



Always at your service

More than just a theme, these four little words express in a big way who we are and what attracts customers to us. It is a commitment to responsiveness and reliability, to providing value-added services and customized solutions to our customers. It is a mindset, a promise, and a way of life for earning customer confidence and trust.

The hallmark of excellent service is its constancy. It is not merely an occasional occurrence, but an unshakable dependability, present day after day. Each and every person our customers come in contact with shares a deeply held belief in an old-fashioned premise: the customer always comes first. What's right for the customer is the right thing to do, every time. This conviction is so tenacious that it permeates every level of our operations, clearly visible to each customer who comes through the door. The measures we take to demonstrate our loyalty to our customers have a natural side effect. Every smile, every extra effort serves to build up customer loyalty — which adds to the solid foundation of the institution as a whole. This year's annual report provides a glimpse into Asiatruster Bank's "Always At Your Service" commitment and how it translates to winning customers through the quality of the experiences our customers have when they do business with us.



at a glance

Established in October 1960, Asiatic Trust Bank is one of the country's leading private development banks, focused on serving an important and productive segment in our economy -- the small and medium enterprises.

With total assets in excess of P13 billion and capital funds of close to P1.7 billion as of June-end 2005, we operate 28 branches and 33 ATMs along with phone and mobile banking channels to support the delivery of our services. We are particularly keen on understanding our customers, nurturing relationships that grow, develop and endure. We are uniquely positioned to provide a broad range of products and services customized to meet the business and financial needs of our small and medium enterprise (SME) clients. As those needs change, we are committed to devoting the time, energy and expertise to help them achieve their evolving financial goals.

Our major institutional shareholders include the Asian Development Bank (ADB), a distinguished international development financial institution recognized as the "bank for half the world" and the Social Security System (SSS), the largest pension fund in the Philippines.

We have always believed that small and medium enterprises play a crucial role in our country's economic development and progress. Together, they represent more than 95% of all Philippine

business enterprises. SMEs provide a viable and forceful mechanism for achieving balanced and sustainable economic growth through income and employment generation, regional development, and foreign exchange earnings.

Asiatic Trust Bank has evolved into a dynamic financial institution — intensely customer-focused, highly competitive, well capitalized, and publicly-traded. Our 45-year history is characterized by a vision and remarkable constancy and clarity of purpose as we relentlessly pursued our mission of selling trust, confidence and financial expertise through service excellence, continuous niching and innovation to become a dominant force in SME banking. Our foresight and responsiveness have paved the way not only for our own growth but also for our SME clients, which have advanced smoothly and rapidly throughout the years. Our major goals are to continue upgrading our place in the financial market and to enhance our developmental role as a premier financial intermediary for the small and medium enterprises. Growing alongside the Filipino entrepreneur has always been and will continue to be our principal strength.

ten-year financial summary

(in million pesos except earnings per share and ratio data)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
FOR THE YEAR										
Gross Income	1,113.48	991.34	925.13	1,068.87	1,060.22	1,028.40	1,244.26	1,626.45	1,239.55	815.72
Net Interest Income	386.97	353.50	323.33	404.07	403.74	448.94	426.08	621.90	438.85	301.41
Provision for										
Probable Losses	-	23.38	14.00	79.22	50.21	150.70	265.79	193.64	39.38	22.97
Other Income	146.85	183.54	212.98	229.41	137.24	161.74	215.81	179.59	160.33	126.80
Other Expenses	486.81	441.29	507.03	542.44	453.11	389.68	366.88	364.34	302.91	246.31
Net Earnings After Tax	75.08	72.28	39.40	36.55	30.06	80.13	40.02	214.30	236.31	150.03
TOTAL AT YEAR-END										
Resources	13,202.55	12,210.79	10,765.69	10,038.70	9,003.37	8,570.70	8,577.41	9,055.82	8,403.23	6,064.57
Loans	6,276.48	6,225.75	5,347.64	5,614.30	5,351.91	5,711.07	6,123.51	6,324.10	6,048.68	3,551.44
Deposits	10,149.81	9,145.19	8,072.47	6,983.70	5,999.98	4,685.89	5,576.77	5,610.66	5,350.11	4,446.03
Capital Funds	1,677.88	1,597.00	1,514.93	1,461.13	1,428.32	1,593.17	1,684.30	1,706.68	1,554.79	640.57
OTHER DATA										
Earnings										
Per Common Share	0.72	0.69	0.38	0.35	0.29	0.77	0.38	2.06	2.43	2.00
Return on Average Equity	4.61%	4.43%	2.71%	2.51%	1.99%	4.89%	2.39%	13.14%	21.53%	24.95%
Return on Average Assets	0.59%	0.62%	0.42%	0.40%	0.34%	0.93%	0.45%	2.45%	3.27%	2.84%



message from the chairperson and president

To Our Dearest Stockholders, Clients and Friends,

In October 2005, Asiatrust Bank marks its 45th year of dedicated banking service. Since its founding, the Bank has grown to become one of the country's leading financial institutions for the Filipino entrepreneur. Year after year, we have endeavored to redefine the boundaries of our business to provide greater value for our customers, shareholders, employees, and the communities we serve. Our continued success amid an increasingly difficult operating environment is anchored upon our ability to manage and adapt to change, and execute the business strategies we have put into place. These strategies center on our determination to ensure customers are our number one priority in all areas of our business. Our theme this year, "Always At Your Service", underscores this commitment and desire to continually delight customers. Indeed, much has been accomplished during the past year but our work is far from done.

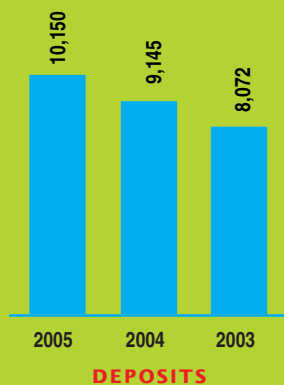
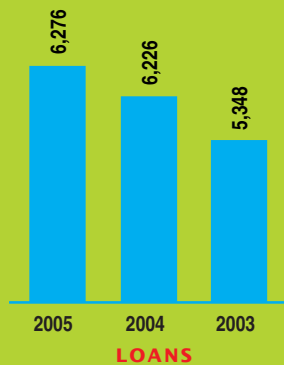
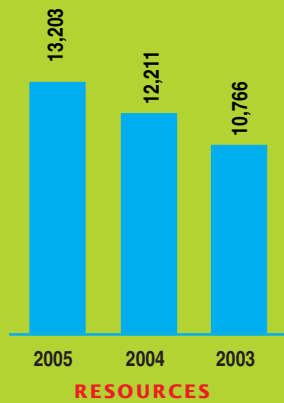
Financial Performance

We are pleased to present the financial highlights for fiscal year 2005.

- Net income was recorded at P75 million against last year's P72 million, a

respectable return given the volatile political and economic situation.

- Total resources expanded by 8% and exceeded the P13 billion mark.
- Loan portfolio marginally increased by less than a percent to P6.28 billion due to the sale of our non-performing loans to Special Purpose Vehicles. This, however, led to the sharp improvement in credit quality during the year that significantly enhanced the overall risk profile of the Bank. NPL ratio leveled at 8.23% compared to 9.35% a year ago.
- We continued to focus on refining our products, while expanding the ways we serve existing and prospective clients. New client relationships as well as efforts to serve existing clients with more innovative products and services resulted to an 11% increase in total deposits to P10.15 billion or an increment of P1 billion.
- Capital funds grew by 5% and stood at P1.68 billion, with capital adequacy ratio at 13.75%, which is above the regulatory minimum of 10%.



Strategic Alliance

The role of information technology is becoming more and more crucial as banks are relentlessly looking for ways to enhance their efficiency, productivity and competitiveness. During the year, we entered into a strategic partnership with Soluziona — one of the largest management and technology consulting firms in Spain, employing over 7,000 professionals in 27 countries — for the full outsourcing of the Bank's IT operations with the exception of information security.

IT outsourcing is a strategy used by many organizations around the world to transfer accountability of major, non-core functions over to "experienced and specialized IT service-providers" so that companies can better focus on their customers and core business activities. Through our strategic alliance with Soluziona, we expect to generate significant cost savings, drive customer satisfaction, and create competitive differentiation.

Sale of Non-Performing Assets

Last April 2005, we sold and transferred some P1 billion of non-performing assets to two Special

Purpose Vehicles (SPV), pursuant to Republic Act 9182. As a result, we were able to substantially reduce non-performing loans and consequently improve our NPL ratio. We believe that we have fully addressed our non-performing loans and have met our twin objectives of improving asset quality and removing the profit drag from loan loss provisioning.

Acquisition of First e-Bank Trust Business

To fast track the growth of our trust banking business, our strategy to quickly and efficiently acquire customers was, essentially, to purchase them from other institutions. Last year, we agreed to acquire the trust banking portfolio of First e-Bank. The deal, which will be completed in September 2005, also involved the transfer of the trust operations and marketing personnel of First e-Bank to Asiatruct Bank's Trust Banking Group. This move is expected to further strengthen our trust business and improve revenue streams.

Best Performing Bank

Asiatruct Bank was given recognition as the "Best Performing Bank" in terms of highest ATM availability by Megalink for the year 2004-2005. Against 22 other Megalink member banks, Asiatruct Bank

ranked No.1 with a 99.84% ATM availability rate, posting the shortest downtime averaging 2.3 minutes per day throughout the year. This distinguished award is an affirmation of our continuing commitment to deliver reliable customer service.

Key Business Strategies

Our goal is to be the country's premier financial institution for the small and medium enterprises. To this end, we will concentrate on five key strategies across all our business lines: (1) niche deeper in the small and medium enterprise market; (2) cultivate customer relationships; (3) build a winning platform for community banking; (4) deliver superior customer service; (5) develop a profit mindset.

Niche Deeper in the Small and Medium Enterprise Market

Our strategy of choice for SME banking is to carve out market niches by gaining as efficiently as possible, a sustainable competitive advantage through measures our competitors will find hard to follow. Our value proposition is to make it easier for small and medium enterprises to do business by crafting innovative and customized solutions that best suit their needs.

We have identified specific sectors and sub-sectors in high growth industries that we plan to aggressively pursue. We also intend to corner our natural market, composed of small and medium-sized businesses in the communities where we operate. Moreover, we aim to snowball from our existing clients by following the flow of money in the value chain. This strategy will allow us to know their suppliers and customers, as well as their cash flows, which will give us the opportunity not only to consolidate the banking business of our existing clients but also to capture the business of their suppliers and customers. We believe that our flexibility and experience will give us advantages in meeting their needs.

Cultivate Customer Relationships

The customer has always been and remains to be at the center of our universe. In all of our business lines, we are reorganizing our operations to establish an even greater emphasis on our customers, and a responsive sales and service culture within the Bank. We are developing an improved retail banking structure that centers on forming stronger, more intimate and profitable relationships with our customers. Teams of dedicated Relationship Managers will be tasked to provide entrepreneur-clients with value-added services and tailor-fitted solutions.

In 2006, expanding core banking relationships will be a high priority to generate more low-cost deposits and fee income. We are

mindful of our responsibility to our customers and our resolve to earn their trust. As we deliver our services, our commitment is to build customer goodwill and relationships. This emphasis on earning customer confidence and trust is integral to the spirit and character of Asiatruster Bank, and in which we place high value as we extend our network and our reputation into new communities and new markets.

Build a Winning Platform for Community Banking

Vital, healthy communities are essential to developing vital, healthy businesses. We are committed to helping build the communities in which we do business by mobilizing both financial and human resources to assist in their social and economic development.

Asiatruster Bank will focus on community involvement and personal service — serving the needs of individuals, families, and businesses, protecting savings and promoting growth within the community. Each community has its own peculiarities, and we are accustomed to these differences. Taking an active part in community activities will bring us ever closer to the communities we serve. This will enhance our visibility, help us stay current with local goings-on, and will give us an introduction to potential customers. We expect to draw most of our customer deposits and conduct most of our lending transactions from and within the Bank's primary service areas. Lending Centers

will be established in strategic branch locations and will concentrate on commercial loans to local small and medium businesses along with real estate and consumer loans. We believe that this strategy, encompassing the service aspects of community banking, will differentiate Asiatruster Bank from its competitors.

Deliver Superior Customer Service

Customer loyalty and trust are built over time. They often are associated with the quality of service that a customer receives. A satisfied customer is a customer that will stay. Higher customer retention translates to higher profitability. It costs less to serve repeat customers, and holding on to existing customers will not cost as much as attracting new ones. Besides, loyal customers are the most vocal in telling others about their service experience.

Because service excellence is directly linked to heightened customer satisfaction, increased customer retention, and augmented revenues and profits, we are redefining our service concept, upgrading our service standards, and improving our quality controls to assure our customers of consistent and high quality service across all our branches. We will reexamine our relationship with customers and use customer service as a strategic tool for increasing sales and reducing cost of sales, and for maintaining profitable relationships. All customer interfaces will be given attention as these contribute to the Bank's corporate

identity, affecting the way it is perceived and remembered by the customer. In steps large and small, we seek to make customer experience a better one. That is what we are building and this becomes part of our challenge for 2006 and beyond.

Develop a Profit Mindset

Our primary objective in each of our businesses is to achieve good returns. With this, we will take a more disciplined approach in assessing and pricing risk. We will also continue to provide products and services that are of superior quality and value to businesses and consumers alike at a reasonable return — thereby building franchise value, providing for shareholder appreciation and supporting local community needs.

We must, as we intend to, simulate more growth — not for the sake of growth alone — but to allow us to take maximum advantage of the unique franchise we hold in the SME market. We seek quality growth — one that is profitable and sustainable, and builds over time. Getting there requires an indefatigable focus on execution, unflinching management of

risk, a culture of discipline, and a good performance management system. To stay as competitive as possible, we will zero in on achieving cost effectiveness in operations, technology, distribution and marketing, while maintaining flexibility and responsiveness in serving our customers.

Tier II Capital

Asiatruster Bank is set to raise around P550 million in new capital through its Tier II capital offering. The proceeds will allow the Bank to significantly expand its business, greatly improve its earnings potential while maintaining our capital adequacy ratio above the minimum prescribed level. This capital raising activity will come at the heels of another major move of Asiatruster Bank to fortify its balance sheet. The Bank will soon undergo the required due diligence process by PhilRatings in order to establish the appropriate credit rating of its Tier II capital note issue. We are confident that, like the other recent Tier II capital offerings in the market, Asiatruster Bank's issue will garner a good rating.

Acknowledgement

During the year, our Board of Directors welcomed the addition of Ma. Cristina G. Munoz and Juan Victor S. Tanjuatco as independent Directors. Both bring energy and a wealth of banking experience. We now have five independent Directors, four of whom are bankers. We extend special appreciation for their service to two Directors who resigned from the Board in 2005: Raul A. Boncan, a Director since 1990, who was appointed as Member of the Monetary Board; and Gilda E. Pico, a Director since 1985, who assumed the position of President and CEO of the Land Bank of the Philippines. Both brought a unique combination of grace and wisdom to our deliberations.

We are moving forward with confidence and optimism. We have developed a customer-focused strategy for growth, and our success depends upon our ability to execute well, and pay attention to every asset, every branch, every employee, and every detail. We are therefore setting the highest expectations and standards for ourselves. Thank you for your continued support.



GLORIA M. GARCIA

Chairperson



DIONISIO C. ONG

President and Chief Executive Officer



Few institutions are as reflective of a community as the community bank simply because it uses sound deposit and lending practices to create economic prosperity directly in the areas the bank serves. We are pleased and proud to be recognized as true community bankers by so many of our loyal customers.

The rewards and satisfaction of our business come when we know that we've helped the communities we serve to better themselves in countless ways. Whether it's a Teller processing a customer

deposit, an Account Officer arranging a business loan, a Relationship Manager giving financial advice, or a Branch Manager taking part in community activities, the people of

Asiatrusted Bank are its real strength. “Always At Your Service” begins with our people. They’re the vehicle to our vision and the core of our culture. Every act of service is the result of the shared efforts and goodwill of many Asiatrusted Bankers. Their contributions illustrate the power of people making an extra effort, making their respective communities better places in which to work and live. Our people aren’t outside the community looking in. They’re in the community making it work for everyone. And we know that, through the people and businesses we’ve helped, communities are strengthened and more secure.

Each community has its own characteristics, and we are attuned to these differences. Our branches purposefully reach out to their communities by taking an active role in promoting their social and economic welfare. For example, during the Christmas season, our mall branches hold Counterfeit Detection seminars for retail establishments so they can learn through the guidance of professional experts on how best to detect bogus money. Or in areas where small and medium businesses are especially thriving, our branches conduct seminars to aid and educate the entrepreneur in financial planning and management.

Our branches are also immersed in various civic, church, and school projects and activities such as the annual traditional May pilgrimage in Antipolo and the Mooncake Festival in Binondo,

the promotion of savings awareness and environment protection, the sponsorship of educational scholarships, arts and sporting events, the donation of graduation medals and school billboards, and the like.

Asiatrusted Bank’s deep sense of community continues to bring us ever closer to the communities we serve. This community focus is a plus factor for Asiatrusted Bank as well as the community. It promotes visibility for Asiatrusted Bank and it helps us stay current with local activities. It also gives us an introduction to potential customers — from small businesses and families to community and business leaders.

The rewards and satisfaction of our business come when we know that we’ve helped the communities we serve to better themselves in countless ways.





“Always At Your Service” is all about passion and commitment to please each individual customer and develop healthy relationships that build customer loyalty and foster more business.

the ideals of “Always At Your Service” to come alive — responsiveness, reliability, responsibility, accountability — and the responses they produce, extremely positive. Second, we want to gain an accurate view of their needs and a precise understanding of how they can be met that we will help customers become financially successful and they, in turn, will reward us with more of their business. Customer trust and confidence are not earned overnight. It takes dedicated work in acquiring and maintaining an understanding of customers’

We’ve also known for many years that we’re not really in the money business. Money is a commodity. We’re in the service business. Service is not a commodity. It’s the value added. The quality of our service keeps customers coming back for more. We intend to distinguish ourselves from our competitors in two important ways. First, we want to put the customer at the center of everything we do.

When we deal with customers, we want

financial objectives, tailoring and packaging products to meet their needs, and delivering solutions in a timely and cost-effective manner. And when customers’ needs and expectations are met, they come back again and again. They also act as goodwill ambassadors, telling people how delighted they are with their service experience, and soon many of these people become Asiatrust Bank customers too.

“Always At Your Service” is all about passion and commitment to please each individual customer and develop healthy relationships that build customer loyalty and foster more business.



Statement of Management's Responsibility for Financial Statements

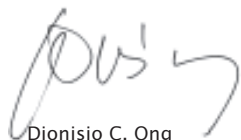
The Management of Asiatrust Development Bank Inc. is responsible for all information and representation contained in the financial statements as of June 30, 2005 and 2004 and for each of the three years of the period ended June 30, 2005. The financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines and reflect amounts that are based on the best estimates and informed judgment of Management with an appropriate consideration to materiality.

In this regard, Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transactions are properly authorized and recorded, assets are safeguarded against unauthorized use of disposition and liabilities are recognized.

The Management likewise discloses to the Bank's Audit Committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud than involves Management or other employees who exercise significant roles in internal controls.

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

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders have examined the financial statements of the Bank in accordance with auditing standards generally accepted in the Philippines and have expressed their opinion on the fairness of presentation upon completion of such audit in their report to the stockholders.



Dionisio C. Ong
Chief Executive Officer



Roland M. Garcia
Chief Operating Officer



Ernesto D. Manansala
Chief Finance Officer

Report of Independent Auditors

The Stockholders and the Board of Directors
Asiatrust Development Bank, Inc.
1424 Quezon Avenue, Quezon City

We have audited the accompanying statements of condition of Asiatrust Development Bank, Inc. as of June 30, 2005 and 2004, and the related statements of income, changes in capital funds and cash flows for each of the three years in the period ended June 30, 2005. These financial statements are the responsibility of the Bank'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.

As discussed in Note 5 to the financial statements, losses amounting to P= 860.2 million in 2005 and P= 129.3 million in 2004 arising from the sale of certain nonperforming assets (NPAs) of the Bank to special purpose vehicles (SPVs) were deferred over a ten-year period in accordance with regulatory accounting policies prescribed by the Bangko Sentral ng Pilipinas for banks and financial institutions availing of the provisions of Republic Act No. 9182, "The Special Purpose Vehicle Act of 2002." Accounting principles generally accepted in the Philippines require that these losses be charged to current operations and that the accounts of the SPV be consolidated into the Bank's accounts. The effects of these matters on the financial statements are discussed in Note 5 to the financial statements.

In our opinion, except for the effects on the 2005 and 2004 financial statements of the matters discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Asiatrust Development Bank, Inc. as of June 30, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2005 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

October 20, 2005

Statements of Condition

	2005	June 30 2004 (As restated - Note 2)
RESOURCES		
Cash and Other Cash Items (Note 10)	₱207,816,226	₱181,642,102
Due from Bangko Sentral ng Pilipinas (Note 10)	263,911,997	165,908,952
Due from Other Banks	386,546,051	153,984,587
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Note 3)	135,000,000	520,000,000
Trading Account Securities (Note 4)	335,421,180	59,728,298
Available-for-Sale Securities (Note 4)	39,957,018	220,501,043
Investments in Bonds and Other Debt Instruments - net (Note 4)	2,329,092,219	2,087,287,864
Loans - net (Notes 5 and 14)	6,276,479,707	6,225,747,009
Property and Equipment - net (Note 6)		
At appraised values	180,282,602	175,769,954
At cost	159,329,236	161,434,430
Real and Other Properties Owned or Acquired - net (Note 7)	859,958,358	1,018,410,336
Other Resources - net (Note 8)	2,028,754,252	1,240,378,114
	₱13,202,548,846	₱12,210,792,689
LIABILITIES AND CAPITAL FUNDS		
Liabilities		
Deposit liabilities (Notes 10 and 14)		
Demand	₱105,851,072	₱86,269,460
Savings	6,654,039,699	5,724,469,751
Time	3,389,914,663	3,334,453,644
	10,149,805,434	9,145,192,855
Interbank Loans Payable	-	150,000,000
Bills Payable (Note 11)	1,110,470,459	1,106,690,145
Accrued Expenses and Other Liabilities	264,396,217	211,905,667
	11,524,672,110	10,613,788,667
Capital Funds		
Common stock	1,040,132,250	1,040,132,250
Capital paid in excess of par value	143,018,392	143,018,392
Appraisal increment (Notes 6 and 13)	48,337,079	47,585,903
Surplus reserve (Notes 12 and 16)	22,288,966	20,292,227
Surplus (Notes 12 and 16)	424,089,664	353,459,490
Net unrealized gain (loss) on available-for-sale securities (Note 4)	10,385	(7,484,240)
	1,677,876,736	1,597,004,022
	₱13,202,548,846	₱12,210,792,689

See accompanying Notes to Financial Statements.

Statements of Income

	Years Ended June 30		
	2005	2004	2003
INTEREST INCOME ON			
Loans (Note 14)	₱ 737,609,802	₱ 645,478,038	₱ 632,034,964
Trading and investment securities	208,736,775	148,926,086	61,258,877
Due from other banks and interbank loans receivable	20,283,030	13,396,772	18,853,018
	966,629,607	807,800,896	712,146,859
INTEREST EXPENSE ON			
Deposit liabilities (Note 14)	481,148,136	379,871,957	308,783,158
Bills payable and other borrowings	98,511,560	74,425,996	80,029,562
	579,659,696	454,297,953	388,812,720
NET INTEREST INCOME	386,969,911	353,502,943	323,334,139
PROVISION FOR PROBABLE LOSSES (Note 9)	-	23,377,298	14,000,000
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	386,969,911	330,125,645	309,334,139
OTHER INCOME			
Service charges, fees and commissions	139,789,865	129,311,701	117,389,379
Trading and foreign exchange gain (loss) - net (Note 4)	(132,351)	41,427,808	86,754,654
Miscellaneous	7,195,689	12,802,211	8,833,505
	146,853,203	183,541,720	212,977,538
OTHER EXPENSES			
Compensation and employee benefits (Note 17)	163,229,754	170,899,526	164,052,803
Occupancy and equipment-related expenses (Note 19)	80,341,170	74,250,570	91,216,311
Advertising and publicity	46,856,964	30,644,567	58,589,455
Depreciation and amortization (Note 6)	40,738,296	44,879,179	57,281,464
Banking and supervision fees	22,005,159	18,782,029	13,027,880
Travel and transportation	21,934,782	19,823,008	19,897,827
Entertainment, amusement and recreation (Note 15)	20,780,594	19,817,915	19,259,021
Postage, telephone and cable	17,445,760	8,813,322	14,110,402
Management and other professional fees	16,150,396	11,476,472	18,419,357
Taxes and licenses (Note 15)	14,328,598	10,353,272	19,419,792
Litigation expenses	9,830,373	10,270,123	19,888,620
Miscellaneous (Note 8)	33,167,191	21,277,679	11,864,157
	486,809,037	441,287,662	507,027,089
INCOME BEFORE INCOME TAX	47,014,077	72,379,703	15,284,588
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)	(28,061,953)	100,794	(24,119,857)
NET INCOME	₱75,076,030	₱ 72,278,909	₱ 39,404,445
Earnings per Share (Note 20)	₱ 0.72	₱ 0.69	₱ 0.38

See accompanying Notes to Financial Statements.

Statements of Changes in Capital Funds

	Years Ended June 30		
	2005	2004	2003 (As restated - Note 2)
CAPITAL STOCK			
Common stock - ₱10 par value			
Authorized - 200,000,000 shares			
Issued - 104,013,225 shares (Note 20)	₱ 1,040,132,250	₱ 1,040,132,250	₱ 1,040,132,250
CAPITAL PAID IN EXCESS OF PAR VALUE	143,018,392	143,018,392	143,018,392
APPRAISAL INCREMENT (Notes 6 and 13)			
Balance at beginning of year, as previously stated	73,209,081	31,142,596	17,980,360
Effect of change in accounting for income taxes	(25,623,178)	(10,899,909)	(6,293,126)
Balance at beginning of year, as restated	47,585,903	20,242,687	11,687,234
Additions - net of deferred tax liability	2,061,301	28,060,862	9,273,100
Transfer of appraisal increment absorbed through depreciation - net of deferred income tax	(1,310,125)	(717,647)	(717,647)
Balance at end of year	48,337,079	47,585,902	20,242,687
SURPLUS RESERVES			
Balance at beginning of year	20,292,227	19,283,566	18,502,009
Transfer from surplus for:			
Self-insurance (Note 12)	500,000	500,000	500,000
Trust business (Note 16)	1,496,739	508,661	281,557
Balance at end of year	22,288,966	20,292,227	19,283,566
SURPLUS			
Balance at beginning of year	353,459,490	281,085,170	241,358,210
Net income	75,076,030	72,278,909	39,404,445
Transfer from appraisal increment (Note 6)	2,015,577	1,104,072	1,104,072
Transfer to surplus reserves for:			
Self-insurance (Note 12)	(500,000)	(500,000)	(500,000)
Trust business (Note 16)	(1,496,739)	(508,661)	(281,557)
Amortization of deferred loss on sale to SPV charged against surplus (Note 8)	(4,464,694)	-	-
Balance at end of year	424,089,664	353,459,490	281,085,170
NET UNREALIZED GAIN (LOSS) ON AVAILABLE FOR-SALE SECURITIES (Note 4)	10,385	(7,484,240)	270,744
	₱ 1,677,876,736	₱ 1,597,004,021	₱ 1,504,032,809

See accompanying Notes to Financial Statements.

Statements of Cash Flows

	Years Ended June 30		
	2005	2004	2003
			(as restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱ 47,014,077	₱ 72,379,703	₱ 15,284,588
Adjustments to reconcile income before income tax to net cash generated from (used in) operations:			
Depreciation and amortization (Note 6)	40,738,296	44,879,179	57,281,464
Amortization of software cost (Note 8)	10,402,715	11,060,117	13,881,825
Provision for probable losses (Note 9)	-	23,377,298	14,000,000
Loss (gain) on sale of real and other properties owned or acquired (ROPOA)	(3,294,568)	(378,505)	(6,065,177)
Loss (gain) on sale of property, plant and equipment	99,000	-	-
Unrealized gain in market value of trading account securities (Note 4)	4,888,195	(355,107)	(1,414,000)
Changes in operating resources and liabilities:			
Decrease (increase) in:			
Trading account securities	(280,581,077)	(31,251,226)	35,424,093
Loans	(673,922,116)	(1,074,680,178)	252,660,488
Other resources	19,109,443	(99,142,047)	(322,621,982)
Increase (decrease) in:			
Deposit liabilities	1,004,612,579	1,072,719,276	1,088,775,782
Accrued expenses and other liabilities	50,266,149	(80,247,750)	130,053,499
Net cash generated from (used in) operations	219,332,693	(61,639,240)	1,277,260,580
Income taxes paid	(22,031,598)	(17,973,535)	(3,834,545)
Net cash provided by (used in) operating activities	(113,558,704)	(79,612,775)	1,273,426,035
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of ROPOA	33,347,255	74,828,245	168,987,293
Additions to property and equipment	(46,628,207)	(47,230,316)	(73,212,758)
Proceeds from disposal of property and equipment	3,383,457	3,139,947	-
Decrease (increase) in:			
Available-for-sale securities	173,049,400	(194,974,343)	517,521,578
Investments in bonds and other debt instruments	(242,494,681)	(1,275,609,517)	(663,344,345)
Net cash used in investing activities	(79,342,776)	(1,439,845,984)	(50,048,232)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in:			
Interbank loans payable	(150,000,000)	(50,000,000)	(91,082,000)
Bills payable	3,780,314	432,256,281	(463,007,949)
Net cash provided by (used in) financing activities	(146,219,686)	382,256,281	(554,089,949)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,261,367)	(1,137,202,478)	669,287,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items	₱ 181,642,102	₱ 219,590,663	₱ 219,690,052
Due from Bangko Sentral ng Pilipinas	165,908,952	317,810,164	171,034,823
Due from other banks	153,984,587	283,034,301	212,371,190
Interbank loans receivable and securities purchased under agreements to resell	520,000,000	1,338,302,991	886,354,200
	1,021,535,641	2,158,738,119	1,489,450,265
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items	207,816,226	181,642,102	219,590,663
Due from Bangko Sentral ng Pilipinas	263,911,997	165,908,952	317,810,164
Due from other banks	386,546,051	153,984,587	283,034,301
Interbank loans receivable and securities purchased under agreements to resell	135,000,000	520,000,000	1,338,302,991
	₱ 993,274,274	₱ 1,021,535,641	₱ 2,158,738,119

See accompanying Notes to Financial Statements.



GLORIA M. GARCIA
Chairperson
Chairperson, Trust Committee



DIONISIO C. ONG
Chairman, Executive Committee
Member, Trust Committee



ROLAND M. GARCIA
Chairman, Corporate Governance Committee
Member, Executive Committee
Member, Risk Management Committee



JOSE F. UNSON
Independent Director
Chairman, Audit Committee



AURORA R. ARNAEZ
Independent Director
Member, Corporate Governance Committee



ENRIQUE M. HERBOSA, SR.
Member, Executive Committee
Member, Trust Committee

board of directors



MA. CRISTINA G. MUNOZ
Independent Director
Member, Risk Management Committee
Member, Audit Committee



JUAN VICTOR S. TANJUATCO
Independent Director
Chairman, Risk Management Committee
Member, Executive Committee



FE T. PALILEO
Member, Trust Committee



PEDRO V. LUCERO
Independent Director
Member, Executive Committee
Member, Audit Committee
Member, Corporate Governance Committee



MARIANITA O. MENDOZA



AKIRA TSUSAKA
Board Adviser



ATTY. EDWIN C. YAN
Corporate Secretary

executive officers

(from left to right)

ROLAND M. GARCIA

Executive Vice President &
Chief Operating Officer

GLORIA M. GARCIA

Chairperson

DIONISIO C. ONG

President & Chief Executive Officer



EDUARDO B. CHAVES

FVP, Trust Banking Sector

MA. RODORA E. BANARES

SVP, Retail Banking Sector

ERNESTO D. MANANSALA

SVP, Finance & Controllership Group &
Chief Finance Officer

JOSEPH C. CHUA

SVP, Business Development Sector

JOSELITO T. SANTOS

VP, Acquired Assets & Administration Group

FELIPE M. BAYNO, JR.

VP, Human Resources Management Group

KEN ARTHUR J. TIAMBENG

VP, Information Systems Group

ALBERTO P. MAGLAQUE

FVP, Internal Audit Group and Chief
Compliance Officer



PETER BLAIR S. AGUSTIN

SAVP, Asset Recovery Sector

FELIZARDO M. MANGUBAT

VP, Business Development Group

JOSELITO B. ESPIRITU

VP, Account Management Sector

CLAUDINE B. PARADA

VP, Treasury Sector

total banking services

DEPOSITS AND INVESTMENTS

- Easy Manager
- Regular Current Account
- Passbook Savings Account
- Premium Savings Account
- Multi-Profit Special Savings Account
- Kayamanan Savings Account
- Regular ATM Account
- Premium ATM Account
- Easy Time Deposit
- Dollar Savings Deposit
- Dollar Time Deposit
- Commercial Papers
- Treasury Bills
- Fixed Rate Treasury Notes
- Retail Treasury Bonds
- US Dollar Denominated Bonds
- Repurchase Agreements
- Promissory Notes

CASH MANAGEMENT SOLUTIONS

- Easy CheckWriter
- Easy Payroll
- Cash and Check Deposit Pick-Up
- Post-Dated Check Warehousing
- Corporate Check-Cutting
- HMO Collection Manager
- Bills Payment
- Auto-Sweep Facility
- e-Statement

SME LOANS

- Industrial Loan
- Agricultural Loan
- Quedan Loan
- Guarantee Programs
- Real Estate Development Loan
- Construction Loan
- Contract-to-Sell Financing
- Project Finance
- Micro-Finance
- Omnibus Credit Line
- Revolving Credit Line
- Check Discounting
- Inventory Financing
- Fleet & Floor Stock Financing
- Equipment Financing
- Foreign Letter of Credit
- Domestic Letter of Credit
- Stand-By Letter of Credit
- Trust Receipts Loan
- Export Packing Credit
- Export Bills Purchase
- Domestic Bills Purchase
- Bridge Financing
- Back-to-Back Loan

CONSUMER FINANCE

- Home Loan
- SSS Direct Lending
- Pag-Ibig Housing Loan
- Vehicle Loan
- Moneyline – Personal Line of Credit
- VISA Credit Card
- Salary Loan

INVESTMENT BANKING & ADVISORY

- Loan Syndication
- Loan Arrangement
- Financial Advisory
- Management Consultancy
- Debt Underwriting
- SME Help Desk

TRUST SERVICES

- Investment Management
- Unit Investment Trust Fund
- Retirement Benefit Plan
- Employee Benefit Plan
- Personal Living Trust
- Administratorship
- Custodianship
- Escrow
- Pre-Need Fund Trusteeship
- Mortgage Trust

AUXILIARY SERVICES

- Foreign Exchange Dealership
- Telegraphic Transfer
- Phone Banking
- SMART Mobile Banking
- SSS / Philhealth Remittance
- Traveller's Check
- Manager's Check
- Gift Check
- Customized Check
- Safety Deposit Box
- Night Depository Box
- Western Union Money Transfer
- Uniteller Money Transfer

branch directory

Main Office Branch

1424 Quezon Avenue
Quezon City
Tel. Nos.: 924-5625; 924-5620
Telefax: 924-5630

Antipolo Branch*

M.L. Quezon Street
Antipolo City
Tel. Nos.: 696-5403; 696-5404
Telefax: 696-5402

Ayala Branch

G/F, Unit 1D, Multinational
Bancorporation Center
6805 Ayala Avenue, Makati City
Tel. Nos.: 885-7030; 885-7036
Telefax: 885-7039

Bacoor Branch

286 Rotonda Highway
Panapaan, Bacoor, Cavite
Tel. Nos.: (046) 970-0249
Telefax: (046) 970-0254

Banawe Branch

740 A&B Andres So Bldg.
Banawe St., SFD, Quezon City
Tel. Nos.: 416-1744
Telefax: 416-1294

Binondo Branch*

401 Juan Luna Street
cor. San Fernando Street
Binondo, Manila
Tel. Nos.: 231-2024; 231-2150
Telefax: 231-2010

Camarin Branch*

Beside Residenza Homes,
in front of Villa
Magdalena III, Camarin Road
Caloocan City
Tel. Nos.: 961-4551
Telefax: 961-4550

Cubao Branch

G/F Western Marketing Bldg.
179 P. Tuazon Blvd. cor. 8th Ave.
Cubao, Quezon City
Tel. Nos.: 995-8681
Telefax: 995-8682

Del Monte Branch

564 Del Monte Avenue
cor. Araneta Avenue, Quezon City
Tel. Nos.: 741-9504; 741-9503
Telefax: 741-9502

Ermita Branch

G/F E. Antonino Building,
T.M. Kalaw St.
cor. J. Bocobo St., Ermita, Manila
Tel. Nos.: 522-0387; 522-0376
Telefax: 522-0223

Ever-Commonwealth Branch**

2nd/F, Ever Gotesco Mall
Commonwealth Avenue, Quezon City
Tel. Nos.: 951-2739; 431-4377
Telefax: 951-2737

Herrera Branch

G/F Cristina Condominium, Herrera St.
cor. Sotto St., Legaspi Village,
Makati City
Tel. Nos.: 830-2057; 830-2059
Telefax: 830-2061

J. Abad Santos Branch

Unit D, Dynasty Tower
J. Abad Santos Avenue
cor. Bambang, Manila
Tel. Nos.: 253-8338
Tel Fax: 253-8322

Kalookan Branch

G/F, Howard Towers,
6th St. cor. Rizal Avenue Ext.
Caloocan City
Tel. Nos.: 359-6065
Telefax: 359-6039

Masinag Branch*

Kingsville Arcade
Marcos Highway
Mayamot, Antipolo City
Tel. Nos.: 646-5821; 646-5292
Telefax: 646-3538

Muntinlupa Branch

Lower G/F, Unit 2 Richville Corporate
Tower, Alabang- Zapote Road
Madrigal Business Park,
Muntinlupa City
Tel. Nos.: 842-4205; 842-4220
Telefax: 842-4220

Meycauayan Branch

Along Malhacan Road
Barangay Malhacan
Meycauayan, Bulacan
Tel. Nos.: (044) 935-2291; 840-4449
Telefax: 924-5612

N. Domingo Branch

G/F Quadrillion Mansion
N. Domingo Street
cor. M. Paterno Street, San Juan
Tel. Nos.: 725-7508
Telefax: 726-4312

New Manila Branch

1052 E. Rodriguez, Sr. Avenue
Quezon City
Tel. Nos.: 724-6455
Telefax: 724-3968

Novaliches Branch*

R & J Building, Sauyo Road
Novaliches, Quezon City
Tel. Nos.: 938-0141
Telefax: 419-2795

Ortigas Branch

Unit 3A Emerald Mansion
Garnet Road, Ortigas Center
Pasig City
Tel. Nos.: 636-6336; 636-6340
Telefax: 636-6398

Pasay Branch

2303 Taft Avenue
Pasay City
Tel. Nos.: 551-2822
Telefax: 833-1096

Roosevelt Branch*

Leyba Bldg., No. 349 Roosevelt Ave.
Quezon City
Tel. Nos.: 374-9930; 376-2032
Telefax: 376-2031

San Juan Branch

450 P. Guevarra St. cor. Wilson St.
San Juan
Tel. Nos.: 705-0107; 705-0104
Telefax: 705-0106

San Pedro Branch

Quezon Corner Mabini St.
Brgy San Antonio, San Pedro Laguna
Telefax: 868-0897; 868-0897

Santiago, Isabela Branch

New Public Market
Maharlika Highway, Santiago City
Tel. Nos.: (078) 682-8433; 682-8255
Telefax: (078) 682-3803

Tutuban Center Mall Branch**

PNR Tutuban Station
Tutuban Center Mall
C.M. Recto, Tondo, Manila
Tel. Nos.: 230-4041; 230-4039
Telefax: 230-4035

Valenzuela Branch

255 McArthur Highway, Karuhatan
Valenzuela City
Tel. Nos.: 292-5887
Telefax: 292-5888

* *Saturday Banking*

** *Saturday & Sunday Banking*

longest banking hours: 8:30 am to 6:30 pm



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Quezon City, Metro Manila

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