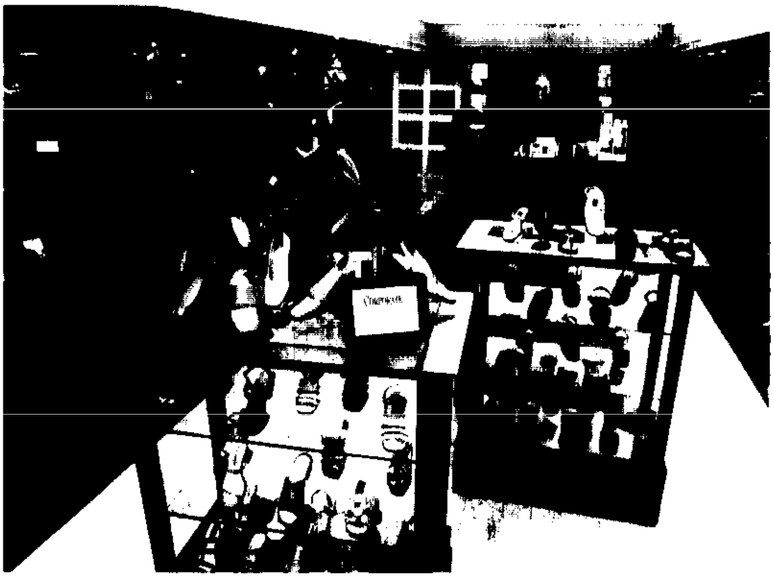
### Corporate Banking

The Corporate Banking Group faced a year of marked contrast in 1997, with the first half characterized by expansionary lending activities, and the latter half reversing to a contractionary stance. Nevertheless, the Bank's loan portfolio increased, albeit at a deliberately slower pace in relation to prior years. Total loan portfolio amounted to P46.67 billion by the end of 1997, reflecting an increase of 30.3 percent from the preceding year, in contrast to the 69.0 percent loan growth in 1996.

After a three-fold rise in 1996, FCDU loans posted a major decline of 32.7 percent as corporate clients opted to insulate themselves from further foreign exchange risks. Moreover the imposition of a 30 percent liquidity cover on foreign currency liabilities by the monetary authorities prompted a rapid settlement of unhedged foreign currency exposures. By yearend the share of FCDU loans to the total loan portfolio dropped to 24.3 percent from over 30 percent in 1996 in spite of the peso's depreciation by 34.5 percent.

In consonance with the realities of market conditions, Corporate Banking focused its efforts on the improvement of asset quality. Periodic account reviews were made on credit and business relationships. Emphasis was placed on the cross-selling of other banking services while selective marketing was implemented for new accounts in strategic industries and with high collateral business potential. Backroom operations were strengthened to improve credit evaluation and service delivery time.

With its success over the last three years in improving client relationships, the Corporate Banking Group remains confident of providing a strong and stable base of corporate clients for the Bank.



**Investment Banking**

Through its wholly-owned subsidiary, EBC Investments, Inc. (EBCII), the Bank over the last three years significantly improved its ability to cross-sell services and expand into new activities and markets. The activities of the subsidiary were aimed at providing value-added services to clients and in facilitating their access to the capital market. As a result, the Investment Banking Group has become a major contributor to the Bank's earnings.

The foreign exchange crisis and the corresponding surge in interest rates during the second half of the year dealt a hard blow to the capital market, bringing it to a virtual standstill. Despite the challenging economic conditions marked by market volatility that brought the securities industry to a five-year low, investment banking operations made a positive earnings contribution during the year.

The positive results for 1997 were due in large part to the successful underwriting of the P7.04 billion initial public offering of the parent Equitable Banking Corporation. The IPO proved to be the largest public offering in the country for 1997. The outstanding success of the Equitable IPO merited from Finance Asia the **1997 Annual Achievement Award for Best Offering for a Bank Issuer** and from International Equity Review the **Best Asian Equity Issue – Philippines** for the year 1997.

## International Banking

Great strides were made in the Bank's Overseas Filipino Workers remittance business during the year under review. Equitable Finance Limited, the Bank's remittance subsidiary in Hong Kong, posted a 72 percent increase in volume in 1997. Another remittance subsidiary, the EBC Interlink SpA, was established in Italy in January 1997. The encouraging results in the remittance business in Italy prompted the opening of a branch in Rome by the middle of 1997.

Likewise the Bank expanded its remittance outlets through correspondent arrangements with various financial institutions and remittance companies in the Middle East, Taiwan, Singapore, Saipan, and the United States.

In addition, the International Division completed the centralization of trade operations into the Central Processing Area (CPA) as part of the Bank's reengineering efforts.

EBC also participated in the Bankers Association of the Philippines' (BAP) and the Bureau of Customs' (BoC) Project Abstract Secure System (PASS), an automated reporting system for collection of taxes and duties. Installation was made in the Davao, General Santos, Batangas, Clark and San Fernando, La Union branches.

The Bank again was able to secure the contract with the International Air Transport Association/Bank Settlement Plan (IATA/BSP). This contract award is testimony to the Bank's competitiveness and service efficiency.

## Trust Banking

Trust operations for the year 1997 ended with modest gains in revenues, capping a three-year effort to develop both traditional trust and fiduciary services as well as pooled fund products. On traditional trust services, the Trust Banking Group revitalized the marketing of both personal and corporate trust services, focusing its thrusts on the Bank's core clients. By year-end, a full complement Asset Management Department was set up to strengthen the Group's capabilities to provide asset management services.

Confirming the Bank's reputation built over the years in the delivery of corporate agency services, the Trust Banking Group continued to book new business.

On pooled funds, participants continued to be received into the Bank's two peso denominated funds, the Collective Investment Management Trust Fund and the Equitable Unit Fund. Likewise, its dollar-denominated fund, the Equitable Dollar Fund, continued to exhibit respectable growth.

With the infrastructure for growth having been built up over the last three years, culminating in the restructuring of the organization of the Trust Banking Group, the coming years augur well for a sustained growth in resources and fee income from the various trust and fiduciary services.

**Retail Banking**

Since the start of the transformation program, the focus of the Bank has been on reducing processing in branches, emphasizing sales and service, and offering a wider array of delivery channels. To this end, superior customer service, focused marketing and effective sales efforts have enabled the Bank to build market share and generate new businesses. In 1997, a total of 35 new branches, inclusive of those for Equitable Savings Bank, were added to the network, with a similar number programmed for 1998. The new branches brought the total number of banking offices to 137, representing a 228 percent growth over the 60 units the Bank had at the start of 1995. Also, during the year, 25 branches were restructured, completing the reengineering of all Metro Manila branches existing prior to 1996.

The year also marked the entry of the Bank into television advertising, with an institutional commercial which projected a dynamic new image for the Bank even as it honored its old tradition of values, associating them all with one overriding philosophy and corporate slogan for Equitable Bank: Service is our Element. An independent research survey disclosed that, with the television ad, marketing collaterals, new indoor and outdoor signages, the Bank managed to increase top-of-mind awareness and patronage of its products and services.

## Consumer Banking

Developments in 1997 affirmed the direction that the Consumer Banking Group has taken since late 1996. Efforts in limiting the Bank's exposure in the auto loan business proved timely and relevant. This is especially so in the light of the high percentage of delinquency experienced by financial institutions which was further aggravated by the rise in interest rates and the currency depreciation.

At the same time, efforts were intensified in strengthening operations and credit with emphasis on collection. Consequently, the Group's performance showed better than industry ratios in terms of delinquency.

Equitable Savings Bank, established in 1996 and initially operating as a conduit for the parent Bank's consumer finance activities, ended 1997 with six branches and with an even greater number of branches in the pipeline, scheduled for opening in 1998. From servicing mainly the transactional requirements of the Bank's mortgage and auto loan operations, Equitable Savings Bank will pursue its mission of becoming a full service savings bank geared to serve the banking requirements of the retail market.

Equitable CardNetwork, Inc. (ECNI), the other subsidiary engaged in consumer finance, capped the year 1997 with significant gains in earnings and in business volumes. Against the benchmark year of 1994, net income, sales volume, and new card issuance registered compound annual growth rates of 66.8 percent, 47.2 percent, and 39.6 percent respectively. This strong performance allowed the Bank's subsidiary to maintain its position as the market leader in the payment services industry in the Philippines.

To ensure continued market leadership, ECNI continued to invest in new technology and resources to allow the delivery of enhanced services and products to the market place. One of the key service initiatives was the launch of the Equitable Hello Service, a 24-hour customer service system utilizing state of the art interactive voice response technology and integrating the personal human touch. The merchant authorization service was reengineered and upgraded to ensure that seamless authorization services were provided to the merchant community throughout the year especially at peak use periods. On the business development side, ECNI implemented 13 new card programs in 1997, bringing to more than 50 the tie-up/affinity/co-branding agreements signed to date.

## Treasury

During the year, Treasury continued to provide active support in the management of the entire Equitable Banking Group's assets and liabilities, inclusive of those of its subsidiaries. The division, supported by highly competent manpower resources and reinforced by new product offerings, scored gains in its dealership activities both for domestic fixed income securities and other capital market transactions.

## Human Resources

Aware of the quality of human resources as a key element in the success of its multi-pronged strategy, Equitable Bank has in recent years devoted significant efforts in shaping a competent management team through its continued investment in training and human resource development. In 1997, considerable emphasis was placed in recruitment and training as well as in setting up HRD services and benefit programs for the Bank's various subsidiaries. During the year, a total of 207 training sessions were held, 77 percent more than those of the previous year and which benefitted 73 percent of the entire manpower complement.

## Technology

With technological advances providing improvement in transaction processing, information management, and control systems, Equitable Bank has over the years made significant investments in front, middle, and back offices to improve the efficiency and security of transaction processing. In 1997, the Bank continued to provide strong technology support to front-line staff with the Technology Management Division playing a key role in a number of initiatives designed to enhance customer service and to improve efficiencies. The Division laid the groundwork for the implementation of various major processing systems. In addition, the Bank's IBM mainframe was upgraded to the latest model three times more powerful to address the medium term requirements of the Bank.

# Report of Independent Public Accountants

SGV & Co.

The Board of Directors and Stockholders
Equitable Banking Corporation

We have audited the accompanying consolidated statements of condition of Equitable Banking Corporation and Subsidiaries (the "Group") as of December 31, 1997 and 1996, and the related consolidated statements of income, changes in capital funds and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

As explained in Note 14 to the financial statements, effective January 1, 1997, the Group changed its method of accounting for financing cost on the construction of its head office building to better reflect the actual cost of the building.

SyCip, Gorres, Velayo & Co.

February 12, 1998
Makati City

## Statement of Management's Responsibility For the Financial Statements

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong, Metro Manila

The management of Equitable Banking Corporation is responsible for all information and representations contained in the financial statements for the years ended December 31, 1997 and 1996. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgement 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 board of directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Bank.

SyCip, Gorres, Velayo and Co., the independent auditors appointed by the stockholders, have examined the financial statements of the Bank in accordance with generally accepted auditing standards and have expressed their opinion of such examination, in the preceding report to the board of directors and stockholders.

Wilfrido V. Vergara
President

Milaflor R. Bangco
First Vice President & Comptroller

# EQUITABLE BANKING CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CONDITION

| | December 31 | |
|---|---|---|
| | 1997 | 1996 |
| **RESOURCES** | | |
| Cash and Other Cash Items | ₱ 999,685,596 | ₱ 598,414,265 |
| Due from Bangko Sentral ng Pilipinas | 2,149,826,960 | 2,118,798,121 |
| Due from Other Banks | 25,762,165,734 | 7,597,061,195 |
| Interbank Loans Receivable | 5,582,138,293 | 3,686,217,569 |
| Trading Account Securities - net of allowance for market decline of P106,284,211 in 1997 and P15,926,954 in 1996 | 7,830,579,077 | 4,631,124,877 |
| Investment in Bonds and Other Debt Instruments - net of allowance for decline in value of P2,793,586 in 1996 (Note 11) | 2,657,498,910 | 1,532,251,338 |
| Receivable from Customers - net (Notes 2 and 7) | 46,667,590,342 | 35,807,130,241 |
| Property and Equipment - net (Note 3) | 4,394,781,807 | 3,011,554,482 |
| Equity Investments (Note 4) | 1,802,031,276 | 987,901,299 |
| Real and Other Properties Owned or Acquired - net of allowance for probable losses of P17,540,421 in 1997 and P16,094,226 in 1996 | 482,266,314 | 125,168,184 |
| Other Resources (Notes 5 and 9) | 6,387,156,468 | 2,873,810,024 |
| | ₱ 104,715,720,777 | ₱ 62,969,431,595 |
| **LIABILITIES AND CAPITAL FUNDS** | | |
| Deposit Liabilities (Note 6) | ₱ 57,716,090,445 | ₱ 37,982,272,953 |
| Interbank Loans Payable | 4,499,545,600 | 2,985,000,000 |
| Bills Payable (Notes 2 and 7) | 18,530,442,441 | 10,177,757,753 |
| Due to Bangko Sentral ng Pilipinas | 120,847,180 | 88,614,703 |
| Due to Other Banks | 1,957,008,447 | 419,435,974 |
| Manager's Checks and Demand Drafts Outstanding | 210,742,818 | 233,331,885 |
| Marginal Deposits | 113,390,124 | 67,594,140 |
| Outstanding Acceptances | 437,100,509 | 639,009,736 |
| Accrued Taxes, Interest and Other Expenses | 1,309,600,315 | 489,366,222 |
| Other Liabilities | 4,815,304,439 | 2,686,985,104 |
| | 89,710,072,318 | 55,769,368,470 |
| Minority Interest in Consolidated Subsidiary | 100,339,136 | 80,524,413 |
| Capital Funds (Notes 3, 6, 8, and 11) | 14,905,309,323 | 7,119,538,712 |
| | ₱ 104,715,720,777 | ₱ 62,969,431,595 |

*See accompanying Notes to Consolidated Financial Statements.*

# EQUITABLE BANKING CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF INCOME

| | Years Ended December 31 | | |
|---|---|---|---|
| | 1997 | 1996 | 1995 |
| **INTEREST INCOME** | | | |
| Receivable from customers | ₱5,562,817,345 | ₱3,276,884,097 | ₱2,430,917,026 |
| Interbank loans | 852,704,293 | 498,073,341 | 203,842,713 |
| Deposits with banks | 827,131,813 | 280,693,281 | 152,068,791 |
| Trading account securities | 814,151,539 | 385,503,175 | 473,886,638 |
| Investment securities | 220,420,398 | 190,118,028 | 234,165,788 |
| Others | 370,188,840 | 201,679,857 | 101,347,980 |
| | 8,647,414,228 | 4,832,951,779 | 3,596,228,936 |
| **INTEREST AND FINANCE CHARGES** | | | |
| Bills payable, borrowings and others | 2,822,348,528 | 1,131,478,835 | 509,815,708 |
| Deposits | 2,056,264,160 | 1,464,685,314 | 1,332,377,092 |
| | 4,878,612,688 | 2,596,164,149 | 1,842,192,800 |
| **NET INTEREST INCOME** | 3,768,801,540 | 2,236,787,630 | 1,754,036,136 |
| **PROVISION FOR PROBABLE LOSSES** | 780,507,776 | 187,011,234 | 312,396,130 |
| **NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES** | 2,988,293,764 | 2,049,776,396 | 1,441,640,006 |
| **OTHER INCOME** | | | |
| Service charges, fees and commissions | 1,401,227,269 | 836,459,596 | 632,128,722 |
| Foreign exchange profits - net | 544,653,942 | 130,683,687 | 142,200,259 |
| Trading gains and commissions - net | 17,639,310 | 140,155,869 | 2,725,891 |
| Miscellaneous | 224,588,523 | 150,720,826 | 170,233,290 |
| | 2,188,109,044 | 1,258,019,978 | 947,288,162 |
| **OTHER EXPENSES** | | | |
| Compensation and fringe benefits (Note 10) | 1,018,599,611 | 795,197,435 | 559,719,878 |
| Occupancy expenses (Note 12) | 642,540,357 | 439,099,542 | 367,121,896 |
| Taxes and licenses | 408,745,285 | 255,903,839 | 189,717,070 |
| Miscellaneous | 637,409,528 | 482,990,572 | 401,228,676 |
| | 2,707,294,781 | 1,973,191,388 | 1,517,787,520 |
| **INCOME BEFORE INCOME TAX** | 2,469,108,027 | 1,334,604,986 | 871,140,648 |
| **PROVISION FOR INCOME TAX** (Note 9) | 420,123,884 | 276,472,737 | 159,873,789 |
| **NET INCOME BEFORE MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY** | 2,048,984,143 | 1,058,132,249 | 711,266,859 |
| **MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY** | 22,770,011 | 12,052,221 | – |
| **INCOME BEFORE CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE** | ₱2,026,214,132 | ₱1,046,080,028 | ₱711,266,859 |

 (Forward)

| | Years Ended December 31 | | |
|---|---|---|---|
| | 1997 | 1996 | 1995 |
| CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING FOR FINANCING COSTS (Note 14) | ₱79,139,646 | – | – |
| NET INCOME | ₱ 2,105,353,778 | ₱ 1,046,080,028 | ₱ 711,266,859 |
| **Earnings Per Share** | | | |
| Before cumulative effect on prior years of change in accounting principle | ₱ 6.73 | ₱ 4.11 | ₱ 2.85* |
| Cumulative effect on prior years of change in accounting for financing costs | 0.26 | – | – |
| | ₱ 6.99 | ₱ 4.11 | ₱ 2.85 |
| **Pro Forma Amounts Assuming that the Accounting Change is Applied Retroactively** | | | |
| Net income | ₱ 2,026,214,132 | ₱ 1,082,032,812 | ₱ 733,395,330 |
| Earnings per share | ₱ 6.73 | ₱ 4.25 | ₱ 2.94 |

*After retroactive adjustment for stock split and stock dividends in 1996.

*See accompanying Notes to Consolidated Financial Statements.*

# EQUITABLE BANKING CORPORATION AND SUBSIDIARIES
# STATEMENTS OF CHANGES IN CAPITAL FUNDS

| | Years Ended December 31 | | |
|---|---|---|---|
| | 1997 | 1996 | 1995 |
| **CAPITAL STOCK** (Notes 6 and 8) | | | |
| Balance at beginning of year | **₱2,545,871,800** | ₱1,697,247,900 | ₱1,508,664,800 |
| Issuance during the year | **621,828,200** | 848,623,900 | 188,583,100 |
| Balance at end of year | **3,167,700,000** | 2,545,871,800 | 1,697,247,900 |
| **PAID-IN SURPLUS** | | | |
| Balance at beginning of year | **628,924,885** | 628,924,885 | 7,411,563 |
| Additions during the year | **5,891,953,850** | – | 621,513,322 |
| Balance at end of year | **6,520,878,735** | 628,924,885 | 628,924,885 |
| **SURPLUS RESERVE** | | | |
| Balance at beginning of year | **327,615,570** | 325,144,570 | 320,745,470 |
| Transfer from surplus (Note 11) | **4,222,000** | 2,471,000 | 4,399,100 |
| Balance at end of year | **331,837,570** | 327,615,570 | 325,144,570 |
| **SURPLUS** (Note 8) | | | |
| Balance at beginning of year | **2,353,233,726** | 2,353,432,154 | 1,748,399,269 |
| Net income | **2,105,353,778** | 1,046,080,028 | 711,266,859 |
| Transfer to surplus reserve (Note 11) | **(4,222,000)** | (2,471,000) | (4,399,100) |
| Cash dividends | **(393,146,154)** | (195,183,506) | (101,834,874) |
| Stock dividends (Note 8) | **–** | (848,623,950) | – |
| Balance at end of year | **4,061,219,350** | 2,353,233,726 | 2,353,432,154 |
| **PARENT COMPANY SHARES HELD BY A SUBSIDIARY** | **(440,219,063)** | – | – |
| **REVALUATION INCREMENT IN LAND** (Note 3) | **1,263,892,731** | 1,263,892,731 | 1,263,892,731 |
| | **₱14,905,309,323** | ₱7,119,538,712 | ₱6,268,642,240 |

*See accompanying Notes to Consolidated Financial Statements.*

# EQUITABLE BANKING CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | | |
|---|---|---|---|
| | 1997 | 1996 | 1995 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | ₱2,105,353,778 | ₱1,046,080,028 | ₱711,266,859 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| *Provision for probable losses* | 780,507,776 | 187,011,234 | 312,396,130 |
| Depreciation | 230,873,804 | 176,774,675 | 163,983,734 |
| Cumulative effect on prior years of change in accounting for financing costs | (79,139,646) | – | – |
| Provision for deferred income tax | (69,509,689) | (20,663,825) | (78,885,969) |
| Minority interest in net income of consolidated subsidiary | 22,770,011 | 12,052,221 | – |
| Equity in net earnings of subsidiaries and affiliates | (2,198,470) | (6,260,783) | (2,344,633) |
| Provision for decline in market value of investment securities | – | – | 23,836,433 |
| Decrease (increase) in: | | | |
| Trading account securities | (3,287,017,871) | 579,726,817 | (1,841,206,111) |
| Other resources | (3,447,664,063) | (543,725,827) | (943,629,758) |
| Increase (decrease) in: | | | |
| Due to Bangko Sentral ng Pilipinas | 32,232,477 | 11,369,568 | 20,717,456 |
| Due to other banks | 1,537,572,473 | 287,256,245 | 131,597,126 |
| Manager's checks and demand drafts outstanding | (22,589,067) | (45,371,415) | 109,522,455 |
| Accrued taxes, interest and other expenses | 820,234,093 | 130,569,756 | 153,488,657 |
| Other liabilities | 2,128,319,335 | 1,482,497,739 | 336,589,999 |
| Net cash provided by (used in) operating activities | 749,744,941 | 3,297,316,433 | (902,667,622) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Decrease (increase) in: | | | |
| Investment in bonds and other debt instruments | (1,122,453,986) | 740,034,259 | 1,146,708,778 |
| Receivable from customers | (12,204,344,400) | (14,800,475,293) | (5,247,611,799) |
| Property and equipment | (1,614,101,129) | (707,907,894) | (338,858,912) |
| Equity investments | (878,135,138) | (460,231,768) | (222,033,827) |
| Net cash used in investing activities | (15,819,034,653) | (15,228,580,696) | (4,661,795,760) |

(Forward)

| | Years Ended December 31 | | |
|---|---|---|---|
| | 1997 | 1996 | 1995 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payment of cash dividends | ₱(393,146,154) | ₱(195,183,506) | ₱(101,834,874) |
| Minority interest in consolidated subsidiary | (2,955,288) | 68,472,192 | – |
| Proceeds from issuance of additional capital stock | 6,513,782,050 | – | 810,096,422 |
| Increase (decrease) in: | | | |
| Deposit liabilities | 19,733,817,492 | 8,659,995,763 | 6,957,540,916 |
| Interbank loans payable | 1,514,545,600 | 835,000,000 | 2,150,000,000 |
| Bills payable | 8,352,684,688 | 5,976,448,891 | 1,308,688,244 |
| Marginal deposits | 45,795,984 | (198,459,555) | (12,968,480) |
| Outstanding acceptances | (201,909,227) | 263,822,470 | 143,910,838 |
| Net cash provided by financing activities | 35,562,615,145 | 15,410,096,255 | 11,255,433,066 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 20,493,325,433 | 3,478,831,992 | 5,690,969,684 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | | |
| Cash and other cash items | ₱598,414,265 | ₱726,216,841 | ₱420,112,932 |
| Due from Bangko Sentral ng Pilipinas | 2,118,798,121 | 2,418,111,578 | 2,313,156,367 |
| Due from other banks | 7,597,061,195 | 4,237,521,903 | 941,435,688 |
| Interbank loans receivable | 3,686,217,569 | 3,139,808,836 | 1,155,984,487 |
| | 14,000,491,150 | 10,521,659,158 | 4,830,689,474 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | | |
| Cash and other cash items | 999,685,596 | 598,414,265 | 726,216,841 |
| Due from Bangko Sentral ng Pilipinas | 2,149,826,960 | 2,118,798,121 | 2,418,111,578 |
| Due from other banks | 25,762,165,734 | 7,597,061,195 | 4,237,521,903 |
| Interbank loans receivable | 5,582,138,293 | 3,686,217,569 | 3,139,808,836 |
| | ₱34,493,816,583 | ₱14,000,491,150 | ₱10,521,659,158 |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION** | | | |
| Cash paid during the year for: | | | |
| Interest | ₱4,789,896,909 | ₱2,504,661,372 | ₱1,806,736,224 |
| Income taxes | 456,625,731 | 279,312,831 | 198,772,169 |

*See accompanying Notes to Consolidated Financial Statements.*

# EQUITABLE BANKING CORPORATION AND SUBSIDIARIES
# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Equitable Banking Corporation (the Bank) and its significant wholly and majority owned subsidiaries (the Group): (a) Equitable Card Network, Inc.; (b) EBC Investments, Inc.; (c) Equitable Finance Ltd.; (d) Equitable Savings Bank; and (e) EBC Strategic Holdings, Inc. (in 1997). Material intercompany balances and transactions have been eliminated in the consolidation.

Equity investments in companies where the Group exercises significant influence, including subsidiaries which are not significant in relation to the Group's total assets and income, are accounted for under the equity method. Other equity investments are carried at cost less allowance for probable losses. Under the equity method, the Group recognizes in their respective statements of income their share in the earnings or losses of the investees. The cost of investments is increased or decreased by the equity in net earnings or losses of and dividends received from the investees since dates of acquisition.

Under the Bangko Sentral ng Pilipinas (BSP) rules, the use of equity method of accounting for investment in shares of stock is allowable only where ownership is more than 50%. The use of equity method of accounting for equity interests of 20% to 50% is being made for financial reporting purposes to comply with the provisions of Statement of Financial Accounting Standards No. 11 issued by the Accounting Standards Council and is not intended for BSP reporting purposes.

Trading Account Securities

Trading account securities are carried at the lower of aggregate cost or market. Gains or losses on sales and changes in market values are included in trading gains and commissions in the consolidated statements of income.

Investment in Bonds and Other Debt Instruments

Investment in bonds and other debt instruments are stated at cost adjusted for amortization of premiums and accretion of discounts and net of estimated allowance for permanent decline in value, if any. Gains or losses on disposition of investment securities are reported in the consolidated statements of income as trading gains and commissions.

Receivable from Customers and Allowance for Probable Losses

Receivable from customers are stated at the outstanding balance, reduced by unearned discounts and allowance for probable losses.

Unearned discount is recognized as income over the term of the receivable using the interest method. Interest income on nondiscounted receivables are accrued monthly as earned, except in the case of nonaccruing receivables.

Receivables are classified as nonaccruing when principal is past due, or when, in the opinion of management, collection of interest or principal is doubtful. Interest income on these receivables is recognized only to the extent of cash collections received. Receivables are not reclassified as accruing until interest and principal payments are brought current or the receivable is restructured in accordance with existing BSP regulations, and future payments appear assured.

Allowance for probable losses is maintained at a level considered adequate to provide for potential losses on receivables and other resources. The reserve is increased by provisions charged to expense and reduced by net charge-offs and reversals. The level of the reserve is based on management's evaluation of potential losses after consideration of prevailing and anticipated economic conditions.

The Monetary Board of the Philippines requires banks to set up on a regular basis, valuation reserves or allowances for probable losses against loans and other risk assets in accordance with the following:

| Classification | Allowance |
|---|---|
| a) Unclassified | 0% |
| b) Loans especially mentioned | 0% |
| c) Substandard | 25% of unsecured portion |
| d) Doubtful | 50% of unsecured portion |
| e) Loss | 100% of unsecured portion |

In October 1997, the Monetary Board, through BSP Circular No. 143, as amended, required banks to set aside general loan-loss reserves equivalent to 2% of total loan portfolio in addition to the allowance for probable losses on individually identified uncollectible accounts. However, interbank loans and loans which are considered non-risk under existing regulations are excluded from the computation. Banks are required to set up a general reserve of 1% of their total loan portfolio by October 1, 1998, another 0.5% by October 1, 1999 and the remaining 0.5% by October 2000. The 2% required reserves also cover loans granted by trust department of banks either directly or through various trust funds or managed accounts. The Circular also redefined the determination of past due loans as follows: a) loans payable monthly with three installments in arrears or with total amount of arrearages equal to 20% or more of the outstanding balance of the loan; b) loans payable quarterly, half-yearly and annually with one installment in arrears; and c) loans payable daily, weekly or semi-monthly with total amount of arrearages equal to 10% or more of the outstanding balance of the loan.

Property and Equipment

The Group's depreciable properties, including leasehold improvements, furniture, fixtures and equipment are stated at cost less accumulated depreciation. The Group provides depreciation on their depreciable assets on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the improvements or the terms of the related leases.

Land acquired by the Bank up to December 1995 is stated at appraised values as determined by an independent firm of appraisers as of that date. Subsequent additions are stated at cost.

The net appraisal increment resulting from the revaluation in 1995 was credited to the Revaluation Increment in Land shown in the statement of changes in capital funds.

In 1997, the Bank adopted Statement of Financial Accounting Standards (SFAS) No. 25 on the capitalization of borrowing costs. The standard allows for the capitalization of interest and other financing costs incurred during the construction period on borrowings used to finance the construction of the Bank's building (included in deposits on purchase of building under construction under property and equipment in the statements of condition.)

Real and Other Properties Owned or Acquired

Assets acquired in settlement of receivables are recorded at the lower of the balance of total exposure or appraised value. Any excess of receivables balance over appraised value not recoverable from the borrower is charged to operations. Holding costs subsequent to the foreclosure or acquisition of the properties are charged to operations as incurred. Allowance for probable losses is set up for any anticipated losses based on appraisal reports and/or current negotiations and programs to dispose of these properties.

Income Tax

The Group applies the liability method of accounting for deferred income tax. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Retirement Plan

Effective January 1, 1997, the Bank adopted ASC Statement of Financial Accounting Standards No. 24, Retirement Benefit Costs (see Note 10). Accordingly, the Bank's retirement expense is now determined using the entry age normal method. This method reflects the retirement benefits based on service both rendered and to be rendered by employees as of the date of the actuarial valuation. Under this method, the cost of employees' retirement benefits are evenly allocated over the full period of employment. Unrecognized experience adjustments and past service costs are now amortized over the expected working lives of employees, in compliance with Statement No. 24. In 1996 and prior years, the Bank used the aggregate cost method.

Derivative Instruments

The Bank and one of its subsidiaries are parties to derivative contracts entered into as a service to customers and as a means of reducing the Bank's foreign exchange exposure as well as for trading purposes.

For derivative contracts that are designated and qualifies as a hedge, the discount or premium is amortized over the term of the contract and the revaluation gains and losses are deferred or recognized as income or expense to match the treatment for the hedged exposures. Derivative instruments which are not designated as hedges are marked to market with the revaluation gains and losses credited or charged to current operations.

Foreign Currency Transactions

Foreign currency denominated monetary resources and liabilities are translated using the exchange rate at the end of the year; income and expenses are translated at average rates. Exchange differences arising from reporting foreign currency monetary items at rates different from those at which they were previously recorded are credited or charged to operations in the period in which the rates changed.

Earnings Per Share

Earnings per share is calculated by dividing net income by the weighted average number of common shares issued and subscribed after giving retroactive effect to any stock splits or stock dividends declared.

## 2. Receivable from Customers

This account consists of:

| | 1997 | 1996 |
|---|---|---|
| Loans and discounts | ₱36,964,136,858 | ₱29,949,059,046 |
| Customers' liabilities on acceptances, letters of credit/trust receipts | 5,605,609,971 | 2,878,903,995 |
| Cardholders | 3,898,227,606 | 2,521,742,312 |
| Bills purchased | 1,514,298,641 | 1,342,603,061 |
| | 47,982,273,076 | 36,692,308,414 |
| Unearned discount | (212,771,151) | (126,334,878) |
| Allowance for probable losses | (1,101,911,583) | (758,843,295) |
| | ₱46,667,590,342 | ₱35,807,130,241 |

Receivables on which accrual of interest has been discontinued or reduced amounted to P1,052.8 million and P859.6 million as of December 31, 1997 and 1996, respectively. Certain of these receivables are secured by real estate and chattel mortgages. As of December 31,1997, the Bank has provided 1% out of the required 2% general loan loss reserves required by the BSP to be set up by October 2000, as discussed in Note 1.

Receivables amounting to P17.7 million and P57.2 million as of December 31, 1997 and 1996, respectively, are pledged as collateral with the BSP to secure receivables under rediscounting privileges (included in Bills Payable).

## 3. Property and Equipment

This account consists of the following:

| | 1997 | 1996 |
|---|---|---|
| At cost: | | |
| Land | ₱385,303,391 | ₱300,499,083 |
| Buildings | 774,395,427 | 499,432,668 |
| Leasehold improvements | 168,391,865 | 130,147,196 |
| Furniture, fixtures and equipment | 1,597,731,863 | 1,157,567,718 |
| | 2,925,822,546 | 2,087,646,665 |
| Accumulated depreciation | (1,050,556,789) | (854,285,414) |
| | 1,875,265,757 | 1,233,361,251 |
| Deposits on purchase of building under construction | 1,255,623,319 | 514,300,500 |
| Appraisal increment in land | 1,263,892,731 | 1,263,892,731 |
| | ₱4,394,781,807 | ₱3,011,554,482 |

The appraisal increment in land was determined in December 1995 by an independent firm of appraisers.

## 4. Equity Investments

This account consists of equity investments in:

| | Ownership (Percent) | 1997 | 1996 |
|---|---|---|---|
| At equity: | | | |
| Acquisition cost of: | | | |
| Jardine Land, Inc. | 20 | ₱232,000,000 | ₱232,000,000 |
| Equimark - NFC Development Corporation | 60 | 44,997,000 | 44,997,000 |
| Equitable Data Center, Inc. | 100 | 40,000,000 | 40,000,000 |
| EBC Insurance Brokerage, Inc. | 100 | 16,250,000 | 1,250,000 |
| Securities Clearing Corporation of the Philippines | 22 | 11,000,000 | 11,000,000 |
| Unicorn First Properties | 35 | 3,500,000 | 3,500,000 |
| Equitable Venture Capital Corporation | 60 | 3,000,000 | 3,000,000 |
| | | 350,747,000 | 335,747,000 |
| Accumulated equity in net earnings: | | | |
| Balance at beginning of year | | 7,919,664 | 1,658,881 |
| Equity in net earnings for the year | | 2,198,470 | 6,260,783 |
| Balance at end of year | | 10,118,134 | 7,919,664 |
| | | 360,865,134 | 343,666,664 |
| At cost - other investments (net of allowance for probable losses of P124.9 million in 1997 and P58.8 million in 1996) | | 1,441,166,142 | 644,234,635 |
| | | ₱1,802,031,276 | ₱987,901,299 |

In 1997, EBC Strategic Holdings, Inc., a consolidated subsidiary, was organized to hold the Bank's investment in allied and non-allied undertakings.

In 1996, Equitable Card Network, Inc. (ECN), a consolidated subsidiary, issued additional shares of stock at book value to a new stockholder. This transaction effectively decreased the Bank's equity interest from 100% to 90%. No gain or loss from reduction of the Bank's equity interest in ECN resulted from this transaction.

Other investments carried at cost include underwritten securities purchased of P333.8 million and P78.0 million as of December 31, 1997 and 1996, respectively, (net of allowance for probable losses of P34.2 million and P8.0 million as of December 31, 1997 and 1996, respectively).

## 5. Other Resources

This account consists of the following:

| | 1997 | 1996 |
|---|---|---|
| Returned checks and other cash items in process of collection | **₱698,983,653** | ₱1,155,511,123 |
| Accrued interest receivable | **590,333,562** | 306,642,037 |
| Deferred tax asset - net (see Note 9) | **299,811,470** | 267,612,468 |
| Accounts receivable | **288,484,228** | 193,459,809 |
| Foreign currency notes and coins on hand | **281,078,463** | 112,900,250 |
| Equity investment held for sale | **255,789,715** | 255,789,715 |
| Advances to subsidiaries and affiliates | **140,088,624** | 76,293,077 |
| Miscellaneous checks and other cash items | **119,890,760** | 72,174,873 |
| Commemorative coins on hand | **25,986,833** | 26,136,833 |
| Miscellaneous assets | **3,686,709,160** | 407,289,839 |
| | **₱6,387,156,468** | ₱2,873,810,024 |

Equity investment held for sale represents the Bank's investment in Bank of Commerce that is classified under other resources pending its disposal as decided upon by the Bank's stockholders in 1994. The Bank's management believes that the realizable value of this investment exceeds its carrying value.

## 6. Deposit Liabilities

This account consists of:

| | 1997 | 1996 |
|---|---|---|
| Demand | **₱1,868,231,188** | ₱1,871,315,213 |
| Savings | **32,382,035,755** | 21,481,482,753 |
| Time | **23,465,823,502** | 14,629,474,987 |
| | **₱57,716,090,445** | ₱37,982,272,953 |

Time deposits include foreign currency denominated fixed rate certificates of deposit amounting to U.S.$100.0 million as of December 31, 1997 and 1996 which were issued with detachable warrants to purchase common shares of the Bank. These warrants may be exercised within one year from March 5, 1997, the initial public offering (IPO) listing date (see Note 8) at the same price as the Bank's IPO price of P113.30 per share, except that when the warrants are exercised after nine months from the IPO listing date, the exercise price shall be increased by 10 percent of the IPO price. At the end of one year from the IPO listing date, the right to subscribe shall be deemed to have been transferred to EBC Investments, Inc., a wholly owned subsidiary of the Bank.

## 7. Bills Payable

This account consists of borrowings from:

| | 1997 | 1996 |
|---|---|---|
| Foreign banks | ₱14,819,651,426 | ₱7,320,575,939 |
| Local banks | 748,701,744 | 480,887,342 |
| BSP - rediscounting (see Note 2) | 17,710,240 | 57,219,212 |
| Others | 2,944,379,031 | 2,319,075,260 |
| | ₱18,530,442,441 | ₱10,177,757,753 |

Bills Payable - Others represent mainly funding from the Development Bank of the Philippines, Land Bank of the Philippines and the Social Security System whereby the Bank acts as conduit for certain financing programs of these institutions.

## 8. Capital Funds

The Bank's capital stock consists of:

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Common stock - P10 par value in 1997 and 1996 and P100 par value in 1995<br>Authorized - 500,000,000 shares in 1997 and 1996 and 20,000,000 shares in 1995<br>Issued - 316,770,000 shares in 1997, 254,587,180 shares in 1996 and 16,972,479 shares in 1995 | ₱3,167,700,000 | ₱2,545,871,800 | ₱1,697,247,900 |

In January 1996, the Bank's board of directors (BOD) and stockholders approved the declaration of a 50% stock dividend on the outstanding common shares as of March 31, 1996, that were distributed upon approval of the increase in authorized capital stock by the Securities and Exchange Commission (SEC) on June 30, 1996 from P2.0 billion, divided into P20 million common shares to P5.0 billion, divided into 50 million common shares, both with par value of 100 a share.

In August 1996, the Bank's BOD and stockholders approved the reduction in par value of the Bank's common stock from P100 a share to P10 a share, such that for each issued share of stock with par value of P100 a share, the Bank issued 10 common shares with par value of P10 a share. As a result, the Bank's authorized number of capital stock increased from 50 million common shares with par value of P100 a share to 500 million common shares with par value of P10 a share. The reduction in par value was approved by the SEC on October 23, 1996.

Also in August 1996, the Bank's BOD and stockholders approved the offer of up to 85,412,820 common shares from its unissued common stock (after the reduction in par value to P10 a share) through Initial Public Offering (IPO), private placement or exercise of options and/or warrants under such terms and conditions as may be recommended by management. The stockholders shall waive their preemptive right to subscribe to these additional common shares. Further, the Bank's BOD and stockholders approved the application for IPO of the Bank's 340 million common shares (after the reduction in par value to P10 a share), and such options and/or warrants that may be issued as authorized, with the SEC and Philippine Stock Exchange.

A portion of the Bank's surplus corresponding to the (a) undistributed equity in net earnings of investees amounting to P874.9 million and P546.3 million as of December 31, 1997 and 1996, respectively, and (b) accumulated balance of deferred income tax amounting to P276.3 million and P246.7 million as of December 31, 1997 and 1996, respectively, are not available for dividend declaration until realized by the Bank through (a) distribution of cash dividends by investees and (b) reversal of deferred income tax.

## 9. Income Taxes

The provision for income tax consists of:

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Current: | | | |
| *Final tax* | **₱282,686,204** | ₱173,922,142 | ₱165,502,174 |
| 35% income tax | **206,947,369** | 123,159,693 | 70,298,802 |
| Others | **–** | 54,727 | 2,958,782 |
| | **489,633,573** | 297,136,562 | 238,759,758 |
| Deferred | **(69,509,689)** | (20,663,825) | (78,885,969) |
| | **₱420,123,884** | ₱276,472,737 | ₱159,873,789 |

A reconciliation between the statutory income tax and effective income tax follows:

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| *Statutory income tax at 35%* | **₱864,187,809** | ₱467,111,745 | ₱304,899,227 |
| Tax effect of: | | | |
| Interest income subjected to lower final tax | **(212,250,164)** | (140,257,227) | (113,068,342) |
| Income of Foreign Currency Deposit Unit | **(319,220,489)** | (45,716,204) | (26,705,785) |
| Others | **87,406,728** | (4,665,577) | (5,251,311) |
| Effective income tax | **₱420,123,884** | ₱276,472,737 | ₱159,873,789 |

The significant components of net deferred tax asset (included in other resources) are as follows:

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Tax effect of: | | | |
| Allowance for probable losses | **₱369,345,870** | ₱266,766,634 | ₱246,465,349 |
| Accrued retirement cost | **–** | 845,834 | 385,272 |
| Unamortized past service cost | **–** | – | 98,022 |
| Capitalized interest (see Note 14) | **(69,534,400)** | – | – |
| | **₱299,811,470** | ₱267,612,468 | ₱246,948,643 |

Under the Philippine tax laws, the regular banking unit of the Bank is subjected to income tax of 35%, among other taxes. Republic Act No. 8424 (An Act Amending the National Internal Revenue Code, As Amended, And for Other Purposes), which took effect on January 1, 1998, provides among others the following:

a. change in corporate tax rate to 34% in 1998, 33% in 1999 and 32% in 2000 and onwards;

b. imposition of a minimum corporate income tax of 2% of gross income (net of interest expense);

c. imposition on the employer of a final tax (34% in 1998, 33% in 1999 and 32% in 2000 and onwards) on grossed up monetary value of fringe benefits granted to the employees (except rank and file);

d. reduction in the amount of interest allowed as income tax deduction by an amount equal to 41% beginning January 1, 1998, 39% beginning January 1, 1999 and 38% beginning January 1, 2000, of the interest income subjected to final tax; and

e. introduction of a three-year net operating loss carryover.

Income earned by the Bank's Foreign Currency Deposit Unit (FCDU) is taxed as follows:

a. Ten percent (10%) final tax on the gross onshore interest income. This tax is usually absorbed by the borrowers;

b. All other income not classifiable as onshore or offshore income are taxed at the usual bank taxes; and

c. Net offshore income is tax-exempt.

As provided by RA No. 8424, which took effect on January 1, 1998, (a) income derived by the FCDU's foreign currency transactions with local commercial banks including branches of foreign banks authorized by the BSP to transact business with FCDUs are subject to 10% final tax, and (b) FCDU deposits of residents are subject to 7.5% final withholding tax.

## 10. Retirement Plan

The Bank has a noncontributory and funded retirement plan covering all its officers and regular employees. The retirement fund is administered by the Bank's Trust Investments Group which acts as trustee under the plan. The total contributions of the Bank to its pension plan that were charged to expense amounted to P78.6 million in 1997, P46.9 million in 1996 and P43.7 million in 1995.

In 1997, the Bank adopted Statement of Financial Accounting Standards No. 24, Retirement Benefit Costs, and used the entry age normal method to measure pension benefits. The effect of the change resulting from the adoption of Statement No. 24 is not material.

At December 31, 1997, the latest actuarial valuation, the actuarial present value of pension benefits amounted to P395.0 million. The fair value of the plan assets amounted to P200.3 million. The principal actuarial assumption used to determine pension benefits were a discount rate and a return on plan assets of 11% compounded annually. Actuarial valuations are made at least every year. The Bank's annual contribution to the pension plan consists of a payment covering the current service cost for the year plus a payment toward funding the actuarial accrued liability.

## 11. Trust Assets

Securities and other properties (other than deposits) held by the Bank in fiduciary or agency capacities for clients (and beneficiaries) are not included in the accompanying consolidated statements of condition since these are not assets of the Bank.

Government securities with a total face value of P113.0 million and P124.9 million, as of December 31, 1997 and 1996, respectively, are deposited with the BSP in compliance with existing banking regulations relative to the trust functions of the Bank.

Additionally, a certain percentage of the Bank's trust income is transferred to surplus reserve until such reserve for trust functions amounts to 20% of the Bank's authorized capital stock, and no part of such surplus reserve shall at any time be paid out in dividends, but losses accruing in the course of its business may be charged against such surplus.

Also, in accordance with BSP regulations, the common trust funds managed by the Bank's trust department maintain reserve deposit account with the BSP and government securities to meet the reserve requirement on peso-denominated common trust funds and other similarly managed funds. As of December 31, 1997 and 1996, the balance of the BSP reserve deposit account amounted to P349.5 million and P506.4 million, respectively, while government securities amounted to P184.0 million and P257.0 million as of December 31, 1997 and 1996, respectively.

## 12. Commitments and Contingent Liabilities

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the accompanying consolidated financial statements. The Group does not anticipate any material loss as a result of these commitments and contingent liabilities.

The outstanding contingent accounts as of December 31, 1997 and 1996 consists of:

| | 1997 | 1996 |
|---|---|---|
| Forward exchange bought | **₱12,237,105,765** | ₱8,302,456,999 |
| Trust accounts (see Note 11) | **7,357,415,285** | 8,845,440,210 |
| Unused letters of credit | **4,088,281,441** | 2,307,899,812 |
| Forward exchange sold | **2,716,257,235** | 2,843,432,752 |
| Bank guarantees | **744,737,666** | 564,691,805 |
| Others | **1,318,403,746** | 2,122,920,927 |

The Group is a defendant in legal actions arising from normal business activities. Management believes that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Group's financial positions.

The Bank leases the premises occupied by some of its branches. The lease contracts are for periods ranging from 2 to 20 years and are renewable upon mutual agreement between the Parent Company and the lessors. Total rent expense incurred amounted to P134.0 million in 1997 and P38.3 million in 1996.

## 13. Related Party Transactions

In the ordinary course of business, the Bank has loans and other transactions with its affiliates, and with certain directors, officers, stockholders and related interests ("DOSRI"). Under the Bank's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the Bank's total capital funds or 15% of the Bank's total loan portfolio, whichever is lower. As of December 31, 1997 and 1996, the Bank has complied with all these regulatory requirements.

Other related party transactions conducted in the normal course of business include the availment of computer services of a wholly-owned subsidiary to meet the Bank's reporting requirements.

## 14. Accounting Change

In 1997, the Bank capitalized the financing cost on the construction of its building to better reflect the actual cost of the building. Financing costs in prior years, beginning 1993, were being charged to operations. The effect of the change in 1997 was to increase net income by approximately P147.5 million. This includes cumulative effect on prior years of P79.1 million to apply retroactively the new method.

## 15. Recent Economic Events

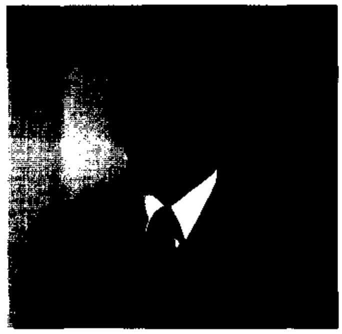
Recent adverse economic developments in the Southeast Asian region continue to affect the Philippines and has led to the depreciation in the value of the peso against the U.S. dollar and higher interest rates.

The impact and effects of these events on the economy and on the Bank's future operations will be reported in the ensuing financial statements as they occur. Management believes, however, that the banking industry as a whole remains basically stable notwithstanding the recent economic developments.

## Board of Directors

**Peter Go Pailian**
Chairman Emeritus

**George L. Go**
Chairman

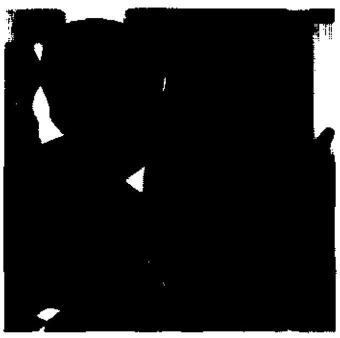


**Wilfrido V. Vergara**
President & Director

**Wilfrido C. Tecson**
Vice-Chairman

**Ricardo J. Romulo**
Vice-Chairman

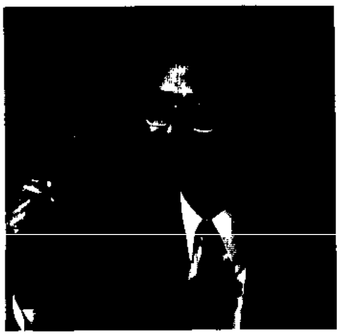
**John C.B. Go**
Vice-Chairman



**Herminio B. Banico**
Director

**Francisco C. Chua**
Director

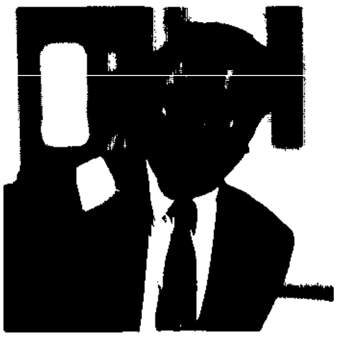
**Frank L. Go**
Director



**Edilberto V. Javier**
Director

**Ricardo C. Leong**
Director

**Julius T. Limpe**
Director



**Ricardo S. Murillo**
Director

**Gloria L. Tan Climaco**
Director

**Antonio Y. Tee**
Director

**Antonio L. Go**
Technical Adviser

**Genevieve W.J. Go**
Technical Assistant

**Purita M. Jeanjaquet**
Corporate Secretary

## Corporate Management

**Chairman**

George L. Go

**President and CEO**

Wilfrido V. Vergara

**Executive Vice Presidents**

Antonio L. Go

Edilberto V. Javier

**Senior Vice Presidents**

Romuald U. Dy Tang

Oscar P. Lopez-Dee

Arthur E. Soberano

Manuel T. Tan

Antonio Y. Tee

Bernard C. Uy

### First Vice Presidents

Milaflor R. Bangco
Manuel B. Curato
Rolando D. Esguerra
Juana S. Gavino
Virgilio D. Indiongco
Valentin C. Lim
Merlita B. Ng
Jose G. Nuguid
Deanna S. Tacardon

### Vice Presidents

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Fidelino G. Asinas
Beatriz L. Bagsit
Redentor C. Bancod
Herman D. Belleza
Wellington C. Chan
Virginia B.K. Chuah
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Nilo T. Divina
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Antonio U. Tan
Rosita S. Tan
Soledad S. Tolentino
Benjamin B. Turno
Rosola A. Vivas
Marietta F. Yuching

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***Vice President***

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### Pasay-Libertad
212 Libertad St., Pasay City
Tel. Nos.: 833-1149; 833-1143
***Rosalind T. Gabaldon, Manager***

### Pasay-Rotonda
EDSA corner Zamora St., Pasay City
Tel. Nos.: 833-6839; 831-0050
***David P. Gozun***
***Manager***

### Paseo-Gil Puyat
EBC Bldg., Paseo de Roxas corner
Gil Puyat Avenue, Makati City
Tel. Nos.: 897-2971 to 83
Fax: 897-6149
***Leticia T. Chua***
***Assistant Vice President***

### Pasig-Rosario
Pasig Blvd. Extension
(C. Raymundo Ave.)
Rosario, Pasig City
Tel. Nos : 642-8406 to 09
Fax: 641-5828
***Susan D.C. Pastor***
***Senior Manager***

### Pedro Gil-Robinson's
Robinson's Place Ermita
Pedro Gil St., Ermita, Manila
Tel. Nos.: 536-0332; 536-7953
Fax: 536-0331
***Shakira Castrillo-Yu***
***Assistant Manager***

### Quezon Ave.-Speaker Perez
Quezon Avenue corner
Speaker Perez St., Quezon City
Tel. Nos.: 731-7284 to 86
Fax: 413-2317
***Nicanor C. Barredo***
***Senior Manager***

### Quiapo-C. Palanca
132 Carlos Palanca St.
Quiapo, Manila
Tel. Nos.: 733-6334; 733-6337
Fax: 733-6329
***Rosalina L. Magno***
***Assistant Vice President***

### Reina Regente
C.M. Recto Avenue corner
Reina Regente St., Binondo, Manila
Tel. Nos.: 244-3965; 245-7141
Fax 244-7318
***Ruby N. Chuongco***
***Assistant Vice President***

### Rizal Ave.-Batangas St.
2229-2231 Rizal Avenue
Sta. Cruz, Manila
Tel. Nos.: 252-5463 to 64
***Flora S. Ong***
***Assistant Manager***

### Ronquillo
Carmen Building
Ronquillo St., Sta. Cruz, Manila
Tel. Nos.: 735-9301 to 06
Fax: 735-9002
***Arsenio P. Go***
***Manager***

### Roosevelt-Pitimini
EBC Bldg., Roosevelt Avenue corner
Pitimini St., Quezon City
Tel. Nos.: 412-4745; 373-7171
Fax: 372-5988
***Wilbo L. Ng Tahn, Senior Manager***

### Salcedo Vill.-Herrera St.
Chatham House, Herrera St. corner
Valero and San Agustin Sts.
Salcedo Village, Makati City
Tel. Nos.: 843-1297; 843-1310
Fax: 843-4365
***Eduardo Luis S. Kennedy***
***Manager***

### San Juan-Blumentritt
80-F Blumentritt St. corner
Toribio St., San Juan, Metro Manila
Tel. Nos.: 726-9530; 727-1931
***Lydia P. Mariano, Senior Manager***

### Shaw Blvd.-Stanford
EBC Bldg., Shaw Blvd. corner
Stanford St., Mandaluyong City
Tel. Nos.: 723-8708 to 09
Fax: 723-8707
***Rosalina G. Ong, Senior Manager***

### Soler Branch
1087 Soler St., Manila
Tel. Nos.: 244-1146; 244-2115
Fax: 244-1137
***Annie H. Ngo, Vice President***

### Sto. Cristo
565 & 567 Sto. Cristo Street,
Binondo, Manila
Tel. Nos.: 244-8953 to 55
Fax: 242-0333
***Irene C. Chua***
***Assistant Manager***

### Tektite
PSE Center, Exchange Road
Ortigas Commercial Complex
Pasig City
Tel. No.: 636-3728 to 29
Fax: 635-2906
***Estela L. Lim***
***Assistant Vice President***

### Timog-Scout Tobias
35-A Timog Avenue, Quezon City
Tel. Nos.: 924-3376 to 77
Fax: 410-1940
***Edelquinn G. Nantes***
***Senior Manager***

### U.N. Avenue-J. Bocobo
EBC Bldg., U.N. Avenue corner
J. Bocobo St., Ermita, Manila
Tel. Nos.: 524-9661 to 65
Fax: 525-2033
***Jose Emilio I. Alcalde***
***Senior Manager***

### Valenzuela-Malinta
769-771 MacArthur Highway
Malinta, Valenzuela, Metro Manila
Tel. No.: 444-5743 to 44
Fax: 291-2681
***Fernando J. Abad, Manager***

### Valenzuela-Marulas
MacArthur Highway
Valenzuela, Metro Manila
Tel. Nos.: 291-6046; 291-6058
Fax: 293-2711
***Herman D. Belleza, Vice President***

### Visayas Avenue
Visayas Avenue near
Congressional Avenue Ext.
Quezon City
Tel Nos. 454-2941 to 42
Fax: 920-9028
***Aracely P. Eugenio, Manager***

## PROVINCIAL BRANCHES

### Angeles City (045)
294 Sto. Rosario St., Angeles City
Pampanga
Tel. Nos.: 888-5387; 888-5523
Fax: 888-4855
***Jane N. Joven, Manager***

### Aparri (078)
EBC Bldg., Rizal St. cor. R.F. Balisi St.
Aparri, Cagayan
Tel. Nos.: 888-2516 to 17
Fax: 888-2012
***Daisy G. Bello, Assistant Manager***

### Bacolod-Gatuslao (034)
26 & 28 Gov. V. Gatuslao St.
Bacolod City, Negros Occidental
Tel. Nos.: 433-3641 to 42
Fax: 433-3378
***Antonio U. Tan***
***Assistant Vice President***

### Bacolod-Lacson (034)
Lacson corner Rosario Sts.
Bacolod City, Negros Occidental
Tel. Nos.: 835-91 to 93; 433-2672
Fax: 433-0234
***Angel M. Verdeflor, Vice President***

### Bacolod-Robinson's (034)
Robinson's Place-Bacolod, Lacson St.
Mandalagan, Bacolod City
Negros Occidental
Tel. Nos.: 441-0460 to 64
Fax: 441-0465
***Benjamin G. Castañeda III***
***Manager***

### Bacoor (046)
Gen. E. Aguinaldo Highway
Panapaan, Bacoor, Cavite
Tel. Nos.: 417-3169; 417-2998
***Roberto M. Escoto, Manager***

### Baguio City (074)
Golden Court Bldg.
258 Magsaysay Avenue
Baguio City
Tel. Nos.: 443-8196; 442-4238
Fax: 443-5028
***Annie Rose C. Paraan***
***Assistant Manager***

**Baliwag-A. Mabini (044)**
Mabini St., Baliwag, Bulacan
Tel. Nos.: 766-2212; 766-2815
*Amelita E. Ramos, Manager*

**Baliwag-J. Rizal (044)**
J. Rizal St., San Jose
Baliwag, Bulacan
Tel. Nos.: 766-1185; 851-2562
*Amelia S. Mateo*
*Senior Manager*

**Batangas City (043)**
P. Burgos St., Batangas City
Tel. Nos.: 723-5975 to 77
Fax: 723-5974
*Zosimo C. Dimacuba*
*Assistant Vice President*

**Biñan (049)**
Gen. Capinpin St., Biñan, Laguna
Tel. Nos.: 511-9926
Fax: 511-9924
*Ma. Sylvia Antonia Y. Garcia*
*Manager*

**Cabanatuan City (044)**
Maharlika Highway near corner
Sanciangco St., Cabanatuan City
Nueva Ecija
Tel. Nos.: 463-3408; 463-3985
Fax: 463-3264
*Leah D. Valino*
*Assistant Manager*

**Cagayan de Oro-Borja St. (08822)**
Traveller's Life Bldg.
Borja corner Tiano Sts.
Cagayan de Oro City
Tel. Nos.: 856-1455; 725-593
Fax: 726-009
*Gonzalo J. Gesta, Senior Manager*

**Calamba (049)**
Crossing, Calamba, Laguna
Tel. Nos.: 545-5950 to 53
Fax: 545-2424
*Isabelita E. Dar Juan*
*Assistant Vice President*

**Candelaria Quezon (042)**
Cabuñag St., Candelaria, Quezon
Tel. Nos.: 585-9070 to 71
Fax: 741-1463
*Raymundo B. Rafa, Manager*

**Cauayan (076)**
Omega Cinema
Maharlika Highway
Cauayan, Isabela
Tel. Nos.: 634-5670; 652-2424
Fax: 634-5071
*Efren N. Macarubbo*
*Senior Manager*

**Cebu-Borromeo (032)**
Magallanes corner Borromeo Sts.
Cebu City
Tel. Nos.: 253-0430; 253-8896
Fax: 253-8823
*Tony P. Ong, Manager*

**Cebu-F. Gonzales (032)**
F. Gonzales corner Magallanes St.
Cebu City
Tel. Nos.: 254-8191 to 96
Fax: 253-2245
*Engrid W. Asuncion*
*Senior Manager*

**Cebu-Mandaue City (032)**
M. C. Briones Highway
Mandaue City
Tel. Nos.: 346-2180; 346-3578
Fax: 346-2043
*Alfonso T. Tam*
*Assistant Manager*

**Cebu-North Reclamation (032)**
Port Centre Avenue corner
San Jose dela Montaña
NRA, Cebu City
Tel. Nos.: 232-0320 to 23
Fax: 254-3077
*Benjamin B. Turno*
*Assistant Vice President*

**Clark Field-Pure Gold (045)**
Pure Gold Duty Free Bldg.
Claro M. Recto Highway
Clark Special Economic Zone
Clark Field, Pampanga
Tel. Nos.: 599-3282 to 88
Fax: 599-3283
*Alvin P. Gutierrez*
*Cash Operations Officer*

**Dagupan City (075)**
A. B. Fernandez Avenue
Dagupan City
Tel. Nos.: 522-2792; 523-5441
Fax: 522-2791
*Alberto R. Ubando, Manager*

**Davao-C. M. Recto (082)**
383 Claro M. Recto Avenue
Davao City
Tel. Nos.: 221-0671; 227-7351
Fax: 226-3147
*Alejandro M. Lapined*
*Manager*

**Davao-Sta. Ana (082)**
33-A G. B. CAM Bldg.
T. Monteverde Avenue, Davao City
Tel. Nos.: 221-0312 to 14
Fax: 221-3001
*Wong Wee Siok, Senior Manager*

**Dumaguete City (035)**
Gov. Perdices corner San Juan Sts.
Dumaguete City, Negros Oriental
Tel. Nos.: 225-1571 to 72
Fax: 225-4462
*Allen W. Kwan, Senior Manager*

**Gapan (044)**
Planter's Building
Tinio Street, Gapan
Nueva Ecija
Tel. Nos.: 486-2287 to 88
*Amado S. Reyes*
*Manager*

**Gen. Santos City (083)**
A. Santiago Street
Gen. Santos City, South Cotabato
Tel. Nos.: 552-2404
Fax 522-2603
*Alvin M. Uy, Manager*

**Iloilo-Iznart (033)**
Jaime Ong Bldg., Iznart St
Iloilo City
Tel. Nos.: 337-5405; 337-5552
Fax: 337-5542
*Rexie C. Protasio*
*Assistant Vice President*

**Iloilo-Quezon St. (033)**
Quezon St., Iloilo City
Tel. Nos.: 335-0594 to 97
Fax 335-0597
*Rosario C. Lui, Senior Manager*

**La Union (072)**
AGZ Bldg., Quezon Avenue
San Fernando, La Union
Tel. Nos.: 700-1394 to 95
Fax: 700-1388
*Francis Ali B. Morales*
*Assistant Manager*

**Laoag City (077)**
Ricafort Bldg., Gen. Segundo Ave
Laoag City, Ilocos Norte
Tel. Nos.: 771-5432 to 37
Fax: 771-5436
*Mario E. Bumanglag, Manager*

**Legaspi City (052)**
Rizal St., Legaspi City, Albay
Tel. Nos.: 480-6464 to 65
Fax: 214-3830
*Jesus E. Dycoco Jr., Asst. Manager*

**Lipa City (043)**
C.M. Recto Avenue, Lipa City
Tel. Nos.: 756-2808 ; 756-1692
Fax: 756-3898
*Joselito B.Cobarrubias, Manager*

**Lucena City** (042)
Quezon Avenue corner Rizal St.
Lucena City
Tel. Nos.: 373-5722
Fax: 373-5721
***Ma. Milagros N. de Vera, Manager***

**Malolos** (044)
Paseo del Congresso, Malolos
Bulacan
Tel. Nos.: 662-7909 to 10
Fax: 662-7908
***Emil de Guzman***
***Assistant Manager***

**Meycauayan** (044)
Requino St., Bo. Calvario & Saluysoy
Meycauayan, Bulacan
Tel. No.: 840-3718
Fax: 840-6803
***Oscar S. Soriano, Senior Manager***

**Naga City** (05421)
Prieto St., Naga City
Tel. Nos.: 733-134; 733-136
Fax: 811-1234
***Gerardo C. Roco, Manager***

**Pampanga-San Fernando** (045)
MacArthur Highway
Barangay San Agustin
San Fernando, Pampanga
Tel. Nos.: 963-5193; 963-5214
Fax: 963-5194
***Renato D. Gutierrez***
***Assistant Vice President***

**Roxas City** (036)
Roxas Avenue, Roxas City
Tel. Nos.: 621-0112; 621-4962
Fax: 621-1888
***Lillian Elizabeth T. Barrios***
***Manager***

**Santiago City** (078)
Maharlika Highway corner
Quezon Avenue, Victory Norte
Santiago City, Isabela
Tel. Nos.: 682-7417
Fax: 682-7580
***Renato S. Gongora***
***Assistant Vice President***

**Sta. Maria** (044)
Gov. Halili Avenue, Bagbaguin
Sta. Maria, Bulacan
Tel. Nos.: 641-1799; 641-1899
Fax: 641-2851
***Oscar C. Domingo, Manager***

**Sta. Rosa - Waltermart** (049)
WalterMart-Sta. Rosa
Balibago Road, Barangay Balibago
Sta. Rosa, Laguna
Tel. Nos.: 549-3379 to 80
***Tomas K. Javier, Manager***

**Surigao City** (086)
San Nicolas St., Surigao City
Tel. Nos.: 231-7269 to 70
Fax: 231-7250
***Chiao Bon Sy, Manager***

**Tacloban City** (053)
Rizal Avenue corner P. Gomez St.
Tacloban City
Tel. Nos.: 321-2728; 321-2340
Fax: 325-5084
***Shirlita Y. Chong***
***Assistant Manager***

**Tarlac** (045)
Juan Luna St. near MacArthur
Highway, Tarlac, Tarlac
Tel. Nos.: 982-3119; 982-3140
***Pacita R. Panlilio, Senior Manager***

**Tuguegarao** (078)
Bonifacio St., Tuguegarao, Cagayan
Tel. Nos.: 844-1912; 844-1352
Fax: 844-0708
***Jennifer T. Gacias, Senior Manager***

**Urdaneta** (075)
Alexander St., Poblacion
Urdaneta, Pangasinan
Tel. Nos.: 568-8237 to 42
Fax: 568-8238
***George C. Oris, Senior Manager***

## FOREIGN BRANCH

**Hongkong**
Silver Fortune Plaza
No. 1 Wellington Street
Central Hong Kong
Tel. No.: 2-868-0323
Fax: 2-810-0050
***Jose G. Nuguid***
***First Vice President***

## SUBSIDIARIES

### Equitable Savings Bank

**EDSA Central Branch**
Jeepney Park
EDSA Central Shopping Terminal
Mandaluyong City
Tel. Nos.: 638-8574 to 77
747-7003 to 055
***Policarpio Carlos, Manager***

**Farmer's Cubao Branch**
Unit 111 Sampaguita Theater Bldg.
Along Gen. Araneta &
Gen. Roxas Streets
Cubao, Quezon City
Tel. Nos.: 438-5561 to 63
Fax: 438-5562
***Jose G. Orticio, Assistant Manager***

**Greenhills Branch**
EBC Building, Ortigas Avenue
corner Roosevelt Street
Greenhills, San Juan, Metro Manila
Tel. Nos.: 721-1497; 727-5198
Fax: 723-0630; 789-102
***Corazon U. Ona***
***Assistant Manager***

**Mayon –Amoranto Branch**
489 A&B Mayon Street
Quezon City Heights, Quezon City
Tel. No.: 413-3697; 749-1629
Fax: 413-3698
***Jeane Q. Tomas***
***Assistant Manager***

**Muñoz–Roosevelt Branch**
352 Roosevelt Avenue
San Francisco del Monte
*Quezon City*
Tel. No.: 411-0575
Fax: 413-3715
***Reynaldo Canlas***
***Assistant Manager***

**Pasig–A. Mabini Branch**
*97 A. Mabini St., Pasig City*
Tel. Nos.: 641-2298; 642-7441
Fax: 642-6884
***Veronica M. Calang***
***Assistant Manager***

**Sagay Branch**
*Casilda Building, Quezon Avenue*
cor. Roxas Street, Sagay
Negros Occidental
Tel. No.: 488-0155
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***Mario Flovante G. Dingcong***
***Administrative Officer***

**Tandang Sora Branch**
D & B Royal Midway Plaza
419 Tandang Sora Avenue
Barangay Culiat, Quezon City
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***Juanito Buendia***
***Manager***

### Equitable Finance, Ltd.

**Shop 232**
2nd Floor, Worldwide House Bldg.
19 Des Voeux Road
Central Hong Kong
Tel. Nos.: 2537-4465; 2525-4268
***Chona Azucena***
***Assistant Vice President &***
***General Manager***

**Shop 203**
2nd Floor, Worldwide House Bldg.
19 Des Voeux Road,
Central Hong Kong
Tel. No.: 2765-8578
***Leonilo A. Bedio***
***Marketing Officer***

### EBC Interlink SpA

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Fax: (02) 805-2933
***Caesar S. Carnecer***
***Branch Head***

**Rome Office**
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Fax: (06) 444-0377
***Eric S. Chua***
***Branch Head***

### EBC Investments, Inc.

*EBC Building, Paseo de Roxas*
corner Gil Puyat Avenue
Makati City
Tel. Nos.: 895-3147; 895-0816
897-2971 loc. 218 & 219
Fax: 895-0042

### Equitable Exchange, Inc.

2nd Floor, Equitable Bank Building
262 Juan Luan Street
Binondo, Manila
Tel. Nos.: 243-0226

### Equitable CardNetwork, Inc.

Equitable Building
203 Salcedo Street
Legaspi Village, Makati City
Tel. Nos.: 812-5861 to 67
Fax: 817-2855; 817-2248

### EBC Insurance Brokerage, Inc.

Room 601, Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel. No.: 242-8244
Fax: 243-0194

### EBC Capital Corporation

262 Juan Luna Street
Binondo, Manila
Tel. No.: 242-7101 loc. 226

### Equitable Data Center, Inc.

7th Floor, Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel. No.: 242-7101 loc. 303

### EBC Strategic Holdings Corp.

3rd Floor Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel. No.: 243-0224
Fax: 243-0221

### EBC Interlink Int'l., Inc.

Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel. Nos.: 242-7101 to 45

### Armstrong Securities, Inc.

32nd Floor
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Pasig City
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