Sec Number 5223

File Number _____

Equitable PCI Bank Tower I, Makati Ave. cor. H.V. dela Costa St., Makati City
(Company's Address)

632) 840-7000
(Telephone Number)

December 31, 2004
(Fiscal Year Ending)
(month/day/year)

SEC Form 17-A (Annual Report)
(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2004**

2. SEC Identification Number: **5223** 3. BIR Tax Identification No.: **000-453-086**

1. Exact name of registrant as specified in its charter: **EQUITABLE PCI BANK, INC.**

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] **(SEC Use Only)**
Industry Classification Code

7. **Equitable PCI Bank Tower I Makati Ave. cor H.V. de la Costa St. Makati City, Metro Manila**
Address of principal office

8. **(632) 840-7000**
Issuer's telephone number, including area code

9. ______
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	**727,003,345**

11. Are any or all of these securities listed on a Stock Exchange?

YES [x] **NO** [ ]

Name of Stock Exchange: **Philippine Stock exchange, Inc.**
Class of Securities Listed: **Common Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a) -1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

YES [x] **NO** [ ]

(b) has been subject to such filing requirements for the past 90 days.

YES [ ] **NO** [x]

13. Aggregate market value of the voting stock held by non-affiliates -**P30,627,272,670.25-***

*** Average stock price for the past 5 trading days = P47.250**

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Brief description of the business and its significant subsidiaries, to the extent material to an understanding of the registrant:

Equitable PCI Bank was legally merged on September 2, 1999 as a result of the acquisition of a controlling interest in Philippine Commercial and International Bank (PCIBank) by Equitable Banking Corporation (EBC). Equitable Bank was formed on Sept. 26, 1950 after being the first bank to be given a commercial banking license by the Philippine Central Bank. Meanwhile, PCIBank was formed on July 8, 1938 as the Philippine Bank of Commerce. Combining the individual strengths of Equitable and PCIBank, the merger in 1999 created a strong presence in significant market segments particularly the corporate and Filipino-Chinese middle market. Moreover, Equitable PCI Bank's extensive distribution network provides the critical mass to further fortify the Bank's position in the consumer/retail sector as it presents increased opportunities for cross-selling other retail products.

Equitable PCI Bank is a commercial bank with an expanded banking license. It is the third largest private domestic bank in the country in terms of resources, capital, deposits, and loans. The Bank and its subsidiaries provide a wide range of banking and other financial services. Offering traditional and innovative deposit products and services, cash management, international banking, commercial and corporate banking, money market, trust and treasury services, the Bank caters to the needs of corporate, middle market, and retail clients. Combining the individual strengths of Equitable and PCIBank, the merger in 1999 created a strong presence in significant market segments particularly the corporate and Filipino-Chinese middle market. Moreover, Equitable PCI Bank's extensive distribution network provides the critical mass to further fortify the Bank's position in the consumer/retail sector as it presents increased opportunities for cross-selling other retail products.

Aside from commercial banking, the Bank also capitalizes on strengths brought about by its leading positions in credit card, investment banking, leasing, trust banking, and remittance businesses. In the credit card business, for example, the Bank occupies a dominant position through Equitable Card Network, which has the largest cardholder and merchant base in the industry. The Bank provides a host of other financial services through its subsidiaries, such as thrift banking, insurance brokerage, and foreign exchange services, among others.

The Bank offers a wide range of retail banking products, including current accounts (non-interest bearing demand deposits), savings accounts (including fixed amount savings accounts and savings and overdraft combination accounts), and time deposits in Peso, US dollars, and other foreign currencies.

The Bank's Commercial Banking Group provides a wide range of banking products and services to its commercial middle market customers, mainly small-to medium-sized enterprises. Products and services offered include deposit products, term loans, revolving credit lines, overdraft facilities, trade finance, payment remittances, and foreign exchange transactions.

For its corporate clients, the Bank's Corporate Banking Group provides deposit products, medium and long-term loans, project finance loans, revolving credit lines, foreign currency loans, trade related financing, payment remittances, foreign exchange transactions and cash management services.

For the consumer market, the Bank's Retail Banking Group offers domestic general purpose loans, mortgages, automobile loans, credit cards, payment and collection services, remittance services, foreign exchange services, a selection of different deposit and check accounts, ATMs, telephone banking, common trust funds, stockbroking and life and non-life insurance.

Bank's Subsidiaries

Equitable Savings Bank, Inc. (ESB) – ESB was established in 1996 to operate the Bank's consumer banking business and to take advantage of certain benefits, including the lower reserve requirements that savings banks have as compared to universal banks. ESB is a wholly owned subsidiary of the Bank and is operated separately and branded differently from the Bank, taking into account its mass retail customer base. ESB had 24 branches in Metro Manila at the close of 2004 through which it takes deposits and offers consumer credit products. ESB caters largely to the lower income brackets of the market and provides its customers with a wide variety of deposit accounts, including non-interest bearing demand deposits, interest-bearing combination check book/savings accounts and fixed and floating rate savings accounts. In addition, ESB markets the other products and services of the Bank and its subsidiaries including its consumer finance products.

To streamline the organization, ESB merged with Mindanao Development Bank (MDB), the other thrift bank unit of the Bank, early this year following BSP and SEC approval in December 2004 and PDIC approval in January 2005. So far, one MDB branch has been integrated into ESB, while 13 other branches will be set up within the year using the MDB branch licenses to bring the ESB branch network to a total of 38.

Equitable Card Network (ECN) – ECN was established on May 24, 1989. The Bank operates its credit card business through its 90% owned subsidiary, ECN. ECN's principal business is focused on two areas, namely card issuing and merchant acquiring. ECN derives income from annual fees charged to cardholders, transaction commissions from merchants, fees on cash advances and interest payable on outstanding card receivables. Funding for ECN's operations is provided by a combination of internally generated funds, retained earnings and funding from the Bank at market rates. ECN's credit cards offer a number of features, including a deferred payment plan for purchases of household goods and appliances, a rebate program on fuel purchases and an air miles program. ECN also issues co-branded cards for major Philippine companies such as Caltex under the "PowerCard" brand. Meanwhile, ECN's merchant acquiring business is currently the largest in the Philippines in terms of volume. ECN has active merchant acquiring relationships with over 36,000 merchants, of whom approximately half have electronic terminals installed which accept all Visa, MasterCard, Amex, and JCB cards. ECN derives income from these merchants based on merchant discounts.

PCI Capital – PCI Capital, a wholly-owned subsidiary, is the Bank's investment banking arm, organized on April 15, 1982. PCI Capital is one of the country's leading investment houses in terms of the volume and Peso value of capital market transactions. PCI Capital is licensed as an investment house and offers financial services such as equity and debt underwriting, equity private placements, financial advisory, direct investments, mergers and acquisitions, project finance, securities trading and brokerage and debt syndication. In addition to providing the Bank's clients alternative high-yielding fixed income securities for investment, PCI Capital also actively cross-sells the Bank's products and services in its investment banking transactions, such as debt financing, deposit-taking and agency and trust arrangements.

PCI Leasing – PCI Leasing was established on August 10, 1981 and is the Bank's leasing and finance subsidiary. PCI Leasing's principal business is providing leasing and financial products to SMEs. PCI Leasing's leasing products include sale and leaseback arrangements and direct leases. PCI Leasing's financing products include commercial and consumer loans, installment paper purchases, employee personal loans, receivables discounting and receivables factoring. Assets leased and financed include trucks, office equipment, industrial and agricultural machinery, automobile fleets, real property and financial assets such as receivables. In March 2005, PCI Leasing organized a wholly-owned rental company called the Equitable Rental Pentad, Inc., with the primary purpose of renting and leasing equipment to various industries e.g. information technology, food processing, etc. as well as leasing, renting and hiring motor vehicles.

EBC Insurance Brokerage, Inc. (EIBI) – EIBI is a wholly-owned insurance broker subsidiary of the Bank, registered on April 26, 1993, it offers a wide range of products and services covering life and non-life insurance, including group term life insurance, credit life insurance, health insurance, industrial and commercial property insurance, marine cargo and hull insurance, trust receipts insurance, fleet and individual motor insurance, surety bonds and electronic equipment insurance. EIBI provides risk assessment and insurance packages for clients of the Bank and acts as the Bank's insurance manager for asset protection, crime exposure and insurable third party liability claims.

Principal products or services and their markets indicating their relative contribution to sales or revenues of each product or service, or group of related products or services, which contribute ten percent or more to sales or revenues.

Commercial Banking - Commercial banking provides a wide range of banking products and services to its commercial middle market customers, mainly small- to medium-sized enterprises. The commercial banking segment contributed 20% to the Bank's gross income in 2004.

Consumer and Retail Banking – Consumer Retail banking, meanwhile provides services for branch banking, consumer finance, small business lending, electronic banking and OFW remittance operations for the Bank. It principally handles individual customers' deposits, and consumer type loans, overdrafts, credit card facilities and funds transfer facilities. The consumer and retail banking segments contributed 38% to the Bank's gross income in 2004.

Treasury principally provides money market, trading, and treasury services, as well as the management of the parent company's funding operations by use of treasury bills, government securities and placements and acceptances with other banks. It sells and trades treasury products, including securities to individual and institutional investors and engages in similar activities for its own proprietary account. In 2004, the Treasury segment contributed 19% of the Bank's gross income

Corporate Banking principally handles loans and other credit facilities and deposits and current accounts for corporate and institutional customers. It offers medium and long term loans, project finance loans, revolving credit lines, foreign currency loans, trade related financing, payment remittances, foreign exchange transactions and cash management services. Corporate banking contributed 12% to the Bank's 2004 gross income.

Investment Banking provides equity and debt underwriting, equity private placements, financial advisory, direct investments, mergers and acquisitions, project finance, securities trading and brokerage and debt syndication. It contributed 2% to gross income in year 2004.

Aside from the above discussions:

a. There is no percentage of sales or revenues and net income contributed by foreign sales (broken down into major markets such as western Europe, southeast Asia, etc.) for each of the last three years.
b. There are no other transactions with and/or dependence on related parties.
c. There are no principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held; Indicate the extent to which the registrant's operations depend, or are expected to depend, on the foregoing and what steps are undertaken to secure these rights.
d. There is no need for any government approval of principal products or services.
e. There are no other amount spent on research and development activities, during the last three fiscal years.

Distribution Methods of the Products or Services:

The Bank's products and services are distributed and accessed through a number of channels, primarily branches but they are also accessible through other channels such as call centers, mobile and landline telephones, internet, and point-of-sale terminals.

The Bank's branch network serves as the main distribution channel for its products and services. Equitable PCI Bank currently has the third largest branch network. Its ATM networks further extend this reach. For the Bank's remittance services, OFW remittances are accepted at any of the Bank's overseas remittance offices and designated agent banks overseas with which it maintains remittance arrangements.

The Bank also offers greater customer convenience through its electronic banking capabilities via phone banking (FastPhone), mobile phones (e-banking), and the internet (FastNet). Beyond the Bank's branches and ATMs, these electronic channels allow customers to access the Bank's banking services through their computers and telephones 24 hours daily, seven days a week.

The Bank's extensive distribution network provides it a good market coverage that is superior to many of its competitors' networks.

Competition

The banking industry in the Philippines is composed of universal banks, commercial banks, savings banks, and mortgage banks, private development banks, stock savings and loan associations, rural bank, and cooperative banks. At end-2004, the commercial banking sector consisted of 42 commercial banks, of which 20 are private domestic banks and 22 are branches of foreign banks and government-controlled banks. Of the 42 commercial banks, 18 are universal banks, of which three are foreign bank branches.

In terms of structure, the top six banks account for more than 50% of the total assets of the whole commercial banking system. Increased competition in the industry has exerted pressure on margins with both the domestic and foreign banks competing for the same markets, from the corporate side to the consumer finance side.

Being one of the top banks in the industry, Equitable PCI Bank enjoys many advantages. It is the third largest private domestic bank in the industry. The Bank has had a long history of financial strength and stability and holds leading positions in key business segments. It has a strong position in the middle market and in the corporate market. It enjoys a large presence, wide customer base, and extensive distribution network. The Bank has a base of diversified well-established financial services businesses, which further bolster its position. In credit cards, Equitable Card Network dominates the local credit card industry, merchant acquirer, and third party processor. This provides good scope for the Bank to increase its retail lending. The Bank's remittance arm, Express Padala, is a pioneer in the local remittance business possessing almost 20 years of experience. PCI Leasing and Finance is one of the most profitable finance companies with a high capital base and wide reach. PCI Capital Corporation is well recognized for being a dominant player in investment banking.

The Bank's extensive distribution network provides it better market coverage than most competitors. Capitalizing on its size and large customer base, the Bank also continues to invest in technology and is able to take advantage of economies of scale. These capabilities allow the Bank to intensify product development efforts to better keep ahead of competition.

Employees:

Group Total No. of Employees as of Dec. 31, 2004	No. of Employees
Senior Officer	269
Junior Officer	2,321
Rank and File	4,964

The bank anticipates hirings from the average attrition rate of 3% or around 227 to replace anticipated resigning employees throughout 2005.

CBA is from January 1, 2001 to December 31, 2005
The CBA will expire on December 31, 2005. Presently there are no issues or resolutions pending.

A strike or a threat thereof is presently non-existent. There has been no dispute related to a strike for the past 3 years.

ITEM 2. PROPERTIES

The following branch sites (land and buildings) are owned by the Bank:

Head Office and Branches	Location
Equitable PCI Bank Towers	Equitable PCI Bank Towers, Makati Avenue cor. H.V. dela Costa St. Mkt. City
Alexander – Urdaneta	Alexander St., Poblacion 2428 Urdaneta, Pangasinan
Aparri – Rizal St.	Rizal cor Balisi (Macanaya) Aparri, Cagayan
Balintawak St. – Laoag	Cor. Rizal & Balintawak St. 2900 Laoag City, Ilocos Norte
Bonifacio ST. – Tuguegarao	Bonifacio St., Tuguegarao Cagayan
Fernandez – Dagupan City	AB Fernandez Ave., 2400 Dagupan City, Pangasinan
Roxas Isabela	#23 Osmena Rd., Bantug, Mallig Plain, 3320 Roxas, Isabela
San Fernando – La Union	Quezon Ave. 2500 San Fernando La Union
Vigan – Quezon Avenue	Cor. Bonifacio St. & Quezon Ave. 2900 Vigan, Ilocos Sur
Central Luzon Division	
A. Banzon – Balanga	Antonio Banzon St. 2100 Balanga, Bataan
Congreso – Malolos	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
J. Luna - Tarlac City	J. Luna St. near cor Mac Arthur Tarlac, Tarlac
JP Rizal – Baliwag	JP Rizal St. San Jose, Baliwag Bulacan
Maharlika Road – Cabanatuan	Maharlika Road, near cor. Sanciangco St., Cabanatuan City
Miranda – Angeles City	PCIB Bldg., Miranda St. 2009 Angeles City, Pampanga
Munoz – Nueva Ecija	T. Delos Santos St., 3119 Munoz, Nueva Ecija
Salvador – Guimba	Afan Salvador St. 3115, Guimba Nueva Ecija (temporary relocation site)
Tinio – Gapan	Tinio St., 3105 Gapan Nueva Ecija
Zamora – Meycauayan	Poblacion 3022 Meycauayan, Bulacan (temporary relocation site-l)
Southern Luzon Division	
Candelaria – Rizal St.	Rizal cor. Valle Sts. 4323 Candelaria Quezon
CM Recto –Lipa	131 CM Recto St., 4217 Candelaria, Quezon
Gen Luna – Naga	Gen Luna St. 4400 Naga City, Camarines Sur
Lipa – Rotonda	CM Recto Avenue, Lipa City
North – Calamba Crossing	Calamba Crossing National Highway, 4027 Calamba , Laguna
P. Burgos – Batangas City	Rizal Ave., cor. P. Burgos St., 4200 Batangas, Batangas City
Rizal St. – San Pablo	Ground Flr., Farcon Bldg. Rizal Ave. cor. Lopez Jaena St., San Pablo
Sta. Rosa – South Express	National Road Pulong Sta. Cruz 4026 Sta. Rosa, Laguna
Sto. Tomas – Batangas	Maharlika Highway, San Antonio Sto. Tomas Batangas
Eastern Visayas Division	
Borromeo – Cebu City	Magallanes cor., Borromeo St. Cebu City
Burgos – Ormoc	Cor., Burgos & Rizal St. 6541 Ormoc City, Leyte
F. Gonzales – Cebu City	F. Gonzales cor., Magallanes St. Cebu City
Fuente Osmena – Cebu City	Fuente Osmena Rotonda, Cebu City
Gorordo – Cebu City	Gorordo Ave., Lahug 6000 Cebu City, Cebu
Magallanes – Cebu City	Magallanes cor., Plaridel St., 6000 Cebu City
North – Mandaue	National Highway, Mandaue City
North Reclamation – Cebu	Blk. 20-A cor., Port Centre Ave. and San Jose de la Montana North Reclamation Area, Cebu City
South Mandaue	National Highway 6014 Mandaue City, Cebu

Western Visayas Division	
Araneta – Bacolod	Araneta cor. Gonzaga St. 6100 Bacolod City – Negros Occidental
Cabahug – Cadiz	Cabahug St. 6121 Cadiz, Negros Occidental
Capitol Shopping – Bacolod	Benigno Aquino Drive, Capitol Shopping 6100 Bacolod City, Negros Occ.
Colon – Dumaguete	Colon St., fronting Bldg. V. of City Public Market, Poblacion Dumaguete City
Downtown – Roxas City	Roxas Avenue, cor. Pavia St., 5800 Roxas City, Capiz
Escalante – Negros Occidental	National Highway, Escalante 6124 Negros Occidental
Gatuslao – Bacolod	26 & 28 Gov. V Gatuslao St. Bacolod City, Negros Occidental
Gov. Villavert – Antique	Carretas cor. Solana St., Panay Islands, 5700 San Jose Antique
Iznart – Iloilo	Iznart St., 5000 Iloilo City, Iloilo
Kabankalan – Negros	Guanzon St., Kanbankalan, 6111 Negros Occidental
Lacson – Bacolod	Lacson cor. Galo St. 6100 Bacolod City, Negros Occidental
Rosario Lacson	Lot 296-B-7 lacson St. cor Rosario St., Bacolod City Negros Occidental
Silay – Figueroa	Figueroa cor. Rizal St., Silay City 6116 Negros Occidental
Valeria – Iloilo	Valeria cor. Solis St. 5000 Iloilo City, Iloilo
Northern Mindanao Division	
Del Pilar – Iligan	Grd. & Mezannine Flrs. EBS Bldg. Juan Luna St., Iligan City
FS Pajares – Pagadian	FS Pajares Ave., Pagadian City 7016 Zamboanga Del Sur
Lapasan – Cagayan De Oro	CM Recto Highway, Lapasan 9000 Cagayan De Oro City, Misamis Oriental
Rizal St. – Zamboanga	Rizal St., Zamboanga City 7000 Zamboanga Del Sur
Valencia – Cagayan De Oro	M. L. Quezon St. cor Ginuyuran Road.
Vamenta-Cagayan de Oro	V. Castro St., Carmen District, 9000 CDO Misamis Oriental
Velez – Cagayan De Oro	Don Apolinar Velez Rd. cor Abojuela St., 9000 Cagayan De Oro
Southern Mindanao Division	
Alunan Highway – Tacurong	Alunan Highway, 9800 Tacurong Sultan Kudarat
C.M. Recto Davao City	C.M. Recto, Davao City
Digos-Rizal Avenue	Rizal Avenue, Zone II, Digos, Davao Del Sur
Isulan – National Highway	Sultan Kudarat, national Highway
Kidapawan – Quezon Blvd.	Quezon Blvd. 9400 Kidapawan North Cotabato
Mabini St. Mati	Rizal cor., Mabini St., 8200 Mati, Davao Oriental
Makakua – Cotabato	Makakua St. 9600 Cotabato City Maguindanao
Pioneer St. – Gen. Santos	National Highway cor. Roxas Ave. 9500 Gen. Santos City, S. Cotabato
R. Alunan – Koronadal	R. Alunan Ave. cor Osmena St. 9506 Koronadal South Cotabato
Santiago St., - Gen. Santos	Ireneo Santiago Blvd. 9500 Gen. Santos St., South Cotabato
Tagum – Rizal St.	577 Rizal St., 8100 Tagum Davao Del Norte
Northern Metro Division	
8th Avenue – Grace Park	Rizal Avenue Extension Grace Park, Caloocan City
9th Avenue – Grace Park	2/F 8th Ave. Extension Cor. 11th Ave.1400 Cal. City
Forest Hills – Novaliches	Lot 2 D 1 Quirino Ave., Novaliches,, Quezon City
Malabon – Rizal Avenue	694 Rizal Ave. 1404 Malabon, Metro Manila
Marulas – McArthur Highway	Lot 16 & 17 McArthur H'way Valenzuela, Metro Manila
Pitimini – Roosevelt	EBC Bldg. Roosevelt Ave., Cor Pitimini St., SFDM, Quezon City
Sangandaan – Kalookan	No. 628 A. Mabini St. 1408 Sangandaan, Caloocan City
Eastern Metro Division	
Capitol – Pasig	Shaw Blvd. Cor. Christian Route Pasig City
Notre Dame – Aurora Blvd.	Aurora Blvd. Cor. Notre Dame St. Cubao, 1110 Quezon City
Sumulong – Marikina	Amang Rodriguez Avenue Metro Manila
West Trade Center – West Avenue	Unit #1 G/F West Trade Center, West Avenue, Quezon City
Western Metro Division	
A. Linao – Paco	1635-1641 Dart Street Paco Manila
C. Palanca-Quiapo	Quezon Blvd. Cor C. Palanca St., Quiapo Metro Manila
Dasmariñas St. – Binondo	PCIBank Bldg. Dasmarinas St. Binondo, Manila
Juan Luna – Binondo	262 Juan Luna St. Binondo Manila
M. De Santos – Ylaya	632 M. de Santos St., Manila
Padre Faura – A. Mabini	A. Mabini Cor. Padre Faura St. 1000 Ermita, Manila
Plaza Sta. Cruz - Dasmariñas St.	377 Plaza Sta Cruz 1003 Sta Cruz Manila
San Sebastian – C.M. Recto	2070 CM Recto St. 1008 Sampaloc Manila
T. Alonzo – Arranque	733 T. Alonzo St., Manila
Tabora – M. De Santos	817 Tabora St.1006 Binondo Manila
TM Kalaw – Luneta	707 TM Kalaw St. Corner Churruca St. Ermita Manila
U.N. Avenue – J. Bocobo	EBC Bldg. UN Avenue cor. J. Bocobo St. Ermita Manila
Vito Cruz – Taft	Bankard Bldg. 2422 Taft Avenue 1004 Malate Manila
Central Metro Division	
ADB Avenue – Ortigas	Robinson's PCIBank Tower, ADB Ave. Ortigas Center, 1600 Pasig City
Blumentritt – San Juan	Lot 11-B Blk, 127 Blumentritt cor. Sto Toribio St. San Juan M.M.
Heroes Hill – Quezon Avenue	1050 Quezon Avenue 1103 Quezon City
Ortigas – EDSA	SEC Bldg. Edsa cor. Florida St. (Near Ortigas Avenue) Quezon City
Ortigas 1 – Exchange Road	G/F, PSE Center , Exchange Road, Ortigas Commercial Complex
Ortigas Avenue- Greenhills	EBC Bldg. Ortigas Ave., cor Roosevelt Ave., Greenhills San Juan MM
Ortigas Avenue – San Juan	Units 102-103 Sunrise Cond. Ortigas Avenue
Reliance St. – EDSA	G/F Paragon Plaza , EDSA corner Reliance St., Mandaluyong City
Scout Tobias – Timog	35 – A. Timog Ave., Quezon City

Shaw Blvd. Stanford	EBC Bldg. , Shaw Blvd. Cor Stanford St. Mandaluyong Metro Manila
Strata 100- Ortigas	G/F Strata 100 Bldg. Emerald Ave., Pasig City
T. Morato – Kamuning	Grd. Flr. & 2nd Flr. #175 Tomas Morato cor. Sct. Castor, Quezon City
Makati Division	
Alfaro – Salcedo Village	PCCI Bldg. 118 Alfaro St. Salcedo Village, 1227 Makati City
Asia Tower – Paseo	G/F Asia Tower Cor. Paseo De Roxas & Benavidez St. 1229 Makati
Dian – Gil Puyat	G/F EPCIB Bldg. Sen. Gil Puyat Ave. cor Dian Street.
Bagtican – Pasong Tamo	Unit 102 G/F Pryce Center Cond. 1179 Chino Roces Ave. cor Bagtican St. San Antonio Village Makati City
Bel Air – Gil Puyat	Country Space 1 Cond. Bldg. Sen Gil Puyat Ave. Bel Air Village 1209 Mkt.
Equitable PCI Tower 1	Equitable PCI Bank Tower 1 Makati Avenue Makati City
Herrera St. Salcedo Village	Unit#2 G/F Chatham House, Herrera St. cor Valero and San Agustin St. Salcedo Village Makati City
Makati Avenue – Ayala	LV Locsin Bldg. Ayala Ave. cor Makati Ave. 1228 Makati City
Makati Cinema Square	Makati Cinema Square Pasong Tamo, 1229 Makati City
Medical Plaza – Legaspi Village	Unit 101 G/F Medical Plaza Makati Amorsolo St. cor dela Rosa St. Legaspi Village Makati City
Paseo – Equitable PCI Tower	Equitable Bank Tower # 8751 Paseo de Roxas, Makati City
Paseo – Gil Puyat	EBC Bldg. Paseo de Roxas cor. Gil Puyat Ave. Makati City
Perea – Paseo	G/F Universal Re. Bldg. 106 Paseo De Roxas 1228 Makati City
Reposo – Makati	EBC Bldg. JP Rizal cor. N. Garcia Makati City
Rockwell Center – Makati	Lot 3, Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati
Salcedo St. Legaspi Village	EBC Bldg. 203 Salcedo St., Legaspi Village, Makati City
Foreign Branch	
Hongkong Branch	Silver Fortune Plaza No. 1 Wellington St. Central Hongkong
SUBSIDIARIES	
Equitable Finance Ltd.	Shops 232, 2nd Flr. Worldwide House Bldg. 19 Des Voeux Road Central Hongkong
Equitable Card Network	203 Salcedo St. Legaspi Village Makati, MM
PCI Leasing and Finance, Inc.	PCI Leasing Centre, Corinthians Gardens Ortigas Ave. QC

There is no liens or encumbrances on real properties owned.

The following branch sites (land and buildings) are leased by the Bank:

BRANCH	TERM	LEASE PERIOD Commencement		Expiration	Monthly Rental Rate
LUZON NORTH					
Abanao Square – Baguio	2	Feb-15-2003	-	Feb-15-2005	101,666.40
Alaminos – Pangasinan	10	Jun-01-2000	-	May-31-2010	103,684.90
Apalit – Pampanga	20	Aug-28-2001	-	Aug-27-2021	69,457.50
Bagbaguin - Sta. Maria	10	Feb-01-2003	-	Jan-31-2013	60,000.00
Balagtas – McArthur Highway	20	Sep-29-1992	-	Sep-28-2012	26,573.42
Balibago – Angeles City	15	Jun-10-2000	-	Jun-09-2015	84,917.80
Bangued – Abra	5	Jan-18-2001	-	Jan-17-2006	28,744.00
Batac – Washington	15	Oct-01-1992	-	Sep-30-2007	37,661.14
Candon – National Highway	15	Apr-15-1997	-	Apr-15-2012	68,399.97
Carmen – Pangasinan	15	Jun-11-1999	-	Jun-10-2014	40,394.31
Castro – Laoag	10	Nov-01-1997	-	Nov-01-2007	97,435.86
Cauayan – Isabela	15	Dec-01-1992	-	Nov-30-2007	30,782.64
Centennial – Clarkfield	10	Jul-02-1997	-	Jul-02-2007	177,156.10
Concepcion – Tarlac	15	Aug-01-1998	-	Jul-31-2013	57,600.00
Dolores – San Fernando	5	Jul-01-2004	-	Jun-30-2009	39,875.00
F. Tañedo – Tarlac City	10	Jul-01-2004	-	Jun-30-2014	176,000.00
Hagonoy – Bulacan	10	Dec-01-1999	-	Nov-30-2009	48,315.30
Ilagan – Isabela	10	Mar-28-2001	-	Mar-27-2011	28,949.25
La Trinidad – Benguet	5	Oct-11-2001	-	Oct-10-2006	35,000.00
Lingayen – Pangasinan	15	Apr-06-2001	-	Apr-05-2016	49,500.00
Magsaysay – Baguio	10	Jun-30-1994	-	Jun-29-2006	108,360.00
Marilao – McArthur Highway	10	Dec-15-2003	-	Mar-14-2013	70,681.15
N. E. Pacific Mall – Cabanatuan City	2	May-15-2003	-	May-15-2015	30,375.00
Nepo Mart - Angeles City	15	Sep-02-2002	-	Nov-30-2013	117,040.00
Olongapo - Rizal Avenue	5	Aug-01-2003	-	Jul-31-2008	88,000.00

Paniqui – Tarlac	20	Oct-09-1997	-	Oct-08-2017	33,000.00
Perez - Dagupan City	20	May-13-1992	-	May-12-2012	21,000.00
Plaza Burgos – Guagua	10	Feb-12-2002	-	Feb-11-2012	50,000.00
Plaza Maestro – Vigan	10	Apr-01-2003	-	Mar-31-2013	24,750.00
Poblacion - Sta. Maria	20	Mar-15-1993	-	Mar-14-2013	42,758.49
Pulilan-Junction-Bulacan	10	Jun-30-2004	-	Jun-29-2014	17,819.40
Puregold – Clarkfield	5	May-01-2002	-	Apr-30-2007	52,927.22
Robinsons Starmills – Pampanga	2	Aug-02-2004	-	Aug-01-2006	51,110.40
San Agustin - San Fernando	10	May-15-2002	-	May-15-2012	51,660.00
San Carlos – Pangasinan	20	Mar-22-1993	-	Mar-21-2013	16,610.80
San Jose - Nueva Ecija	20	Jun-19-1991	-	Jun-18-2011	9,257.50
San Rafael – Bulacan	5	Apr-05-2001	-	Apr-04-2006	39,930.00
Sanciangco – Cabanatuan	20	Apr-30-2001	-	Apr-29-2021	45,000.00
Session Road – Baguio	5	Apr-01-2004	-	Mar-30-2009	165,100.00
Sindalan - San Fernando City	10	Dec-16-2002	-	Dec-15-2007	68,292.40
Solano - Nueva Vizcaya	15	Sep-15-1998	-	Sep-14-2013	111,888.06
Talavera - Nueva Ecija	15	Sep-17-1992	-	Sep-16-2007	24,136.29
Times Square – Subic	10	Mar-16-1999	-	Mar-15-2009	194,460.46
LUZON SOUTH					
A. Mabini – Biñan	7	Jan-01-1998	-	Dec-31-2004	159,440.49
A. Santos - South Express	5	Feb-01-2000	-	Jan-31-2005	48,620.00
Aguinaldo Highway – Dasmariñas	15	Oct-01-1998	-	Sep-30-2013	121,493.66
Aguirre - BF Parañaque	10	Oct-09-2002	-	Oct-08-2012	138,675.00
Alabang Town Center	2	Nov-30-2003	-	Dec-31-2004	31,295.00
Antorcha – Balayan	10	Sep-12-2003	-	Sep-11-2013	129,470.00
Bacoor - Aguinaldo Highway	15	Oct-21-1994	-	Jul-31-2009	90,511.07
Bay City Mall - Batangas City	5	Jul-01-2003	-	Jul-01-2008	27,500.00
Better Living – Bicutan	10	Mar-24-1997	-	Mar-23-2007	88,578.05
Bicutan - South Superhighway	20	Jun-22-1990	-	Jun-21-2010	60,760.00
Binakayan – Kawit	15	Jun-25-1992	-	Jun-24-2007	35,663.98
Cabuyao - J.P. Rizal	10	Sep-18-2000	-	Sep-17-2010	63,644.43
Caceres – Naga	5	Jul-20-2004	-	Jul-19-2005	70,000.00
Calapan - J.P. Rizal	15	Jul-15-2002	-	Jul-14-2007	84,700.00
Daraga - Rizal St.	20	May-08-1992	-	May-07-2012	4,432.37
Domestic Road – Pasay	5	Oct-01-2000	-	Sep-30-2005	305,484.47
Doña Manuela 5 - Las Piñas	10	May-15-1996	-	May-14-2006	176,643.29
Enriquez – Lucena	10	Nov-20-2002	-	Nov-19-2012	82,744.83
EPZA – Cavite	15	Aug-13-1992	-	May-25-2007	11,020.00
FCIE Dasmariñas – Cavite	15	Dec-16-1997	-	Dec-15-2012	89,640.99
Governor Panotes – Daet	10	Aug-01-2000	-	Jul-31-2010	74,486.09
Governor' s Drive –Carmona	17	Dec-15-1996	-	Dec-14-2013	58,948.69
Highway 1 – Iriga	10	Jun-22-1997	-	Jun-21-2007	32,309.74
Imus - Aguinaldo Highway	15	Apr-24-1993	-	Apr-23-2008	120,173.30
J. Orosa – Bauan	20	Jul-01-1994	-	Jun-30-2014	40,262.75
Kumintang – Batangas City	10	Dec-03-2002	-	Dec-02-2012	54,450.00
La Huerta – Parañaque	20	Mar-06-1985	-	Mar-06-2005	11,943.96
M. Belen – Silang	10	Jul-14-2000	-	Jul-13-2010	87,846.00
Olivarez Plaza – Los Baños	15	Apr-15-1999	-	Apr-15-2014	106,480.00
Pacita - San Pedro	10	Jan-16-1998	-	Jan-15-2008	128,840.80
Parañaque Cable - A. Santos	15	Oct-01-1997	-	Sep-30-2012	299,712.69
Parañaque – Ninoy Aquino Avenue	15	Jun-16-1998	-	Jun-15-2013	154,608.96
Quezon Avenue – Lucena	10	Sep-20-1995	-	Sep-19-2005	233,846.05
Richville Center - Ayala Alabang	15	Jul-01-1997	-	Jul-01-2013	191,193.30
Rizal St. – Legaspi City	20	Jul-01-1995	-	Jun-30-2015	70,738.43

Robinsons Place Dasmariñas	2	Sep-03-2003	-	Sep-02-2005	93,654.00
Robinsons Place Lipa	2	Oct-10-2003	-	Oct-09-2005	76,943.30
Ronbinsons Place - Sta. Rosa	1	Dec-14-2004	-	Dec-14-2005	57,172.50
Rustan's Laguna – Technopark	5	Mar-01-2001	-	Mar-01-2006	186,739.30
San Juan – Batangas	15	May-02-1998	-	May-01-2013	57,500.00
San Juan St. – Virac	15	May-15-1990	-	May-14-2005	9,743.59
Sorsogon - Rizal St.	20	Jun-17-1987	-	Jun-16-2007	16,090.86
Sta. Cruz – Laguna	10	Jul-01-2000	-	Jun-30-2010	131,769.00
Tabaco-Albay	5	Sep-27-2000	-	Sep-26-2005	121,179.16
Tagaytay – Olivarez Plaza	10	Sep-03-2001	-	Sep-02-2011	119,790.00
Tanauan - A. Mabini	15	Apr-01-1993	-	Mar-31-2008	39,880.96
Tierra Nueva – Alabang	5	Apr-01-2004	-	Mar-31-2009	129,614.46
Villa Mendoza - A. Santos	5	May-01-2002	-	Apr-30-2007	72,600.00
Waltermart – Calamba	3	Jul-14-2004	-	Jul-13-2007	84,438.00
Waltermart - Sta. Rosa	10	Oct-01-1996	-	Sep-30-2006	233,066.00
P. Burgos St. – Batangas City	15	Aug-25-2001	-	Aug-24-2016	110,206.80
METRO MANILA EAST					
Acropolis - E. Rodriguez Jr.	5	May-01-2003	-	Apr-30-2008	176,000.00
Anonas – Kamias	5	Jul-30-2001	-	Jul-29-2006	160,000.00
Aurora Blvd. – Annapolis	5	Apr-21-2002	-	Aug-20-2007	154,350.00
Beacon Plaza – Shaw. Blvd.	10	Oct-15-2003	-	Oct-14-2013	134,488.20
Big R - Robinson's Novaliches	5	Mar-23-2001	-	Mar-22-2006	141,361.78
Blue Ridge – Katipunan	10	Sep-25-2000	-	Sep-24-2010	88,844.51
Don Antonio – Commonwealth	5	Jun-01-2000	-	May-31-2005	220,352.18
Don Jose – Fairview	5	Oct-17-2001	-	Oct-16-2006	61,492.20
Greenhills Shopping Center	2	Jan-01-2004	-	Dec-31-2005	421,927.00
IBM Plaza – Libis	5	Jun-29-2000	-	Jun-28-2005	234,256.00
Kalentong - Shaw Blvd.	15	Feb-01-1997	-	Jan-31-2012	270,720.63
Kamias Road	5	Apr-21-2001	-	Apr-20-2006	115,797.00
Ligaya - Boni Avenue	15	Apr-01-1997	-	Apr-01-2012	148,202.05
Loyola Heights – Katipunan	10	Jul-15-2003	-	Jul-15-2013	100,795.80
Marcos - Sumulong Highway	25	Jul-07-1992	-	Jul-07-2017	139,011.65
Marikina - J.P. Rizal	12	Aug-01-2000	-	Jul-31-2012	87,846.00
Matalino – Diliman	5	Feb-08-2001	-	Feb-07-2006	142,256.34
MERALCO Center – Ortigas	2	Jul-01-2004	-	Jun-30-2006	376,358.40
Mindanao Avenue – Congressional	10	May-01-1997	-	May-01-2007	307,604.96
N. Roxas – Banawe	10	Dec-01-2002	-	Nov-30-2012	136,500.00
New Farmers Plaza – EDSA	5	Apr-15-2003	-	Mar-31-2008	40,250.00
New Sta. Lucia East – Cainta	10	Jan-01-1996	-	Dec-31-2005	220,982.50
New York – EDSA	10	Sep-01-1998	-	Aug-31-2008	106,294.00
Ortigas Avenue Ext. – Cainta	10	Nov-28-2003	-	Nov-26-2005	69,550.00
Pioneer Highlands – Madison	5	Oct-09-2002	-	Oct-08-2007	91,120.26
Robinsons Galleria – Ortigas	3	Nov-01-2002	-	Oct-31-2005	505,574.85
Robinsons Metro East	3	Oct-15-2004	-	Oct-14-2007	210,540.00
Robinsons Place Cainta	2	Nov-21-2003	-	Nov-20-2005	48,400.00
San Miguel Center – Ortigas	5	May-01-2002	-	Apr-30-2007	450,120.00
SM City – Fairview	3	Nov-01-2003	-	Oct-31-2006	164,098.75
St. Ignatius – Katipunan	10	Sep-10-2003	-	Sep-09-2013	181,854.00
Taytay - Rizal Avenue	10	Feb-20-1995	-	Feb-19-2005	95,496.90
Visayas Ave. – Congressional Extension	10	Jul-12-1996	-	Jul-11-2006	60,719.16
Visayas Avenue - Project 6	15	Sep-01-1998	-	Aug-31-2013	104,683.15
METRO MANILA NORTH					
11th Avenue - Grace Park	10	Dec-16-2003	-	Dec-15-2013	204,445.79
2nd Avenue - Grace Park	10	Sep-01-1995	-	Aug-31-2005	52,366.37

A. de Jesus - EDSA	10	Mar-01-2002	-	Mar-01-2012	96,800.00
ABS-CBN - Mother Ignacia St.	5	Aug-05-2002	-	Aug-04-2007	131,384.00
Agno - Banawe	15	Mar-01-1995	-	Mar-01-2010	175,560.00
Amoranto - Banawe	10	Jan-01-2001	-	Dec-31-2010	198,375.00
Batangas St. - Rizal Avenue	15	Sep-01-1998	-	Aug-31-2013	64,420.40
Brixton Hill - G. Araneta	10	Jul-01-1995	-	Jun-30-2005	81,201.99
Broadway Centrum - Aurora Blvd.	3	Jan-01-2003	-	Dec-31-2005	192,456.00
Cordillera - Quezon Avenue	15	Apr-15-2000	-	Apr-14-2015	239,922.06
EDSA East - Kalookan	10	Oct-01-1998	-	Sep-30-2008	50,000.00
España - Blumentritt	10	Feb-01-2002	-	Jan-30-2012	178,730.50
Glori - Del Monte	5	Feb-06-2001	-	Feb-05-2006	69,288.28
Hemady - Aurora Blvd.	15	May-17-1994	-	May-16-2009	74,181.05
Karuhatan - McArthur Highway	10	Apr-24-2002	-	Apr-22-2012	106,486.53
Lapu-lapu - Northbay	5	Jul-12-2003	-	Jul-11-2008	166,644.00
Malanday - McArthur Highway	20	Apr-02-1999	-	Apr-02-2019	86,960.78
Malhacan - Meycauayan	10	Oct-01-1998	-	Sep-30-2008	80,444.98
Mayon - N. Roxas	10	Aug-01-2004	-	Jul-31-2014	60,000.00
New Manila - E. Rodriguez Sr.	10	Mar-01-1996	-	Feb-28-2006	103,749.70
Obando - J.P. Rizal	15	Sep-01-1997	-	Sep-01-2012	42,871.77
Paso de Blas - North Expressway	15	Sep-01-1997	-	Sep-01-2012	107,179.44
Pritil - Tondo	10	Jan-01-1995	-	Dec-01-2005	207,787.38
Project 7 - EDSA	15	Jun-01-1990	-	May-31-2005	38,974.34
Q.I. - E. Rodriguez Sr.	15	May-01-1992	-	Apr-30-2007	94,152.85
Scout Albano - Quezon Avenue	16	Apr-01-1993	-	Mar-31-2009	64,420.40
Sct. Limbaga - T. Morato	10	Dec-03-2003	-	Dec-02-2013	168,000.00
Sienna - Del Monte	10	Oct-16-1997	-	Oct-15-2007	180,699.22
SM North EDSA	3	Feb-01-2004	-	Jan-31-2007	157,316.05
Sto. Niño St. - Roosevelt	10	Oct-16-1998	-	Oct-15-2008	183,945.86
Timog - EDSA	20	Apr-20-1992	-	Apr-19-2012	62,768.57
Virgo Drive - Northbay	5	Oct-31-2002	-	Oct-30-2007	86,967.54
West Avenue - Del Monte	15	Jan-02-1992	-	Jan-01-2007	119,830.88
METRO MANILA SOUTH					
A. Arnaiz - San Lorenzo Village	5	Dec-01-2003	-	Nov-30-2008	107,022.25
Atrium - Makati Avenue	5	Oct-01-2002	-	Sep-30-2007	130,621.15
Ayala Triangle 1	5	May-02-2001	-	Apr-30-2006	348,663.07
Dela Rosa – Rada	5	May-01-2003	-	Apr-30-2008	256,720.00
DPC Place - Chino Roces Avenue	10	Jan-31-2001	-	Jan-31-2011	223,927.50
Enterprise Center - Ayala Avenue	5	Feb-16-2003	-	Feb-15-2005	35,200.00
Evangelista - Makati	15	Jan-01-1992	-	Dec-31-2006	137,808.39
JAKA II - Legaspi St.	5	Dec-16-2000	-	Dec-15-2005	137,312.08
La fuerza Plaza - Chino Roces	5	Oct-01-2003	-	Sep-30-2008	85,050.00
Libertad - Taft	10	May-25-2004	-	May-24-2014	70,000.00
MC Home Depot - Fort Bonifacio	5	Jan-07-2003	-	Jan-06-2008	120,997.80
Morning Star-Gil Puyat	5	Oct-15-2001	-	Oct-14-2006	135,575.66
Neptune - Makati Avenue	15	May-01-1995	-	Apr-30-2010	250,000.00
One Corporate Plaza - A. Arnaiz	10	Jan-16-1995	-	Jan-15-2005	384,744.62
Ortigas Avenue - Pasig	10	Jun-01-1998	-	May-31-2008	200,895.01
Pacific Star - Makati	5	Mar-01-2003	-	Feb-28-2008	294,292.49
Pasay - EDSA	20	Apr-16-1993	-	Apr-15-2013	92,895.33
Pasig Blvd. Ext. - Rosario	10	Sep-01-2004	-	Aug-31-2014	64,488.89
Rufino - Ayala	20	Feb-01-1992	-	Jan-31-2012	274,560.00
Sixto Antonio - Pasig	10	Oct-27-2004	-	Oct-26-2014	114,083.50
Valle Verde - E. Rodriguez Jr.	5	Mar-16-2003	-	Mar-15-2008	168,023.63
Villar - Salcedo Village	3	Jun-15-2002	-	Jun-14-2005	100,152.00

Washington - Gil Puyat	5	May-05-2003	-	May-04-2008	136,670.63
METRO MANILA WEST					
Adriatico - San Andres St.	10	Mar-16-1998	-	Mar-15-2008	144,945.90
Bambang - Rizal Avenue	10	Nov-04-1996	-	Nov-04-2006	221,068.14
Carmen Planas - Padre Rada	15	Jul-14-2003	-	Jul-13-2018	40,000.00
Central Market - V. Fugoso	5	Apr-04-2003	-	Apr-03-2008	85,800.00
Century Park – Adriatico	5	Sep-01-2000	-	Aug-31-2005	239,170.49
Clavel – Elcano	10	May-01-1996	-	Apr-30-2006	117,897.14
Gandara – Soler	15	Mar-01-1998	-	Feb-28-2013	100,000.00
Harrison Plaza - A. Mabini	3	Dec-10-2002	-	Dec-09-2005	34,992.00
Intramuros - Magallanes Drive	10	Dec-16-1997	-	Dec-15-2007	241,576.50
Luzon St. – Masangkay	20	Jun-01-1997	-	May-31-2007	135,147.53
Ongpin – Gandara	17	Apr-01-1988	-	Mar-31-2005	53,589.72
Pedro Gil - A. Mabini	5	Feb-16-2003	-	Feb-15-2008	158,812.50
Plaza Calderon - Pedro Gil	10	Jan-21-2002	-	Jan-20-2012	84,700.00
Port Area - South Harbor	12	Jun-16-1994	-	Jun-15-2006	320,408.19
Pres. Quirino – Taft	10	May-12-1999	-	May-11-2009	160,323.05
Quiapo - Quezon Blvd.	10	Jan-09-1995	-	Jan-04-2005	129,932.34
Quinta Market – Quiapo	10	Nov-11-2001	-	Nov-10-2011	77,845.69
R. Salas - Roxas Boulevard	5	Mar-01-2000	-	Feb-28-2005	284,861.01
Reina Regente - C.M. Recto	15	Aug-01-1990	-	Jul-31-2005	32,812.50
Robinsons Place – Manila	2	Aug-16-2003	-	Aug-15-2005	470,960.00
Ronquillo - Sta. Cruz	10	Sep-06-1996	-	Sep-05-2006	157,289.11
Sales St. – Raon	10	May-21-2001	-	May-20-2011	199,650.00
Severino - C.M. Recto	5	Aug-01-2002	-	Jul-31-2007	170,000.00
Times Plaza - UN Ave.	5	Mar-01-2001	-	Feb-28-2006	65,038.05
Ylaya - Padre Rada	15	Mar-01-1990	-	Feb-28-2005	79,759.06
Zaragosa - Carmen Planas	15	Aug-01-1990	-	Jul-31-2005	12,500.00
MINDANAO					
Agdao - Davao City	10	Aug-22-2003	-	Aug-21-2013	60,000.00
Bajada – Davao	10	Oct-01-1998	-	Sep-30-2008	115,956.72
Bangoy - Davao City	10	Jul-01-2002	-	Jun-30-2012	268,822.58
Bankerohan - Davao City	20	Sep-01-2002	-	Aug-31-2012	123,682.78
Cogon - Cagayan de Oro	20	Oct-01-1989	-	Oct-01-2009	51,958.00
Gaisano – Butuan	3	Jun-01-2003	-	May-31-2006	44,000.00
Gaisano General Santos	1	Feb-01-2004	-	Jan-31-2005	47,970.00
Gingoog - National Highway	10	Mar-01-2002	-	Feb-12-2012	48,717.91
Ipil – Zamboanga	20	Apr-01-1990	-	Apr-01-2010	3,000.00
Jaycee Avenue – Midsayap	8	Jan-31-1997	-	Jan-30-2005	58,461.51
Kabacan - Rizal Avenue	15	Apr-28-2002	-	Apr-27-2007	42,350.00
Magallanes St. - Surigao	12	Oct-10-1994	-	Oct-10-2006	43,200.00
Mayor Climaco - Zamboanga City	20	Apr-01-1987	-	Mar-31-2007	36,708.25
Montilla - Butuan	5	Dec-01-2002	-	Nov-30-2007	105,854.43
Oroquieta - Washington	5	Jan-17-2002	-	Jan-16-2007	35,000.00
Ozamis - Rizal Avenue	10	Apr-08-1996	-	Apr-07-2006	32,400.00
Pendatun - Gen. Santos	20	Mar-01-1994	-	Feb-28-2014	43,200.00
Quezon Avenue - Iligan	25	Mar-01-1983	-	Mar-01-2008	6,521.90
R. Magsaysay Avenue - Davao City	10	Aug-07-2003	-	Aug-06-2013	195,657.00
Robinsons - Cagayan de Oro	2	Dec-12-2004	-	Dec-11-2006	39,930.00
San Pedro - Davao City	5	Jun-03-2002	-	Jun-02-2012	133,100.00
Sta. Ana - Davao City	15	Oct-01-1991	-	Sep-30-2006	103,568.14
VISAYAS					
Allen - Catbalogan	10	Jun-17-2002	-	Jun-16-2012	36,300.00
Banilad - Cebu City	10	Jul-17-2000	-	Jul-16-2010	143,115.78

Binalbagan - Negros Occidental	5	Dec-01-2000	-	Nov-30-2005	43,923.00
Bogo - Cebu	15	Jun-19-1992	-	Jun-18-2007	13,934.61
C.P. Garcia Avenue - Tagbilaran	15	Jun-25-1991	-	Jun-24-2006	43,840.22
Cebu - Ayala Center	1	Jan-01-2003	-	Dec-31-2004	34,889.40
Central – Iloilo	20	May-29-2002	-	May-27-2022	40,824.00
EPZA – Mactan	12	May-26-1992	-	May-25-2007	7,680.00
F. Ramos – Cebu City	5	Jan-01-2000	-	Dec-31-2004	79,860.00
Goldenfield – Bacolod	10	May-01-2004	-	Apr-30-2014	18,000.00
Hilado – Bacolod	15	Nov-01-1992	-	Oct-31-2007	62,768.57
Hinigaran – Negros Occidental	20	Jun-23-1988	-	Jun-22-2008	6,863.75
Iloilo - Quezon St.	5	Jan-01-2002	-	Dec-31-2006	84,892.50
Jaro – Iloilo	10	Sep-26-1996	-	06-Sept-2006	72,024.59
Juan Luna – Cebu City	20	Apr-01-1989	-	Mar-31-2009	62,051.04
Kalibo - Roxas Avenue	10	Oct-23-2000	-	Oct-22-2010	36,602.50
Ledesma – Iloilo	5	Nov-01-2001	-	Oct-31-2006	47,916.00
Mandalagan – Lacson	10	Oct-06-2000	-	Oct-05-2010	35,138.40
North Road – Cebu	20	Jan-01-1998	-	Dec-31-2007	58,088.17
Oppus – Maasin	2	Jul-17-2004	-	Jul-16-2006	44,896.14
Osmeña Blvd. – Cebu City	5	Dec-16-2000	-	Dec-15-2005	98,110.47
MEZ II – Lapu-lapu City	10	May-12-2004	-	May-11-2014	33,000.00
Salazar – Tacloban	5	Dec-15-2001	-	Dec-14-2006	227,145.80
Severino – Negros Occidental	5	Aug-05-2003	-	Aug-04-2008	35,000.00
Tabo-an – Cebu City	10	May-01-1997	-	Apr-30-2007	75,708.25
Tacloban – Rizal Avenue	10	Jul-01-2002	-	Jun-30-2012	81,917.00
Victorias – Negros Occidental	20	Mar-01-1989	-	Feb-28-2009	4,000.00

Leases are subject to negotiation upon expiration of contract.

ITEM 3. LEGAL PROCEEDINGS

On 17th May 2004, RCBC Capital Corporation petitioned the International Chamber of Commerce to nulify its purchase of shares in the credit card company, Bankard Inc., which it purchased from the Bank in 2000. RCBC and the Bank entered into a sale and purchase agreement in May 2000 pursuant to which RCBC purchased 67% of Bankard for a consideration of P1.78 billion. In its petition to the International Chamber of Commerce, RCBC has alledged that the Bank has breached the representations and warranties contained in the sale and purchase agreement with respect to the financial condition of Bankard and has claimed P810 million of damages plus interest in arbitration. The Bank believes that these claims are without merit and has obtained legal advice from external counsel.

Other than the foregoing, the Bank is not involved in any litigation, arbitration or other administrative proceedings other than those arising in the ordinary course of business. The Bank believes that such proceedings would not individually or in the aggregate have a material adverse effect on the financial condition of the Bank and its subsidiaries.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) *Market Information:*

The Registrant's common shares are traded in the Philippine Stock Exchange, Inc. The high and low sales prices for each quarter within the last two (2) fiscal years are as follows:

Market price as of April 12, 2005 close at P48.50 per share

2004	LOW	HIGH
1st Quarter	36.00	43.00
2nd Quarter	38.00	44.50
3rd Quarter	39.00	43.00
4th Quarter	42.50	52.00

2003	LOW	HIGH
1st Quarter	21.50	29.00
2nd Quarter	22.75	37.50
3rd Quarter	30.50	36.00
4th Quarter	32.00	37.00

(2) *Holders*

Title of each Class	Number of Holders of Each Class of Common Security as of December 31, 2004
Common Shares	16,577

Top 20 Stockholders as of December 31, 2004

Name of Record	No. of Shares held	% to Total
PDC Nominee Corp. – Filipino	259,890,038	35.75%
Equitable Development Corp.	80,163,768	11.03%
EBC Investments, Inc.	78,807,098	10.84%
PDC Nominee Corp. – Non Filipino	55,507,528	7.64%
Trans Middle East Philippines Equities, Inc.	51,827,640	7.13%
Equity Development Corp.	45,115,413	6.21%
Social Security System	28,105,362	3.90%
K & L Holding Corp.	22,869,200	3.10%
Equitable Bank Foundation, Inc.	7,200,077	1.00%
Antonio Go	4,878,645	0.70%
John C. B. Go	4,619,964	0.60%
Ernest Lee Go	4,309,395	0.60%
Shoemart, Inc.	3,883,600	0.50%
Peter Go Pailian	2,841,397	0.40%
Equitable PCI Bank Trust Account no.103-77868-0	1,981,680	0.30%
Catalina C. Salazar	1,936,860	0.30%
Antonio C. Chua	1,455,417	0.20%
Edilberto S. Narciso	1,410,708	0.20%
Margaret S. Go	1,364,038	0.20%
DHS Investments	1,260,933	0.20%

(3) *Dividends Declared For the Last Two (2) Years:*

a) There were no cash and stock dividends on common shares declared in 2003 and 2004

On January 18, 2005, the bank's BOD approved the declaration of cash dividend at the rate of sixty centavos (P0.60) per share or P436.20 million. Such declaration was approved by BSP on April 1, 2005.

b) Other than the statutory restrictions on declaration of cash dividends, i.e., approval by at least majority of the Board of Directors, availability of unrestricted retained earnings and prior written approval of the BSP, there are no other restrictions that limit the payment of dividends on common shares of stock of the Registrant.

(4) *Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction (within the past three (3) years)*

Title of Securities Sold: US$200.0 million Subordinated Debt Eligible as Tier 2

US$130 million Tranche	
Amount:	US$130,000,000.00
Date of Sale/Launch:	Date May 16, 2003
Joint Lead Managers:	Deutsche Bank AG/UBS Warburg
Sole Book-runner :	UBS Warburg
Total Fees/Commission:	US$1,495,000.00
Offer Price:	98.733%
US$70 million Tranche	
Amount:	US$70,000,000.00
Date of Sale/Launch Date:	May 16, 2003
Sole Book-runner/Lead Manager:	UBS Warburg
Total Fees/Commission:	US$350,000.00
Offer Price:	101.51%

Title of Securities Sold: US$100.0 million 6.50% Notes Due Feb. 19, 2008

Amount:	US$100,000,000.00
Date of Sales/Launch Date:	February 18, 2005
Joint Bookrunner and Joint Lead Managers:	HSBC/JPMorgan
Total Fees/Commissions:	US$1,070,000
Offer Price:	99.330%

Redemption for Taxation Reasons
The Bank may redeem the Notes in whole but not in part at a redemption price equal to 100% of the principal amount of the Notes together with accrued and unpaid interest to the date fixed for redemption upon the occurrence of certain changes affecting taxation in the Philippines, as more particularly specified in "Terms and Conditions of the Notes-Redemption and Purchase – Redemption for taxation reasons".

Exemption for Registration Claimed
The sale and distribution of the securities is exempt from the registration requirements under the Securities Regulation Code because they were distributed outside the Philippines and by a bank duly licensed by the BSP. Section 8.1 and 9.1 of the SRC exempt from the registration requirement securities sold or distributed outside the Philippines and/or issued by a bank.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FINANCIAL CONDITION CHANGES IN FINANCIAL CONDITION, AND RESULTS OF OPERATIONS FOR EACH OF THE LAST THREE FISCAL CALENDAR YEARS.

2004 Compared to 2003

Equitable PCI Bank kept its growth performance on track in 2004 as total resources grew by P19.2 billion or 7% to P310 billion as of December 31, 2004 from the end-2003 level of P290.8 billion. The rise in total assets is seen mainly in the growth in investment securities, which grew 20%, and in loans.

Net Receivables from Customers amounted to P137.8 billion as of end-December 2004, 14% more than the December 2003 level of P121 billion. Marketing efforts focused on the more robust consumer finance sector and the middle market sector where the Bank has a strong franchise. The Bank capitalized on its branch network for the cross selling of consumer loan accounts, since better quality portfolios are generated from accounts the branches are already familiar with.

The Bank's liquid assets generally showed a drop as more funds were channeled to productive use and placed in earning assets. Cash and Cash Items was nearly flat at P7.5 billion as of end-December 2004. Due from BSP dipped by 56% year-on-year to P2.3 billion from P5.3 billion. Due from Other Banks also declined 10% year-on-year to P7.7 billion from P8.6 billion.

On the liabilities side of the balance sheet, deposits held by the Bank amounted to P193.5 billion at end-2004, 4% more than the December 2003 level of P186 billion. The deposit liabilities consist of 6% in demand deposits, 66% in savings deposits and 28% in time deposits, which showed year-on-year growth rates of -4%, 3% and 9%, respectively. Bills Payable, meanwhile, declined 19% year-on-year to P24 billion.

Capital funds stood at P41.4 billion at the end of 2004. This shows a growth of 5% or P1.8 billion from the December 2003 level, with the growth coming from the Bank's earnings.

Equitable PCI Bank's net income in 2004 amounted to P1.8 billion, up by 39% or P508.9 million from P1.3 billion in 2003, driven largely by wider net interest margins, lower funding costs, a better portfolio mix and an improved cost structure. Earnings per share for 2004, likewise, increased to P2.79 from P2.01.

Total Interest Income increased by 25% to P15.9 billion, driven by larger earning assets, improvements in the portfolio mix and the rise in domestic interest rates. Interest income on Customer Loans went up by 14% to P9.42 billion in 2004 from P8.2 billion in the previous year with higher yields. Similarly, interest income from interbank loans rose by 23% to P1.1 billion. Interest income from deposit with banks went up by 169% to P988.6 million, while interest revenues from trading and investment securities grew by 37% to P4.4 billion.

Interest expenses were lower by P223.8 million or almost 3% at P7.7 billion from P8 billion with an improved funding cost structure. Thus, net interest income reached P8.2 billion, up by P3.4 billion or 72% from P4.8 billion a year ago. The Bank's net interest margin therefore improved considerably from 2.49% in 2003 to 3.84% in 2004.

The Bank set aside a total of P4.14 billion as provision for probable losses in 2004, P1.9 billion or 85% more than the provision of P2.2 billion a year ago. This was done in preparation for the sale of approximately P10.5 billion of non-performing assets (NPA) in December 2004. Gross non-performing loans (NPL) thus declined by 32% year-on-year to P15.6 billion, while NPLs net of fully provisioned accounts fell by 23% to P11.8 billion.

Meanwhile, Other Income dipped by 8% year-on-year to P8.2 billion in 2004. The Bank earned P5.2 billion in Service Charges, Fees and Commissions, up by P819.3 million or 19% from a year-ago as a result of initiatives to build up fee-based income sources. This served to cushion the impact of lower Treasury-related income due to market conditions. Some P2.3 billion, mainly from trust income and from the sale of idle assets, were booked as Miscellaneous Income.

The Bank's operating expenses reached P11.4 billion for the year, 20% higher than the P9.5 billion in 2003. Compensation and fringe benefits grew by 5% to P3.31 billion as a result of a recent CBA with the employees union. Occupancy expenses amounted to P1.6 billion, down by 4% from P1.7 billion in 2003. Depreciation and Amortization expenses were higher by 6% in 2004 at P1.21 billion. Taxes and Licenses reached P1.2 billion, up by P722.4 million or 169% from a year-ago due to the re-imposition of the gross receipts tax (GRT) in 2004. Miscellaneous expenses, meanwhile, dipped by 34% to P4.1 billion.

2003 Compared to 2002

Comparing year 2003's audited financials with those of 2002, the Bank's total resources amounted to P 290.8 billion, 12.5% higher than the year-end 2002 level of P 258.4 billion. The Bank's loan portfolio increased by 7% to reach P 121 billion. The Bank's other short-term assets increased during the year including available for sale securities and investment in bonds and other debt instruments. On the liabilities side, deposits grew by 16% to P186 billion, reinforcing the return to increasing funds generation capability over the years. The Bank was able to generate P11.1 billion in subordinated debt as a result of a successful Tier 2 capital offering. Capital funds dipped slightly by 4% to P 39.5 billion.

In terms of earnings, the Bank posted P 1.3 billion net earnings in 2003, up by 65% from the P790.7 million in 2002 even as the Bank added provisions of P2.2 billion for the year. Net interest income, which reached P4.8 billion, grew by 22% boosted by higher gross interest income, which rose by 13%. Operating expenses saw a decline of almost 5.4% to reach P9.5 billion, reflective of efforts to contain further growth in expenses. Other income grew by 12% in total to reach P8.9 billion. The increase was driven by higher income from service charges, fees and commissions, which registered significant growth at 25%. Meanwhile, miscellaneous income rose by 43%.

2002 Compared to 2001

Previously, in year 2002, total resources of P258.4 billion reflected a 7% increase over the 2001 asset level of P242.3 billion. Receivables from customers also grew by 5% to settle at P112.8 billion compared to its level of P107.8 billion in 2001. The Bank's other short-term assets also increased during the year. Deposits also increased by 13% to settle at P160 billion reflecting the success of the deposit recovery efforts which allowed the Bank to get back deposits lost as a result of the impeachment-related crisis. Capital funds increased by 2% and amounted to P41.1 billion.

For the year-ended 2002, the Bank posted a net income of P790.7 million, up by almost 445% from its level of P145 million in 2001. Interest expense amounted to P7.4 billion, down by 33% from its 2001 level of P11 billion. Operating expenses were controlled and saw a slight decline while other income grew by 37%. The Bank provided allowance for probable losses amounting to P529.9 million in 2002.

PAST AND FUTURE FINANCIAL CONDITION AND RESULTS OF OPERATION WITH PARTICULAR EMPHASIS ON THE PROSPECTS FOR THE FUTURE

The positive results for Equitable PCI Bank in 2004 bear out the Bank's moves to expand certain businesses in high growth areas, while carefully managing asset quality and improving overall service to clients. They also reflect major strides the Bank has achieved in strengthening its balance sheet and capturing more business.

To provide customers with greater banking convenience, the Bank in 2004 continued to expand its distribution network. It increased its alternative channels by expanding its ATM network size and bringing the Bank's installed ATM network to 514. The Bank also continued to realign the branch organization and move closer towards a system aimed at supporting a seamless, one-stop shop, straight-through processing environment.

The Bank further reinforced its Cash Management services by continuously expanding its client base and by introducing more enhancements to the features and range of electronic banking products and services

At the same time, cost containment and productivity continue to be the focus. Technology is being leveraged for the delivery of products and services. Manpower and the branch network have been rationalized over the years and at the end of 2004, settled at 7,554 employees and 433 branches. Branch formats continue to be reconfigured and electronic banking is being promoted to minimize costs and maximize efficiency.

Equitable PCI bank strengthened its balance sheet by improving asset quality with a proactive management of risk through selective lending and enhanced credit processes. Non-performing assets (NPA) have been reduced as a result of loan restructuring and aggressive sale of acquired assets. Notably, the Bank sold some P10.5 billion NPAs in December 2004 and an additional P5.3 billion NPAs in April 2005.

Prospects for the Future

The Bank's vision is to become the client's Bank of Choice. Its strategy is to be the dominant bank in the middle market and retail segments while serving the corporate market. It aims to continue shoring up deposits and financial strength. After successfully ensuring a stronger balance sheet and completely restoring its top-tier standing in the industry, the Bank will undertake initiatives that will result in greater growth in profitability.

The Bank plans to continue placing a strong drive on deposit growth and improving leverage especially on low-cost deposits by emphasizing quality of service delivery and by continuing a more focused approach towards customers, products, and channels. The Bank will also launch a marketing and communications program and implement product level advertising and sales promotion programs for the major products distributed by its retail banking segment. Automation projects will also be pursued to support a seamless or end-to-end processing in remittance, consumer finance, and branches and expand or update the retail customer database to support customer segmentation initiatives. In line with this, the Bank will continue instituting an effective sales management process in the branches.

The Bank will increase its consumer loan portfolio and intensify cross-selling initiatives by leveraging on its wide branch network and good banking relationships with clients. Offering of incentive programs for consumer loans will also be continued. Strong control will be exercised over the current level of asset quality through early recognition and continued tight monitoring of problem accounts. As a major part of its priorities, the Bank is aggressively undertaking its own sale of real estate assets even after selling an aggregate P15.8 billion NPAs.

The Bank specifically plans to increase its funds based revenues and improve its net interest margin by growing its low-cost deposit base and growing a larger proportion of high-yielding consumer loans. Cash management and electronic banking capabilities will be used as tools to grow deposits from corporate as well as from individual clients.

For the fee-based business, trust banking, remittance and bancassurance are expected to be the main growth areas for the Bank. In terms of remittance, the Bank plans to strengthen its current tie-ups as well as develop new ones to further improve market reach and enhance service delivery. The Bank's joint venture with Philamlife will enable it to become a major player in the field of bancassurance, consistent with its thrust of offering customers an expanded range of financial products and being responsive to their needs.

The Bank, likewise, intend to further enhance fee income through its investment banking arm—where its intends to be an active participant in the recently established fixed income exchange.

<u>Aside from the above discussions:</u>

- There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
- There are no material commitments for capital expenditures, or the general purpose of such commitments and the expected sources of funds for such expenditures.
- There are no 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.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.
- There are no causes for any material changes from period to period in one or more line items of the issuer's financial statements.
- There are no seasonal aspects that had a material effect on the financial condition or results of operations.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A (page 31)

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Report of Independent Certified Public Accountant (SGV) is attached to the Financial Statements of the Bank (page 33).

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The incumbent directors and executive officers of the Registrant are as follows:

1. Directors

Antonio L. Go, 64, was elected to the Board in April 1998 and has served on the Board for over five (5) years. He is currently Chairman of the Board of Equitable PCI Bank, PCI Leasing and Finance, Inc. and PCI Automation Center, Inc. He is also the President and Director of Equitable Card Network, Inc., the Chairman of the Board of Visa International – Asia Pacific and a Director of Visa International. His other executive or corporate governance positions include: Chairman of SM - Equicom Computer Services, Inc., EBC Strategic Holdings Corporation, Equitable Savings Bank, Inc., Strategic Property Holdings, Inc., PCI Capital Corporation, PCIB Properties, Inc., Equitable Data Center, Inc., Express Padala International, Inc.; Chairman and President of TEGO Holdings, Inc. and Equitable Computer Services, Inc.; Trustee of Equitable Bank Foundation, Inc. and PCIBank Foundation, Inc.; Director of Philam Equitable Life Assurance Co., Megalink, Inc. and Medilink Network, Inc.; and Director and President of Equitable Development Corporation, Equity Development Corporation and K & L Holding Corporation.

John C. B. Go, 72, was elected to the Board in 1974 and has served on the Board for 29 years. He is Vice Chairman of the Board and President and Managing Director of Equitable Venture Capital Corporation and Vice Chairman and President of Equimark – NFC Development Corporation. He is also a Director of Equitable Card Network, Inc., Equity Development Corporation, Equitable Development Corporation and K & L Holding Corporation.

Ferdinand Martin G. Romualdez, 41, was elected Director of Equitable PCI Bank on July 21, 1999, and became the Vice Chairman of the Board in April 2001. Prior to this, he served as Director of the former PCIBank from May 1992 to January 1997. He was re-elected to the Board on April 30, 1998 until the merger of Equitable Bank and PCIBank. He was elected Director of PCI Leasing and Finance, Inc. on June 4, 1999. He is likewise a Director of PCI Capital Corporation. He is also the Chairman of Benguet Management Corporation. He served as Director of Benguet Corporation and became the Chairman of the Board in October 2002. Likewise, he is the Chairman of BEREC Land, Inc. He concurrently holds directorship in Arrow Freight Corporation, Benguet Trade, Inc. and Carpa Realty Development Corporation, where he also serves as the company's Legal Counsel of the latter. He is also a member of the Board of Trustees of Doña Remedios Trinidad Romualdez (RTR) Medical Foundation and Dr. Vicente Orestes Romualdez (DVOR) Educational Foundation, wherein he is the Vice President and Dean of the College of Law.

Corazon S. De La Paz, 63, was elected to the Board of Directors of Equitable PCI Bank on October 23, 2001. She is currently the President and Chief Executive Officer of the Social Security System. She is also a Director of San Miguel Corporation, Philippine Long Distance Telephone Co., PCI Leasing and Finance, Inc., PCI Capital Corporation, Equitable Card Network, Inc., Ionics Circuits, Inc., Makati Medical Center, Philex Mining Corporation and Republic Glass Holdings. She is also a member of the Board of Directors of: Asian Institute of Journalism & Communication, Jaime Ongpin Foundation, Inc., Laura Vicuna Foundation for Street Children, Makati Business Club (Treasurer), Meralco Foundation, Inc. (Treasurer), Miriam College and Philippine Business for the Environment. Other positions held include: Member of the Three-Man Board for Meralco Privatization, Member of the Cornell University Council, Cornell University Johnson Graduate School of Management Advisory Council, American Chamber of Commerce-Strategic Issues Committee, Pacific Basin Economic Council (Philippine Chapter), Australian National University-International Advisory Board of the Managing Business in Asia Program, Bilateral Business Councils of the Philippines with the United States, The U.K., Singapore, Malaysia, Mexico, Japan, Australia, France and Germany, University of Asia and the Pacific, School of Management Advisory Council, Tri-Sectoral Dialogue Steering Committee representing Business (Government, Business and Civil

Society Dialogue) and Member of the Board of Advisors of Ramon V. del Rosario, Sr.-AIM Center for Corporate Social Responsibility.

Ramon J. Jabar, 74, was elected to the Board of Equitable PCI Bank in April 2004. He is currently a Commissioner of the Social Security Commission of Social Security System, a position he held since August 2003 and President of the Federation of Free workers, a Labor Union organization, since June 2000.

Rene J. Buenaventura, 49, was elected Director of Equitable PCI Bank effective March 16, 2002. He is also the President and Chief Executive Officer of Equitable PCI Bank. He is likewise Chairman of EBC Insurance Brokerage, Inc., Express Padala (USA), Inc., Express Padala (HK) Ltd., Express Padala (Rotterdam), B.V., Express Padala (Italia), S.p.A., Express Padala (España), S.A., PCI Travel Corporation, PCI Management Consultants, Inc. and Two PCIB Tower, Inc.; Vice Chairman of Equitable Savings Bank, Inc., PCI Leasing and Finance, Inc., PCI Automation Center, Inc., Equitable Data Center, Inc., PCI Capital Corporation and Strategic Property Holdings, Inc.; Director and President of Express Padala International, Inc.; Chairman and President of The Executive Banclounge; Trustee of PCIBank Foundation, Inc. and The Sign of the Anvil, Inc. and a Director of the following Equitable PCI Bank subsidiaries: EBC Strategic Holdings Corporation, Equitable Card Network, Inc., Maxicare Healthcare Corp., Property Care, Inc. and PCIB Properties, Inc. He is likewise the Chairman of the Board of Trustees and President of PCIBank Buendia Building Condominium Corporation, Chairman of the Board of Trustees of Bankard Building Condominium Corporation and PCIBank Development Academy, Inc. He is also a Director of LGU Guaranty Corporation.

Anthony F. Conway, 44, was elected to the Board of Equitable PCI Bank in April 2001. He is currently Acting President and a Board Director of Medilink, Inc., as well as serving in the Office of the President and as Technical Advisor to the Board of Directors of Equitable Computer Services, Inc., as well as President and a Director of Equicom Systems Management, Inc. and a Director of CIBI Information, Inc., Equitable Savings Bank, Inc., PCI Leasing and Finance, Inc., Express Padala (USA), Inc. and Express Padala (Italia) S.p.A.

Fulgencio S. Factoran, Jr., 61, was elected to the Board of Equitable PCI Bank on August 20, 2002. He is likewise a Director of PCI Leasing & Finance, Inc. He is also currently a member of the Board of Trustees of the Government Service Insurance System (GSIS) having been appointed to that position in 1998. His other executive or corporate governance position include: Director, Belle Resources, Inc.; Director, Central Azucarera de Tarlac, Inc.; Director, Philippine Educational Theater Association (PETA); Director, Center for Media Freedom and Responsibility; Chairman of the Board, Geologistics, Inc.; and Chairman of the Board, Gaia South, Inc.

Ma. Luz C. Generoso, 51, was elected to the Board of Equitable PCI Bank on December 4, 2001. She is currently the Assistant Vice President, Loans Program Division of the Social Security System. She is also a Director of the Small Business Corporation, PCI Capital Corporation, Philamlife Tower Management Corporation and Philam Tower Realty Corporation. She is likewise Vice President of the Philamlife Tower Condominium Corporation and Philam Tower Realty Corporation. Other positions held include: Member of the Investment Planning and Strategy Committee and Employee Housing Committee of SSS, Trust Committee of Equitable PCI Bank and Treasurer of Carolinian Association in Metro Manila, Inc.

Cesar B. Bautista, 67, was elected to the Board in April 2004. He is currently an independent member of the Board of business corporations such as Pilipinas Shell Corporation, ABS-CBN, Bayantel Holdings, Equitable Savings Bank, Equitable CardNetwork, PCI Leasing & Finance, Maxicare, Pacific Activated Carbon Corporation. He is the Chairman of St. James' Ventures, Inc. He is also in the Board of the Institute of Corporate Directors, Foundation for IT-Education, Philippine Foundation for Global Concern and the European IT Services Corporation. Mr. Bautista was appointed by President Gloria Macapacal-Arroyo as Co-Chair of the Private – Public Partnership for Philippine Global Services Industries. During the year 1999 – 2003, he served as the Ambassador of the Court of St. James' with concurrent Ambassador to Ireland and Iceland. He represented the country in the UN International Maritime Organization. He was the Special Envoy of the President in Europe in 2001.

Genevieve W.J. Go, 49, was elected to the Board of Equitable PCI Bank in April 2001. She is concurrently a Director of Equitable Data Center, Inc., PCI Capital Corporation, PCI Automation Center, Inc. and Equitable Computer Services, Inc. She is likewise the President of Equitable Bank Foundation, Inc.; Director of Equity Development Corporation, K & L Holding Corporation and Equitable Development Corporation. Ms. Go joined the Bank in 1988 and was a Member of the Advisory Board from October 1999 until her election as Director of the Bank.

Peter Go Pailian, 75, was elected to the Board in 1953 and has served on the Board for 50 years. He is currently the Bank's Chairman Emeritus. He is also the Chairman of Equitable Development Corporation, Equitable Bank Foundation, Inc. and Equity Development Corporation.

Antonio I. Basilio, 56, was elected to the Board of Equitable PCI Bank on July 13, 2004. He is the Chairman of the Manila Economic and Cultural Office.

Roberto R. Romulo, 66, was elected to the Board of Equitable PCI Bank in April 2002. He is currently the Chairman of Equitable Card Network, Inc. and a Director of PCI Leasing & Finance, Inc. He is also Chairman of Philam Insurance Co., Interpharma Investments, Ltd. and Romulo & Navarro, Inc. He serves as a Director of the following companies: PCI Leasing & Finance, Inc., A. Soriano Corporation, MH Holdings Ltd., Systems Standards, Inc. (SSI), Aboitiz Equity Ventures, Inc., United Industrial Corporation Ltd. and PLDT (Advisory Board.) In 2001, he was appointed by President Gloria Macapagal Arroyo as Senior Advisor on International Competitiveness.

Reynaldo P. Palmiery, 64, was elected to the Board of Equitable PCI Bank on April 20, 2004. He is currently the Senior Vice President and COO of Government Service Insurance System (GSIS) and a member of the Board of Trustee since 1988.

Nilo T. Divina, 39, is Senior Vice President, General Counsel and Corporate Secretary of Equitable PCI Bank, Inc. He is concurrently the Corporate Secretary of Armstrong Securities, Inc., EBC Capital Corporation, EBC Insurance Brokerage, Inc., EBC Management, Inc., EBC Strategic Holdings Corporation, Equitable Data Center, Inc., Strategic Property Holdings, Inc., Express Padala International, Inc., Express Padala (HK), Ltd., Express Padala (España), S.A., Express Padala (Italia), S.p.A., Express Padala (Rotterdam), B.V., EPCIB Express Remittance (Greece) S.A., Equitable PCI Express Padala (Deutschland), GmbH, PCI Express Padala (Macau), Ltd., PCI Automation Center Inc., PCI Capital Corporation, PCI Travel Corporation, PCIB Properties, Inc., Property Care Inc., The Executive Banclounge, Inc., The Sign of the Anvil Inc., PCIBank Development Academy, Inc., PCIBank Buendia Building Condominium Corporation, Bankard Building Condominium Corporation, PCIBank Foundation, Inc., Two PCIB Tower, Inc., and PCI Management Consultants, Inc. He is also the Acting Corporate Secretary of EBC Investments Inc., Equitable Exchange Inc., Equitable PCIBank Cayman, Ltd. He is also a Director and Corporate Secretary of Express Padala (USA), Inc. He is also a Corporate Secretary and Corporate Information Officer of PCI Leasing and Finance, Inc.

Dennis T. Tuddao, 32, was appointed Assistant Corporate Secretary in April 20, 2004. He is currently Senior Assistant Manager, in his capacity as lawyer, Documentation Department, Legal Services Division of the Bank.

The incumbent directors or other persons may be nominated and elected to the Board of Directors in the coming meeting. The actual nominees shall be known to the Registrant during the nomination period. Under Article III, (g) of the By-Laws, all nominations for directors to be elected by the stockholders of the Registrant shall be submitted in writing to the Corporate Secretary of the Registrant at its principal office not earlier than 30 days nor later than 12 days prior to the date of the annual or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected a director of the Registrant.

Mr. Antonio I, Basilio, Mr. Roberto R. Romulo and Amb. Cesar B. Bautista are the independent directors of the Registrant. They were chosen as such based on the definition and criteria then set forth under existing SEC and BSP regulations. Upon nomination by the Chairman of the Board, they accepted the nomination and the Nomination Committee approved their nomination as independent directors followed by their election as such in the stockholders' meeting. The procedure for the election of independent directors shall conform to the procedures set forth in relevant BSP and SEC circulars. The Registrant has a Nomination Committee composed of at least three (3) members of the Board of Directors, one of whom is an independent director. The Committee evaluates the qualifications of all nominees to the Board of Directors, including the independent directors, based on the selection criteria under applicable BSP and SEC, the By-Laws and Code of Corporate Governance by the Registrant. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex C of SRC Rule 12, which list shall be made available to the Commission and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1 (b) or SRC Rule 20, respectively, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including the relationship with the nominee. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

Specific slots for independent directors shall not be filled-up by unqualified nominees. In case of failure of election of independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

The foregoing procedures are essentially based on SEC Memorandum Circular No. 16, Series of 2002 (Guidelines on Nomination and Election of Independent Directors).

The Directors hold office for one (1) year until their successors shall have been elected and have qualified.

2. Executive Officers

Walter C. Wassmer, 48, is Senior Executive Vice President and Head of Corporate Banking Group of Equitable PCI Bank. He is also a Director of PCI Capital Corporation, PCI Leasing and Finance, Inc., Express Padala (Rotterdam), B.V., EBC Strategic Holdings Corporation, Jardine Equitable Finance Corporation and EBC Insurance Brokerage, Inc. He is likewise Chairman of EBC Management, Inc. He is also currently the President of L.P. Wassmer Trading, Inc. and Treasurer of WT & T, Inc.

Gerard Lee B. Co, 45, is Executive Vice President and Division Head for Equitable PCI Bank's Division IV (Visayas and Mindanao) of Commercial Banking Group. He is a Director of PCI Leasing and Finance Corporation, PCI Capital Corporation and Agencia de Calidad, Inc.

Antonio N. Cotoco, 55, is Executive Vice President and Head of the Commercial Banking Group of Equitable PCI Bank. He currently serves as a Director of EBC Insurance Brokerage, Inc., EBC Strategic Holdings Corporation, PCI Capital Corporation, EPCIB Express Remittance (Greece) S.A. and EBC Management, Inc. He has been involved in Investment Banking, Corporate Finance, Treasury, Consumer Banking, Credit, Business and Development and Account Management over the past 27 years. He currently also serves as a Director of Oriental Assurance Corporation and OAC Realty and Development Corporation.

Bienvenido M. Juat, Jr., 51, was appointed Executive Vice President & Treasurer of Equitable PCI Bank on August 1, 2001. His other executive positions for Equitable PCI Bank subsidiaries include: Director of Express Padala International, Inc., Equitable PCIBank Cayman, Ltd., Mindanao Development Bank and EBC Insurance Brokerage, Inc.; Treasurer of EBC Strategic Holdings Corporation and PCI Automation Center, Inc.; and Chairman of Equitable Exchange, Inc.

Eduardo J. Katigbak, Jr., 59, was appointed Executive Vice President of Equitable PCI Bank effective July 1, 2001. He is also Chairman of Property Care, Inc.; Director and Treasurer of Express Padala International, Inc. and Trustee of PCI Bank Development Academy, Inc. He is likewise a Director of PCI Automation Center, Inc., EPCIB Express Remittance (Greece) S.A., Bankard Building Condominium Corporation, EBC Management, Inc., Equitable Data Center, Inc., Strategic Property Holdings, Inc., Jardine Equitable Finance Corporation, PCIB Properties, Inc., Equitable PCIBank Cayman Ltd., Two PCIB Tower, Inc. and PCIBank Buendia Building Condominium Corporation. He has had over 30 years of banking experience in the area of Operations and Technology Management. He was the Country Operations Manager of a multinational bank prior to his appointment with EPCIB.

Ricardo V. Martin, 47, is Executive Vice President and Chief Financial Controller of Equitable PCI Bank. He is also a Director of PCIB Securities, Inc., PCI Capital Corporation, Maxicare Healthcare Corporation, Mindanao Development Bank and Trustee of EBC Foundation. Prior to joining Equitable PCI Bank, he served as Chief Finance Officer and Senior Vice President for Philippine Savings Bank. Earlier, he was the Chief Finance Controller of Solidbank Corporation.

Dennis B. Velasquez, 51, is Executive Vice President in the Retail Banking Group of Equitable PCI Bank. He is responsible for the group's branch banking, consumer finance, small business lending, remittance, electronic banking and customer care divisions. He supervises likewise the staff support divisions consisting of products, business strategy and systems support, and branch administration of the Retail Banking Group. He is also a Director of Express Padala International, Inc., Equitable Savings Bank, Inc., PCI Automation Center, Inc., Equitable PCI Express Padala (Deutschland), GmbH, Express Padala (Rotterdam), B.V., Express Padala (Italia), S.p.A. and Express Padala (España), S.A. He served in 2000 as the Integration Manager for Retail Banking. Prior to Equitable - PCIBank merger in 1999, he was First Vice President in-charge of Operations for Branch Banking of PCIBank. He has been with the Bank since August 1995.

Aristotle L. Villaraza, 53, is Executive Vice President and Head of Special Projects, Asset Management and Legal Group of Equitable PCI Bank. He joined the former PCIBank in September 1994 as Vice President and Head of Corporate Finance Division and became concurrent head for the Corporate Banking 3 until November 1998.

Ursula A. Alano, 50, is Deputy Treasurer and Senior Vice President of Treasury Group of Equitable PCI Bank. She also holds various positions in EPCIB subsidiaries, i.e., Director of Equitable Exchange, Inc., Director of Equitable PCIBank Cayman, Ltd., Treasurer of Bankard Building Condominium Corporation, EBC Capital Corporation, EBC Insurance Brokerage, Inc., EBC Management, Inc., Equitable Bank Tower Condominium Corporation, PCIBank Development Academy, Inc., Property Care, Inc., Strategic Property Holdings, Inc., Two PCIB Tower, Inc., and Assistant Treasurer of EBC Investments, Inc. She is also a Director of Albulario and Sons, Inc.

Shirley S. Ang, 52, is Senior Vice President and Head of Elite Banking Division of Equitable PCI Bank. She is also a Director of PCI Capital Corporation. Prior to this assignments, she was Head for Commercial Banking, Central Metro Area and Division Head under the former PCIBank Chinese Banking Group.

Manolo C. Arzadon, 54, is Senior Vice President of Equitable PCI Bank. He was seconded to the Bank's subsidiary, PCI Leasing and Finance, Inc. in April 1993 and is currently its President/Chief Operating Officer and Director. He is also Chairman of the Board of BA Mclarens Philippines, Inc.

Ramon S. David, 46, is Senior Vice President and Division Head of Corporate Banking Group – Division 4 of Equitable PCI Bank. He is also a Director of PCI Capital Corporation and Equitable Exchange, Inc. He joined the Bank as Vice President in 1993.

Marvin V. Fausto, 43, is Senior Vice President and currently sits as Trust Officer of Trust Banking Group of Equitable PCI Bank. He is a Member of the Management Committee, Asset and Liability Committee, Investments Committee, and Trust Committee of the Bank. Prior to joining the Bank in 1996, he worked as Head of Investments for Citytrust Banking Corporation and as Credit Officer at Far East Bank and Trust Co. He is the Founding President of the Fund Managers Association of the Phils. (FMAP) and Lecturer for the Philippine Trust Institute.

Jonathan C.B. Go, 49, is Senior Vice President of Equitable PCI Bank. He was elected Director of PCI Leasing and Finance, Inc. on November 17, 1999. He joined the Bank in 1995 as Assistant Vice President of Administration Group. He concurrently holds the following positions: President of Olympus Import-Export Corporation, Director and Executive Vice President of Equitable Savings Bank, Inc., Director and Vice President of Equity Development Corporation, Vice President of Equitable Development Corporation and K & L Holding Corporation, Vice Chairman of the Board of Directors, President and Chief Executive Officer of Property Care, Inc. and PCI Travel Corporation, President & Director of Equitable Bank Tower Condominium Corporation, Director of PCIB Properties, Inc., EBC Insurance Brokerage, Inc., Equitable Insurance Corporation, Strategic Holdings, Inc., Jardine Equitable Finance Corporation, Taal Land, Inc. and Canlubang Spinning Mills, Director and Treasurer of the Executive Banclounge, Inc., Director and Vice Chairman of PCIBank Buendia Building Condominium Corporation, Director and President of Two PCIB Tower, Inc., President and Trustee of Bankard Building Condominium Corporation and Trustee of PCIBank Foundation, Inc. and The Sign of the Anvil, Inc.

Jeanette S. Javellana, 45, is Senior Vice President for Commercial Banking Group, Division I of Equitable PCI Bank.

Annie H. Ngo, 49, is Senior Vice President for Western Metro Division of Retail Banking Group of Equitable PCI Bank.

Jose Pastor Z. Puno, 54, is Senior Vice President of Equitable PCI Bank. He was hired in 1982 under the former PCIBank. He is Division Head of Commercial Banking Group - Metro Manila II Division. He also serves as a Director of EBC Insurance Brokerage, Inc.

Ricardo V. Reynoso Jr., 53, is Senior Vice President for Southern Luzon Division of Retail Banking Group of Equitable PCI Bank.

Richard Benedict S. So, 39, is Senior Vice President for International Division of Treasury Group of Equitable PCI Bank.

Grace A. Sumalpong, 48, is Senior Vice President for Special Project & Asset Advisory Division of Special Project , Asset Management & Legal Group of Equitable PCI Bank.

Robert "Sui Gui" W. Sy, 45, is Senior Vice President and is currently the Lead Division Head of Personal banking of Equitable PCI Bank. He also heads the Personal Banking – Metro Manila Northern Division, Retail Banking Group. He provides guidance and direction to Personal Bankers as to marketing and administration. He is also a Director of EBC Insurance Brokerage, Inc. He has been serving the Bank for more than 8 years now.

Rebecca S. Torres, 51, is Senior Vice President and Chief of Staff to the President of Equitable PCI Bank. She is also a Director of EBC Insurance Brokerage, Inc. since April 2002, Maxicare PCIB Cigna Healthcare since November 2002, PCI Automation Center, Inc. since August 1998 and PCIBank Development Academy, Inc. since October 2001. She is also the Treasurer and Trustee of the Sign of the Anvil, Inc. since August 1998.

Edward G. Wenceslao, 48, is Senior Vice President and Division Head for Corporate Banking Group – Division 3 of Equitable PCI Bank. He was elected to the Boards of Equitable Exchange, Inc. on October 24, 2001 and EBC Insurance Brokerage, Inc. on April 17, 2002. He is also a member of the Bank's Senior Credit Committee. He has been with the Bank for the past 25 years and has been involved in Corporate Banking for a majority of that time.

Ma. Teresita Susana L. Yap, 53, Senior Vice President - joined the Bank in August 2003. She is presently assigned at Commercial Banking Division III. Previously connected with two (2) universal banks, she has 27 years of experience in lending to the corporate and commercial markets.

Significant Employees-There is no person, other than the executive officers, who is expected by the Registrant to make significant contribution to the business.

Family Relationships-Messrs. Antonio L. Go, John C. B. Go, Peter Go Pailian, and Frank L. Go are siblings.

Involvement of Directors and Executive Officers in Certain Legal Proceedings-The Registrant is not aware of any bankruptcy proceedings filed by or against any business of which a director or executive officer is a party or of which any of their property is subject.

The Registrant is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director or executive officer.

The Registrant is not aware of any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director or executive officer in any type of business, securities, commodities, or banking activities.

The Registrant is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of its director or executive officer, has violated a securities or commodities law.

ITEM 10. EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers for the year 2003, 2004 and Estimated amount for year 2005.

Name and Principal Position	***Year***	***Salary***	***Bonus***	***Other Annual Compensation***	***Total***
Executive Officers **ANTONIO L. GO** **Chairman** **RENE J. BUENAVENTURA** **President & CEO** **WALTER C. WASSMER** **Senior Executive Vice President** **GERARD LEE B. CO** **Executive Vice President** **ANTONIO N. COTOCO**					

Executive Vice President				
BIENVENIDO M. JUAT, JR.				
Executive Vice President				
EDUARDO J. KATIGBAK, JR.				
Executive Vice President				
RICARDO V. MARTIN				
Executive Vice President				
DENNIS B. VELASQUEZ				
Executive Vice President				
ARISTOTLE L. VILLARAZA				
Executive Vice President				
URSULA A. ALANO				
Senior Vice President				
SHIRLEY S. ANG				
Senior Vice President				
MANOLO C. ARZADON				
Senior Vice President				
RAMON S. DAVID				
Senior Vice President				
NILO T. DIVINA				
Senior Vice President				
MARVIN V. FAUSTO				
Senior Vice President				
JONATHAN C.B. GO				
Senior Vice President				
JEANETTE S. JAVELLANA				
Senior Vice President				
ANNIE H. NGO				
Senior Vice President				
JOSE PASTOR Z. PUNO				
Senior Vice President				
Ricardo V. Reynoso Jr.				
Senior Vice President				
Richard Benedict S. So				
Senior Vice President				
Grace A. Sumalpong				
Senior Vice President				
ROBERT W. SY				
Senior Vice President				
REBECCA S. TORRES				
Senior Vice President				
EDWARD G. WENCESLAO				
Senior Vice President				
MA. TERESITA SUSANA L. YAP				
Senior Vice President				**Php**
TOTAL SALARIES	**2003**	**53,732,700.00**	**13,862,210.00**	**67,594,910.00**
(including bonuses and other	**2004**	**63,393,000.00**	**16,200,230.00**	**79,593,230.00**
compensation)	**2005***	**67,616,760.00**	**16,904,190.00**	**84,520,950.00**
All other Senior officers	**2003**	**136,239,887.87**	**34,209,891.20**	**170,449,779.07**
	2004	**133,036,220.30**	**33,553,870.00**	**166,590,090.30**
	2005*	**139,318,800.00**	**34,829,700.00**	**174,148,500.00**
		Per Diem		
Board of Directors				
	2003	**2,680,000.00**		**2,680,000.00**
	2004	**2,810,200.00**		**2,810,200.00**
	2005*	**2,990,000.00**		**2,990,000.00**

* Estimated amount for 2005.

There are currently no separate employment contracts between the Registrant and its named executive officers other than the regular employment agreements that all officers are subject to.

There are no outstanding warrants or stock options held by the Registrant's directors or executive officers.

There are no price or stock warrants or options that are adjusted or amended.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Voting Securities and Principal Holders Thereof

The number of shares outstanding and entitled to vote in the stockholders' meeting is 727,003,345 shares. The record date for purposes of determining stockholders entitled to vote in the meeting is March 01, 2005. Stockholders are entitled to cumulative voting in the election of directors, as provided in the Corporation Code. There are no conditions precedent for the exercise of the cumulative voting rights in the election of directors.

Security Ownership of Certain Record and Beneficial Owners and Management as of December 31, 2004

(1) Security Ownership of certain Record and beneficial Owners

The persons known to the Registrant to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Registrant's voting securities are as follows:

Title of Class	Name of Stockholder & Address	Number of Shares held/Nature of ownership	Percentage
Common	PCD Nominee Corp. [1] G/F Makati Stock Exchange Building 6767 Ayala Avenue, Makati City	259,890,038	35.7481%
	PCD Nominee Corp. – Non Filipino G/F Makati Stock Exchange Building 6767 Ayala Avenue, Makati City	55,507,528	7.6351%
	Equitable Development Corp. [2] 262 Juan Luna Street Binondo, Manila	80,163,768	11.0266%
	EBC Investments, Inc. [3] Equitable PCI Bank Towers Makati Ave. cor. H.V. Dela Costa St. Makati City	78,807,098	10.8400%
	Trans Middle East (Phils.) Equities, Inc.[4] 3rd Floor, Universal Re Building 106 Paseo de Roxas, Makati City	51,827,640	7.1289%
	Equity Development Corporation [5] 262 Juan Luna Street Binondo, Manila	45,115,413	6.2057%

[1] PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book - entry system of handling securities transactions in the Philippines. PCD Nominee Corp. is broken down as follows:

Filipino			*263,163,752*	*36.20%*
Top PCD Beneficial Owners:				
Social Security System	*159,742,924*	*21.97279%*		
Government Service Insurance System	*88,256,333*	*12.13974%*		
Non-Filipino			*55,507,528*	*7.64%*

The following have the right to vote or direct the voting or disposition of the Equitable PCI Bank shares held by the stockholders of the corporations they respectively represent: Ms. Corazon S. De La Paz, President & CEO, for SSS, and Atty. Winston F. Garcia, President and General Manager, for GSIS.

[2] Mr. Peter Go Pailian, Chairman or Mr. Antonio L. Go, President of Equitable Development Corp., has the right to vote or direct the voting or disposition of the Equitable PCI Bank shares held by its stockholders.

[3] Ms. Nelia V. Carlos, Chairperson, or Mr. Sergio Ll. Naranjilla, Jr., President & Director, of EBC Investments, Inc., have the right to vote or direct the voting or disposition of the Equitable PCI Bank shares held by its stockholders.

[4] For Trans Middle East (Phils.) Equities, Inc., Attys. Andrea R. de la Cueva/Otilia Dimayuga-Molo have the right to vote or direct the voting disposition of the Equitable PCI Bank shares held by its stockholders.

[5] Mr. Peter Go Pailian, Chairman, or Mr. Antonio L. Go, Preident, of Equity Development Corp., has the right to vote or direct the voting or disposition of the Equitable PCI Bank shares held by its stockholders.

Security Ownership of Management

Directors

(1) Title of Class	(2) Name of Record/ Beneficial Owner	(3) No. of Shares Held and Nature of Ownership	(4) Percentage
Common Shares	Antonio L. Go	4,878,645	.6711%
	John C. B. Go	4,859,463	.6684%
	Peter Go Pailian	2,841,397	.3908%
	Genevieve W. J Go	925,704	.1273%
	Anthony F. Conway	92,800	.0128%
	Fulgencio S. Factoran, Jr.	11,501	.0016%
	Roberto R. Romulo	10,143	.0014%
	Corazon S. De La Paz	150	.0000%
	Ferdinand Martin G. Romualdez	99	.0000%
	Reynaldo P. Palmiery	9	.0000%
	Rene J Buenaventura	1	.0000%
	Ma. Luz C. Generoso	1	.0000%
	Antonio I. Basilio	1	.0000%
	Cesar B. Bautista	1	.0000%
	Ramon J Jabar	1	.0000%
	Total	**13,619,916**	**1.8734%**

Executive Officers

(1) Title of Class	(2) Name of Record/ Beneficial Owner	(3) No. of Shares Held and Nature of Ownership	(4) Percentage
Common Shares	Rene J Buenaventura	1 (R)	.0000%
	Gerard Lee B. Co	-	-
	Antonio N. Cotoco	-	-
	Bienvenido M. Juat, Jr.	-	-
	Eduardo J Katigbak, Jr.	230 (B)	.0000%
	Ricardo V. Martin	-	-
	Sergio L. Naranjilla, Jr.	5,780 (B)	.0008%
	Dennis B. Velasquez	-	-
	Aristotle L. Villaraza	402 (B)	.0001%
	Walter C. Wassmer	-	-
	Ursula A. Alano	-	-
	Shirley S. Ang	1,150 (B)	.0002%
	Manolo C. Arzadon	402 (B)	.0001%
	Ramon S. David	-	-
	Nilo T. Divina	2,100 (B)	.0003%
	Marvin V. Fausto	-	-
	Jonathan C.B. Go	250,792 (B)	.0345%
	Jeanette S. Javellana	230 (B)	.0000%
	Annie H. Ngo	-	-
	Jose Pastor Z. Puno	908 (B)	.0001%
	Ricardo V. Reynoso, Jr.		
	Richard Benedict S. So		
	Grace A. Sumalpong		
	Robert W. Sy	-	-
	Rebecca S. Torres	908 (B)	.0001%
	Edward G. Wenceslao	-	-
	Ma. Teresita Susana L. Yap	1,150 (B)	.0002%
	Total	**264,053**	**.0363%**

The total number of shares owned by executive officers of the Registrant is 264,053 shares, which is equivalent to .03632% of the total outstanding capital stock of the Registrant.

Voting Trust Holders of 5% or more- Registrant has no voting trust holders of 5% or more of its total outstanding capital stock.

Change in Control- Registrant has no knowledge of any arrangements, which may result in a change in control of the registrant.

ITEM 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

There had been no material transactions during the past two (2) years to which the Registrant was a party in which any of its director or executive officer or security holder of more than five percent (5%) of the Registrant's voting securities, any relative or spouse of any such director or executive officer had direct or indirect material interest.

See Schedule B pages 80 to 81 for the DOSRI Loans and Receivables from employees.

PART IV – EXHIBIT AND SCHEDULES

ITEM 13. EXHIBIT AND REPORTS ON SEC FROM 17-C

The following reports on Form 17-C (Current Report) have been filed during the last six month period covered by this report, listing the items reported, any financial statements filed and the dates as such.

Item	Date of Report	Date Submitted
The Bank signed an agreement with Phil. Investment Two (SPV-AMC), Inc., an affiliated co. of Lehman Bros. South East Asia Pte Limited whereby the Bank sold its Non-performing asset w/ Gross Book Value of approximately PHP2.16 billion.	Dec. 15, 2004	Dec. 16, 2004
Promotion of Mr. Arsenio L. Severino as SVP, effective January 1, 2005.	Dec. 14, 2004	Dec. 16, 2004

Equitable PCI Bank, Inc. and Philippine Investment One, Inc, a subsidiary of Lehman Bros., have executed on Nov. 26, 2004, a Non Performing Loan Sale and Purchase Agreement, the Bank sold its Non Performing Loan with a Gross Book Value of P8,319,562,248.15. This Agreement, However, is still subject to BSP approval.	Nov. 26, 2004	Nov. 26, 2004
Approval of merger of Equitable Savings Bank (ESB) and Mindanao Development Bank (MDB), with ESB as the surviving entity.	Nov. 23, 2004	Nov. 24, 2004
The Deed of Absolute Sale of Shares was signed and Executed by and between Equitable PCI Bank, Inc. (as Seller) and The Philippine Stock Exchange, Inc. on Sep. 29, 2004 covering the sale by Equitable PCI Bank, Inc. of its stake in the Securities Clearing Corp. of the Philippines.	Oct. 29, 2004	Nov. 03, 2004
Acceptance and approval of the offer of Philippine Stock Exchange (PSE) to acquire the equity interest of Equitable PCI Bank (EPCIB) in the Securities Clearing Corporation Of the Philippines(SCCP), consisting of 22% of outstanding Capital Stock or 110,000 common shares subject to proper Documentation.	Aug. 10, 2004	Aug. 11, 2004
The Board of Directors confirmed the resolution of the Executive Committee accepting the resignation of Justice Teodoro P. Regino as Director of Equitable PCI Bank and appointed Mr. Antonio I. Basilio as director of Equitable PCI Bank, Inc., subject to confirmation by the Nomination Committee.	Jul. 13, 2004	Jul. 14, 2004

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 15, 2005.

By:

(original signed)
RENE J. BUENAVENTURA
CEO and President

(original signed)
RICARDO V. MARTIN
EVP & Comptroller

(original signed)
EDUARDO J. KATIGBAK JR.
EVP & Operating Officer

(original signed)
NILO T. DIVINA
EVP & Corporate Secretary

(original signed)
BIENVENIDO M. JUAT JR.
EVP & Financial Officer

SUBSCRIBED AND SWORN to before me this 15th day of April 2005, affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAME	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Rene J. Buenaventura	02177321	Jan. 13, 2005	Makati City
Eduardo J. Katigbak Jr.	02177320	Jan. 18, 2005	Antipolo City
Bienvenido M. Juat Jr.	18173451	Feb. 15, 2005	Makati City
Ricardo V. Martin	14646159	Jan. 12, 2005	Makati City
Nilo T. Divina	00004801	Mar. 15, 2005	Quezon City

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INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES (ITEM 7)

Consolidated Financial Statements

Suplementary Schedules

* These schedules, which are required by Part IV (e) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Consolidated Financial Statements or in the Consolidated Financial Statements.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The Management of Equitable PCI Bank, Inc. and its subsidiaries is responsible for all information and representations contained in the financial statements for the years ended December 31, 2004 and 2003 and for each of the three (3) years in the period ended December 31, 2004. The financial statements have been prepared in conformity with generally accounting principles in the Philippines 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 Management likewise discloses to the company's audit committee and to its external auditor: (I) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data; (ii) material weaknesses in the internal controls; (iii) any fraud that involves management or other employees who exercise significant role in internal controls.

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

Sycip, Gorres, Velayo & Co., independent auditors appointed by the Stockholders, has examined the financial statements of the Equitable PCI Bank, Inc. and its subsidiaries in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and the Stockholders.

(original signed)
ANTONIO L. GO
Chairman of the Board

(original signed)	(original signed)
RENE J. BUENAVENTURA	**RICARDO V. MARTIN**
President & Chief Executive Officer	Executive Vice President & Comptroller

SUBSCRIBED AND SWORN to before me this 15th day of April 2005, affiants exhibiting to me their Community Tax (CTC), as follows:

Antonio L. Go	14001165	Feb. 28, 2005	Manila
Rene J. Buenaventura	02177321	Jan. 13, 2005	Makati City
Ricardo V. Martin	14646159	Jan. 12, 2005	Makati City

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■ **SyCip Gorres Velayo & Co.**
6760 Ayala Avenue
1226 Makati City

■ Phone: (632) 891-0307
Fax: (632) 819-0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001

Report of Independent Auditors

The Stockholders and the Board of Directors
Equitable PCI Bank, Inc.
Equitable PCI Bank Tower I
Makati Avenue corner H.V. de la Costa Street
Salcedo Village, Makati City

We have audited the accompanying statements of condition of Equitable PCI Bank, Inc. and Subsidiaries (the Group) and statements of condition of Equitable PCI Bank, Inc. (the Parent Company) as of December 31, 2004 and 2003, and the related statements of income, changes in capital funds and cash flows for each of the three years in the period ended December 31, 2004. 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 auditing standards generally accepted in the Philippines. 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 and of the Parent Company as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the Philippines.

Renato J. Galve
Partner
CPA Certificate No. 37759
SEC Accreditation No. 0081-A
Tax Identification No. 102-087-055
PTR No. 9404006, January 3, 2005, Makati City
March 31, 2005

EQUITABLE PCI BANK, INC. AND SUBSIDIARIES

STATEMENTS OF CONDITION

(Amounts In Thousands)

	Group		Parent Company	
	December 31			
	2004	2003 (As restated - Note 2)	2004	2003 (As restated - Note 2)
RESOURCES				
Cash and Other Cash Items (Note 11)	**₱7,545,361**	₱7,512,608	**₱7,295,483**	₱7,350,209
Due from Bangko Sentral ng Pilipinas (Notes 11 and 15)	**2,316,093**	5,305,743	**2,059,639**	5,129,645
Due from Other Banks (Note 15)	**7,701,330**	8,592,021	**6,114,500**	7,136,031
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Notes 3, 15 and 27)	**17,364,767**	22,978,937	**19,858,767**	23,397,444
Trading Account Securities, at fair value (Notes 3 and 15)	**2,982,531**	3,285,658	**2,798,127**	2,845,824
Available-for-Sale Securities, at fair value (Notes 3 and 15)	**5,564,330**	16,714	**5,533,558**	721
Investments in Bonds and Other Debt Instruments, at amortized cost (Notes 3, 11, 15 and 22)	**52,058,189**	47,035,423	**50,388,865**	45,443,431
Receivables from Customers - net (Notes 4, 15 and 25)	**137,825,503**	120,974,184	**121,222,365**	106,849,913
Property and Equipment				
At cost - net (Note 5)	**8,030,649**	8,219,119	**7,421,915**	7,624,271
At appraised value (Note 5)	**5,333,324**	5,373,121	**5,199,348**	5,238,711
Equity Investments - net (Note 6)	**2,281,688**	2,513,157	**11,261,651**	11,958,564
Real and Other Properties Owned or Acquired - net (Notes 7, 27 and 28)	**15,646,793**	16,836,710	**14,210,188**	15,588,301
Goodwill - net (Note 8)	**15,240,494**	15,680,124	**15,240,494**	15,680,124
Other Resources - net (Notes 9 and 25)	**30,083,036**	26,427,813	**26,106,222**	24,166,838
	₱309,974,088	₱290,751,332	**₱294,711,122**	₱278,410,027
LIABILITIES AND CAPITAL FUNDS				
Liabilities				
Deposit Liabilities (Notes 11, 15 and 25)	**₱193,520,339**	₱186,044,202	**₱189,573,098**	₱183,305,312
Bills Payable (Notes 12 and 15)	**23,999,856**	29,559,796	**22,424,463**	27,372,778
Due to Bangko Sentral ng Pilipinas (Note 15)	**131,400**	114,190	**128,027**	109,316
Outstanding Acceptances (Note 15)	**7,602,316**	1,183,372	**7,602,316**	1,183,372
Margin Deposits (Note 15)	**152,578**	188,104	**152,578**	188,104
Manager's Checks and Demand Drafts Outstanding (Note 15)	**882,145**	943,299	**862,072**	902,849
Accrued Interest Payable (Note 15)	**552,409**	958,948	**428,931**	929,534
Accrued Taxes and Other Expenses (Note 15)	**1,414,808**	1,145,100	**817,258**	765,589
Subordinated Debt (Notes 13 and 15)	**11,243,700**	11,087,357	**11,243,700**	11,087,357
Other Liabilities (Note 14)	**28,131,941**	19,143,600	**20,120,457**	13,038,850
	267,631,492	250,367,968	**253,352,900**	238,883,061
Minority Interest in Equity of Consolidated Subsidiaries	**984,374**	856,398	–	–
Capital Funds				
Common Stock (Note 16)	**7,270,033**	7,270,033	**7,270,033**	7,270,033
Capital Paid in Excess of Par Value	**37,395,672**	37,395,672	**37,395,672**	37,395,672
Surplus Reserve (Note 22)	**510,356**	451,977	**510,356**	451,977
Surplus (Notes 16 and 22)	**2,374,702**	606,381	**2,374,702**	606,381
Parent Company Shares Held by a Subsidiary (Note 16)	**(7,466,950)**	(7,467,336)	**(7,466,950)**	(7,467,336)
Net Unrealized Loss on Available-for-Sale Securities (Note 3)	**(5,979)**	(980)	**(5,979)**	(980)
Equity in Net Unrealized Loss on Available-for-Sale Securities of a Subsidiary (Notes 3 and 6)	**(48,581)**	(63,374)	**(48,581)**	(63,374)
Equity in Revaluation Increment on Land of a Subsidiary (Note 6)	**17,914**	13,450	**17,914**	13,450
Revaluation Increment on Property - net (Note 5)	**1,311,055**	1,321,143	**1,311,055**	1,321,143
	41,358,222	39,526,966	**41,358,222**	39,526,966
	₱309,974,088	₱290,751,332	**₱294,711,122**	₱278,410,027

See accompanying Notes to Financial Statements.

EQUITABLE PCI BANK, INC. AND SUBSIDIARIES

STATEMENTS OF INCOME

(Amounts In Thousands except Earnings Per Share)

	Group			Parent Company		
	Years Ended December 31					
	2004	2003 (As restated - Note 2)	2002 (As restated - Note 2)	**2004**	2003 (As restated - Note 2)	2002 (As restated - Note 2)
INTEREST INCOME						
Receivables from customers (Notes 4 and 25)	**₱9,421,813**	₱8,249,655	₱7,778,645	**₱8,455,505**	₱7,329,559	₱6,925,066
Trading and investment securities	**4,409,653**	3,207,046	2,326,735	**4,258,945**	2,986,579	2,066,669
Interbank loans receivable and securities purchased under resale agreements	**1,097,891**	894,600	604,697	**1,107,502**	936,571	556,489
Deposits with other banks and others	**988,590**	367,778	560,288	**400,315**	449,123	525,904
	15,917,947	12,719,079	11,270,365	**14,222,267**	11,701,832	10,074,128
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Note 25)	**5,005,618**	5,071,829	5,168,844	**4,780,818**	4,944,756	5,122,430
Bills payable, borrowings and others	**2,722,002**	2,879,612	2,206,796	**2,660,761**	2,758,135	2,108,040
	7,727,620	7,951,441	7,375,640	**7,441,579**	7,702,891	7,230,470
NET INTEREST INCOME	**8,190,327**	4,767,638	3,894,725	**6,780,688**	3,998,941	2,843,658
PROVISION FOR PROBABLE LOSSES (Note 10)	**4,139,985**	2,232,850	1,296,201	**3,314,160**	1,501,957	593,064
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	**4,050,342**	2,534,788	2,598,524	**3,466,528**	2,496,984	2,250,594
OTHER INCOME						
Service charges, fees and commissions	**5,206,817**	4,387,474	3,513,685	**2,399,632**	2,028,374	1,728,877
Trading gains - net	**348,493**	1,579,766	1,767,392	**324,637**	1,543,509	1,738,914
Foreign exchange profits - net	**308,617**	603,011	1,072,969	**213,083**	428,953	930,000
Equity in net earnings (losses) of subsidiaries and associates (Note 6)	**(21,748)**	(29,679)	(35,529)	**855,279**	1,008,060	758,851
Miscellaneous (Note 19)	**2,365,101**	2,349,467	1,649,041	**1,735,688**	1,596,018	1,006,142
	8,207,280	8,890,039	7,967,558	**5,528,319**	6,604,914	6,162,784
OTHER EXPENSES						
Compensation and fringe benefits (Note 17)	**3,317,859**	3,153,943	3,106,109	**2,757,480**	2,680,864	2,666,442
Occupancy and other equipment-related expenses (Note 18)	**1,612,101**	1,686,570	1,996,213	**1,402,259**	1,516,909	1,862,219
Depreciation and amortization (Note 5)	**1,212,392**	1,146,432	1,012,350	**952,145**	774,946	789,474
Taxes and licenses (Note 21)	**1,149,867**	427,486	841,864	**877,771**	338,831	637,514
Miscellaneous (Note 20)	**4,132,800**	3,090,895	3,091,026	**2,752,615**	2,322,230	2,354,648
	11,425,019	9,505,326	10,047,562	**8,742,270**	7,633,780	8,310,297
INCOME BEFORE INCOME TAX	**832,603**	1,919,501	518,520	**252,577**	1,468,118	103,081
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)	**(1,081,628)**	526,275	(367,964)	**(1,557,869)**	166,565	(687,624)
INCOME BEFORE MINORITY INTEREST IN NET INCOME	**1,914,231**	1,393,226	886,484	**1,810,446**	1,301,553	790,705
MINORITY INTEREST IN NET INCOME	**(103,785)**	(91,673)	(95,779)	**–**	–	–
NET INCOME	**₱1,810,446**	₱1,301,553	₱790,705	**₱1,810,446**	₱1,301,553	₱790,705
Earnings Per Share (Note 26)	**₱2.79**	₱2.01	₱1.22	**₱2.79**	₱2.01	₱1.22

See accompanying Notes to Financial Statements.

EQUITABLE PCI BANK, INC. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL FUNDS

(Amounts In Thousands)

	Years Ended December 31		
	2004	2003 (As restated - Note 2)	2002 (As restated - Note 2)
COMMON STOCK - ₱10 par value (Note 16)	**₱7,270,033**	₱7,270,033	₱7,270,033
CAPITAL PAID IN EXCESS OF PAR VALUE	**37,395,672**	37,395,672	37,395,672
SURPLUS RESERVE (Note 22)			
Balance at beginning of year	**451,977**	398,641	365,735
Transfer from surplus	**58,379**	53,336	32,906
Balance at end of year	**510,356**	451,977	398,641
SURPLUS (Note 16)			
Balance at beginning of year, as previously reported	**2,720,837**	1,609,263	999,646
Effect of change in accounting for:			
Leases (Note 2)	**(206,558)**	(177,409)	(158,866)
Income taxes (Note 2)	**(1,907,898)**	(2,073,690)	(2,240,415)
Balance at beginning of year, as restated	**606,381**	(641,836)	(1,399,635)
Net income (Note 26)	**1,810,446**	1,301,553	790,705
Transfer from revaluation increment	**11,053**	–	–
Deferred tax liability on revaluation increment	**5,201**	–	–
Transfer to surplus reserves (Note 22)	**(58,379)**	(53,336)	(32,906)
Balance at end of year	**2,374,702**	606,381	(641,836)
PARENT COMPANY SHARES HELD BY A SUBSIDIARY (Note 16)	**(7,466,950)**	(7,467,336)	(7,467,336)
NET UNREALIZED LOSS ON AVAILABLE-FOR-SALE SECURITIES (Note 3)			
Balance at beginning of year	**(980)**	(6,957)	(44,785)
Net unrealized (loss) gain during the year	**(4,999)**	5,977	37,828
Balance at end of year	**(5,979)**	(980)	(6,957)
EQUITY IN NET UNREALIZED LOSS ON AVAILABLE-FOR-SALE SECURITIES OF A SUBSIDIARY (Notes 3 and 6)			
Beginning at beginning of year	**(63,374)**	(71,416)	(90,712)
Net unrealized gain during the year	**14,793**	8,042	19,296
Balance at end of year	**(48,581)**	(63,374)	(71,416)
EQUITY IN REVALUATION INCREMENT ON LAND OF A SUBSIDIARY (Note 6)			
Balance at beginning of year, as previously reported	**19,779**	18,719	4,116
Effect of change in accounting for income taxes	**(6,329)**	(5,990)	(1,317)
Balance at beginning of year, as restated	**13,450**	12,729	2,799
Additional revaluation increment	**4,464**	721	9,930
Balance at end of year	**17,914**	13,450	12,729

(Forward)

	2004	2003 (As restated - Note 2)	2002 (As restated - Note 2)
	Years Ended December 31		
REVALUATION INCREMENT ON PROPERTY (Note 5)			
Balance at beginning of year, as previously reported	**₱1,942,858**	₱1,942,858	₱1,921,472
Effect of change in accounting for income taxes (Note 2)	**(621,715)**	(621,715)	(614,871)
Balance at beginning of year, as restated	**1,321,143**	1,321,143	1,306,601
Additional revaluation increment on land	**965**	–	188,957
Transfer to surplus	**(11,053)**	–	–
Reversal of revaluation increment on building	**–**	–	(174,415)
Balance at end of year	**1,311,055**	1,321,143	1,321,143
	₱41,358,222	₱39,526,966	**₱38,210,673**

See accompanying Notes to Financial Statements.

EQUITABLE PCI BANK, INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts In Thousands)

	Group			Parent Company		
	Years Ended December 31					
	2004	2003 (As restated - Note 2)	2002 (As restated - Note 2)	**2004**	2003 (As restated - Note 2)	2002 (As restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱832,603	**₱1,919,501**	₱518,520	**₱252,577**	₱1,468,118	₱103,081
Adjustments for:						
Provision for probable losses (Note 10)	**4,139,985**	2,232,850	1,296,201	**3,314,160**	1,501,957	593,064
Depreciation and amortization (Note 5)	**1,212,392**	1,146,432	1,012,350	**952,145**	774,946	789,474
Amortization of goodwill (Note 8)	**439,630**	439,630	439,630	**439,630**	439,630	439,630
Gain on disposal of property and equipment	**(36,867)**	(41,153)	(7,791)	**(26,947)**	(25,536)	(45,739)
Equity in net losses (earnings) of subsidiaries and associates (Note 6)	**21,748**	29,679	35,529	**(855,279)**	(1,008,060)	(758,851)
Gain on disposal of ROPOA (Note 19)	**(182,069)**	(161,647)	(167,962)	**(181,811)**	(159,057)	(177,726)
Changes in operating resources and liabilities:						
Decrease (increase) in amounts of:						
Interbank loans receivable and securities purchased under resale agreements	**(3,113,205)**	(2,542,848)	(6,271,455)	**(3,113,205)**	(2,542,848)	(6,397,882)
Trading account securities	**303,127**	6,293,407	(168,359)	**47,697**	5,098,989	(1,185,124)
Receivables from customers	**(17,024,615)**	(12,684,903)	(10,389,144)	**(15,297,663)**	(10,051,801)	(5,324,036)
Other resources	**(4,990,344)**	(610,763)	(1,126,513)	**(787,247)**	1,412,707	2,266,991
Increase (decrease) in amounts of:						
Deposit liabilities	**7,476,137**	25,301,366	19,664,388	**6,267,786**	23,987,166	18,139,401
Due to BSP	**17,210**	10,472	10,148	**18,711**	8,722	10,148
Accrued taxes and other expenses	**(206,754)**	(1,913,261)	877,482	**(469,810)**	(1,762,691)	669,672
Manager's checks and demand drafts outstanding	**(61,154)**	(810,567)	(750,538)	**(40,777)**	(827,456)	(761,204)
Other liabilities	**8,988,341**	867,724	518,835	**7,081,607**	(490,236)	(389,184)
Net cash generated from (used in) operations	**(2,183,835)**	19,475,919	5,491,321	**(2,398,426)**	17,824,550	7,971,715
Income taxes paid	**(698,836)**	(612,758)	(720,336)	**(345,648)**	(316,621)	(439,715)
Net cash provided by (used in) operating activities	**(2,882,671)**	18,863,161	4,770,985	**(2,744,074)**	17,507,929	7,532,000
CASH FLOWS FROM INVESTING ACTIVITIES						
Decrease (increase) in amounts of:						
Available-for-sale securities	**(5,537,822)**	5,954	322,262	**(5,537,836)**	5,954	337,776
Investments in bonds and other debt instruments	**(4,886,175)**	(22,800,409)	(3,361,543)	**(5,272,516)**	(22,711,982)	(2,532,973)
Dividends received (Note 6)	–	–	–	**1,194,837**	165,321	179,729
Additions to property and equipment (Note 5)	**(2,478,775)**	(1,588,878)	(1,315,278)	**(1,989,159)**	(1,237,719)	(548,214)
Proceeds from disposal of property and equipment	**1,491,720**	711,899	1,518,708	**1,266,317**	568,263	218,168
Disposals of (additions to) equity investments	**714,748**	(524,391)	199,568	**692,840**	63,753	(199,890)
Net cash used in investing activities	**(10,696,304)**	(24,195,825)	(2,636,283)	**(9,645,517)**	(23,146,410)	(2,545,404)

(Forward)

	Group			Parent Company		
	Years Ended December 31					
	2004	2003 (As restated - Note 2)	2002 (As restated - Note 2)	**2004**	2003 (As restated - Note 2)	2002 (As restated - Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES						
Decrease in minority interest in equity of consolidated subsidiaries	**₱24,191**	(₱159,527)	(₱13,377)	**₱–**	₱–	₱–
Increase (decrease) in amounts of:						
Bills payable	**(5,559,940)**	(2,419,377)	4,899,581	**(4,948,315)**	(2,528,178)	3,258,802
Outstanding acceptances	**6,418,944**	(462,751)	(3,269,370)	**6,418,944**	(462,751)	(3,269,370)
Margin deposits	**(35,526)**	15,737	(3,854,432)	**(35,526)**	15,737	(3,854,432)
Subordinated debt	**156,343**	11,087,357	–	**156,343**	11,087,357	–
Net cash provided by (used in) financing activities	**1,004,012**	8,061,439	(2,237,598)	**1,591,446**	8,112,165	(3,865,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(12,574,963)**	2,728,775	(102,896)	**(10,798,145)**	2,473,684	1,121,596
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**7,512,608**	7,159,776	6,809,728	**7,350,209**	6,767,704	6,653,818
Due from Bangko Sentral ng Pilipinas	**5,305,743**	3,539,760	2,918,114	**5,129,645**	3,446,921	2,859,982
Due from other banks	**8,592,021**	6,077,859	11,444,893	**7,136,031**	5,471,881	9,669,453
Interbank loans receivable and securities purchased under resale agreements (Note 27)	**14,038,207**	15,942,409	11,649,965	**14,456,714**	15,912,409	11,294,066
	35,448,579	32,719,804	32,822,700	**34,072,599**	31,598,915	***30,477,319***
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**7,545,361**	7,512,608	7,159,776	**7,295,483**	7,350,209	6,767,704
Due from Bangko Sentral ng Pilipinas	**2,316,093**	5,305,743	3,539,760	**2,059,639**	5,129,645	3,446,921
Due from other banks	**7,701,330**	8,592,021	6,077,859	**6,114,500**	7,136,031	5,471,881
Interbank loans receivable and securities purchased under resale agreements (Note 27)	**5,310,832**	14,038,207	15,942,409	**7,804,832**	14,456,714	15,912,409
	₱22,873,616	₱35,448,579	₱32,719,804	*₱23,274,454*	***₱34,072,599***	₱31,598,915

See accompanying Notes to Financial Statements.

1. General Information

Equitable PCI Bank, Inc. (the Parent Company) is a universal bank incorporated in the Philippines, with registered office address at Equitable PCI Bank Tower I, Makati Avenue corner H.V. de la Costa Street, Makati City. The Parent Company and its subsidiaries (the Group) are engaged in the business of banking, financing, leasing, real estate, insurance and stock brokering and other related services to personal, commercial, corporate and institutional clients through a network of 459 and 420 local and international branches, offices and agencies in 2004 and 2003, respectively. The Group's products and services include deposit-taking, lending and related services, treasury and capital market operations, trade services, payments and cash management, and trust services.

The average number of employees of the Group in 2004 and 2003 follows:

	2004	2003
Parent Company	**6,509**	6,348
Subsidiaries	**800**	846
	7,309	7,194

The Bank's Audit Committee reviewed and approved the accompanying comparative financial statements on March 31, 2005 for release and for subsequent confirmation by the board of directors (BOD) in their regular meeting on April 19, 2005.

2. Summary of Significant Accounting Policies

Basis of Financial Statements Preparation and Presentation

The Group's financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines (Philippine GAAP) for the banking industry. These financial statements are prepared under the historical cost convention modified for the measurement at fair value of certain derivatives, trading account securities (TAS) and available for-sale securities (ASS) and for the revaluation of land. The accompanying financial statements of the Parent Company reflect the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The books of accounts of the RBU are maintained in Philippine pesos, while those of the FCDU are maintained in United States (US) dollars. For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the Philippine Dealing System weighted average rate (PDSWAR) prevailing at end of the year (for resources and liabilities) and at the average PDSWAR for the year (for income and expenses).

The preparation of financial statements in accordance with Philippine GAAP requires the Group to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses, and disclosures of contingent resources and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any changes in estimates are reflected in the financial statements as they become reasonably determinable.

Changes in Accounting Policies

On January 1, 2004, the following new accounting standards became effective and were adopted by the Group:

Statement of Financial Accounting Standards (SFAS) 12/International Accounting Standard (IAS) 12, Income Taxes, requires deferred income taxes to be determined using the balance sheet liability method. The adoption of this standard resulted in a retroactive downward adjustment to surplus as of December 31, 2003, 2002 and 2001 amounting to ₱1.9 billion, ₱2.1 billion and ₱2.2 billion, respectively. Net income increased by ₱165.8 million in 2003 and ₱166.7 million in 2002.

In accordance with this new standard, deferred income tax liability is provided on revaluation increment of property, plant and equipment on a retroactive basis, which decreased capital funds by ₱628.0 million, ₱627.7 million and ₱ 616.2 million as of December 31, 2003, 2002 and 2001, respectively.

- *SFAS 17/IAS 17, Leases, prescribes the accounting policies and disclosures applicable to finance and operating leases. The adoption of the standard resulted in the recognition of lease income and expense under operating leases on a straight-line basis. Previously, all leases were recognized in the statements of income on the basis of the terms of the lease agreements. The adoption of this accounting standard resulted in a retroactive downward adjustment to surplus as of December 31, 2003, 2002 and 2001 amounting to ₱206.6 million, ₱177.4 million and ₱158.9 million, respectively. Net income decreased by ₱29.1 million in 2003 and ₱18.5 million in 2002.*

Additional disclosures required by the new standards have been included in the financial statements, where applicable.

New accounting standards based on IAS and International Financial Reporting Standards, referred to as Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS), respectively, will become effective in 2005. The Group will adopt the following new accounting standards approved by the Accounting Standards Council, to the extent that they are applicable, effective January 1, 2005:

- *PAS 19, Employee Benefits, provides for the accounting for long-term and other employee benefits. The standard requires the projected unit credit method in determining the retirement benefits of the employees and a change in the manner of computing benefit expense relating to past service cost and actuarial gains and losses. It requires the Group to determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the statement of condition date.*

The effect of adopting this standard will result in either a transition liability or an asset with a corresponding adjustment to surplus as of January 1, 2005. The Group will engage the services of professionally qualified actuary to determine the quantitative impact of adopting this standard in 2005.

- *PAS 21, The Effects of Changes in Foreign Exchange Rates, prohibits the capitalization of foreign exchange losses. The standard also addresses the accounting for transactions in foreign currency and translating the financial statements of foreign operations that are included in those of the reporting enterprise by consolidation, proportionate consolidation and equity method. The adoption of this standard will have no material impact on the financial statements.*

- *PAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, provides for the required disclosure and presentation in respect of the accounts of banks and similar financial institutions. It also provides that provision for general banking risk is treated as appropriation of surplus and should not be included in the determination of net income for the period. The Group has yet to determine the effect of this standard in the context of the need to reallocate the general reserve to cover any increase in specific loan loss reserves required under PAS 39 (see discussion on PAS 39 below). The required new disclosures will be included in the financial statements upon adoption of this new standard in 2005.*

- *PAS 32, Financial Instruments: Disclosure and Presentation, covers the disclosure and presentation of all financial instruments. The standard requires more comprehensive disclosures about the Group's financial instruments, whether recognized or unrecognized in the financial statements. New disclosure requirements include terms and conditions of financial instruments used by the Group, types of risks associated with both recognized and unrecognized financial instruments (market risk, price risk, credit risk, liquidity risk, and cash flow risk), fair value information of both recognized and unrecognized financial assets and financial liabilities, and the Group's financial risk management policies and objectives. The standard also requires financial instruments to be classified as liabilities or equity in accordance with its substance and not its legal form. The adoption of this standard will have no material impact on the financial statements.*

- *PAS 39, Financial Instruments: Recognition and Measurement, establishes the accounting and reporting standards for recognizing and measuring the Group's financial assets and financial liabilities. The standard requires a financial asset or financial liability to be recognized initially at fair value. Subsequent to initial recognition, the Group should continue to measure financial assets at their fair values, except for loans and receivables and held-to-maturity investments, which are measured at cost or amortized cost using the effective interest rate method. Financial liabilities are subsequently measured at cost or amortized cost, except for liabilities classified as "at fair value through profit and loss" and derivatives, which are subsequently measured at fair value.*

- *PAS 39 also covers the accounting for derivative instruments. This standard has expanded the definition of a derivative instrument to include derivatives (and derivative-like provisions) embedded in non-derivative contracts. Under the standard, every derivative instrument is recorded in the balance sheet as either an asset or liability measured at its fair value. Derivatives that do not qualify as hedges are adjusted to fair value through income. If a derivative is designated and qualify as a hedge, depending on the nature of the hedging relationship, changes in the fair value of the derivative are either offset against the changes in fair value of the hedged assets, liabilities, and firm commitments through earnings, or recognized in capital funds until the hedged item is recognized in earnings. The Group must formally document, designate and assess the hedge effectiveness of derivative transactions that receive hedge accounting treatment.*

The Group has established a task force that will implement the provisions of PAS 32 and PAS 39 and assess the implications of these standards to the Group's financial statements. The Group has not yet determined the impact to the financial statements due to the following reasons:

- *The Group is still in the process of establishing policies, procedures and necessary systems related to the adoption of these standards.*

- *The system which will incorporate the requirements of PAS 32 and PAS 39 has not yet been implemented. The Bangko Sentral ng Pilipinas (BSP), through its Monetary Board (MB) Resolution No. 1869 dated December 23, 2004, has given the banks and financial institutions until December 31, 2005 to ready their infrastructures to be PAS 32 and PAS 39 compliant. Interim reports that will be submitted to the BSP for 2005 need not be in compliance with the provisions of the said standards.*

With respect to account classification and related measurement, the Group has already submitted to the BSP the proposed reclassification of its trading and investment securities portfolio. The effect of the reclassification will likely result in a retroactive downward adjustment to surplus as of December 31, 2004. The impact of the reclassification will only be quantified after the detailed PAS 39 implementation has been substantially completed.

The effect of adopting the effective interest rate method in measuring amortized cost for loans and ASS has not yet been quantified since the existing systems of the Group have not yet been reconfigured to adopt effective interest rate method of amortization. Due to the volume of transactions, it is impracticable to compute for the financial impact manually. The Group will report the financial implications as soon as the information becomes available.

- *PAS 39 requires that if there is objective evidence that an impairment on loans and other financial assets carried at amortized cost are incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of future cash flows. The effect of adopting this provision may be material to the financial assets and liabilities of the Group, particularly for the impairment of loans and other receivables. Currently, the adequacy of allowance for probable losses on loans and other receivables is determined based on management criteria and BSP requirements. The existing systems of the Group have not yet been programmed to adopt the discounted cash flow method. Due to the volume of*

transactions, it is impracticable to compute for the financial impact manually. The Group will report the financial implications as soon as the information becomes available.

In 2005, the Group will perform additional procedures to identify any derivative embedded in both financial and non-financial contacts that are required to be separately accounted for at fair value under PAS 39.

In general, the effect of adopting these standards will not result in a restatement of prior years financial statements as allowed by the Securities and Exchange Commission (SEC). Any cumulative effect of adopting the standards, however, will be charged against beginning surplus (January 1, 2005).

- *PAS 40, Investment Property, prescribes the accounting treatment for investment property and related disclosure requirements. This standard permits the company to choose either the fair value model or cost model in accounting for investment property. Fair value model requires an investment property to be measured at fair value with fair value changes recognized directly in the statements of income. Cost model requires that an investment property should be measured at depreciated cost less any accumulated impairment losses. The Group is still in the process of identifying real and other properties owned or acquired (ROPOA) accounts that will be accounted for under PAS 40 and PFRS 5 (see significant provisions of PFRS 5 below), and which valuation model to be used under PAS 40. Regardless of valuation model (either cost or fair value), the adoption of PAS 40 may result in an adjustment of prior years' financial statements. The Group has not yet quantified the implication of PAS 40 since the system that will support the accounting of ROPOA under PAS 40 has not yet been established. Due to the volume of transactions, it is impracticable to compute for the financial impact manually. The Group will report the financial implications of PAS 40 as soon as the information becomes available.*

- *PFRS 3, Business Combination, which will result in the cessation of the amortization of goodwill and a requirement for an annual test for goodwill impairment. Any resulting negative goodwill after performing reassessment will be credited to income. Moreover, pooling of interests in accounting for business combination will no longer be permitted. The effect of adopting this standard will not result in retroactive adjustment of prior years' consolidated financial statements but will affect prospective consolidated financial statements as a result of nonamortization of goodwill.*

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations, specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and the depreciation on such assets to cease. Furthermore, assets that meet the criteria to be classified as held for sale should be presented separately on the face of the statements of condition and the results of discontinued operations to be presented separately in the statements of income. Pending the identification of ROPOA accounts to be accounted for under PFRS 5, as discussed under PAS 40 above, the effect of adoption of PFRS 5 with respect to the assets to be accounted for under this standard will not be material to the financial statements.*

The Group will also adopt in 2005 the following revised standards:

- *PAS 1, Presentation of Financial Statements, provides a framework within which an entity assesses how to present fairly the effects of transactions and other events; provides the base criteria for classifying liabilities as current or noncurrent; prohibits the presentation of income from operating activities and extraordinary items as separate line items in statements of income; and specifies the disclosures about key sources of estimation uncertainty and judgments that management has made in the process of applying the Group's accounting policies.*

- *PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, removes the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. It defines material omissions or misstatements, and describes how to apply the concept of materiality when applying accounting policies and correcting errors.*

- *PAS 10, Events After the Balance Sheet Date, provides a limited clarification of the accounting for dividends declared after the statement of condition date.*

- *PAS 16, Property, Plant and Equipment, provides additional guidance and clarification on recognition and measurement of items of property, plant and equipment. It also provides that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.*

- *PAS 17, Leases, provides a limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.*

- *PAS 24, Related Party Disclosures, provides additional guidance and clarity in the scope of the standard, the definitions and the disclosures for related parties. It also requires disclosure of the total compensation of key management personnel and by benefit types.*

- *PAS 27, Consolidated and Separate Financial Statements, reduces alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of a parent, venturer or investor. Investments in subsidiaries will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting will no longer be allowed in the separate financial statements. This standard also requires strict compliance with adoption of uniform accounting policies and requires the parent to make appropriate adjustments to the subsidiary's financial statements to conform them to the parent's accounting policies for reporting like transactions and other events in similar circumstances.*

- *PAS 28, Investments in Associates, reduces alternatives in accounting for associates in consolidated financial statements and in accounting for investments in the separate financial statements of an investor. Investments in associates will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting will no longer be allowed in the separate financial statements. This standard also requires strict compliance with adoption of uniform accounting policies and requires the investor to make appropriate adjustments to the associate's financial statements to conform them to the investor's accounting policies for reporting like transactions and other events in similar circumstances.*

The cost method in accounting for its investments in subsidiaries, associates and joint ventures in the separate (parent company) financial statements is expected to decrease both the carrying amounts of these investments and total capital funds by ₱3.4 billion equivalent to the undistributed retained earnings of the investees net of accumulated equity earnings of subsidiaries acquired prior to the Parent Company's merger with Philippine Commercial International Bank (PCIBank), and other equity adjustments.

- *PAS 31, Interests in Joint Ventures, reduces the alternatives in accounting for interests in joint ventures in consolidated financial statements and in accounting for investments in the separate financial statements of a venturer. Interests in joint ventures will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting will no longer be allowed in the separate financial statements.*

- *PAS 33, Earnings Per Share, prescribes principals for the determination and presentation of earnings per share for entities with publicly traded shares, entities in the process of issuing ordinary shares to the public, and any entity that calculate and disclose earnings per share. The standard also provides additional guidance in computing earnings per share including the effect of mandatory convertible instruments and contingently issuable shares, among others.*

- *PAS 36, Impairment of Assets, requires annual impairment test of intangible asset with an indefinite useful life, which includes goodwill acquired in a business combination, whether or not there is an indication of impairment.*

- *PAS 38, Intangible Assets, requires discontinuance of amortization of intangible asset with an indefinite useful life. The effect of adopting this standard will not result in retroactive adjustment of prior year's financial statements but will effect prospective financial statements as a result of nonamortization of goodwill.*

The Group does not expect any significant impact of the adoption of the foregoing revised standards except for the effects of PAS 27, PAS 28 and PAS 38 as discussed above. The disclosures required by these revised PAS will be reflected in the financial statements, where applicable, upon their adoption in 2005.

Basis of Consolidation
The Group financial statements reflect the consolidated accounts of the Parent Company and of the following wholly and majority owned subsidiaries:

Subsidiary	Effective Percentage of Ownership	Country of Incorporation
Financial Markets:		
BC Investments, Inc. (EBCII)	100	Philippines
Equitable PCI Bank Cayman Limited (EPCICayman)	100	Cayman Island

(Forward)

Subsidiary	Effective Percentage of Ownership	Country of Incorporation
Equitable Savings Bank, Inc. (ESB)	100	Philippines
Express Padala (HK) Ltd. (EPHK)	100	Hong Kong
Jardine Equitable Finance Corp. (JEFC)	100	Philippines
PCI Capital Corporation (PCI Capital) and Subsidiaries	100	Philippines
PCIB Europe S.p.A. (PCIB S.p.A)	100	Italy
PCI Express Padala (HK) Limited (Express Padala HK)	100	Hong Kong
PCI Express Padala - L.A. (Express Padala L.A.)	100	United States of America
PCI Express Padala Frankfurt	100	Germany
PCI Express Padala (Rotterdam) B.V.	100	Netherlands
Equitable Card Network, Inc. (ECN) and Subsidiaries	90	Philippines
PCI Leasing and Finance, Inc. (PCI Leasing)	85	Philippines
Insurance/Insurance Brokerage:		
EBC Insurance Brokerage, Inc. (EIBI)	100	Philippines
PCI Insurance Brokers, Inc. (PCI Insurance)	100	Philippines
Securities Brokerage:		

PCIB Securities, Inc. (PCIB Securities)	100	Philippines
Real Estate:		
PCIB Properties, Inc. (PCIB Properties)	100	Philippines
Equimark-NFC Development Corporation (Equimark)	60	Philippines
Others:		
EBC Strategic Holdings Corp. (ESHC) and Subsidiaries	100	Philippines
Equitable Data Center, Inc. (EDCI)	100	Philippines
PCI Automation Center, Inc. (PCI Automation)	100	Philippines
Equitable Venture Capital Corporation	60	Philippines
Maxicare	60	Philippines

Subsidiaries are consolidated when control is transferred to the Group or Parent Company. Consolidation of subsidiaries ceases when control is transferred out of the Group or Parent Company. The results of operations of a subsidiary disposed of are included in the statements of income until the date of disposal when the Group or Parent Company ceases to have control of the subsidiary (Note 6).

Under Standing Interpretations Committee No. 12, Consolidation of Special Purpose Entity (SPE), control over an entity may exist even in cases when an enterprise owns little or none of SPE's equity, such as when an enterprise retains majority of the residual risks related to the SPE or its assets in order to obtain benefits from its activities. In accordance with these standards, the Group financial statements include the accounts of Philippine Investment One (PIO) and Philippine Investment Two (PIT), special purpose vehicles (SPV), in which the Group does not have equity interest (Note 28). PIO and PIT bought certain assets of the Parent Company under a transaction that qualified as a true sale as approved by the BSP (Note 28).

All significant intercompany balances and transactions have been eliminated in consolidation.

The Group financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Resale Agreements

Resale agreements are contracts wherein the Group or the Parent Company purchases securities and simultaneously agrees to resell the same securities at a specified future date at a fixed price. Securities purchased under resale agreements (SPURA) are considered loans to the counterparty rather than as investment in securities. SPURA are carried at cost. The corresponding interest income is accrued when earned.

Trading Account Securities

TAS, consisting of government and private debt and equity securities, are purchased and held principally with the intention of selling them in the near term. These securities are carried at fair market value; realized and unrealized gains and losses on these instruments are recognized as Trading Gains - net in the statements of income. Interest earned on debt instruments is reported as Interest Income. Quoted market prices, when available, are used to determine the fair value of trading instruments. If quoted market prices are not available, their fair values are estimated based on prices obtained from the BSP, Bureau of Treasury, Reuters, Telerates, Bloomberg and investment bankers.

When a security is transferred to TAS, the unrealized holding gain or loss at the date of transfer is recognized in the statements of income immediately.

Available-for-Sale Securities

Securities are classified as ASS when purchased and held indefinitely, i.e. neither held to maturity nor for trading purposes, where the Group anticipates to sell in response to liquidity requirements or in anticipation of changes in interest rates or other factors. ASS are carried at fair market value; unrealized holding gains and losses are reported as a separate component of capital funds.

When a debt security is transferred to ASS from investment in bonds and other debt instruments (IBODI), the unrealized holding gain or loss on the date of transfer is excluded from reported earnings and reported as a separate component of capital funds until realized.

Investments in Bonds and Other Debt Instruments

IBODI are debt securities where the Group has the positive intent and ability to hold to maturity. These securities are carried at amortized cost; realized gains and losses are included in Trading Gains - net in the statements of income. The allowance for probable losses is established by a charge against income to reflect other-than-temporary impairment in value. Under current bank regulations, IBODI shall not exceed 50% of adjusted statutory net worth plus 40% of total deposit liabilities.

When a debt security is transferred to IBODI from ASS, the unrealized holding gain or loss at the date of transfer is maintained as a separate component of capital funds and amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of premium or discount.

Receivables from Customers

Receivables from customers are stated at the outstanding balance, reduced by unearned discounts and capitalized interest on restructured loans and allowance for probable losses.

Receivables from customers include receivables arising from transactions on credit cards issued directly by ECN and by other banks which have tie-up arrangements with ECN. Collection of receivables from credit cardholders of other banks is guaranteed by those banks with tie-up arrangements with ECN.

Receivables from customers also include the aggregate rental on finance lease transactions. Unearned income on finance lease transactions is shown as a deduction from Receivables from Customers (included in Unearned Discount and Capitalized Interest).

Receivables are classified as nonperforming in accordance with existing BSP regulations, or when, in the opinion of management, collection of interest or principal is doubtful. Receivables are not reclassified as performing until interest and principal payments are brought current or the receivable is restructured in accordance with existing BSP regulations, and future payments appear assured.

Residual Value of Leased Assets and Deposits on Finance Leases

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the disposal of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee.

Receivables from Special Purpose Vehicle

Receivables from SPV is stated at the face value of the related note reduced by allowance for probable losses. Allowance for probable losses is determined based on the difference between the outstanding principal amount and the recoverable amount which is the present value of the future cash flow expected to be received in payment of the receivable.

Allowance for Probable Losses

The allowance for probable losses is the estimated amount of probable losses in the Group's loan portfolio based on management's evaluation of the collectibility of the loans, after consideration of prevailing and anticipated economic conditions, collection and credit experience with specific accounts, fair market value of collateral, financial capabilities of guarantors, present value of estimated future cash collections and on evaluations made by the BSP. The BSP observes certain criteria and guidelines based largely on the classification of receivables in establishing specific loan loss reserves.

Receivables arising from transactions with credit cardholders are provided with allowance for probable losses based on the review and evaluation of the status of the receivables from cardholders and guidelines issued by the BSP. The MB, through BSP Circular 398 issued on August 21, 2003, provides general guidelines governing credit card operations, including the set up of loss on the basis of the aging/classification of the credit card receivables.

The allowance for probable losses is established through provisions for probable losses charged to current operations. Receivables are written off against the allowance when management believes that the collectibility of the principal is unlikely.

Property and Equipment

Property and equipment other than land are stated at cost, less any impairment in value. Land is stated at appraised value. The appraisal values are determined by qualified, independent appraisers. The revaluation increment resulting from revaluation is credited to Revaluation Increment on Property under capital funds.

Depreciable properties including buildings, leasehold improvements, and furniture, fixture and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are charged against current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any resulting gain or loss is credited to or charged against current operations.

Depreciation is calculated on the straight-line method over the estimated useful life of the depreciable assets. The estimated useful lives of the depreciable assets are as follows:

Buildings	50 years
Furniture, fixtures and equipment	3-5 years

Leasehold improvements are amortized over their estimated useful life of 3-5 years or the terms of the related leases, whichever is shorter.

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the statements of income (see accounting policy on Impairment of Assets).

Equity Investments

Investments in Associates

Investments in associates are accounted for under the equity method of accounting. An associate is an enterprise in which the Group or the Parent Company exercises significant influence (presumed to exist if an entity holds 20% to 50% of the voting power) and which is neither a subsidiary nor a joint venture of the Group or the Parent Company. Investments in associates are carried in the statements of condition at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. Post-acquisition changes in share of net assets of the associate include the share in the associate's: (a) income or losses, and (b) unrealized gain or loss on investment securities. Dividends received are treated as a reduction in the carrying values of the investments. Equity in unrealized gain or loss on investment securities of associates is shown as a separate component of capital funds in the statements of condition. Unrealized gain arising from transactions with an associate is eliminated to the extent of the Group's interest in the associate, against the investment in the associate. Unrealized loss is eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred. The Group's investments in associates account include goodwill (net of accumulated amortization) on acquisition, which is treated in accordance with the accounting policy for goodwill stated below.

Investments in Subsidiaries

Investments in subsidiaries in the Parent Company financial statements are accounted for similarly as investments in associates under the equity method. A subsidiary is an enterprise that is controlled by the Parent Company and whose accounts are included in the Group financial statements.

Interest in Joint Venture

The Group's interest in its joint venture is accounted for under the equity method of accounting. The interest in joint venture is carried in the consolidated statements of condition at cost plus post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. The Group statements of income reflect the Group's share of the results of operations of the joint venture.

Other Investments

Other equity investments where the Group has no significant influence (other than trading and investment securities, as discussed above) are carried at cost less allowance for decline in value, if any. The allowance for decline in value is set up by a charge to current operations.

Real and Other Properties Owned or Acquired

Real and other properties owned or acquired (ROPOA) are stated at the lower of total outstanding exposure at the time of foreclosure or bid price, less allowance for probable losses. Nonrefundable capital gains tax and documentary stamp tax incurred in connection with foreclosures are capitalized as part of the carrying values of the foreclosed properties, provided that such carrying values do not exceed net realizable values (NRV). NRV represents the fair market value (determined by an independent firm of appraisers on foreclosed assets valued at

₱5 million and above and by internal appraiser on those valued below ₱5 million) less direct costs to sell. Allowance for probable losses is set up when the carrying value of the ROPOA exceeds its NRV and with consideration of the BSP allowance provisioning requirements. Other costs incurred subsequent to foreclosure, such as security, maintenance and other holding costs are charged against current operations.

Goodwill

Goodwill represents the excess of the cost of the acquisition of former PCI Bank, which was merged with the Parent Company in 1999, over the fair value of its identifiable net assets at the date of acquisition. Goodwill is amortized on a straight-line basis over its useful economic life of 40 years based on the best estimate made by the Parent Company's management (Note 8).

Goodwill is amortized over the best estimate of its useful life with a rebuttable presumption that the useful life is 20 years or less. Where goodwill is amortized over 20 years, regardless of whether there is an indication of impairment or not, goodwill is assessed annually for any impairment in its value. Effective January 1, 2005, as provided under PFRS 3, goodwill will no longer be amortized but will remain subject to impairment test on a regular basis.

The Parent Company's management conducts an annual review for any impairment in value of the goodwill. The impairment on the goodwill is determined by comparing (a) the carrying value of goodwill plus the net tangible assets of the business acquired and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value of the business acquired from PCIBank computed under the discounted cash flow method. Among the assumptions used are: (1) the benchmark yield of the 5-year bonds of the Republic of the Philippines, the risk premium for and the Beta of the Parent Company's stock as of statement of condition date as shown in Bloomberg in determining its cost of equity; (2) the debt and equity profile of the Parent Company as of balance sheet date; and (3) the average net interest spread and non-interest income growth over the 5-year projection period and a perpetuity growth rate per year.

Based on the results of the impairment test undertaken by the Parent Company's management with consideration of the current and projected levels of business to be generated from the former PCIBank Group, goodwill will continue to be amortized over management's best estimate of its economic life of 40 years which was approved by the BSP.

Income Taxes

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. With respect to investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each statement of condition date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of condition date.

Investments in Real Estate

Investments in real estate (included under Other Resources) are real properties owned by certain subsidiaries which are for sale or for lease to others. These are carried at cost less any accumulated depreciation and any impairment in value.

Impairment of Assets

An assessment is made at each statement of condition date as to whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its net selling price.

An impairment loss is recognized by a charge against current operations for the excess of the carrying amount of an asset over its recoverable amount, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An impairment loss is charged to operations or to revaluation increment, appropriate, in the year in which it arises.

A previously recognized impairment loss is reversed by a credit to current operations, unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset, to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Provisions and Contingencies

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an Interest Expense.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Income Recognition

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

Interest income

Interest income on receivables from customers is accrued monthly as earned, except in the case of nonperforming receivables where interest income on these receivables is recognized only to the extent of cash collections received. Unearned discount is recognized as income over the terms of the receivables using the effective interest method.

Capitalized interest income on restructured loans is deferred and shown as deduction from Receivables from Customers.

Loan fees and service charges

Loan commitment fees are recognized as income over the terms of the related credit lines granted to each borrower. Loan syndication fees are recognized upon completion of all syndication activities and where the Group does not have further obligations to perform under the syndication agreement.

Service charges and penalties are recognized only upon collection or accrued where there is reasonable degree of certainty as to its collectibility.

Discounts earned on credit cards

Commissions earned by ECN are taken up as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Purchases by the credit cardholders, collectible on installments basis, are recorded at the cost of the items purchased plus certain percentage of cost. The excess over cost is credited to unearned discount account and is shown as a deduction from the Receivables from Customers in the Group's statements of condition. The unearned discount is taken up to income over the installment terms and is computed using the effective interest method.

Income on direct financing leases and receivables financed

Income of PCI Leasing on loans and receivables financed with short-term maturities is recognized using the effective interest method.

Interest and finance fees on finance leases and loans and receivables financed with long-term maturities and the excess of the aggregate lease rentals plus the estimated residual value of the leased equipment over its cost are credited to unearned discount and amortized over the term of the note or lease using the effective interest method. Unearned income ceases to be amortized when receivables become past due.

Retirement Cost

The Group is covered by a noncontributory defined benefit retirement plan.

The retirement cost of the Parent Company and its subsidiaries namely ECN, EBCII, ESB, EDCI, PCI Capital, EIBI, PCI Leasing, PCIB Securities and PCI Automation is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period. The accrued actuarial liability is the present value of benefits payable in the future with respect to services rendered to date. Unfunded past service costs, experience adjustments and actuarial gains or losses are amortized over the average remaining working life of employees. Retirement cost includes current service cost, amortization of past service costs, experience adjustments and actuarial gains and losses, if any.

Most of the officers and staff of EPHK, ESHC, JEFC and PCIB Properties are seconded from the Parent Company. Accordingly, the retirement benefits of these officers and employees are determined and provided for by the Parent Company and are charged against current operations.

Foreign Currency Transactions and Translation

Foreign currency denominated resources and liabilities are translated using the PDSWAR prevailing at the end of the year; income and expenses are translated based on the average PDSWAR during the year.

Financial statements of consolidated foreign subsidiaries that are integral to the operations of the Group are translated as if the transactions of the foreign subsidiaries had been those of the Parent Company. At each statement of condition date, foreign currency monetary items are translated using the PDSWAR; non-monetary items which are carried at historical cost are translated using the historical rate prevailing as of the date of acquisition; non-monetary items which are carried at fair value are translated using the exchange rate prevailing when the values were determined and; income and expense items are translated at the exchange rates prevailing on transaction dates. Resulting exchange differences are credited to or charged against current operations.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and *reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.*

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease terms.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statements of income on a straight-line basis over the lease term.

Derivative Instruments
The Parent Company and some of its subsidiaries are counterparties to derivative contracts entered into as a service to customers and as a means of reducing or managing their respective foreign exchange and interest rate exposures.

For foreign exchange forward contracts that are designated and qualify as hedges, the difference between the contracted forward rate and the spot rate at contract date is deferred and recognized as income or expense over the life of the hedged instrument while gain or loss in the revaluation of the forward contract is recognized currently in the statements of income. For forward contracts not designated as hedges, the changes in mark to market values are recognized currently in the statements of income.

The differentials paid or received under interest rate swap agreements are accrued and recognized over the life of the agreements as swap cost or income. In the case of an early termination of an interest rate swap, gains or losses resulting from the early termination are deferred and amortized as an adjustment of the yield of the related debt instrument over the remaining period originally covered by the terminated swap.

Earnings Per Share
Basic earnings per share is computed by dividing net income for the year by the weighted average number of shares outstanding during the year after giving retroactive effect to stock dividends declared during the year, if any.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks and interbank loans receivable and securities purchased under resale agreements (Note 27) with maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value.

Fiduciary Activities
Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Bank acts in a fiduciary capacity such as nominee, trustee or agent.

Subsequent Events
Any post year-end event that provides additional information about the Group's position at the statement of condition date (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. **Trading and Investment Securities**

TAS includes net unrealized gain amounting to ₱20.8 million and ₱12.8 million for the Group, of which net unrealized gains of ₱17.9 million and ₱4.6 million pertain to the Parent Company in 2004 and 2003, respectively.

ASS is net of accumulated unrealized loss of ₱54.5 million in 2004 and ₱64.4 million in 2003 for the Group, and ₱6.0 million in 2004 and ₱1.0 million in 2003 for the Parent Company.

IBODI consists of the following:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
Government bonds	**₱30,994,603**	₱31,944,573	**₱30,694,106**	₱30,665,988
BSP treasury bills	**12,213,130**	9,437,973	**12,021,968**	9,422,657
Private bonds	**5,012,494**	4,859,933	**4,717,602**	4,587,692
Treasury notes	**1,375,181**	696,448	**1,130,283**	696,448
Others	**2,480,477**	250,782	**1,840,551**	195,291
	52,075,885	47,189,709	**50,404,510**	45,568,076
Less allowance for probable losses (Note 10)	**17,696**	154,286	**15,645**	124,645
	₱52,058,189	₱47,035,423	**₱50,388,865**	₱45,443,431

IBODI includes US dollar-denominated bonds amounting to US$630 million (₱35.5 billion) and US$590 million (₱ 33.2 billion) as of December 31, 2004 and 2003, respectively.

As of December 31, 2004 and 2003, the market values of the IBODI are as follows:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
Government bonds	**₱27,383,703**	₱27,912,012	**₱27,083,206**	₱26,658,057
BSP treasury bills	**12,129,635**	9,383,742	**11,938,472**	9,383,742
Private bonds	**4,300,463**	4,192,994	**4,005,571**	3,920,753
Treasury notes	**1,353,814**	698,296	**1,108,916**	698,296
Others	**1,013,561**	921,783	**373,637**	866,293
	₱46,181,176	**₱43,108,827**	**₱44,509,802**	**₱41,527,141**

Peso-denominated IBODI bear nominal annual interest rates ranging from 4.0% to 11.0% in 2004 and from 4.0% to 14.0%, in 2003; for foreign currency-denominated IBODI, annual interest rate range from 1.5% to 14.0% in 2004 and from 1.5% to 12.3% in 2003.

As of December 31, 2004, the subordinated notes (included under Private bonds) represent investments in Global Ispat Holdings, Inc. (GIHI) and Global Steelworks International, Inc. (GSII) which assumed the liabilities of National Steel Corporation (NSC).

On October 15, 2004, GIHI and GSII (SPV companies), and the NSC Creditors entered into an agreement which sets forth the terms and conditions upon which the NSC Creditors have agreed to accept zero interest coupon notes in the aggregate amount of ₱12.3 billion to be issued by SPV companies in settlement of the liabilities of NSC.

The zero-interest coupon notes were issued in two tranches, namely, (a) Tranche A Note in the principal amount of ₱2.0 billion and (b) Tranche B Note in the principal amount of ₱10.3 billion, which notes are secured by a first ranking mortgage and security interest over the NSC plant assets and stand-by letters of credit by the SPV companies in accordance with the schedule in the agreement.

On October 15, 2004, the Parent Company received Tranche A Note at principal amount of ₱78.3 million and Tranche B Note at principal amount of ₱328.2 million in exchange of the outstanding receivable from NSC of ₱549.5 million. The Parent Company carried the subordinated notes at discounted values using a discount rate of 13.2%.

4. Receivables from Customers

This account consists of:

	Group		Parent Company	
	2004	2003	**2004**	2003
		(In Thousands)		
Loans and lease receivables	**₱102,555,828**	₱107,280,727	₱89,656,356	₱97,040,132
Customers' liabilities on acceptances, letters of credit and trust receipts	**25,849,323**	18,410,203	**25,849,323**	18,404,657
Receivables from cardholders	**7,509,421**	5,809,307	**–**	–
Bills purchased	**16,276,848**	9,074,928	**16,253,638**	9,074,928
	152,191,420	140,575,165	**131,759,317**	124,519,717
Receivable from SPV (Note 28)	**–**	–	**2,424,742**	–
	152,191,420	140,575,165	**134,184,059**	124,519,717
Unearned discount and capitalized interest	**(2,869,023)**	(2,594,954)	**(1,698,607)**	(1,875,063)
Allowance for probable losses (Note 10)	**(11,496,894)**	(17,006,027)	**(11,263,087)**	(15,794,741)
	₱137,825,503	₱120,974,184	₱121,222,365	**₱106,849,913**

The Parent Company's receivables from customers amounting to ₱1.6 billion and ₱1.0 billion as of December 31, 2004 and 2003, respectively, were pledged as collaterals with the BSP to secure borrowings under rediscounting privileges. In addition, receivables from customers amounting to ₱5.0 billion and ₱4.1 billion as of December 31, 2004 and 2003, respectively, have been rediscounted under the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and Social Security System (SSS) rediscounting facilities (Note 12).

Current bank regulations allow banks with no unbooked valuation reserves and capital adjustments required by the BSP to exclude from nonperforming classification those loans that are fully provided with allowance for probable losses, provided that interest on said loans shall not be accrued. Accordingly, NPLs not fully covered by allowance for probable losses as of December 31, 2004 and 2003 follow:

	Group		Parent Company	
	2004	2003	**2004**	2003
		(In Thousands)		
NPLs	₱15,656,540	₱23,016,270	₱14,003,755	₱21,617,074
Less NPLs fully provided with allowance for probable losses	**3,832,818**	7,759,682	**3,270,645**	7,201,116
	₱11,823,722	₱15,256,588	₱10,733,110	₱14,415,958

Restructured loans of the Parent Company as of December 31, 2004 and 2003 amounted to ₱14.0 billion and ₱16.1 billion, respectively.

The Parent Company's loan portfolio includes non-risk loans, as defined under BSP regulations, totaling ₱14.7 billion and ₱16.0 billion as of December 31, 2004 and 2003, respectively.

As of December 31, 2004 and 2003, 64.5% and 77.0% of the total loans of the Group are subject to periodic interest repricing, respectively. Remaining loans earn annual fixed interest rates ranging from 5.2% to 49.9% for peso loans and from 2.3% to 11.0% for foreign currency loans in 2004 and from 4.1% to 26.4% for peso loans and from 2.0% to 10.6% for foreign currency loans in 2003.

The following table shows information relating to receivables from customers by collateral:

	Group			
	2004		2003	
	Amount (In Thousands)	%	Amount (In Thousands)	%
Secured by:				
Real estate	**₱36,246,185**	**23.82**	**₱37,031,181**	26.34
Trust receipts	**18,026,136**	**11.84**	16,604,349	11.81
Chattel	**10,642,637**	**6.99**	9,213,874	6.56
Mortgage trust indenture	**8,614,739**	**5.66**	9,064,568	6.45
Bank deposits	**5,879,478**	**3.86**	4,392,043	3.12
Shares of stock	**2,915,307**	**1.92**	6,776,851	4.82
Warehouse receipts	**16,847**	**0.01**	184,616	0.13
Others	**4,438,686**	**2.92**	3,762,726	2.68
	86,780,015	**57.02**	87,030,208	61.91
Unsecured	**65,411,405**	**42.98**	53,544,957	38.09
	₱152,191,420	**100.00**	**₱140,575,165**	100.00

	Parent Company			
	2004		2003	
	Amount (In Thousands)	%	Amount (In Thousands)	%
Secured by:				
Real estate	**₱31,642,076**	**24.02**	**₱32,594,965**	26.18
Trust receipts	**18,026,136**	**13.68**	16,604,349	13.33
Mortgage trust indenture	**8,531,406**	**6.47**	9,064,568	7.28
Bank deposits	**5,783,172**	**4.39**	4,319,648	3.47
Chattel	**3,507,859**	**2.66**	3,924,156	3.15
Shares of stock	**2,892,961**	**2.20**	6,772,934	5.44
Warehouse receipts	**15,086**	**0.01**	67,922	0.05
Others	**1,877,054**	**1.42**	3,570,990	2.87
	72,275,750	**54.85**	76,919,532	61.77
Unsecured	**59,483,567**	**45.15**	47,600,185	38.23
	₱131,759,317	**100.00**	**₱124,519,717**	100.00

Information on the concentration of credit as to economic activity and industry sub-sectors follow:

	Group			
	2004		2003	
	Amount (In Thousands)	%	Amount (In Thousands)	%
Manufacturing:				
Consumer goods	**₱16,852,470**	**11.07**	**₱16,393,676**	11.66
Capital goods	**15,191,418**	**9.98**	14,574,487	10.37
Intermediate goods	**14,931,115**	**9.81**	14,553,215	10.35
Wholesale and retail	**34,284,153**	**22.53**	29,528,148	21.01
Other community, social and personal services	**22,424,236**	**14.73**	19,635,194	13.97
Financial intermediation, renting and business activities	**12,855,524**	**8.45**	13,143,805	9.35
Transport, storage and communications	**10,900,386**	**7.16**	12,561,208	8.94
Real estate	**8,897,722**	**5.85**	8,557,109	6.09
Electricity, gas and water	**7,258,136**	**4.77**	3,427,855	2.44
Agriculture, hunting and forestry	**2,182,157**	**1.43**	2,464,843	1.75
Mining and quarrying	**1,946,447**	**1.28**	989,420	0.70
Construction	**1,683,147**	**1.11**	2,095,220	1.49
Others	**2,784,509**	**1.83**	2,650,985	1.88
	₱152,191,420	**100.00**	**₱140,575,165**	100.00

	Parent Company			
	2004		2003	
	Amount (In Thousands)	**%**	Amount (In Thousands)	%
Manufacturing:				
Consumer goods	**₱16,735,133**	**12.70**	**₱16,254,525**	13.05
Intermediate goods	**14,472,086**	**10.98**	13,961,635	11.21
Capital goods	**14,066,089**	**10.68**	13,901,589	11.16
Wholesale and retail	**33,103,337**	**25.12**	28,224,651	22.67
Financial intermediation, renting and business activities	**14,055,066**	**10.67**	14,498,877	11.65
Transport, storage and communications	**9,557,224**	**7.25**	11,261,460	9.04
Real estate	**8,366,555**	**6.35**	7,900,873	6.35
Electricity, gas and water	**7,057,083**	**5.36**	3,169,573	2.55
Other community, social and personal services	**6,622,684**	**5.03**	7,651,584	6.15
Mining and quarrying	**1,938,217**	**1.47**	987,552	0.79
Agriculture, hunting and forestry	**1,925,701**	**1.46**	2,268,916	1.82
Construction	**1,287,505**	**0.98**	1,937,715	1.56
Others	**2,572,637**	**1.95**	2,500,767	2.00
	₱131,759,317	**100.00**	₱124,519,717	100.00

The BSP considers that credit concentration risk exists when the total loan exposure to a particular industry or economic sector exceeds 30% of the total loan portfolio.

Receivable from SPV represents the amount due from the sale of certain nonperforming assets (NPAs) of the Parent Company to an SPV in 2004 (Note 28). The sale and purchase agreement was formalized in November 2004 and approved in principle by the BSP in December 2004 having qualified as a true sale.

The more significant terms of the sale are as follows:

a. *Certain NPAs of the Parent Company were purchased by the SPV for a total consideration of ₱3.3 billion.*

b. *The agreed purchase price of the NPAs was and shall be paid as follows:*

   i. *An initial amount of ₱0.5 billion, booked as part of Accounts Receivable under Other Assets; and*
   ii. *The balance of ₱2.8 billion, through issuance of SPV Notes (the Notes), which shall be paid based on a cashflow waterfall arrangement and interest rate of 20% per annum.*

5. **Property and Equipment**

The composition of and movements in this account in 2004 follow:

	Group				
	At Appraised Value	At Cost			
	Land	Buildings	Leasehold Improvements - net	Furniture, Fixtures and Equipment	Total
			(In Thousands)		
Cost/Appraised Value					
Balance, January 1, 2004	₱5,373,121	₱6,511,442	₱526,360	₱7,837,063	₱14,874,865
Additions	60,682	155,337	74,314	2,249,124	2,478,775
Disposals	(100,479)	(270,227)	(151,898)	(415,710)	(837,835)
Balance, December 31, 2004	5,333,324	6,396,552	448,776	9,670,477	16,515,805
Accumulated Depreciation and Amortization					
Balance, January 1, 2004	–	1,265,255	–	5,390,491	6,655,746
Depreciation and amortization	–	197,519	119,318	895,555	1,212,392
Disposal	–	40,943	(7,640)	583,715	617,018
Balance, December 31, 2004	–	1,503,717	111,678	6,869,761	8,485,156
Net Book Value, December 31, 2004	**₱5,333,324**	**₱4,892,835**	**₱337,098**	**₱2,800,716**	**₱8,030,649**
Net Book Value, December 31, 2003	₱5,373,121	₱5,246,187	₱526,360	₱2,446,572	₱8,219,119

	Parent Company				
	At Appraised Value	At Cost			
	Land	Buildings	Leasehold Improvements	Furniture, Fixtures and Equipment	Total
			(In Thousands)		
Cost/Appraised Value					
Balance, January 1, 2004	₱5,238,711	₱6,401,944	₱464,954	₱6,157,467	₱13,024,365
Additions	33,995	155,337	71,179	1,762,643	1,989,159
Disposal	(73,358)	(57,728)	(42,582)	(293,250)	(393,560)
Balance, December 31, 2004	5,199,348	6,499,553	493,551	7,626,860	14,619,964
Accumulated Depreciation and Amortization					
Balance, January 1, 2004	–	1,112,869	–	4,287,225	5,400,094
Depreciation and amortization	–	170,047	108,088	674,010	952,145
Disposal	–	48,776	(7,640)	804,674	845,810
Balance, December 31, 2004	–	1,331,692	100,448	5,765,909	7,198,049
Net Book Value, December 31, 2004	**₱5,199,348**	**₱5,167,861**	**₱393,103**	**₱1,860,951**	**₱7,421,915**
Net Book Value, December 31, 2003	₱5,238,711	₱5,289,075	₱464,954	₱1,870,242	₱7,624,271

Effective January 1, 2002, the Group carries its land used for its banking premises at appraised value. The Group had such land reappraised in 2002 and 2004, in accordance with Philippine GAAP. The additional appraisal increment resulting from this accounting change resulted in an increase in Property and Equipment by ₱300.7 million (including Revaluation Increment in Land of ECN and ESB amounting to ₱14.6 million and ₱6.6 million, respectively) and an increase in Revaluation Increment in Property amounting to ₱292.5 million (shown as part of capital funds). The cost of land of the Parent Company, ECN and ESB amounts to ₱3.3 billion, ₱76.1 million and ₱9.0 million, respectively. In addition, the Group opted to revert to cost (from appraisal value) method of accounting for buildings. Such accounting change decreased Property and Equipment and Revaluation Increment by ₱263.2 million. This accounting change also resulted to a reduction in depreciation (relating to appraisal increment) by ₱46.9 million in 2002 and the reversal of ₱111.2 million in depreciation in prior years relating to the appraisal increment. The reversal of depreciation on appraisal increment in prior years was applied retroactively.

6. **Equity Investments**

This account consists of investments in:

	Group		Parent Company	
	2004	2003 (As restated)	**2004**	2003 (As restated)
		(In Thousands)		
At equity:				
Acquisition cost of:				
Wholly and majority owned (Note 2)				
PCI Leasing	**₱–**	₱–	**₱1,854,073**	₱1,854,073
PCI Capital	**–**	–	**1,719,483**	1,719,483
ESHC	**–**	–	**1,000,000**	1,000,000
ECN	**–**	–	**736,250**	736,250
EBCII	**–**	–	**500,000**	500,000
PCIB Properties	**–**	–	**375,128**	375,128
ESB	**–**	–	**300,000**	300,000
PCI Express HK	**–**	–	**215,282**	215,282
Maxicare	**–**	–	**88,593**	88,593
JEFC	**–**	–	**50,000**	50,000
Equimark	**–**	–	**44,997**	44,997
EDCI	**–**	–	**40,000**	40,000
PCIB Securities	**–**	–	**39,177**	39,177
EPCI Cayman	**–**	–	**38,399**	38,399
PCIB S.p.A.	**–**	–	**32,921**	32,921
PCI Realty	**–**	–	**33,510**	33,510
Express Padala L.A.	**–**	–	**26,494**	26,494
Express Padala H.K.	**–**	–	**27,956**	27,956
PCI Insurance	**–**	–	**7,800**	7,800
PCI Automation	**–**	–	**7,443**	7,443
Others	**–**	–	**6,320**	6,320
Significantly owned:				
Jardine Land, Inc. (JLI) (20%)	**232,000**	232,000	**232,000**	232,000
Taal Land, Inc. (33%)	**170,000**	170,000	**170,382**	170,382
Maxicare	**–**	119,510	**–**	–

	Group		Parent Company	
	2004	2003 (As restated)	**2004**	2003 (As restated)
			(In Thousands)	
Securities Clearing Corporation of the Philippines (SCCP) (22%)	**₱–**	₱11,000	**₱–**	₱11,000
Medilink Network, Inc. (40%)	**10,000**	10,000	**–**	–
PCI Travel Corporation (35%)	**4,424**	4,424	**–**	–
Unicorn First Properties (UFP) (35%)	**3,500**	3,500	**3,500**	3,500
Cameron Granville Asset Management (25%)	**31,250**	–	**31,250**	–
	451,174	550,434	**7,580,958**	7,560,708
Accumulated equity in net earnings (losses):				
Balance at beginning of year	**(179,182)**	(149,503)	**6,842,623**	5,918,170
Equity in net earnings (losses)	**(21,748)**	(29,679)	**855,279**	1,008,060
Disposal	**77,834**	–	**7,110**	81,714
Dividends received	**–**	–	**(1,194,837)**	(165,321)
Accumulated equity in net earnings at the time of merger	**–**	**–**	**(3,038,303)**	(3,038,303)
Balance at end of year	**(123,096)**	(179,182)	**3,471,872**	3,804,320
Equity in net unrealized loss on ASS of a subsidiary	**–**	–	**(48,581)**	(63,374)
Equity in revaluation increment on land of subsidiary	**–**	–	**17,914**	13,450
	328,078	371,252	**11,022,163**	11,315,104
At cost - other investments	**3,099,966**	2,804,982	**936,035**	966,070
Less allowance for probable losses (Note 10)	**1,146,356**	663,077	**696,547**	322,610
	1,953,610	2,141,905	**239,488**	643,460
	₱2,281,688	₱2,513,157	**₱11,261,651**	₱11,958,564

Under the BSP regulations, the use of the equity method of accounting for investment in shares of stock is allowable only when ownership is more than 50%. The use of the equity method of accounting for equity interests of 20% to 50% is being made for financial reporting purposes only to comply with the Philippine GAAP and is not intended for BSP reporting purposes.

The costs of equity investments in subsidiaries have been retroactively adjusted to reflect the new cost basis at the time of acquisition by the Parent Company.

On August 1997, CIGNA and the Parent Company entered into a joint venture agreement to each acquire 30% of Maxicare in consideration for the amount of ₱119.5 million each. On 2004, CIGNA conveyed to the Parent Company its entire shareholdings in Maxicare (totaling 30%) for a nominal sum of ₱1. No other consideration, in cash or property, will be paid or delivered by Parent Company to CIGNA in exchange for CIGNA's shares. With the increase of the Parent Company's share from 30% to 60%, the accounts have been included into the Group financial statements.

On December 20, 2004, the BSP approved the capital infusion of the Parent Company to Mindanao Development Bank (MDB) pursuant to the plan of merger between ESB and MDB. On November 23, 2004, the BOD of the Parent Company approved the conversion of its interbank placements and advances to MDB amounting to ₱2.1 billion into common shares in accordance with the merger incentives approved by the BSP.

On October 24, 2003, a deed of assignment was made and executed with the Philippine American Life and General Insurance Company covering the sale of the Parent Company's 95% share in Equitable PCI Life Insurance Corporation (EPCI Life), a formerly wholly owned subsidiary. The estimated gain arising from this transaction amounting to ₱1.0 million is temporarily included in Other Liabilities in the statements of condition pending final arrangements depending on the due diligence review being undertaken on EPCI Life. The Parent Company's remaining equity in EPCI Life of 5% as of December 31, 2003 is accounted for at cost.

The Parent Company's equity in net earnings of EPCI Life through the date of disposal amounting to ₱1.3 million was included in the statements of income.

7. Real and Other Properties Owned or Acquired

Details of this account follow:

	Group		Parent Company	
	2004	2003	**2004**	2003
		(In Thousands)		
ROPOA	**₱16,709,795**	₱17,630,800	**₱15,133,538**	₱16,287,019
Less allowance for probable losses (Note 10)	**1,063,002**	794,090	**923,350**	698,718
	₱15,646,793	₱16,836,710	**₱14,210,188**	₱15,588,301

8. Goodwill

Details of this account follow:

	2004	2003
	(In Thousands)	
Goodwill, gross	**₱17,585,186**	₱17,585,186
Accumulated amortization:		
Balance at beginning of year	**1,905,062**	1,465,432
Amortization	**439,630**	439,630
Balance at end of year	**2,344,692**	1,905,062
	₱15,240,494	₱15,680,124

The annual goodwill amortization amounting to ₱439.6 million is included in Miscellaneous Expenses in the statements of income (Note 20). The goodwill's remaining life as of December 31, 2004 and 2003 is 34.7 years and 35.7 years, respectively.

9. Other Resources

This account consists of:

	Group		Parent Company	
	2004	2003	**2004**	2003
		(In Thousands)		
Deferred tax assets - net (Note 21)	**₱7,391,834**	₱5,541,447	**₱6,983,005**	₱5,058,612
Investments in real estate	**5,231,924**	4,441,453	**–**	–
Advances to subsidiaries, associates and other related parties (Notes 15 and 25)	**4,660,552**	2,550,988	**8,173,852**	8,043,679
Assets held by SPV (Note 28)	**2,811,315**	–	**–**	–
Accrued interest receivable (AIR) (Notes 15 and 25)	**2,523,572**	2,541,617	**2,392,516**	2,417,963
Interoffice float items - net (Note 15)	**2,387,584**	2,015,236	**2,247,062**	1,688,727
Accounts receivable (Notes 15, 25 and 28)	**1,575,339**	3,656,898	**2,892,415**	2,368,357
Foreign currency notes and coins on hand	**1,176,079**	1,160,987	**1,176,015**	1,159,684
Sales contracts receivable (Note 15)	**1,113,519**	1,236,754	**1,097,950**	1,186,674
Other investments	**1,090,515**	953,949	**641,293**	930,035
Prepayments	**408,660**	473,909	**226,752**	264,708
Returned checks and other cash items (Note 15)	**291,073**	983,135	**282,468**	968,385
Miscellaneous checks and other cash items	**268,271**	518,915	**265,455**	518,915
Miscellaneous	**3,597,722**	2,549,433	**1,615,224**	1,042,857
	34,527,959	28,624,721	**27,994,007**	25,648,596
Less allowance for probable losses (Note 10)	**4,444,923**	2,196,908	**1,887,785**	1,481,758
	₱30,083,036	₱26,427,813	**₱26,106,222**	₱24,166,838

As of December 31, 2004 and 2003, the appraised value of the Group's investments in real estate amounted to ₱4.9 billion and ₱4.6 billion, respectively.

On October 20, 2004, the BSP approved the request of the Parent Company to write off long-outstanding float items with a net credit balance of ₱129.3 million subject to certain conditions.

Assets held by SPV consists mainly of certain loans and ROPOA as of December 31, 2004.

On October 17, 2002, the BSP approved the Parent Company's request to write off long-outstanding interoffice float items. Accordingly, the Parent Company wrote off against the allowance for probable losses long-outstanding interoffice floats - net debit balance amounting to ₱340.4 million.

As of December 31, 2004 and 2003, interoffice float items outstanding for more than 60 days amounted to ₱179.0 million and ₱214.0 million (net debit balance), respectively, for which a full provision has been established. Management believes that no material unreserved losses will be incurred by the Parent Company on interoffice float items.

Other investments include the Group's investments in Bank of Commerce with net carrying value of ₱151.3 million as of December 31, 2004 and 2003.

The BODs of ESB and MDB approved the Plan of Merger of ESB and MDB (with ESB as the surviving corporation) on November 23, 2004 and November 18, 2004, respectively. Thereafter, the shareholders of MDB and ESB approved such Plan of Merger on December 6, 2004 and November 23, 2004, respectively. Under, the Plan of Merger, owing to the capital deficiency of MDB, ESB will not issue any shares of stock to the shareholders of MDB.

On December 28, 2004, the BSP approved the merger between ESB and MDB subject to certain administrative conditions, which include, among others, submission to the BSP of the Philippine Deposit Insurance Corporation's (PDIC's) written consent to the merger. Among others, the incentives approved by the BSP follow:

a. Conversion of the MDB Head Office and the 13 MDB branches closed in 2004 into ESB branches and their relocation within a period of one year from date of merger;

b. Transfer of all rights, privileges, immunities, permits, licenses, franchises and powers of MDB to ESB except for (a) the FCDU license, which has been revoked by BSP effective March 7, 2004 and (b) the trust license provided that the merged bank should comply first with all the prerequisites under Circular No. 348 dated August 20, 2002;

c. ESB will retain MDB's trust license with the required trust duties of at least ₱500,000 in MDB's name on deposit with BSP to be transferred to ESB;

d. Amortization of all merger costs, including retrenchment costs for a period not exceeding five years.

e. Capital infusion by the Parent Company of ₱1 billion into ESB;

f. Conversion of the Parent Company's outstanding interbank call loans and advances granted to MDB into ESB common shares subject to compliance with the procedural requirements and various bank regulatory ceilings and subject to the SEC approval;

g. Temporary relief for six months from the compliance with the prescribed capital adequacy ratio and the 20% ceiling on the nonperforming loan to total loans ratio if such ratios are not complied with as a result of the merger;

h. Revaluation of bank premises, improvements and bank equipment, with the appraisal increment forming part of capital provided that the merged bank will meet the existing capital requirement after all the adjustments are taken up in the books of accounts of the merged bank but before considering appraisal increments;

i. Access to rediscounting window up to a ceiling of 150% of adjusted capital accounts for a period of one year, reckoned from the date of merger, provided the merged bank meets the required net worth to risk assets ratio and all of the other requirements for rediscounting;

j. Any right or privilege granted to MDB under its Rehabilitation Plan previously approved by the MB or under any special authority granted by the MB shall continue to be in effect.

On December 29, 2004, the SEC approved the Articles and Plan of Merger of MDB and ESB.

On January 19, 2005, the PDIC gave consent to the merger of ESB and MDB subject to the following conditions:

a. MDB shall submit a certification to PDIC within 30 days from PDIC notification of its consent to the merger, that its depositors and creditors have been given notice of the i) merger proposal; ii) full implications of ESB's absorption of MDB's deposits liabilities; iii) depositors' option to either withdraw their deposits from MDB or maintain their accounts with ESB as surviving entity; and

b. Letter of Guaranty from the Parent Company, which wholly owns ESB, that part of the committed fresh capital infusion in the amount of ₱1.0 billion would be immediately infused into ESB to assure funding for any withdrawal of MDB deposits and payment of MDB's other liabilities as they fall due.

Pursuant to the Plan of Merger, the effective date of merger was December 29, 2004, the date the SEC approved the Articles and Plan of Merger. The merger constituted a tax-free reorganization and has been accounted for under the pooling of interest method. Accordingly, the amounts reflected in the financial statements of ESB as of December 31, 2004 were combined on a line-by-line basis with ESB's 2004 accounts (net of material intercompany balances and transactions between ESB and MDB). For comparative purposes, ESB's financial statements as of December 31, 2003 were restated to include the amounts reflected in the financial statements of MDB as of December 31, 2003 (net of material intercompany balances and transactions between ESB and MDB).

In October 2002, ESHC signed a share purchase and sale agreement with another local commercial bank for the sale of Ecology at a base purchase price that approximates the carrying value of the ESHC's investment in Ecology. The deed of sale was executed by ESHC in January 2003 to evidence the consummation of the sale transaction. The investment carried an adequate provision and, accordingly, no further loss was recognized at the time of sale.

Miscellaneous assets include the amount of ₱504.4 million as of December 31, 2003 consisting of input value-added tax (VAT), debt issuance costs, revaluation of forward contracts and sundry debits which pertain to unposted deposit withdrawals.

The Group's management believes that adequate allowance for probable losses has been made on Other Resources and does not anticipate any material adverse effect on the Group's financial statements upon the realization of these resources.

10. **Allowance for Probable Losses**

Changes in the allowance for probable losses follow:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
Balance at beginning of year				
IBODI	**₱154,286**	₱153,200	**₱124,645**	₱119,592
Receivables from customers	**17,006,027**	15,626,493	**15,794,741**	14,510,139
Equity investments	**663,077**	612,767	**322,610**	322,610
ROPOA	**794,090**	802,390	**698,718**	679,061
Other resources	**2,196,908**	2,578,680	**1,481,758**	1,663,905
	20,814,388	***19,773,530***	*18,422,472*	***17,295,307***
Provisions	**4,139,985**	2,232,850	**3,314,160**	1,501,957
Accounts written off	**(331,295)**	(377,285)	**–**	(1,753)
Reversals and other adjustments	**(6,454,207)**	(814,707)	**(6,950,218)**	(373,039)
Balance at end of year				
IBODI	**17,696**	154,286	**15,645**	124,645
Receivables from customers	**11,496,894**	17,006,027	**11,263,087**	15,794,741
Equity investments	**1,146,356**	663,077	**696,547**	322,610
ROPOA	**1,063,002**	794,090	**923,350**	698,718
Other resources	**4,444,923**	2,196,908	**1,887,785**	1,481,758
	₱18,168,871	***₱20,814,388***	*₱14,786,414*	***₱18,422,472***

With the foregoing level of allowance for probable losses, management believes that the Group has sufficient allowance to take care of any losses that the Group may incur from the noncollection or nonrealization of its receivables from customers and other risk assets.

11. Deposit Liabilities

This account consists of:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
Demand	**₱10,783,280**	₱11,218,012	**₱10,689,996**	₱11,141,717
Savings	**128,852,508**	125,476,797	**126,053,940**	123,427,244
Time	**53,884,551**	49,349,393	**52,829,162**	48,736,351
	₱193,520,339	***₱186,044,202***	*₱189,573,098*	***₱183,305,312***

Of the total deposit liabilities of the Group as of December 31, 2004 and 2003, 51.8% and 55.0%, respectively, are subject to periodic interest repricing. Remaining deposit liabilities earn annual fixed interest rates ranging from 0.5% to 4.5% in 2004 and 2003, respectively.

Under existing BSP regulations, non-FCDU deposit liabilities of the Parent Company are subject to liquidity reserve equivalent to 8% which increased to 10% starting February 5, 2004 and statutory reserve equivalent to 9%. In addition, ESB, a thrift bank, is subject to liquidity and statutory reserves equivalent to 2% and 6%, respectively, on its deposit liabilities. As of December 31, 2004 and 2003, the Parent Company and ESB are in compliance with such regulations.

The total liquidity and statutory reserves set aside are as follows:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
Cash	*₱7,369,125*	***₱7,221,979***	*₱7,285,405*	***₱7,124,666***
Due from BSP	**2,007,833**	5,286,693	**1,751,379**	5,129,645
IBODI	**14,318,939**	12,287,492	**14,200,310**	12,205,795
	₱23,695,897	₱24,796,164	**₱23,237,094**	₱24,460,106

12. Bills Payable

This account consists of borrowings from:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
Foreign banks	**₱15,843,383**	**₱16,964,029**	**₱15,843,383**	**₱22,177,285**
BSP	**1,810,298**	1,292,738	**1,604,861**	1,042,832
Local banks	**1,189,740**	1,876,560	**–**	–
Others	**5,156,435**	9,426,469	**4,976,219**	4,152,661
	₱23,999,856	***₱29,559,796***	*₱22,424,463*	***₱27,372,778***

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Peso borrowing are subject to annual fixed interest rates ranging from 1.1% to 3.2% in 2004 and from 1.2% to 2.6% in 2003; for foreign denominated borrowings, annual fixed interest rates range from 5.2% to 7.9% in 2004 and from 4.2% to 6.4% in 2003.

Bills payable - BSP mainly represent term borrowings availed through normal open market transactions with the BSP. These are collateralized by eligible receivables from customers. Bills payable - others mainly represent funds obtained from DBP, LBP and SSS, which the Parent Company relends to borrowers availing of certain financing programs of these institutions (Note 4).

13. Subordinated Debt

On October 15, 2002, the Parent Company's BOD approved the raising of Lower Tier 2 capital through the issuance in the international capital market of subordinated bonds maturing in 10 years but with a call option exercisable after 5 years subject to the provisions of BSP Circular No. 280. The bonds bear a coupon rate of 9.4% per annum with provision for step-up after 5 years.

The issuance of the foregoing subordinated bonds under the terms approved by the BOD was approved by the BSP under MB Resolution No. 1660 dated November 12, 2002, as amended by MB Resolution No. 753 dated May 29, 2003.

Relative to this, on May 16, 2003 and June 5, 2003, the Parent Company issued US$130 million and US$70 million, respectively, 9.4% Subordinated Notes due 2013 (the Notes). Among the significant terms and conditions of the issuance of the Notes are:

1. *Issue price at 98.7% and 101.5% of their principal amount;*

2. *The Notes bear interest at the rate of 9.4% per annum from and including May 23, 2003 to but excluding July 1, 2008. Unless the call option is exercised, the interest rate from and including July 1, 2008 to but excluding July 1, 2013 will be reset at the U.S. Treasury rate plus 10.8% per annum. Interest will be payable semi-annually in arrears on January 1 and July 1 of each year, commencing July 1, 2003;*

3. *The Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Parent Company and will at all times rank pari passu and without any preference among themselves but in priority to the rights*

and claims of holders of all classes of equity securities of the Parent Company including holders of preference shares (if any);

4. *The Parent Company may redeem the Notes in whole but not in part at redemption price equal to 100% of the principal amount of the Notes together with accrued and unpaid interest on July 1, 2008, subject to the prior consent of the BSP and the compliance by the Parent Company with the prevailing requirements for the granting by the BSP of its consent therefor;*

5. *Each Noteholder by accepting a 2013 Note will irrevocably agree and acknowledge that (i) it may not exercise or claim any right of set-off in respect of any amount owed to it by the Parent Company arising under or in connection with the Notes and (ii) it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off; and*

6. *The Notes are not deposits of the Parent Company and are not guaranteed or insured by the Parent Company or any party related to the Parent Company or the PDIC and they may not be used as collateral for any loan made by the Parent Company or any of its subsidiaries or affiliates. Also, the Notes may not be redeemed at the option of the Noteholders.*

As of December 31, 2004 and 2003, the Parent Company was in compliance with the terms and conditions upon which the Notes have been issued.

14. Other Liabilities

This account consists of:

	Group		*Parent Company*	
	2004	2003	**2004**	2003
			(In Thousands)	
Bills purchased - contra (Note 15)	₱15,893,118	**₱8,340,746**	₱15,893,118	**₱8,340,746**
Liability to tie-up banks(Note 15)	**4,687,599**	3,955,971	**–**	–
Accounts payable (see Note 15)	**2,899,637**	2,446,401	**1,667,862**	1,506,158
Deposits on lease contracts (Note 15)	**998,925**	615,603	**–**	–
Payment order payable (Note 15)	**967,874**	695,192	**967,874**	695,192
Unearned income and other deferred credits (Note 15)	**594,530**	620,059	**473,353**	527,386
Liabilities of SPV	**386,573**	–	**–**	–
Sundry and other credits (Note 15)	**318,860**	857,819	**312,707**	782,421
Withholding tax payable (Note 15)	**150,923**	135,760	**101,524**	97,477
Miscellaneous	**1,233,902**	1,476,049	**704,019**	1,089,470
	₱28,131,941	**₱19,143,600**	**₱20,120,457**	**₱13,038,850**

Liabilities of SPV consist mainly of the principal balance of senior notes amounting to ₱387.0 million December 31, 2004.

15. Maturity Profile of Financial Resources and Financial Liabilities

The following tables present the financial resources and financial liabilities by contractual maturity and settlement dates as of December 31, 2004 and 2003:

	Group					
	2004			2003		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
			(In Thousands)			
Financial Resources						
Due from BSP	**₱2,316,093**	**₱–**	**₱2,316,093**	₱5,305,743	₱–	₱5,305,743
Due from other banks	**7,701,330**	**–**	**7,701,330**	8,592,021	–	8,592,021
Interbank loans receivable and securities purchased under resale agreements	**5,310,832**	**12,053,935**	**17,364,767**	14,038,207	8,940,730	22,978,937
TAS, at fair value	**898,479**	**2,084,052**	**2,982,531**	2,923,255	362,403	3,285,658
ASS, at fair value	**30,772**	**5,533,558**	**5,564,330**	15,993	721	16,714
IBODI - gross	**13,262,892**	**38,812,993**	**52,075,885**	10,310,889	36,878,820	47,189,709
Receivables from customers - gross	**88,247,235**	**63,944,185**	**152,191,420**	78,861,389	61,713,776	140,575,165
Other resources:						
Advances to subsidiaries, associates and other related parties (Note 25)	**4,166,304**	**494,248**	**4,660,552**	2,550,988	–	2,550,988
Assets held by SPV	**–**	**2,811,315**	**2,811,315**	–	–	–
AIR	**2,523,572**	**–**	**2,523,572**	2,541,617	–	2,541,617
Interoffice float items - net	**2,387,584**	**–**	**2,387,584**	2,015,236	–	2,015,236
Accounts receivable (Note 25)	**1,575,339**	**–**	**1,575,339**	3,656,898	–	3,656,898
Returned checks and other cash items	**291,073**	**–**	**291,073**	983,135	–	983,135
Sales contracts receivable	**15,687**	**1,097,832**	**1,113,519**	197,153	1,039,601	1,236,754
	₱128,727,192	**₱126,832,118**	**₱255,559,310**	₱131,992,524	₱108,936,051	₱240,928,575

	Group					
	2004			2003		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
			(In Thousands)			
Financial Liabilities						
Deposit liabilities	**₱182,350,260**	**₱11,170,079**	**₱193,520,339**	₱177,722,801	₱8,321,401	₱186,044,202
Bills payable	**19,036,954**	**4,962,902**	**23,999,856**	23,361,449	6,198,347	29,559,796
Due to BSP	**131,400**	**–**	**131,400**	114,190	–	114,190
Outstanding acceptances	**7,602,316**	**–**	**7,602,316**	1,128,696	54,676	1,183,372
Margin deposits	**152,578**	**–**	**152,578**	188,104	–	188,104
Manager's checks and demand drafts outstanding	**882,145**	**–**	**882,145**	943,299	–	943,299
Accrued interest payable	**552,409**	**–**	**552,409**	958,948	–	958,948
Accrued taxes and other expenses	**1,414,808**	**–**	**1,414,808**	1,145,100	–	1,145,100
Subordinated debt	–	**11,243,700**	**11,243,700**	–	11,087,357	11,087,357
Other liabilities:						
Bills purchased - contra	**15,893,118**	**–**	**15,893,118**	8,340,746	–	8,340,746
Liability to tie-up banks	**4,687,599**	**–**	**4,687,599**	3,955,971	–	3,955,971
Accounts payable	**2,894,876**	**4,761**	**2,899,637**	2,446,401	–	2,446,401
Payment order payable	**967,874**	**–**	**967,874**	695,192	–	695,192
Deposits on lease contract	–	**998,925**	**998,925**	–	615,603	615,603
Unearned income and other deferred credits	**163,894**	**430,636**	**594,530**	620,059	–	620,059
Liabilities of SPV	**–**	**386,573**	**386,573**	–	–	–
Sundry and other credits	**318,753**	**107**	**318,860**	857,819	–	857,819
Withholding tax payable	**150,923**	**–**	**150,923**	135,760	–	135,760
	₱237,199,907	**₱29,197,683**	**₱266,397,590**	₱222,614,535	₱26,277,384	₱248,891,919

Parent Company

	2004			2003		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
			(In Thousands)			
Financial Resources						
Due from BSP	**₱2,059,639**	**₱–**	**₱2,059,639**	₱5,129,645	₱–	₱5,129,645
Due from other banks	**6,114,500**	**–**	**6,114,500**	7,136,031	–	7,136,031
Interbank loans receivable and securities purchased under resale agreements	**7,804,832**	**12,053,935**	**19,858,767**	14,456,714	8,940,730	23,397,444
TAS	**714,075**	**2,084,052**	**2,798,127**	2,483,421	362,403	2,845,824
ASS	**–**	**5,533,558**	**5,533,558**	–	721	721
IBODI - gross	**12,453,025**	**37,951,485**	**50,404,510**	9,757,052	35,811,024	45,568,076
Receivables from customers - gross	**80,062,856**	**51,696,461**	**131,759,317**	68,285,143	56,234,574	124,519,717
Other resources:						
Advances to subsidiaries, associates and other related parties (Note 25)	**8,173,852**	**–**	**8,173,852**	8,043,679	–	8,043,679
Accounts receivable (Note 25)	**2,892,415**	**–**	**2,892,415**	2,368,357	–	2,368,357
AIR	**2,392,516**	**–**	**2,392,516**	2,417,963	–	2,417,963
Interoffice float items - net	**2,247,062**	**–**	**2,247,062**	1,688,727	–	1,688,727
Sales contracts receivable	**8,074**	**1,089,876**	**1,097,950**	147,073	1,039,601	1,186,674
Returned checks and other cash items	**282,468**	**–**	**282,468**	968,385	–	968,385
	₱125,205,314	**₱110,409,367**	**₱235,614,681**	₱122,882,190	₱102,389,053	₱225,271,243
Financial Liabilities						
Deposit liabilities	**₱179,913,385**	**₱9,659,713**	**₱189,573,098**	₱175,806,561	₱7,498,751	₱183,305,312
Bills payable	**17,742,267**	**4,682,196**	**22,424,463**	21,604,979	5,767,799	27,372,778
Due to BSP	**128,027**	**–**	**128,027**	109,316	–	109,316
Outstanding acceptances	**7,602,316**	**–**	**7,602,316**	1,128,696	54,676	1,183,372
Margin deposits	**152,578**	**–**	**152,578**	188,104	–	188,104
Manager's checks and demand drafts outstanding	**862,072**	**–**	**862,072**	902,849	–	902,849
Accrued interest payable	**428,931**	**–**	**428,931**	929,534	–	929,534
Accrued taxes and other expenses	**817,258**	**–**	**817,258**	765,589	–	765,589
Subordinated debt	**–**	**11,243,700**	**11,243,700**	–	11,087,357	11,087,357
Other liabilities:						
Bills purchased - contra	**15,893,118**	**–**	**15,893,118**	8,340,746	–	8,340,746
Accounts payable	**1,667,862**	**–**	**1,667,862**	1,506,158	–	1,506,158

	Parent Company					
	2004			2003		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
			(In Thousands)			
Payment order payable	**₱967,874**	**₱–**	**₱967,874**	₱695,192	₱–	₱695,192
Unearned income and other deferred credits	**473,353**	**–**	**473,353**	527,386	–	527,386
Sundry and other credits	**312,707**	**–**	**312,707**	782,421	–	782,421
Withholding tax payable	**101,524**	**–**	**101,524**	97,477	–	97,477
	₱227,063,272	**₱25,585,609**	**₱252,648,881**	₱213,385,008	₱24,408,583	₱237,793,591

16. Capital Funds

The Parent Company's capital stock consists of:

	2004	2003	2002
		(In Thousands)	
Common stock - ₱10 par value			
Authorized - 1,000,000,000 shares			
Issued - 727,003,345 shares	**₱7,270,033**	₱7,270,033	₱7,270,033

The Parent Company shares are listed in the Philippine Stock Exchange.

Parent Company shares held by a subsidiary represent 78,807,098 shares purchased by its investment house subsidiary and are available for future sale. These are accounted for as treasury shares in the Group financial statements and are carried at acquisition cost.

In addition, a portion of the Parent Company's surplus corresponding to the undistributed accumulated equity in net earnings of subsidiaries and associates amounting to ₱3.5 billion and ₱3.8 billion as of December 31, 2004 and 2003, respectively, is not available for dividend declaration until realized by the Parent Company through distribution of cash dividends by the subsidiaries and associates.

The determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's unimpaired capital (regulatory capital) as reported to the BSP, which is determined on the basis of regulatory accounting practices which differ from Philippine GAAP in some respects.

Specifically, under existing banking regulations, the combined capital accounts of each commercial bank should not be *less than an amount equal to ten percent (10%) of its risk assets. Risk assets is defined as total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.*

Under BSP Circular No. 360, effective July 1, 2003, the capital-to-risk assets ratio (CAR) is to be inclusive of a market risk change. Using this formula, the CAR of the Group was 14% and 17% (as restated) as of December 31, 2004 and 2003, respectively, while that of the Parent Company is 13% and 15% (as restated), respectively.

Under the previous computation provided for under BSP Circular No. 280, which BSP Circular No. 360 above amended, the CAR of the Group as of December 31, 2004 and 2003 was 14% and 17% (as restated), respectively, while that of the Parent Company was 13% and 15% (as restated), respectively.

17. **Retirement Plans**

The Group has separate funded noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The principal actuarial assumptions used to determine retirement benefits consist of: (1) retirement age of 60 and 65 years and average remaining working life of covered officers and employees of 12 to 15 years; and (2) investment yield and projected salary increases of 8% to 11% and 5% to 10% per annum, respectively. The latest actuarial valuation studies of the retirement plans were made on various dates in 2004. Based on such studies, the aggregate unfunded past service liabilities of the Group amounted to ₱494.8 million and ₱726.0 million as of December 31, 2004 and 2003, respectively, net of plan assets at fair value amounting to ₱850.6 million and ₱593.0 million as of December 31, 2004 and 2003, respectively. Total retirement expense charged against operations in 2004 and 2003 consisting of the normal cost, interest cost on unfunded past service liability and amortization of transition liability and actuarial gains or losses amounted to ₱221.1 million and ₱303.5 million, respectively.

18. **Lease Contracts**

The Parent Company leases the premises occupied by some of its branches, including those of its subsidiaries. The lease contracts are for periods ranging from 1 to 20 years and are renewable at the Group's option under certain terms and conditions. Various lease agreements include escalation clauses, most of which bear an annual rent increase of 5% to 10%. As of December 31, 2004, the Group had no contingent rent payable.

Total rent expense incurred by the Group (included under Occupancy and other equipment-related expenses) amounted to ₱602.6 million in 2004, ₱470.4 million (as restated) in 2003 and ₱525.0 million (as restated) in 2002 of which ₱499.7 million in 2004, ₱395.4 million (as restated) in 2003 and ₱456.0 million (as restated) in 2002 was incurred by the Parent Company.

Future minimum lease rentals payable under non-cancelable operating leases follow:

	Group		Parent Company	
	2004	2003	**2004**	2003
	(In Thousands)			
	₽	₽	**₽**	₽
Within one year	**365,254**	384,548	**327,289**	349,684
After one year but not more than five years	**1,067,939**	1,289,686	**947,652**	1,155,393
After more than five years	**501,694**	657,764	**352,221**	487,508
	₽*1,934,887*	***₽2,331,998***	₽*1,627,162*	***₽1,992,585***

The Group has entered into commercial property leases on the Group's surplus offices. These non-cancelable leases have remaining non-cancelable lease terms of between 1 and 15 years.

Future minimum rentals receivable under non-cancelable operating leases are as follows:

	Group		Parent Company	
	2004	2003 (	**2004**	2003 (
	(In Thousands)			
				₽
Within one year	**₽116,883**	₽148,763	**₽116,633**	148,525
After one year but not more than five years	**134,131**	245,448	**133,743**	244,810
After more than five years	**11,190**	15,579	**11,190**	15,579
	₽262,204	₽409,790	₽*261,566*	***₽408,914***

19. Miscellaneous Income

This account consists of:

	Group			Parent Company		
	2004	2003 (As restated - Note 2)	2002 (As restated - Note 2)	**2004**	2003 (As restated - Note 2)	2002 (As restated - Note 2)
	(In Thousands)					
Trust fees	**₽724,335**	₽654,598	₽421,009	**₽724,335**	₽654,598	₽421,009
Recovery from assets written off	**112,728**	185,319	16,169	**57**	17	2,319
Gain on disposal of ROPOA	**182,069**	161,647	167,962	**181,811**	159,057	177,726
Rent of bank premises and equipment	**152,952**	120,059	122,535	**137,996**	119,445	112,515
Income from assets sold/exchanged	**36,867**	41,153	7,791	**26,947**	25,536	45,739
Rent from safety deposit boxes	**19,831**	19,565	20,333	**19,831**	19,147	19,990
Others	**1,136,319**	1,167,126	893,242	**644,711**	618,218	226,844
	₽2,365,101	₽2,349,467	₽1,649,041	**₽1,735,688**	₽1,596,018	₽1,006,142

20. Miscellaneous Expenses

This account consists of:

	Group		Parent Company	
	2003	2002	2003	2002

	2004	(As restated - Note 2)		2004	(As restated - Note 2)	
			(In Thousands)			
Amortization of goodwill and other deferred charges (Note 8)	**₱440,593**	₱447,853	₱458,533	**₱439,771**	₱444,866	₱452,638
Insurance - PDIC	**376,991**	318,181	281,411	**354,417**	312,876	277,304
Litigation and assets acquired expenses	**360,752**	296,206	334,656	**297,357**	286,757	332,430
Communication expenses	**348,808**	297,009	326,380	**261,824**	257,305	254,097
Professional fees	**276,930**	228,930	249,620	**152,071**	134,332	159,385
Advertising expenses	**481,711**	220,816	114,121	**52,979**	30,169	70,325
Entertainment, amusement and recreation (EAR) (Note 21)	**163,620**	156,812	254,341	**148,876**	132,604	228,389
Transaction dues	**178,079**	135,188	23,214	**174,561**	131,689	19,118
Traveling expenses	**183,007**	136,068	58,985	**120,153**	99,513	41,129
Others	**1,322,309**	853,832	989,765	**750,606**	492,119	519,833
	₱4,132,800	₱3,090,895	₱3,091,026	**₱2,752,615**	₱2,322,230	₱2,354,648

21. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as Taxes and Licenses in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax or GRT (GRT was in effect until 2002) and documentary stamp taxes. Effective January 1, 2003, the Parent Company and all subsidiaries in the financial intermediation business were subject to the value-added tax instead of GRT. However, Republic Act No. 9238 reimposed GRT on banks and financial intermediaries effective January 1, 2004.

Income taxes include the corporate income tax, as discussed below, and final taxes paid at the rate of 20%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

Under current tax regulations, the regular corporate income tax rate is 32%. Interest allowed as a deductible expense is reduced by an amount equivalent to 38% of interest income subjected to final tax. In addition, current tax regulations provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulation, EAR expenses allowed as deductible expense for a service company like the Parent Company is limited to the actual EAR paid or incurred but not to exceed 1% of net revenue. The regulations also provide for MCIT of 2% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 7.5%. Republic Act No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10% income tax.

Provision for (benefit from) income tax consists of:

	Group			**Parent Company**		
		2003	2002		2003	2002
	2004	(As restated - Note 2)		**2004**	(As restated - Note 2)	
			(In Thousands)			
Current*	**₱768,759**	₱612,623	₱699,952	**₱366,524**	₱334,906	₱412,541
Deferred	**(1,850,387)**	(86,348)	(1,067,916)	**(1,924,393)**	(168,341)	(1,100,165)
	(₱1,081,628)	₱526,275	(₱367,964)	**(₱1,557,869)**	₱166,565	(₱687,624)

* Includes income taxes of foreign subsidiaries and branches

Components of the net deferred tax assets (included in Other Resources) follow:

	Group		*Parent Company*	
	2004	2003	**2004**	2003

		(As restated - Note 2)		(As restated - Note 2)
		(In Thousands)		
Credited to operations				
Tax effects of:				
Allowance for probable losses	**₱7,047,753**	₱5,212,453	**₱6,687,998**	₱4,889,168
NOLCO	**745,839**	785,016	**623,788**	593,538
Unamortized past service costs	**218,348**	207,715	**214,390**	200,173
Capitalized interest	**(106,641)**	(113,957)	**(111,424)**	(113,957)
Lease income/expense differential	**(8,732)**	42,360	**84,143**	83,711
Foreign exchange profits	**(5,921)**	(1,290)	–	–
Others	**16,442**	6,057	–	–
MCIT	**109,914**	31,694	**101,078**	27,694
	₱7,391,834	₱5,541,447	**₱6,983,005**	₱5,058,612
Charged against equity				
Revaluation increment in property	**(₱625,168)**	(₱628,601)	**(₱616,968)**	(₱621,715)

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following temporary differences:

	Group		*Parent Company*	
	2004	2003	**2004**	2003
		(In Thousands)		
Allowance for probable losses	**₱252**	₱3,484,644	**₱–**	₱3,019,618
NOLCO	**2,619,173**	7,219,227	**2,585,899**	6,809,727
MCIT	**18,905**	21,166	**14,672**	18,630
Others	**9,763**	–	–	–
	₱2,648,093	₱10,725,037	**₱2,600,571**	₱9,847,975

Management believes that it is not likely that these temporary differences will be realized in the future.

A reconciliation between the statutory income tax to provision for (benefit from) income tax follows:

	Group			**Parent Company**		
	2004	2003 (As restated - Note 2)	2002	**2004**	2003 (As restated - Note 2)	2002
			(In Thousands)			
Statutory income tax at 32%	**₱266,433**	₱614,240	₱165,926	**₱80,825**	₱469,798	₱32,986
Tax effects of:						
FCDU income	**(746,448)**	(739,514)	(510,398)	**(746,448)**	(739,514)	(510,398)
Tax-exempt and tax-paid income	**(468,103)**	(668,591)	(386,887)	**(378,628)**	(499,881)	(250,992)
Nondeductible expenses	**404,470**	553,435	221,042	**360,221**	405,656	141,414
Equity in net losses (earnings) of subsidiaries and associates	**(6,959)**	(9,497)	11,369	**(273,689)**	(322,579)	(242,832)
Nondeductible interest expense	**111,812**	94,704	116,523	**110,801**	90,254	95,226
Others - net	**304,154**	(113,492)	(45,996)	**259,285**	(4,087)	26,327
Unrecognized deferred tax asset	**(946,987)**	794,990	60,457	**(970,236)**	766,918	20,645
Provision for (benefit from) income tax	**(₱1,081,628)**	₱526,275	(₱367,964)	**(₱1,557,869)**	₱166,565	(₱687,624)

EAR expenses of the Parent Company amounted to ₱148.9 million and ₱132.6 million (included in Miscellaneous Expenses in the statements of income) in 2004 and 2003, respectively. EAR expenses for the period September 1 to December 31, 2002 amounted to ₱40.1 million.

The details of the Parent Company's NOLCO and MCIT follow:

Inception Year	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		

NOLCO				
2001	₱4,223,828	₱4,223,828	₱–	2004
2002	3,257,899	–	3,257,899	2005
2003	1,182,806	–	1,182,806	2006
2004	94,530	–	94,530	2007
	₱8,759,063	₱4,223,828	₱4,535,235	
MCIT				
2001	₱3,959	₱3,959	₱–	2004
2002	14,671	–	14,671	2005
2003	27,694	–	27,694	2006
2004	73,385	–	73,385	2007
	₱119,709	₱3,959	₱115,750	

22. Trust Operations

Securities and other properties (other than deposits) held by the Parent Company in fiduciary or agency capacities for clients (and beneficiaries) are not included in the accompanying statements of condition since these are not resources of the Parent Company (Note 24).

Government securities with total face value of ₱1,017.1 million and ₱838.2 million as of December 31, 2004 and 2003, respectively, are deposited with the BSP in compliance with existing banking regulations relative to the trust functions of the Parent Company. The carrying values of the government securities with the BSP amounted to ₱ 1,026.8 million and ₱839.7 million as of December 31, 2004 and 2003.
Additionally, a certain percentage of the Parent Company's trust income is transferred to surplus reserve until such reserve for trust functions amounts to 20% of the Parent Company's authorized capital stock. No part of such surplus reserve shall at any time be paid out as dividends.

Also, in accordance with BSP regulations, the common trust funds managed by the Parent Company'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, 2004 and 2003, the balance of the BSP reserve deposit account amounted to ₱2.4 billion and ₱2.1 billion, respectively, while government securities amounted to ₱3.9 billion and ₱2.7 billion, respectively.

23. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of services provided and the different markets served with a segment representing a strategic business unit. The Group's business segments are as follows:

Consumer and Retail Banking - principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and fund transfer facilities;

Commercial Banking - principally handling commercial customers' deposits, and providing products and services to its commercial middle market customers, mainly small-medium-sized enterprises;

Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;

Investment Banking - principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and

Treasury - principally providing money market, trading and treasury services, as well as the management of the Parent Company's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise the operations and financial control groups. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged or credited to business segments based on a pool rate, which approximates the marginal cost of funds.

Segment information for the year ended December 31, 2004 follows:

	Consumer and Retail Banking	Commercial Banking	Corporate Banking	Investment Banking	Treasury	Others	Total
Gross income	₱7,922,418	₱4,895,093	₱2,923,139	₱500,796	₱4,552,659	₱3,331,122	₱24,125,227
Segment result	₱1,737,527	₱1,152,074	₱557,852	₱262,597	₱1,598,324	₱1,139,043	₱6,447,417
Unallocated costs							5,593,065
Profit from operations							854,352
Equity in net losses of associates							(21,748)
Income before tax							832,604
Benefit from income tax							1,081,627
Minority interest							(103,785)
Net profit for the year							₱1,810,446
Other Information							
Segment assets	₱52,813,190	₱58,585,980	₱56,602,288	₱1,798,903	₱74,226,071	₱33,985,504	278,011,936
Intra-segment assets							2,387,584
Investments in associates							4,660,552
Unallocated assets							24,914,016
Total assets							₱309,974,088
Segment liabilities	₱50,947,836	₱55,207,016	₱45,866,038	₱1,747,288	₱81,342,695	₱32,520,619	267,631,492
Unallocated liabilities							–
Total liabilities							₱267,631,492
Other Segment Information							
Depreciation	₱571,570	₱12,533	₱6,966	₱5,212	₱57,748	₱558,363	₱1,212,392

24. Commitments and Contingent Liabilities

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

The following is a summary of the commitments and contingent liabilities at their equivalent peso contractual amounts as of December 31, 2004 and 2003:

	Group		**Parent Company**	
	2004	2003	**2004**	2003
	(In Thousands)			
Trust department accounts (Note 22)	₱103,526,072	**₱83,564,831**	₱103,507,352	**₱83,564,831**
Forward exchange bought	**22,522,337**	24,213,952	**22,149,064**	24,213,952
Unused commercial letters of credit	**11,557,196**	13,206,849	**11,544,496**	13,206,849
Forward exchange sold	**6,689,461**	9,577,882	**6,620,082**	9,577,882
Spot exchange sold	**2,531,777**	946,254	**2,531,329**	946,254
Inward bills for collection	**1,431,372**	3,159,781	**1,431,372**	3,159,781
Spot exchange bought	**983,875**	389,706	**984,422**	389,706
Outward bills for collection	**950,339**	835,550	**950,339**	835,374
Late deposits/payments received	**738,573**	542,342	**738,573**	542,342
Guarantees issued	**449,184**	1,114,775	**449,184**	1,114,775
Interest rate swap receivable	**305,000**	775,000	**305,000**	775,000
Interest rate swap payable	**305,000**	775,000	**305,000**	775,000
Traveller's check unsold	**157,852**	155,694	**157,852**	155,694
Confirmed export letters of credit	**29,788**	19,104	**29,788**	19,104
Currency swap payables	**–**	349,969	**–**	349,969
Currency swap receivables	**–**	288,074	**–**	288,074
Others	**555,287**	508,295	**547,808**	503,979

The Group has pending claims and/or is a defendant in legal actions arising from normal business activities including sale of a subsidiary. Management and its legal counsel believe that these actions are without merit or that the ultimate liability, if any, resulting from such actions will not materially affect the Group's financial position.

The Parent Company has received tax assessments from the Bureau of Internal Revenue on two industry issues. In addition, the Parent Company has pending tax assessments from the BIR on FCDU taxation, which is also an industry issue. The Parent Company, through its tax counsels, is contesting these assessments and preassessments on the ground that the factual situations were not considered which, if considered, will not give rise to material tax deficiencies. Accordingly, no provision has been made in the accompanying financial statements for these contingencies.

25. Related Party Transactions

In the ordinary course of business, the Group has loans transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Group. In the aggregate, loans to DOSRI generally should not exceed the respective total regulatory capital or 15% of total loans portfolio, whichever is lower.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts.

The following table shows information relating to the loans, other credit accommodations and new guarantees classified as DOSRI accounts under regulations existing prior to said circular, and new DOSRI loans, other credit accommodations granted under said circular (amounts in thousands) as of December 31, 2004 and 2003:

	Group		**Parent Company**	
	2004	2003	**2004**	2003
Total outstanding DOSRI accounts	**₱1,126,878**	₱822,212	**₱1,126,779**	₱821,531
Percent of DOSRI accounts granted prior to effectivity of BSP Circular No. 423 to total loans	**0.71%**	0.63%	**0.75%**	0.66%
Percent of DOSRI accounts granted after effectivity of BSP Circular No. 423 to total loans	**0.06%**	0.00%	**0.06%**	0.00%
Percent of DOSRI accounts to total loans	**0.77%**	0.63%	**0.81%**	0.66%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**27.68%**	11.44%	**27.67%**	11.36%
Percent of past due DOSRI accounts to total DOSRI accounts	**0.00%**	0.00%	**0.00%**	0.00%
Percent of nonaccruing DOSRI accounts to total DOSRI accounts	**14.52%**	0.00%	**14.52%**	0.00%

The following table shows information relating to the loans, other credit accommodations and guarantees, as well as availments of previously approved loans and committed credit lines not considered DOSRI accounts prior to the issuance of said circular but are allowed a transition period of two years from the effectivity of said circular or until said loan, other credit accommodations and guarantees become past due, or are extended, renewed or restructured, whichever comes later, (amounts in thousands) as of December 31, 2004 :

	Group	**Parent Company**
Total outstanding non-DOSRI accounts granted prior to BSP Circular No. 423	₱15,546,362	₱15,546,362
Percent of unsecured non-DOSRI accounts granted prior to BSP Circular No. 423 to total loans	11.16%	11.16%

Percent of past due non-DOSRI accounts granted prior to BSP Circular No. 423 to total loans	0.00%	0.00%
Percent of nonaccruing non-DOSRI accounts granted prior to BSP Circular No. 423 to total loans	9.42%	9.42%

Other related party transactions entered into under the normal course of business include the availment of computer services, securities and currency trading, insurance brokerage and management contract services rendered by certain member companies of the Group.

The significant intercompany transactions and outstanding balances of the Group were eliminated in consolidation.

Deposit liabilities include those associates and other related parties amounted to ₱31.9 million and ₱76.9 million as of December 31, 2004 and 2003, respectively. Related interest expense amounted to ₱0.1 million in 2004, ₱7.4 million in 2003 and ₱0.4 million in 2002.

The retirement fund of the Parent Company's employees amounting to ₱850.6 million and ₱593.0 million as of December 31, 2004 and 2003, respectively, is being managed by the Parent Company's Trust Banking Group.

The following table shows the related party transactions included in the Group's financial statements:

			Elements of Transactions			
			Balance Sheet Amount		Income Statement Amount	
Related Party	Relationship	Nature of Transaction	**2004**	2003	**2004**	2003
			(In Thousands)			
Philex Mining	Associate	Loans receivable	**₱526,040**	₱535,343	**₱–**	₱–
		Other resources	**51**	199,447	**–**	–
Gratuity Fund	Retirement Fund	Advances to subsidiaries, associates and related parties	**307,594**	451,576	**–**	–
Filsyn Corporation	Associate	Loans receivable	**59,487**	59,487	**–**	–
		Other resources	**3,894**	3,894	**–**	–
JLI	Associate	Loans receivable	**36,204**	36,204		–
		AIR	**434**	570		–
		Interest income		–	**5,446**	6,842

26. Financial Performance

Earnings per share (EPS) amounts were computed as follows:

	2004	2003 (As restated)	2002 (As restated)
	(In Thousands, Except Earnings Per Share)		
a. Net income	₱1,810,446	₱1,301,553	₱790,705
b. Weighted average number of outstanding common shares	**648,196**	648,192	648,192
c. EPS (a/b)	₱2.79	₱2.01	₱1.22

The following basic ratios measure the financial performance of the Group:

	2004	2003 (As restated)	2002 (As restated)
Where average equity and average asset			

include revaluation increment and goodwill, respectively			
Return on average equity (ROE)	**4.39%**	3.13%	1.92%
Return on average assets (ROA)	**0.62%**	0.48%	0.32%
Where average equity and average asset exclude revaluation increment and goodwill, respectively			
ROE	**9.18%**	7.33%	5.37%
ROA	**0.82%**	0.69%	0.54%
Net interest margin on average earning assets	**3.86%**	2.49%	2.26%

For purposes of computing ROE and ROA, average of month-end balances of capital funds and assets, respectively, were used.

27. Notes to Cash Flows Statements

The following is a summary of certain non-cash activities that relate to the analysis of the statements of cash flows:

	2004	2003	2002
Investing activity:			
Unrealized loss on ASS	**54,560**	₱64,354	₱78,373
Additions to (disposals of) ROPOA - net			
Group	**(748,692)**	3,660,292	2,761,909
Parent Company	**(1,864,888)**	3,655,317	2,730,195

The amount of Interbank Loans Receivable and Securities Purchased under Resale Agreements considered as cash and cash equivalents follows:

	Group			**Parent Company**		
	2004	2003	2002 (As restated - Note 2)	**2004**	2003	2002 (As restated - Note 2)
			(In Thousands)			
	₱	₱	₱	**₱**	₱	₱
Interbank Loans Receivable and Securities Purchased under Resale Agreements	**17,3 64,7 67**	22,9 78,9 37	22,3 40,2 91	**19,8 58,7 67**	23,3 97,4 44	22,3 10,2 91
Interbank Loans Receivable and Securities Purchased under Resale Agreements not considered as Cash and Cash Equivalents	**12,053,935**	8,940,730	6,397,882	**12,053,935**	8,940,730	6,397,882
	₱	₱	₱	**₱**	₱	₱
	5,31 0,83 2	14,0 38,2 07	15,9 42,4 09	**7,80 4,83 2**	14,4 56,7 14	15,9 12,4 09

28. Other Matters

1. *The Parent Company entered into sale and purchase agreements (SPA) under the provisions of Republic Act No. 9182, "The Special Purpose Vehicle (SPV) Act of 2002," for the sale of its loans to PIO amounting to ₱8.3 billion on November 26, 2004 and ROPOA to PIT amounting to ₱2.2 billion on December 15, 2004. In exchange for the loans and ROPOA, the Parent Company received SPV Notes and cash of ₱1.0 billion and ₱100.0 million, respectively, for loans and ₱1.8 billion and ₱350.0 million, respectively, for ROPOA. The SPV Notes are payable over ten years in accordance with the accounts arrangement included in the SPA. The probable loss incurred from this transaction has been fully provided as of December 31, 2004.*

   On March 15, 2005 and March 28, 2005, the Closing Certificate was signed between the Parent Company and PIO and the Parent Company and PIT, respectively, to implement and make effective the SPA on loans and ROPOA as of November 26, 2004 and December 15, 2004, respectively. Accordingly, the Parent Company *received SPV Notes amounting to ₱2.4 billion for loans from PIO and for ROPOA from PIT. Total loans transferred to PIO amounted to ₱7.5 billion. ROPOA transferred to PIT amounted to ₱1.8 billion. The balance of the consideration received from PIO and PIT amounting to ₱90.1 million and ₱296.5 million, respectively, is recorded in Accounts Receivable as of December 31, 2004.*

2. *On November 23, 2004, the Parent Company's BOD approved the issuance of senior bonds. Relative to this, on February 18, 2005 the Parent Company issued US$100 million, 6.5% Subordinated Notes due 2008 (the Notes). The issuance of the bonds under the terms approved by the BOD was approved by the BSP on January 31, 2005.*

   Among the significant terms and conditions of the issuance of the Notes are:

   a. *Issue price at 99.9% of the principal amount;*

   b. *The Notes bear interest at the rate of 6.5% per annum from and including February 18, 2005 to but excluding February 19, 2008. Interest will be payable semi-annually in arrears on February 19 and August 19 of each year, commencing August 19, 2005, except that the first payment of interest will be in respect of the period from and including February 18, 2005 but excluding August 19, 2005;*

   c. *The Notes will constitute direct, senior, unconditional, and unsecured obligations of the Parent Company and claims in respect of the notes shall at all times rank pari passu and without any preference among themselves;*

   d. *The Parent Company may redeem the Notes in whole but not in part at redemption price equal to 100% of the principal amount of the Notes together with accrued and unpaid interest to the date fixed for redemption upon the occurrence of certain changes affecting taxation in the Philippines, as more particularly specified in the covering offering circular;*

   e. *The 2008 Notes are not guaranteed or insured by the PDIC and are not deposit liabilities of the Parent Company.*

3. *On January 18, 2005, the Parent Company's BOD approved the declaration of cash dividends at the rate of sixty centavos (₱0.6) per share or ₱436.2 million. Such declaration was approved by BSP on April 1, 2005.*

   On January 18, 2005, the BOD of PCI Leasing approved the declaration of cash dividends at ₱0.2 per share or ₱196.6 million in favor of stockholders of record as of February 1, 2005 and stock dividends in the aggregate amount of ₱1.2 billion in favor of stockholders of record as of March 23, 2005. Such declaration was approved by SEC on March 10, 2005.

   On January 18, 2005, the BOD of PCI Capital approved the declaration of stock dividends amounting to ₱200.0 million. Such declaration was approved by BSP on March 10, 2005.

   On January 24, 2005, the BOD of ECN declared stock dividends amounting to ₱475.0 million and cash dividends of ₱20 per share or ₱300.0 million to all stockholders of record as of February 1, 2005.

Schedule B

Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)

Name and Designation of Debtor	Balance as of 12/31/03	Additions	Collections	Balance as of 12/31/04

BACSAIN AGRI BUSINESS, INC. Marilee bacsain / SAM (Elias Bacsain, owner of BABI is the father-in-law of)	1,330,000.00		-120,000.00	1,210,000.00
BERNAD SECURITIES Jonathan Go/SVP (Salustiano S. Wong, Chairman, President & GM holds more than 20% cap stock of Bernard Sec., is the father-in-law of VP Jonathan Go)	5,500,000.00	4,154,272.22	-4,154,272.22	5,500,000.00
BENGUET TRADE- Ferdinand Martin Romualdez / Director (Vice Chairman Ferdinand Martin G. Romualdez is a director of Benguet Trade)	5,446,380.62	125,996.10	-5,572,376.72	
EQUITABLE CARD NETWORK INC. – Antonio Go/Chairman (Bank Chairman Antonio Go is also the President & Director of ECNI.)		366,216,500.00		366,216,500.00
GEOLOGISTICS INC. Mr. Fulgencio Factoran / Director (Director of the bank; chairman & stockholder of Geologistic Inc.)	69,456,931.28	26,983,062.20	-96,439,993.48	
*GREENSQUARE PROPERTIES Go, John C.B. / Director	41,500,000.00		-14,500,000.00	
**HAZAMA PHILIPPINES Atty. Paulino Yusi/ AVP(Hazama Corporate Sec.Ruby Yusi-the wife of Atty. Paulino Yusi-Legal dept)		4,298,691.97	-4,298,691.97	
**ISI MARKETING Itaas, Conchitina / AM (The husband and parent-in-law of C. Itaas own 70% of the Company.)		307,950.73	-307,950.73	
**ITA-AS GEN SERVICES Itaas, Conchitina / AM (Co. President, Irman Itaas is the husband of Mrs. Conchitina Itaas)	324,000.00	884,503.96	-1,208,503.96	
MENZI & CO., INC.- Go Pailian, Peter/ Chairman Emeritus	16,092,041.60	16,031,681.16	-32,123,722.76	
*PHARMACEUTICAL & HEALTH-CARE – Wassmer, Walter/EVP, (Mr. Leo P. Wassmer, Jr. EVP & CEO of PHAP is the father of EPCIB EVP Walter Wassmer)	1,000,000.00		-1,000,000.00	
SEDGEWICK TRADERS, INC. Patrick Go / VP (George Go who owns more than 20% of STC is the father of AVP Patrick Go)	12,975,000.00	2,225,000.00	-6,278,333.31	8,921,666.69
UY, ALBERTO/LUISA-Mary Ann Uy/Jam (clients are parents of M. Uy)	1,592,404.72	1,152,093.29	-590,613.12	2,153,884.89
ADVANCES – SUBSIDIARIES		124,987,140.02	-54,144,453.63	70,842,686.39
A/R – SUBSIDIARIES		96,071,576.72	-3,305,937.84	92,765,638.88
APPLIANCE LOAN	5,746,309.07	801,177.20	-6,547,486.27	
CAR LOAN	153,803,911.58	14,896,825.76	-45,106,818.56	123,593,918.78
EMERGENCY LOAN	59,176.20		-59,176.20	
HOUSING LOAN	498,346,366.78	6,674,749.66	-54,621,817.88	450,399,298.56
MINOR HOUSE RENOVATION	105,328.70		-105328.70	
MULTI-PURPOSE LOAN		5,553,595.52	-2,764,753.75	2,788,841.77
SALARY LOAN	8,252,796.80	943,910.86	-6,810,223.58	2,386,484.08
TOTAL PESO LOANS	**821,530,647.35**	672,308,727.37	-367,060,454.68	**1,126,778,920.04**

**No longer DOSRI as of December 31, 2004*
***Accounts excluded from the DOSRI ceiling*

Schedule C

Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock, and Other Investments

	Beginning balance				Deductions		Ending balance		
Name of issuing entity & description of investment	No. of shares or	Amount in Pesos	Equity in earnings	Other	Distribution of earnings by	Other	No. of shares or principal	Amount in Pesos	Dividends received from investments

	principal amt. Of bonds & notes		(losses of investee (3)for the period		investees		amt. Of bonds & notes		not accounted for by the equity method
Equitable Venture Capital Corp.	30,000	867,345					30,000	867,345	
Equitable Leasing Corporation	30,317	1,000,000					30,317	1,000,000	
Equitable Card Network Inc.	4,887,500	2,637,099,612		1,059,750	134,999,190	9,195,064	13,500,000	2,871,099,445	
Megalink, Inc.	33,334	3,333,400	377,134,337				33,334	3,333,400	
Bank of Commerce	1,122,879	151,277,654					1,122,879	151,277,654	
Equitable Finance, Ltd.	30,000	179,200,061		28,361,985		14,837,608	30,000	220,383,517	
EBC Investments, Inc.	5,000,000	645,337,331	27,659,079			898,564	5,000,000	649,780,253	
Equitable Savings Bank	3,000,000	743,753,972	5,341,486			1,055,387	3,000,000	873,690,829	
EBC Strategic Holdings Corp.	10,000,000	743,759,432				2,044,896	10,000,000	786,803,648	
Jardine Equitable Finance	500,000	72,271,650	130,992,244			21,284	500,000	72,228,388	
Phil. Clearing House	21,000	2,100,000	45,089,112				21,000	2,100,000	
Equimark – NFC Dev. Corp.	450,000	45,082,864	(21,978)			221,498	450,000	45,499,313	
EBC Insurance Brokerage, Inc.	25,000	58,109,757		5,377			200,000	101,228,314	
Phillippine Central Depository, Inc.	31,690	3,169,000	637,947				31,690	3,169,000	
Equitable Data Center, Inc.	400,000	6,865,539	43,113,180	1			400,000	38,879,974	
Sec. Clearing Corp. of the Phils	110,000	11,000,000				11,000,000	110,000		
Jardine Land	2,320,000	232,000,000	32,014,434				2,320,000	232,000,000	
Canlubang Spinning Mills, Inc.	37,544,500	37,544,500				30,035,600	37,544,500	7,508,900	
Manila Peninsula Hotel, Inc.	1,425,000	14,293,000					1,425,000	14,293,000	
Filsyn Corporation	8,000,000	40,000,000					8,000,000	40,000,000	
Aeropartners, Inc. (PAL)	1,000,000	100,000,000					1,000,000	100,000,000	
Unicorn First Properties, Inc.	35,000	3,500,000					35,000	3,500,000	
SteelAsia Manufacturing Corp.	19,055,564	190,555,640					19,055,564	190,555,640	
Phil. Long Distance Telephone Co.	339,700	579,212,720					339,700	579,212,720	
Fixed Income Exchange		7,300,000						7,300,000	
Ventures in Industry for Bus. Ent.	20,000	909,419					20,000	909,419	
PCI Leasing & Finance (PCILF)	727,320,000	2,810,803,217				52,319,337	727,320,000	3,078,094,144	
Asean Finance Corp. – Singapore	1,800,000	6,650,542					1,800,000	6,650,542	
PCI Capital Corporation	1,050,000	2,757,953,526				1,879,840	1,050,000	1,929,191,449	
PCI Express Padala (HK) LTD	29,040,001	205,150,067	319,610,265		1,000,000,000	30,182,929	29,040,001	174,967,138	
PCI Express Padala Inc.- LA	7,000	71,312,437				16,265,340	7,000	61,420,427	
PCIB Europe SPA	10,000	43,062,907					10,000	45,209,752	
PCIB Frankfurt		5,614,718	173,117,764			2,522,678		8,714,170	
PCI Express Padala – Rotterdam								3,098	
PCIB Securities	350,000	37,974,384	6,373,331	2,143,966			350,000	39,924,031	
PCIB Cayman Ltd.	1,000,000	102,192,168	2,146,844			908,015	1,000,000	99,266,581	
PCI Automation Center	40,000	6,366,979	5,622,129			718,824	40,000	12,332,658	
PCI Insurance Brokers Inc,	225,000	5,969,559	3,098				225,000	5,969,559	
Phil. Clearing House Corp.	21,000	2,100,000	(194,319)				21,000	2,100,000	
Phil. Central Depository Inc.	31,690	3,169,000	(2,017,572)				31,690	3,169,000	
Bancnet Inc.	50,000	5,000,000	6,684,503				50,000	5,000,000	
Equitable PCI Life Insurance Corp.	750,000	2,666,034		798,247			750,000	3,464,281	
PCIB Properties	3,500,000	371,126,710	(897,521)			36,192,389	3,500,000	334,036,800	
Camron Granville Asset Mngt.				31,250,000			1,250,000	31,250,000	
Maxicare	60,000	100,577,427	12,482,432			79,789,723	60,000	33,270,136	
LGU Guaranty Investment Corp.	50,000	5,000,000					50,000	5,000,000	
Philex Mining	161,499,601	208,926,969					161,499,601	208,926,969	
Atlas Conso Mining & Dev. Corp.	10,278,407	84,282,938					10,278,407	84,282,938	
Taal Land	170,000,000	170,000,000					170,000,000	170,000,000	
Victorias Milling Corp.		36,888,836				36,888,836			
Abra Elecric Corp.		11,050						11,050	
Alabang Country Club Inc.	3	240,013					3	240,013	
Albay Electric Corp.		30,267						30,267	
Alta Vista Golf & Country Club	1	575,000					1	575,000	
Baguio Country Club Corporation	1	55,000					1	55,000	
Balesin Islanders Club		30,000						30,000	
Bankers Association of the Phils.		5,000,000						5,000,000	
Bankers' Athletic Association		2,000						2,000	
Batulao Village Club	2	45,000					2	45,000	
Canlubang Golf & Country Club	5	414,935					5	414,935	
Capitol Hills Golf Club	1	6,000					1	6,000	
Casino Espanol De Cebu		25,000						25,000	
Cebu Country Club	1	2,417,000					1	2,417,000	
Cebu Holdings Corp.		780,500						780,500	
Club Filipino	1	1,000					1	1,000	
Club Solviento	1	15,000					1	15,000	
Club Strata Inc.	1	11,000						11,000	
Davao del Sur Electric Coop Inc.		9,000						9,000	
Green Valley Country Club	1	12,000					1	12,000	
Holiday Hills	3	300					3	300	
Iligan Light & Power Inc.		53,182						53,182	
International Sports Development	6	19,251					6	19,251	
Isabela -1 Electric Cooperative Inc.		3,379						3,379	
Lanang Golf & Country Club		2,000						2,000	
Lepanto Construction		4,500						4,500	
Luisita Golf & Country Club	1	45,000					1	45,000	
Makati Executive Center, Inc.		21,500						21,500	
Makati Sports Club, Inc.- (AIC)		1,106,250					1	1,106,250	
Makati Sports Club. Inc.	10	6,080,000					10	6,080,000	
Manila Golf & Country Club	100	109,000					100	109,000	
Manila Polo Club, Inc.	2	1,904,500					2	1,904,500	
Marapara Golf & Country Club	1	8,000					1	8,000	
Matabungkay Beach Club	1	18,000					1	18,000	
Meralco	52,327	7,097,919		155,420			52,327	7,253,339	
Metro Club		120,000						120,000	
Metropolitan Club, Inc.		12,500						12,500	
Mimosa Golf & Country Club	1	585,000					1	585,000	
Montemar Beach Club	1	31,500					1	31,500	
Mt. Malindang Golf & CountryClub. Inc	20	200					20	200	
Murrihy, Estelita A.		10,000						10,000	
Maynilad Water Services		15,980						15,980	

Nueva Ecija Club	4	3,000					4	3,000	
Nueva Ecija II Electric Coop Inc.		7,870						7,870	
Palicpican Sports & Beach Club	1	251,000					1	251,000	
Phil. Columbian Association	1	26,500					1	26,500	
Philippine Long Distance Company	41,720	12,503,319		512,675			41,720	13,015,994	
Phil. Telegraph & Telephone Co.		2,365						2,365	
Pilipino Telephone Company	25,425	252,180					25,425	252,180	
Puerto Azul Beach & Country Club	2	77,504					2	77,504	
Quezon City Sports Club	7	228,000					7	228,000	
Recto, Alfonso Jr. M		20,000						20,000	
Retelco	600	14,500					600	14,500	
Sanciangco Cabanatuan		147,313						147,313	
SM Prime		113,052						7,812	
South Cotabato Golf&Country Club Inc.	1	1,000					1	1,000	
Splendido Taal Res.Golf & Country Club	3	2,400,000					3	2,400,000	
Sta. Elena Property Inc.	1	775,000					1	775,000	
Subic Bay Golf & Country Club	1	740,000				105,240	1	740,000	
Subic Bay Waterfront Dev. Corp.	1	1,200,000					1	1,200,000	
Tagaytay Highlands Int'l Golf Club Inc.	2	2,100,000					2	2,100,000	
The Metro Club, Inc.	5	123,000					5	123,000	
The Orchard Golf & Country Club	2	2,100,000					2	2,100,000	
Universal Leisure Club, Inc.	1	1,000,000					1	1,000,000	
Valle Verde Country Club	4	364,600					4	364,600	
Valley Golf Club Inc.	4	74,303					4	74,303	
Victorias Golf & Country Club	1	110,000					1	110,000	
Visco		1						1	
Wack Wack Golf & Country Club	2	81,000					2	81,000	