Annual Report 2005

Equitable PCI BANK

Your Bank of Choice

Rising to Dominance

About the Cover

Equitable PCI Bank fulfilled its vision of rising to dominance as shown by its outstanding performance in 2005. It has proven to be the "Bank of Choice" for an ever growing number of clients. The Bank shows the way to a brighter future, like the sun emerging in the horizon, with its remarkable growth that clearly indicates substantial progress over the years, placing it as one of the country's most dependable and reputable financial institutions.

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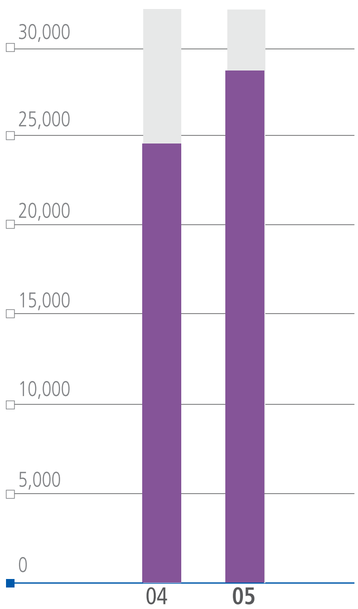
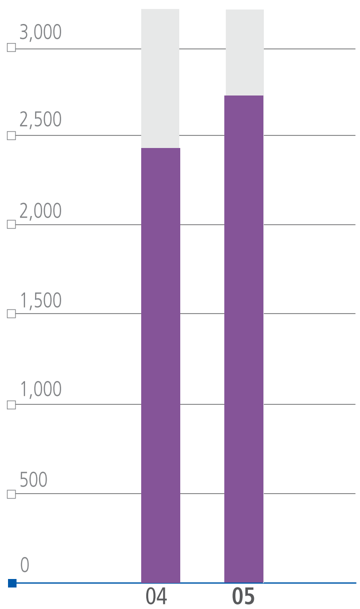
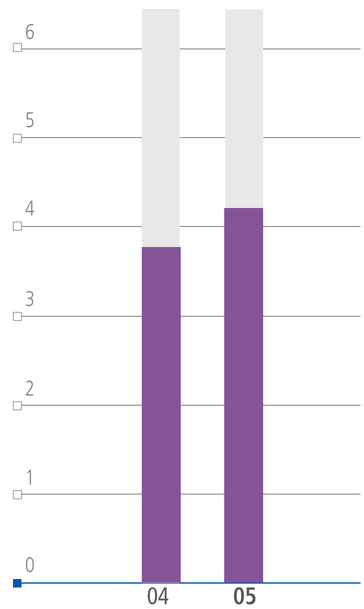
FOR THE YEAR (in million pesos, except earnings per share)



TOTAL REVENUE

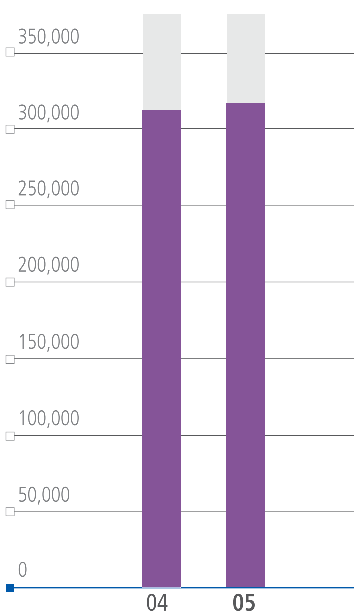


NET INCOME

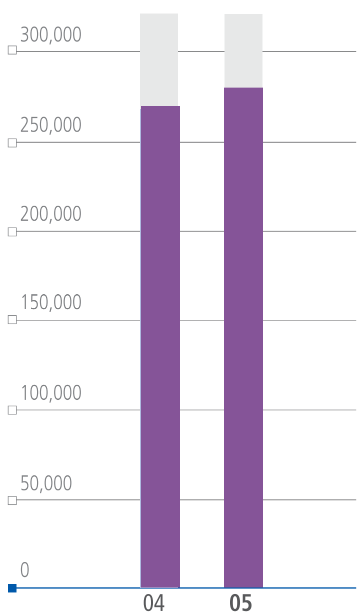


EARNINGS PER SHARE

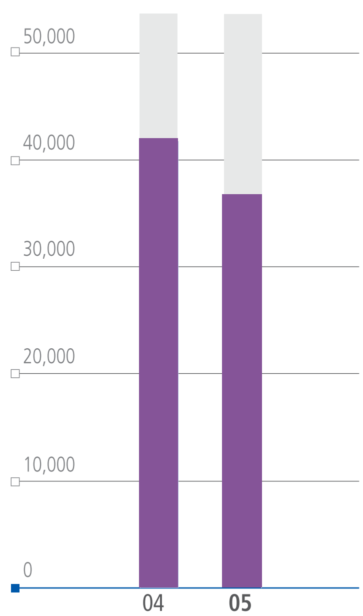
AT YEAR-END (in million pesos)



TOTAL RESOURCES



TOTAL LIABILITIES



CAPITAL FUNDS

Corazon S. de la Paz
Chairperson

Teresita Sy-Coson
Chairperson of the Executive Committee

Rene J. Buenaventura
President & Chief Executive Officer

To Our Stockholders

Focus was critical in a year when political and economic difficulties continually tested our country's strength and resilience. Tension in the national scene, made no easier by rising oil prices and inflation, tugged at our confidence at nearly every turn. Through all these and our own challenges, however, Equitable PCI Bank drew once again on its inherent fortitude and directed unshakeable focus toward its vision of attaining dominance in the industry as The Bank of Choice.

Rising to strategic targets

Our clear-minded and determined execution of our corporate strategies to pursue higher-margin middle market and consumer accounts, build up the low-cost deposit base, improve asset quality and boost non-interest income produced tangible results. We posted a net income of P2.7 Billion in 2005, or 12% higher than the previous year's net income of P2.4 Billion.

Total interest income increased by 14% to P19 Billion, driven by larger earning assets and a better portfolio mix. In support of our strategies, our teams in the various business units capitalized on the key areas where the Bank has established a strong franchise. Foremost of these areas is commercial / middle-market lending, in which the Bank's expertise has spurred a steady growth in our portfolio size and breadth. Our new accounts increased by 15%, with our commercial banking team sustaining this uptrend over the past four years. Commercial loans now account for more than 46% of our total loans and receivables portfolio of P142.4 Billion.

Similarly, the Bank's vast branch network has given a vigorous push to our consumer lending business. Accounts referred by our branches constitute 70% of consumer loans. For their part, the consumer finance team has kept pace with the boom in the auto and property markets, unleashing aggressive product development and promotion efforts to propel loan bookings 34% higher than the previous year.

Interest expenses rose at a slower pace of 9% to P8.4 Billion, given resolute efforts to manage the Bank's funding cost structure. Total deposits increased 7% to P206.7 Billion, spurred mainly by the growth of low-cost demand and savings deposits. Notably, our branches have played a pivotal role in aggressively increasing low-cost deposits and in actively cross-selling other Bank products and services. Transforming them into customer-segmented and therefore highly focused sales forces was a growth strategy we painstakingly executed over three years, to dramatic results.

As we trained and deployed our teams of Elite, Personal, and Transaction Bankers in the branches, we saw our deposit portfolio showing double-digit growth and our retail customer base being strengthened. To further sharpen our competitive edge, we are continuing to provide the necessary training and technological support. With a much stronger customer information database behind our sales and marketing teams, we aim to further boost low-cost deposits and generate incremental revenues while also raising the bar on the customer experience in sales and service interactions with our bankers.

Following through on earlier initiatives to improve asset quality, we continued to enhance our credit processes and beef up collection. The Bank also sold another P5.3 Billion worth of non-performing assets (NPA) in September 2005, on top of the P10.5 Billion NPAs disposed in December 2004 to asset management companies. The results are striking. Non-performing loans (NPL) ratio significantly declined from 7.01% to 4.50%, a level substantially less than the industry NPL average of 8.51% as of December 2005.

With a better asset and liability mix and healthier loan portfolio quality, net interest income surged 19% to reach P10.6 Billion while net interest margin widened to 4.35% from 4.21%. The robust performance in the interest differential business was complemented by the buoyant 23% surge in total non-interest income to P9.6 Billion.

The Bank earned P4.9 Billion in service charges, fees and commissions, up 12%, as a result of targeted programs to build up fee-based income sources in remittance, trust banking, bancassurance, credit cards and branch transactions. The Bank's strategy also draws further on our solid presence in the corporate market, where we have shifted specifically towards cash management products and other fee-based income sources.

Overseas, the Bank's dominance in the Overseas Filipino Workers (OFW) remittance market has been further validated, with sterling records set once again in foreign exchange inflows and in transaction volume. Our Remittance Division had a banner year, as more and more overseas Filipino workers entrusted their remittance transactions to the Bank and our volume reached an industry-leading growth rate of 18%.

In the trust banking arena, our Unit Investment Trust Funds have reaped tremendous public acceptance, boosting total volume to a remarkable 140% beyond target and delivering above-market returns. Moreover, key accounts grew by 18% and the Bank served as collateral trustee for vital business ventures across the country. Recognizing its top tier performance, the Bank's Trust Banking group was cited as "Best Fund Manager" in the Watson Wyatt Survey of Trusteed Funds Managed with Full Discretion.

We also generated over P1 Billion in premiums through our insurance channel, PELAC, enabling it to be among the top 10 out of 39 life insurance companies nationwide. In 2005, it ranked fifth in terms of First-Year Premiums and third in terms of Single Premiums – a superb leap from its 27th position in 2004. This accomplishment is attributable to the synergies developed by branch network personnel and their PELAC Financial Sales Executives counterpart.

Rising to market opportunities

Augmenting its fee-based income, the Bank also posted significant Treasury-related trading gains and foreign exchange profits, which reached P1.1 Billion and P670 Million, respectively, as the Bank correctly, anticipated opportunities where market conditions turned favorably.

Beyond the peak of financial results recorded for the year, the light of recognition that shone on the Bank's support to development efforts has been as bright. We garnered four awards from various institutions, all commending our solid contribution to the growth of SMEs and countryside industries.

These awards came from: the Land Bank of the Philippines, which named the Bank the Most Outstanding Countryside Partner for the third year in a row under the Commercial Banks/Government Financial Institutions Category and under the Agri-Agra Financing Category; from the Development Bank of the Philippines, which cited the Bank as the Most Outstanding Financial Institution under the Japan Bank for International Cooperation Facilities for large-scale and shipping industries; and from the Small Business Guarantee and Finance Corporation, which honored the Bank as the Most Distinguished Partner under the Omnibus Credit Program for SMEs.

Rising to marks of distinction

The Bank also reaped various recognitions for its continuing exemplary performance. The Asset named Equitable PCI Bank as "The Best Domestic Bank in the Philippines" for the second year in a row. The Asset is a highly respected regional finance publication that confers the Triple A Country Awards, an annual citation for performance excellence in the financial services industry. Moreover, in the Reader's Digest Asia Trusted Brands Survey, the Bank again garnered the "Trusted Gold Brand" for 2006. The survey identified the brands that appealed the most to affluent Asian consumers, reaffirming our Bank as the consumers' choice in our industry.

The marketplace likewise honored the Bank for its exceptional results with a sustained uptrend in the share price, which reached P59 by year-end. This represents a year-on-year gain of 23% as against the PSE index's 15% hike as of December 2005.

These achievements now form part of the proud foundation of the Bank, which serves as a constant challenge for our people to always excel and dominate in our various areas of operation. Looking ahead, we see even brighter prospects and dynamic synergies. We will concentrate on fortifying our capital position, mindful of the fact that a stronger balance sheet built firmly on the solid franchise in our target business segments shall position the Bank for even faster and healthier growth ahead.

We have every confidence that our organization shall only grow further in might and reach as we put these strengths to bear on the paths we shall take in the future. To our shareholders, officers, and employees, thank you for your stalwart support in our efforts to be The Bank of Choice.

CORAZON S. DE LA PAZ
Chairperson

TERESITA SY-COSON
Chairperson of the Executive Committee

RENE J. BUENAVENTURA
President and Chief Executive Officer

Your Choice. Our Commitment.

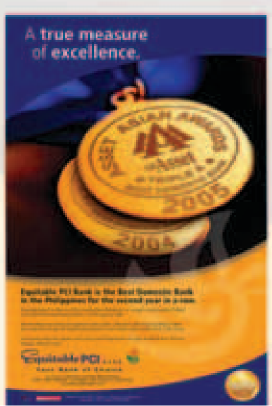
EPCIB Sells Additional ₱2.2B Idle Assets to Lehman Brothers
The Bank has signed a second agreement with Lehman Brothers for the sale of ₱2.16 Billion of non-performing assets, adding to an earlier sale of P8.32 Billion and completing its plan to unload ₱10.5 Billion worth of idle assets to the global investment bank.

EPCIBank Among Five Best Dealers of Government Securities
The Bureau of the Treasury has cited Equitable PCI Bank among the five best out of 40 Government Securities Eligible Dealers (GSEDs) for 2004 for its exemplary performance in the primary market for all government securities. The Bank was named Best Performing GSED in 2000 and consistently ranks among the top best dealers since then.

Bank Posts Record Profit in 2004
The Bank's unaudited full year 2004 income rose to 55% year-on-year to ₱1.8 Billion, its highest in six years due to larger interest and fee based income. Fee based income was driven by the increased services charges and asset management fees.

Equitable PCI Bank is The Asset's Best Domestic Bank
The Asset, a regional finance magazine, cited the Bank as the 2004 Best Domestic Bank for excellence in its management and operation of its banking franchise.

Equitable Card Network and JCB Launch "EasyPay" Credit Card
A card that offers a flexible "four gives" payment had been launched by Equitable Card Network and JCB through "EasyPay" JCB credit card. This card targets the mass market ranging from blue collar workers to mid-level executive.



Equitable PCI Bank and Euromoney Host the Philippine Investment Conference
Equitable PCI Bank co-hosted with Euromoney, an international finance leading publication, the Philippine Investment Conference, a forum for local and international stakeholders to discuss and debate investment issues in the country.

EPCIBank Profit Doubles in 1Q '05
Equitable PCI Bank's net profit for the first quarter of 2005 more than doubled to ₱567 Million compared to the ₱270 Million income posted in the first quarter of 2004. Continuing to drive bottom line growth were increased interest and fee-based income.

EPCIBank Group Unloads ₱5.3B more in Idle Assets
The Bank, together with its subsidiary, Equitable Savings Bank, closed deals to unload ₱5.3 Billion in non-performing assets (NPA) to a special purpose vehicle (SPV) controlled by Bayerische Hypo-und Vereinsbank AG, Germany's second largest private commercial bank.

EPCIBank Equity Fund Outstrips Industry as the Best Performing Fund
The Equity Portfolio Fund, an equity common trust fund managed by Equitable PCI Bank, has set the performance yardstick for local institutional stock investors. It outstripped the Phisix and rival funds in 2004 and continues to pace the benchmark as published records indicate.

Equitable PCI Bank is Reader's Digest SuperBrands 2005 Gold Award Winner
Equitable PCI Bank was named a Gold SuperBrand winner in the Reader's Digest SuperBrands 2005 survey. The Bank performed outstandingly based on both quantitative and qualitative results. With the Bank's pre-eminent performance in the Reader's Digest SuperBrands Survey 2005, Equitable PCI Bank now carries the SuperBrand logo of Quality, Trust, Confidence and Strong Reputation.

EPCIB is DBP's Most Outstanding Participating Financial Institution
EPCIBank was awarded by the Development Bank of the Philippines (DBP) as the Most Outstanding Participating Financial Institution for 2004. DBP commended the Bank for its achievement in energizing the growth of industries and its contribution towards fast-tracking development initiatives in the country.

Equitable PCI Bank is LBP's Most Outstanding Countryside Partner for Three Consecutive Years
Under the Commercial Banks / Government Financial Institutions category, Land Bank of the Philippines (LBP) named Equitable PCI Bank as the Most Outstanding Countryside Partner for three consecutive years. Through the active use of the Countryside Loan Fund and Agricultural Loan Fund programs, LBP cited the Bank for its invaluable contribution to countryside development.

EPCIBank Annual Report is 2005 Gold Quill Award Merit Winner
Equitable PCI Bank's 2003 Annual Report is 2005 Gold Quill Award Merit Winner by the International Association of Business Communicators (IABC). It emerged outstanding in the Communications Skills Category / Division 13-Publications. It also received a citation by CommDesign Center during the Communications Design Competition. Indeed, EPCIBank bears to be Your Bank of Choice.

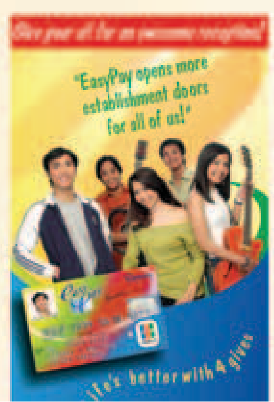
Equitable PCI Bank Reinforces its Commitment to Corporate Social Responsibility
Equitable PCI Bank's President & CEO and other top executives welcomed participants in a special forum entitled "The Art of Raising Funds, The Science of Making It Grow" held last year at the Cebu City Marriott Hotel. This is the Bank's fundamental tool to reinforce its commitment to corporate social responsibility.

Cash in a Flash E-Pay Launched
Equitable Card Network launched another credit card, dubbed "Cash in a Flash E-Pay," that gives clients quick, convenient and easy access to needed cash.

Big Wins in Asset Management
EPCIBank topped the 2004 performance survey conducted by global consulting firm Watson Wyatt. The Bank ranked No.1 among fund managers handling at least five funds with full discretion and was shown to have provided the best returns to retirement funds.

EPCIBank is PhilHealth's Best Accredited Bank
Equitable PCI Bank was named Best Accredited Bank under Large Bank Category by The Philippine Health Insurance Corporation (PhilHealth) for the Bank's outstanding collection performance in 2003 and 2004.

FASTeller Card Opens a Whole New World
FASTeller card has further emerged as a leader in ATM cards as it brings a whole new world of banking to cardholders. Beyond the usual transactions with the ATM card, FASTeller card also opens up a world of cashless shopping, dining and more with its tie-up with Visa Electron,



the internationally recognized name in debit payment, allowing cash purchases from over 20,000 local merchants, and in over 12 Million VISA-affiliated establishments worldwide.

EPCIBank 1H '05 Income Surges 67%
Equitable PCI Bank posted a net profit of ₱1.14 Billion in the first half of 2005, 67% higher than the ₱682 Million income recorded in the first half of last year. This is attributed to a bigger earning assets base, controlled funding costs and larger non-interest income.

Equitable PCI Bank Bags SBGFC's Top Award
Equitable PCI Bank was awarded by Small Business Guarantee and Finance Corporation (SBGFC) as the 2005 Most Distinguished Partner under its Omnibus Credit Program for SMEs during the opening ceremony of the Small and Medium Enterprise Development Week.

EPCIBank Off to Strong Start with Market-beating Funds
Equitable PCI Bank's Unit Investment Trust Funds (UITF) outstripped benchmark rates, marking an auspicious start for the country's third largest bank as it makes the mandated shift to selling UITFs.

PCI Leasing & Finance posts higher assets, revenues
PCI Leasing & Finance, Inc. achieved solid growth in its business operations and strengthened its leadership and market share in the industry. The creditable performance is the result of expanded marketing efforts for quality products and unstinting efforts to improve the quality of assets and the efficiency of operations.

Consumer Finance Surpasses ₱10-B mark
Consumer Finance Division (CFD) has surpassed the ₱10 Billion mark in its loan portfolio in April 2005 and continues to demonstrate exceptional performance in its products and services. CFD: "One Mind, One Heart, One Goal…20B Here We Come" is the new sales rally slogan to set the mode to a more interesting year ahead.

Equitable PCI Bank's Express Padala Sustains Growth in Remittances, Widens Inroads in US
Equitable PCI Bank's Express Padala continues to post solid gains in the money remittance business, registering a 23% increase in pure OFW remittances in the first half of 2005. Volume gains in six months include 37% increase in the US, 49% in Asia and 26% in the Middle East. Express Padala network keeps expanding to serve rising numbers of overseas Filipinos.

Equitable PCI Bank Sponsors Forum for Capital Market Development
Equitable PCI Bank, a key player in the financial markets, gave a boost to capital market development, helping gather top bankers, financial executives from leading corporations, and high ranking government officials and regulators to brainstorm on ways to hasten growth of the country's fledgling long-term corporate debt and equity markets.

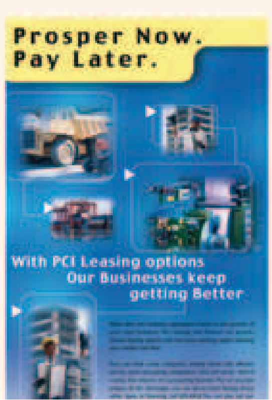
Top Credit Rating for ₱1B PCI Leasing Notes
PCI Leasing & Finance, Inc. has received a PRS 1 credit rating for its proposed ₱1 Billion short-term commercial paper, maintaining its record as a top credit rated leasing firm and the largest STCP issuer in the leasing and finance industry.

NFA Inks Credit Facility with Equitable PCI Bank
The National Food Authority (NFA) inked a ₱4 Billion Omnibus Credit Facility and Security Agreement with Equitable PCI Bank as part of an ₱8 Billion Issue where other participating lenders include Philippine National Bank, Development Bank of the Philippines and the Philippine Veterans Bank. The mandated Arranger and Trustee for this Issue was the Land Bank of the Philippines while ONL Consultants, Inc. acted as Financial Adviser. Proceeds will help the NFA further perform its mandate to provide adequate grains supply and ensure stable prices for both the consuming public and the farmers.

Bank turns 55: Celebrating 55 Years of Continued Excellence in Banking
Equitable PCI Bank celebrates its 55 years of continued excellence in banking. The third largest bank, in terms of assets, emerges even stronger in the ensuing ownership and boardroom changes, and is on track to sustain its growth targets.

Equitable PCI Bank wins again in The Asset Triple A Country Awards
Equitable PCI Bank has been named "The Best Domestic Bank in the Philippines for 2005" in The Asset Triple A Country Awards. This is the second year in a row that Equitable PCI Bank has won this most coveted domestic banking award for the Philippines and is a testament to the substantial progress the Bank has achieved during the past 12 months to September 2005.

EPCIB Posts 47% Growth in 9M '05
Equitable PCI Bank's unaudited net income for the nine-month period ending September 2005 grew to ₱1.77 Billion, up



47% from the ₱1.2 Billion net profit earned in the comparable period in 2004. Continuing to drive bottom line growth was the Bank's move to expand earning assets, manage funding costs and boost interest income.

EPCIBank Among Best Dealers of Government Securities
Equitable PCI Bank has been cited by the Bureau of the Treasury as the 2nd Best Performing Government Securities Eligible Dealers (GSED) in the Secondary Markets for the period October 2004 to September 2005, and one of the top ten Best Performing Government Securities Eligible Dealers both in the Primary and Secondary Markets for the same period.

PCI Leasing gets SEC approval for ₱1 Billion STCP License
The Securities and Exchange Commission approved the ₱1 Billion short-term commercial paper (STCP) license application of PCI Leasing and Finance, Inc.

Equitable PCI Bank UITF Volume Continues to Grow
Equitable PCI Bank's Unit Investment Trust Funds (UITF) are among the fastest- growing investment outlets in the market today. In terms of performance, EPCIB UITF products are producing superior returns, giving outstanding marks for the country's third largest bank in its shift to the selling of UITFs.

PELAC Total Premiums Surpass ₱1B Mark
The Philam Equitable Life Assurance Company (PELAC) has surpassed its ₱1 Billion mark hitting total premiums of ₱10.26 Billion end November or end fiscal year 2005. PELAC focuses on the sale of life insurance to the vast customer base of Equitable PCI Bank through the Bank's over 400 branches nationwide.

Review of Operations

Retail Banking harnessed an increasingly sales and service-oriented, customer-centric organization to drive its growth.

In a highly competitive industry with many formidable players, rising to dominance may seem a lofty, even unattainable target. For Equitable PCI Bank, however, this target was as real and tangible as the measures and strategies that the Bank employed in pursuit of it. The various divisions and subsidiaries, with collective commitment and purpose, marshaled their resources towards raising the Bank to dominance in their respective fields. The results are clear in their performance reports covering a remarkable year.

RETAIL BANKING GROUP

Following through on successful initiatives in major markets in the domestic retail financial services industry, Retail Banking harnessed an increasingly sales and service-oriented, customer-centric organization to drive its growth.

Successful internal sales promotion campaigns built up the low-cost deposit volume, as the Products Division launched the "CASA Bonanza," "Huling Hirit," and "Pabuenas sa CASA." As of December 2005, low-cost deposits achieved a year-to-date average daily balance growth of 10% from the year-ago level. Similarly, other Retail Banking products registered significant improvements over their full-year 2005 levels. Equitable Savings Bank's SureSaver Plus led with a 42% growth, followed by various Peso High-Cost on-books products of Equitable PCI Bank such as Optimum, HighSaver, Time Deposit, MoneyMax, and MoneyMax Plus, which collectively grew by 27%. Rounding up the double-digit growth were TreasureSaver and FCDU Time Deposit, which contributed 16% and 11%, respectively.

In the OFW remittance market, Remittance Division led with a record-setting inflow of US$2 Billion from overseas Filipino workers, heralding another banner year with an industry-leading growth rate of 18%. In terms of transaction volume, items processed already eclipsed the

Essential to the Bank's sustained growth as well was an enhanced systems infrastructure to underpin its delivery systems.

erstwhile market leader. This dominance was propelled by the robust performance of the overseas offices, diligent backroom processing operations, and the efficient service of domestic distribution channels in branches and Direct Banking.

Equally impressive was Retail Banking's delivery of a 14% increase in Bancassurance business volume, through its partnership with Philam Equitable Life Assurance Company (PELAC), enabling PELAC to breach the billion-peso mark in Annualized First-Year premium. Though only on its second year of operations, it already ranked in the top 10 among 39 life insurance companies nationwide. Retail Banking also sustained its high growth rates in its referral of non-life insurance business. Its continued collaboration with EBC Insurance Brokerage, Inc. (EIBI) attained a year-on-year premium growth rate of more than 50%. Meanwhile, branch referrals for Consumer loans grew by 42%, higher by about a billion pesos compared to 2004. All these reflected the success of Retail Banking's sales teams in cultivating mutually beneficial relationships with the customers.

Riding on streamlined processes, the fees and charges collected from low-cost deposits grew by 40%, or ₱124 Million above the December 2004 year-to-date level. Retail Banking also collected healthier commissions and service charges from Miscellaneous Services such as sale of Traveler's Checks, Manager's Checks, Demand Drafts, acceptance of Bills Payment, and Bills Purchase transactions. Collectively, revenues from these services grew by 14% or ₱177 Million.

To strengthen ties with customers, Elite Banking along with Customer Relationship Management Division (CRMD) organized the 37th Golden Tee, Chinese New Year Appreciation Cocktails, and a Broadway-style show entitled "What Makes the World Go 'Round." Pursuant to its mandate, the Market Development Department of CRMD participated actively in business events with a view toward supporting business development objectives. Among these events were the Euromoney Conference, the Petron Stockholders' Meeting, the PASSCOR Anniversary, and the 8th Kapihang Entrepinoys for Small Entrepreneurs. In coordination with the Cash Management Division, it forged a tie-up with Amadeus, a global distribution system and technology provider, and with the Manila North Tollways Corporation, for payments collection systems. Turning its attention to the younger market, the Bank also supported school fairs, the Junior Banker's Workshop, and the Effective Saving Habits for Kids.

To equip the sales force with highly effective marketing paraphernalia, the Bank developed the Business Marketing Sales Kit and the Foundation Alliance catalogue. More incisive customer information and, consequently, more focused marketing campaigns were envisioned with the CIF Update on Treasuresaver Accounts and the Update & Upgrade Promo for Payroll accounts.

In terms of managing the customer experience, the results of the Mystery Shopper Program also affirmed the Bank's efforts to reinforce service delivery, with branches across all divisions scoring an average over-all rating of 91% towards year-end. As the Transaction Banking Division stepped up measures to adhere to high standards, it continued to reap high marks in the Telephone Monitoring Program, with an average over-all rating of 96%, as well as in the Branch Upkeep Program, at 97%. Aside from these programs, the Bank conducted periodic service performance reviews and customer surveys to ascertain client satisfaction with their branch experience.

Reaching out to more customers, Equitable Savings Bank (ESB) added 11 new branches for a total of 35. Meanwhile, the ATM network under Direct Banking increased by 22% for a total of 600 ATMs, equipping all EPCIB and ESB branches with FASTeller ATMs. With the ATMs now enabled to dispense ₱1,000 bills, it enhanced customer convenience as well as reduced ATM servicing costs. Not surprisingly, the FASTeller cardholder base reached 2.1 Million, placing the Bank among the top three banks with the largest cardholder base in the industry. Complementing the FASTeller ATMs, FASTNet, and FASTPhone was the Customer Interaction Center, which upgraded to a full-service call center, operating 24/7.

The Bank ensured that organizational development kept pace with the growth of the business. The Sales & Service Quality Department completed the Breakthrough Selling for Personal Banking, and the Financial Planning and Consulting Training Program for all Senior Personal Bankers and Elite Bankers. It also implemented the Proactive Management for Banking Center Heads, Proactive Supervision for Sales & Service Officers, and Proactive Service Provider Training for frontliners.

Essential to the Bank's sustained growth as well was an enhanced systems infrastructure to underpin its delivery systems. The Business Information and Systems Division installed the RBG Customer DataMart, a database that uses SAS software for analyzing data vital to customer portfolio management. SAS, a business intelligence and analytics software firm, conferred the "2005 Customer Innovation Award" on the Bank in recognition of its groundbreaking efforts in applying SAS solutions to the local banking industry. The Bank also pursued the imaging of signatures to enhance the verification process, as it prepares to install a new branch front-end system in 2006.

Having completed key infrastructural investments in the past year, Retail Banking is primed to enhance its product and service quality as it fully harnesses the power of its focused teams. It will identify new sets of customer touch points to improve on, with the end-view of differentiating the Bank through a distinct, unrivalled customer experience.

CORPORATE BANKING GROUP

Maintaining a dominant presence in the business requirements of the country's Top 1,000 Corporations, Corporate Banking focused on growing its loan portfolio base with emphasis on high-margin debt and low-risk or credit-enhanced financial products. Already, its shift towards better-priced loans and other debt instruments pushed loan portfolio growth to 13%. The combination of portfolio growth and better asset selection propelled gross interest earnings 18% higher, while net interest margins rose by an unprecedented 57%.

Alongside Corporate Banking's discerning asset-building exercise, it maintained its fee-based income from both traditional and cash management products as well as loan syndication and management front-end fees. Fee-based income from Cash Management products increased by 49%, boosted by the 71% growth in value of disbursement transactions and the 30% upswing in collection products. All these resulted in a total income growth on a consolidated basis by a robust 64%.

The year also marked Corporate Banking's implementation of its new Credit Risk Rating System, which established the framework for a tiered pricing mechanism for both loans and investments. The centerpiece pricing model calibrates changes in the required spreads, adjusting them apace with changes in risk assessment ratings.

The Lending Units contributed to the over-all profitability through effective cost control and judicious use of the Bank's resources. Moreover, they kept the past-due loan portfolio to a prudent minimum, registering at less than 1%.

Targeting further growth through a diversified portfolio base, Corporate Banking will capitalize on referral business from its valued clients and expand business relationships with referred corporate suppliers, wholesalers, and customers. By extending the relationship to its clients' business partners, Corporate Banking's Lending Officers also acquire a keener sense of their clients' business performance, financial requirements, and trade experience. Cash and financial transactions with the trade are also kept within the loop as tested cash management products, which interconnect payables and receivables, are reconciled to a single deposit account.

Equally vital to remaining a significant player in the top-tier corporate market is Corporate Banking's active participation in major capital market syndications, thereby fortifying its fee-based income sources.

CONSUMER FINANCE

In 2005, as the auto and property markets boomed, Consumer Finance launched strong campaigns for customers who aspired to buy their own cars and build or acquire their own homes. The success of these campaigns was evident in the 34% increase in total loan bookings for the year. With its aggressive

The Small Business Division continues to develop other products that can address the specific financing needs of the SME sector and aid in its growth.

move to finance top real estate developers nationwide, the CTS financing portfolio under the Wholesale Department grew by more than 50%.

Among the exciting promos unleashed during the year was "Deals on Wheels," a promotional marketing tie-up with accredited auto dealers. Previously limited to Northern Luzon, "Deals on Wheels" zoomed out to various areas nationwide in 2005, representing 100% coverage of all Consumer Finance Business Centers. Fresh auto loan bookings and incremental revenues exceeded expectations and drove overall growth by 18%.

On the other hand, home mortgage loan bookings registered a 28% growth, built up in part by the introduction of "Own-A-Home Stretch," a variant of the highly successful "Own-A-Home" financing plan. The Division partnered with various property developers to create innovative financing schemes that paved the way for clients to build or purchase their own homes or to access refinancing for their existing loans.

As the Bank already serves the remittance requirements of numerous overseas Filipino workers (OFW), the Division aims to reinforce this relationship by cross-selling retail financing packages. In 2006, it plans to offer loan packages specifically targeted to the OFW market and thus give them the opportunity to acquire a house or a vehicle for their family in the Philippines.

More promotional campaigns are also in the local horizon, all directed toward making "Own-A-Home" and "Own-A-Car" the definitive brands of choice in their respective markets. The 2006 edition of "Deals on Wheels" is poised for release, while tie-ups with corporate clients are being firmed up to create exciting offerings for Corporate Housing, Auto Fleet, and Personal Loans.

SMALL BUSINESS DIVISION

Affirming once again its time-tested support to Small and Medium Enterprises (SMEs), the Bank earned recognition in 2005 as the Most Distinguished Partner under the Omnibus Credit Program for SMEs of the Small Business Guarantee and Finance Corporation (SBGFC). The citation recognized the Bank's outstanding support to the SME sector in terms of the number and regional dispersal of the projects it financed, as well as the diversity of its loan portfolio.

Besides the award, the financial performance of the Small Business Division underscored its positive contributions to the Bank's goals for the year. Its portfolio grew to ₱3.87 Billion while net income reached ₱0.20 Billion, or 11.5% higher than in 2004. Total CASA amounted to ₱26 Billion, equivalent to a deposit-to-loan ratio of 7:1.

Among the other highlights of the year was the introduction of the Division's banner product, the Credit-on-Hand (COH). The new facility provided clients easy credit access through the issuance of COH checks; moreover, lending rates were fixed to help ensure proper fund liquidity management. The Division also offered COH Term Loans, through which clients may acquire the means to expand their business and amortize capital expenses up to five years. It will continue to develop other products that can address the specific financing needs of the SME sector and aid in its growth.

Complementing these diligent product development efforts was the Division's active participation in various trade exhibits and symposia organized by the Department of Trade and Industry, the Philippine Franchise Association, and the Financial Executives Institute of the Philippines.

COMMERCIAL BANKING GROUP

Commercial Banking (ComBank) devoted its resources toward winning new clients, strengthening loan portfolio quality, and enhancing its responsiveness to existing clients. ComBank expanded and geographically rationalized its marketing complement, thereby finetuning its team's capability to deliver on stated targets. It also centralized reportorial and administrative functions with other Bank units, thus ensuring more efficiency and organizational alignment while also freeing up the Group's officers to concentrate on their marketing activities.

ComBank's strategic moves were borne out by the satisfactory results reported for the year. Loans exhibited a double-digit growth, steered in part by a 15% increase in new accounts, while net interest income surpassed the previous year's level by a convincing 35%. Hurdling an intensely competitive environment for deposit and trade transactions, the Group also recorded double-digit growth rates in these areas and built up its trade transactions to account for about half the Bank's total. By market segment, ComBank, together with Hong Kong branch, contributed more than 46% of the Bank's total loan portfolio.

After a revisit and enhancement of its rewards program, ComBank also strengthened opportunities to harness employees' contributions to the Group's objectives. It intends to continue building on such partnerships, alongside other tactical measures to preserve a vigorous loan portfolio, optimize profits, and produce added value for the Bank's bottomline.

TREASURY GROUP

In an economic scenario that featured a lower sovereign risk premium, reduced interest rates, peso appreciation, and stock market gains, the Treasury Group seized opportunities that led it toward greater strength and growth in 2005. It dominated the proprietary and non-proprietary trading of multi-currency fixed-income securities, foreign exchange, and derivatives through correct market positioning, focusing on client satisfaction, expansion of market reach in key areas, and product diversification.

The Treasury Marketing Division continued to strengthen its presence in key markets. It created two new Treasury Desks, thus bringing the total money centers to eight, and increased use of the Bank's wide distribution network. The Division also actively transformed its sales and support units to align them with ongoing market reforms that fostered transparency, professionalism, and full compliance with global best practices. Further, it communicated more closely with clients on new product offerings as well as current financial market developments.

Recognizing market developments and trends, the Foreign Fixed-Income Trading Division actively traded multi-currency bonds and other innovative global investment products. The

Treasury remains fully committed to fine-tuning its expertise in the trading and risk management of innovative investment products and enhancing the knowledge and skills of its dealers and support units.

Bank also dominated Domestic Fixed-Income trading once again, particularly the government securities market – a field in which it has earned the distinction of being cited by the Bureau of Treasury as the 2nd Best Performing Government Securities Eligible Dealer (GSED) in the secondary market for the period from October 2004 to September 2005. The Bank was also recognized as one of the Best Performing GSEDs in the primary market for the same period. In Foreign Exchange trading, the Bank likewise ranked among the most active banks in the Philippine Dealing System.

The Unibank Fund Management Division employed sound asset/liability management strategies to efficiently handle the Unibank's liquidity and market risk exposures. It drew on lower funding sources and reduced intermediation costs through efficient use of its various licenses. It also coordinated with the Comptrollership Group on initiatives promoting the Group's compliance with the International Accounting Standards (IAS 39).

Technology-related advancements were translated into system improvements by the Product, Technology and Information Division. The treasury system was made IAS 39-compliant and equipped with tested and certified system recovery measures. The research and forecasting unit used the intranet for quick and paperless dissemination of information updates.

Further building up the Bank's global network, the Correspondent Banking Division initiated new arrangements with counterpart banks and generated additional trade and non-trade borrowing lines for the Bank.

Treasury also spearheaded the successful issuance of the US$100 Million senior debt in the global markets in February 2005. The increased liquidity that this provided the Bank went towards funding revenue-generating assets.

With an eminent track record to preserve, Treasury remains fully committed to fine-tuning its expertise in the trading and risk management of innovative investment products and enhancing the knowledge and skills of its dealers and support units. The Division also seeks to bring these competitive advantages to more clients in selected target areas.

TRUST BANKING GROUP

In implementing significant regulatory reforms aimed at aligning itself with international best practices, Trust Banking moved towards continued dominance in its industry. The Group's introduction in May of its family of marked-to-market funds in compliance with the BSP Circular on the Unit Investment Trust Funds received overwhelming public response, boosting total volume to 140% beyond target by yearend. Greater investor confidence was attained as the GS Fund, Equity Fund, and US Dollar Fund delivered superior returns and outperformed market benchmarks.

Guided by the same regulation, the new M.E.R.I.T. UITF served to gradually convert the assets of standardized retirement accounts from the common trust fund to the new unitized fund. Systems and procedures were fortified to ensure a seamless transition to the International Accounting Standards (IAS) by yearend. Consequently, all debt and equity investments shifted to being valued on a marked-to-market basis rather than the accrual method.

In other efforts, Trust Banking successfully cornered key accounts, thereby increasing its market share. Corporate trust accounts grew by 18% on the tails of the successful acquisition of several key corporate accounts. The Group stepped up as collateral trustee for vital business ventures in key cities across the country. It was also appointed trustee of one of the largest bond flotations of the country's major power supplier and public trustee for two banks' Tier 2 capital issues. In the securities processing industry, the Group reinforced its stature as a major player – it continued to serve as settlement bank of the Philippine Stock Exchange and as transfer agent and registrar for a significant number of both listed and non-listed securities.

Trust Banking moved towards continued dominance in its industry, implementing significant regulatory reforms aimed at aligning itself with international best practices.

Trust Banking applied its involvement towards corporate social responsibility with equal dedication. It brought the forum on "The Art of Raising Funds, The Science of Making It Grow" to Cebu in March, gathering participants from educational institutions, religious groups, and non-profit organizations from the Visayas region.

Unfazed by constant challenges, Trust Banking remains a formidable institution in investment management. It has consistently led in Watson Wyatt's survey of investment performance, particularly in the areas of Trusteed Funds Managed with Full Discretion. It intends to maintain its stronghold in more markets by pioneering products and services designed to secure the financial well-being of the Group's customers.

OPERATIONS GROUP

In line with its role of providing technology, production, and facilities management support to the Bank, the Operations Group laid the groundwork for revising various system operating platforms in 2005. With the Bank's older applications replaced, the upgrades are geared to achieve better integration, a more robust network, and a shift toward a countrywide IP network.

Transaction Processing, comprising seven departments, provided centralized back-office support to the Bank. Cash Operations expanded its cashier services to four new provincial sites. It was also able to service more branches and offsite ATMs without increased manpower as well as outsource its armored car services. Clearing and Settlement set up a new processing center in Makati to be more competitive in servicing check deposits but pushed back its cut-off time for same-day value items while at the same time providing for a back up site for its centralized clearing operations. Deposit Account and Reconciliation followed through with its paperless reconcilement process and started a pilot on digital imaging. Loans and Discounts started its integration

With the Bank's older applications replaced, the upgrades are geared to achieve better integration, a more robust network, and a shift toward a countrywide IP network.

testing of the Advance Loan System (ALS) application from Systematics, whose full benefit is expected in 2006. Test and Cables designed and implemented a tracking tool for Peso telegraphic transfers from branches to local banks using the SWIFT Alliance Access eliminating manual handling. Trade Services upgraded to Trade Innovation. Year-round training and user testing were conducted to ensure a successful cut-over in early 2006. Treasury Services and Support automated its coupon payment crediting of investors in the Bank's Senior Notes and foreign bonds. OPICS (Treasury System) was enhanced to comply with the BSP requirements in Circular 392.

Central Administration, tasked with overseeing security, material, premises, and other facilities management support to the Bank, concentrated on cost and energy management projects. It cut expenses by installing state-of-the-art reflectors in tandem with fewer light fixtures, and by rationalizing service vehicle usage to necessitate fewer units and create an option for outsourcing. The Division also managed the construction of 11 new ESB branches and the relocation of 21 Bank branches.

Business Systems collaborated with the Information Technology Group and the users on key project areas, from planning and design to implementation and training. It focused on the development of major processing systems such as Trade, Loans, Remittance, Customer Information System, Central Liability, Branch Front-End Systems, Consumer Finance Front-End Systems, On-Line Signature Verification, Digital Imaging, and Human Resource Management. The operations review it conducted among various support and marketing units yielded possible improvements in processing efficiencies, outsourcing options for non-core banking functions, guidelines for new products and product bundling, and enhancements of the Bank's MIS and system interfaces. Equally critical was the support for IAS and AMLA compliance. On top of addressing project requirements, the Division also served as Brilliant Idea administrator, evaluating productivity and cost management suggestions from the Bank staff.

Information Technology implemented a new Business Recovery Center that ensured better and faster coverage of all major systems. It also upgraded its Provincial Telecommunications Network to MPLS (Multi-Protocol Label Switching) for a less expensive but more robust infrastructure. Further, IT continued its Midrange Server Consolidation, which simplified resource management, as Storage Consolidation enhanced access and backup for various platforms. The Group also outsourced its Engineering and Service Desk for computer equipment repairs and maintenance.

CREDIT, PRODUCTS, AND SUBSIDIARIES GROUP

Special Lending Department, long known as a dominant force in the specialized lending market, facilitated the Bank's funding of the working capital requirements and expansion of various enterprises in agro-processing, manufacturing, telecommunications, shipping, services, and trading. It remains committed to pursuing this direction and promoting investment opportunities in the country. In 2005, it led the Bank to winning four awards from various institutions that commended the Bank for energizing the growth of industries and fostering development initiatives.

Land Bank of the Philippines named the Bank the Most Outstanding Countryside Partner for the third consecutive year under the Commercial Banks/Government Financial Institutions Category and under the Agri-Agra Financing Category. These awards cited the Bank's sustained commitment to countryside development. On the other hand, the Development Bank of the Philippines awarded the Bank the Most Outstanding Participating Financial Institution under the Japan Bank for International Cooperation Facilities for large-scale and shipping industries. Further, the Small Business Guarantee and Finance Corporation named the Bank the Most Distinguished Partner under its Omnibus Credit Program for SMEs, highlighting its stalwart support to the SME sector in terms of number, diversity, and regional dispersal of projects financed.

Credit Policy and Support Division (CPSD), besides providing credit investigation and appraisal services to the Bank's lending units, took the lead in credit policy formulation, credit risk review, credit portfolio monitoring, and compliance with credit risk initiatives of BSP and BASEL.

System upgrades and other technology-driven changes pushed performance and efficiency levels up for the Division in 2005, particularly in credit investigation and appraisal. Service Level Agreements reinforced a strong customer service focus, motivating the staff towards faster turnaround time in spite of a heavier workload than the previous year. Productivity climbed in key provincial business centers, as the Division deployed offsite appraisal workstations and ensured responsiveness to demands without having to tap additional manpower.

Addressing the new IAS challenges and anticipating a more stringent regulatory environment in the light of early initiatives toward BASEL II compliance, the Division responded with an appropriate credit risk management regime. First, it undertook risk rating-based credit management following the Moody's rating model, albeit in an adjusted form to factor in local standards. It continues to review and manage the risk rating structure to ensure that the Division fulfills BASEL-compliant risk management practices and conforms with regulations.

As a parallel effort to improve credit risk management, the Division was involved in the conversion to the new Central Liability System – a development targeted to provide, by early 2006, the backbone for data requirements of various risk management activities such as the development of Probability of Default and Loss-Given Default models and risk rating model validation.

The Division also kept pace with the new IAS requirements by sending its personnel to the necessary external training programs. In coordination with other Bank units, it will gear up to respond in a timely and effective manner to the challenges evolving in the industry.

EBC Insurance Brokerage, Inc. (EIBI) is now the fifth largest insurance broker in the country in commission income earned. It also dominates as the largest among all local-bank owned or affiliated insurance brokers. In 2005, EIBI reported more than 30% growth in revenues and income, achieved through strategic sales and marketing campaigns that generated numerous referrals from the Bank's branches. Project i2, an insurance and incentive sales referral program with the Bank's Retail Banking Group, continued to flourish, delivering a 53% increase in premium income and a 52% rise in commission income for the year.

In 2006, EIBI intends to sustain its successful retail referral-based sales insurance program, further complementing it with commercial and industrial insurance accounts. EIBI's branches will be mobilized to contribute at least 25% to the total portfolio. New branches in Davao and Cagayan de Oro, followed by others to be set up in Binondo and Iloilo, will bolster the already strong network comprising EIBI offices in Cebu, Angeles, and General Santos City. By end-2006, EIBI will have all seven operating in the major cities across the country. Moreover, it will venture into non-Bank related or referred accounts through the establishment of the Open Market Unit.

Maxicare Healthcare Corporation (Maxicare) emerged the HMO of choice in the country, with a total membership of about 230,000 having access to a vast network of hospitals, clinics, and medical practitioners nationwide. Two major primary care centers (PCCs) were opened in Makati and Cebu cities to respond to growing client bases in these locations. The Company also selected providers consistently aligned with its thrusts on superior services and utilization management. Moreover, it spearheaded the use of intelligent cards, powered by an online system that sped up membership validation in points of availment nationwide.

Maxicare will make superior healthcare more accessible and affordable to its members by opening more PCCs in strategic areas. Following a recently set up center in Alabang, more sites are in the drawing board for 2006.

SPECIAL PROJECTS, ASSET MANAGEMENT AND LEGAL GROUP

The Special Projects, Asset Management, and Legal Group exceeded its ambitious targets once again in reducing losses, contributing profits, and shrinking the Bank's non-performing loan (NPL) portfolio to below industry norms. Total NPLs shrank by 30%, while 7% in acquired assets were sold at a gain through direct marketing and successful auctions in selected cities nationwide. Fees derived from advisory services

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relating to the managed rehabilitation of distressed credits increased five-fold.

Even as its main focus was on managing and minimizing NPLs, the Group nonetheless surpassed its marketing budget by increasing its new loans portfolio twice over. It promoted non-traditional banking products that included structured trade and project finance, which have since yielded encouraging gains.

Moving forward, the Group will continue to apply its expertise toward transforming distressed credits into manageable risks and maximizing SPV Law incentives. It will also work toward the negotiated sale of distressed assets to Asset Management companies. Moreover, the Group will intensify efforts to market new business. With the expected passage of the Renewable Energy Law, projects involving developing sources for renewable energy will be of primary interest. The Group has prepared for this direction by undertaking local and international training on the future of the local energy scenario through the sponsorship of the European Union and the United Nations.

HUMAN RESOURCES DIVISION

Maintaining its focus on talent acquisition and retention as a key imperative, Human Resources continued to spearhead organizational and employee programs that improve staff skills and competencies, optimize performance, and enhance effectiveness. It also steered culture-building initiatives to complement the key performance drivers.

Specifically, the Institutional Rewards and Recognition Programs, such as the Brilliant Idea, Customer Service Excellence, and Operational Excellence, helped spur employee engagement, creativity, and performance. Other interventions such as the New Hires KUMUSTAHAN Program, Internal Customer Satisfaction Survey, Service Level Agreement (for internal service providers), and the Telephone Monitoring Program from Executive Office units and subsidiaries provided measures for organizational effectiveness, and supplied quantitative data for diagnosing organizational issues.

HR Service Delivery harnessed technology to streamline processes and procedures, thereby maximizing cost efficiencies, while the Human Resources and Training Management Systems commenced automation initiatives. An enhancement of the Employee Self-Service Facility via the Intranet provided the Credit Ratio calculator site, ESS-Training Records, and the "My Notices," a direct management communication vehicle to the employees. Further, the HR e-Forms facility allowed employees to transmit their service requests and inquiries directly to the Division.

After a breakthrough stage in the Bank's journey towards implementing the Employer-of-Choice engagement practices, Human Resources made a steady and sustainable commitment with its internal partners, and geared up for a patient and determined application of several well-targeted practices for 2006 onwards. Strategies were articulated through various programs on recruitment, performance management, career progression, succession planning, employee relations, training and development, employee well-being, and corporate culture. The results of a project team under the Bank's Transformation Express Program in 2005 provided opportunities to establish management indicators for employee attraction, development, and retention – all in support of achieving the status of Employer of Choice.

EQUITABLE CARD NETWORK

The Bank's credit card subsidiary, Equitable Card Network, continued to dominate its industry in both card-issuing and merchant-acquiring categories.

Equitable Card is the first and only issuer of four international brands, namely Visa, MasterCard, American Express, and JCB. This key competitive advantage puts it in a unique position to develop strong customer-centric products and services, including the enhancement of card usage programs such as Cash in a Flash and balance transfers. In collaboration with several merchant-partners, it is also able to offer various types of installment programs to customers.

Equitable Card's dominance is further borne out by its performance as the largest merchant-acquirer in the country. It is the first organization to be certified as EMV (Europay, MasterCard, Visa)-compliant, meaning that it can now support the processing of chip-based cards, whether issued locally or abroad; moreover, it effectively protects both the company and its customers from fraudulent transactions.

Continuing to harness new technologies in point-of-sale and backroom processing – thereby delivering fast and accurate service to customers and merchant-partners – will keep Equitable Card strides ahead of competition. Meanwhile, sales and marketing campaigns will complement efforts to tap the Bank's vast branch network to attract new cardholders. With the entry of Banco de Oro / SM as one of its major shareholders, Equitable Card sees even greater opportunities in the thriving mall industry. It will build on these strategic partnerships to further solidify its market dominance.

PCI LEASING & FINANCE, INC.

PCI Leasing & Finance, Inc., the Bank's leasing and financing subsidiary, has consistently dominated the industry by offering innovative services that include direct lease, sale and leaseback, amortized commercial loans, receivable discounting, installment paper purchase, and receivables factoring. In 2005, it affirmed this dominance and industry leadership through its total resources, net income, loan/lease portfolio and capitalization. Total revenues registered a 24.47% growth over the previous year's level, while net income surged by 7.4%.

These results were attained through innovative strategies the company adopted during the year. Through its Productivity Improvement Committee, the company continued to adopt and monitor cost-efficient processes resulting to enhanced productivity and better control of operating costs. Through

PCI Leasing obtained SEC approval for its P1 Billion short-term commercial paper license application. The Philippine Ratings Services Corp. (Philratings) gave the STCP issuance a "Best Grade" rating of PRS 1.

adoption of marketing strategies that spurred referrals from different bank units, its market reach was further expanded. It firmed up partnerships with vendors, innovated on existing leasing and loan products, and designed hybrid products for special client needs while protecting its own interest margins.

Notwithstanding domestic political and economic pressures, the Company maintains optimistic growth prospects. It has responded to International Financial Reporting Standards by forming a subsidiary, Equitable Pentad and Rental, Inc., to cater to clients' demand for Operating Leases.

With higher booking volumes and an increased portfolio, PCI Leasing obtained SEC approval for its P1 Billion short-term commercial paper (STCP) license application. The Philippine Ratings Services Corp. (Philratings) gave the STCP issuance a "Best Grade" rating of PRS 1. The rating, which signified the strongest capability for timely payment of STCP issue for both principal and interest, was based on the Company's strong liquidity position, its capital size and quality, and its solid parent-Bank support.

PCI Leasing has constantly banked on its highly skilled and competent manpower as its most valuable asset. It thus prioritizes training and seminars that further enhance their expertise and their responsiveness to the clients' needs. Its President and Chief Executive Officer, Manolo C. Arzadon, was inducted into the 2005 Asia Business Leader Awards Honor Roll, a permanent list of exemplary executives.

In 2006, the Company aims to dominate its industry not only in resources, income, assets and capitalization but also in technology, training, and product innovation.

PCI CAPITAL CORPORATION

As the investment banking arm of the Equitable PCI Bank Group, PCI Capital Corporation provides clients with a wide array of capital market products such as equity and debt underwriting, dollar and peso loan syndication, project finance, private equity, trading and brokering of financial assets, and financial advisory services. In 2005, it reaffirmed its market dominance amid shifting economic and political conditions. It led or participated in major financial transactions involving over ₱17 Billion in debt and equity – over 30% more than the previous year. PCI Capital provided financial advisory services to companies that dominated their respective industries as well.

PCI Capital acted as Joint Issue Manager for the ₱11 Billion Zero Coupon Bond offer of National Power Corporation due 2012 and as a Participating Underwriter for the ₱4.6 Billion Initial Public Offer of Manila Water Company, Inc. It was also Financial Advisor to Aboitiz Transport System Corporation, a property development company, a leading appliance retailer, and a finance company.

In addition, PCI Capital played a lead advisory role in the Bank's successful two-tranche disposition of more than ₱15 Billion in non-performing assets to special purpose vehicles under RA 9182, or the Special Purpose Vehicle Act of 2002. One transaction had the distinction of being the only bank non-performing asset disposition done under the said law, where a leading multilateral institution provided financing for the asset acquisition.

With a sterling record to preserve, PCI Capital will further strengthen its performance in the equities and fixed-income markets, enabling its customers to access a steady stream of optimal financing structures and quality investment opportunities.

CORPORATE SOCIAL RESPONSIBILITY

Equitable PCI Bank's pursuit of dominance in the banking industry, inasmuch as it generated greater strength, stability, and profitability for the Bank, also placed it in a more vigorous position to fulfill its corporate social responsibility thrusts. Be it in well-targeted donations and sponsorships benefiting various charitable, social, and educational institutions; in far-

Promoting a dominant role in corporate social responsibility campaigns reflects the Bank's belief in worthy corporate citizenship as the necessary, complementary half to excellent financial performance.

reaching relief operations and medical missions to ease the plight of suffering communities; or in annual gift-giving to share the Christmas spirit with the less fortunate – in these and many other philanthropic activities, the Bank showed the transforming power of genuine civic commitment.

For 2006, the Bank has pledged to pioneer new programs that venture into relatively unexplored endeavors, and thereby bring even deeper meaning to its corporate social responsibility philosophy.

One of these programs is the EPCIB Kaakbayan Program, which focuses on the families of Overseas Filipino Workers (OFWs). The Bank seeks to provide OFW families with the bridge to a higher quality of life through livelihood and microfinancing programs tailored to their needs. These will be reinforced by activities emphasizing values formation as well. In partnership with Bank clients and external agencies, Kaakbayan is also being designed to promote employee volunteerism by engaging the participation of Bank staff in the activities.

Another innovative corporate social responsibility undertaking is the EPCIB Arts and Culture Program, which builds on the Bank's longstanding support to the arts. Through a series of activities that bring the appreciation of art and culture closer to valued clients, Bank employees, and surrounding communities, the Bank aims to catalyze a profound and sustained public involvement in arts and culture and, most importantly, in endeavors that celebrate the creative spirit and rich heritage of the Filipino.

Promoting a dominant role in corporate social responsibility campaigns reflects the Bank's belief in worthy corporate citizenship as the necessary, complementary half to excellent financial performance.

Philippine Economic Performance 2005

Higher revenues and restrained spending enabled the government to trim its deficit to ₱146.5 Billion, more than ₱30 Billion lower than target. The deficit represented -2.7% of GDP, a first in seven years that the ratio was better than -3%.

The Philippine economy surpassed expectations to post a 5.1% real growth in gross domestic product (GDP) last year, while the hefty 13.8% increase in income from abroad lifted the country's gross national product (GNP) to 5.7%. While it did decelerate from the 6.0% GDP and 6.2% GNP growth in 2004 – a year marked by election spending and brisk global trade – the country's economic performance in 2005 measured respectably against the difficult hurdles it had to overcome. The economy dealt with the worst political crisis that broke out in June and lasted until the impeachment trial was concluded in October. Tight food supplies caused by the El Nino, plus record high global oil prices and increased utility, wage, and transport rates, pushed the inflation average to 7.6% from 6.0% in 2004, clouding consumer confidence. The imposition in November of the 10% R-VAT on previously exempt goods, most notably power and petroleum products, likewise dampened spending.

This notwithstanding, personal consumption (+4.9%) clearly drove much of economic growth last year, propped up by the 23% jump in OFW remittances to a record $10.8 Billion. This made up for the modest increase in government spending (+2.7%) due to fiscal limitations, as well as the decline in fixed investments (-4.3%) amid political uncertainties. Weak demand for electronics, the country's major export, subdued export growth to 2.3% from 14.1% in 2004; imports managed a slight 1.8% rise in 2005.

On the production side, the services sector (+6.3%) contributed the most to GDP growth. The influx of OFW remittances underpinned the growth in retail trade (+5.9%), communications (+14.9%), and the real estate and property sector, with the latter additionally spurred by low interest rates and brisk demand from business process outsourcing (BPO) firms. The finance sector grew 15.4%, led by banks (+21.3%) on increased non-interest incomes and improved asset quality. Meanwhile, the industry sector (+5.3%) drew strength from higher manufacturing growth powered by domestic demand for consumer goods, as well as the surge in mining activities on renewed interest in the sector. Only the farm sector (+2%) posted a lackluster performance as the El Nino held back crop production.

For the third year in a row, the government posted a budget deficit lower than the programmed level. Higher revenues and restrained spending enabled the government to trim its deficit to ₱146.5 Billion, more than ₱30 Billion lower than target. The deficit represented -2.7% of GDP, a first in seven years that the ratio was better than -3%.

The government's improved fiscal performance generated positive market sentiment and encouraged foreign capital inflows. This was most evident in the peso's big recovery as it ended the year at ₱53.09, after falling to an all-time low of ₱56.44 at the height of the political crisis in July. The peso's year-end rate marked an almost 6% appreciation versus the dollar, making it the best performing currency in the region. The equities market likewise gained, with the Philippine composite index up by almost 15% (273.20 points) to end the year at 2,096.0 from the 2004 level, placing it the second best performing market in the region. Telecommunications, banks, and property led the market's notable performance in 2005. Meanwhile, the government's pre-funding activities via the foreign bond markets allowed it to check its domestic borrowing needs, to some extent tempering local interest rate increases. The benchmark 91-day Treasury Bill rate averaged at a lower 6.36% in 2005 from 7.34% in 2004.

The Philippine economy moves ahead in 2006 on strong positive momentum generated by an enhanced fiscal outlook and a better-than-expected performance in 2005. There are, however, certain risks that present a downside to the economy's otherwise bright scenario. Foremost is the dampening impact of the higher R-VAT on consumer spending, which accounts for nearly 80% of the country's GDP and has largely driven economic growth in recent years. The volatility in global crude oil prices triggered by new geopolitical concerns, as well as any emergent challenges to President Arroyo's political legitimacy, likewise imperils the country's prospects. Meanwhile, weak competitiveness relative to our Asian neighbors has prevented the export sector from staging a significant recovery, while overdependence on electronics and the US market has rendered the sector vulnerable to cyclical downswings.

Despite these downside risks, however, the country is seen drawing on its resilience reinforced over the years by structural reforms already in place in key sectors. The implementation of the additional 2% R-VAT effective February indicates the government's earnest efforts at fiscal consolidation, with a possible credit outlook upgrade and resulting lower borrowing costs. The sustained growth in migrant remittances should continue to buttress consumer spending, even as the government is now able to pump-prime the economy through incremental collections from the R-VAT, thus benefiting certain sectors like housing, food, health services, and public works, as well as generating the desired multiplier effects on employment and incomes.

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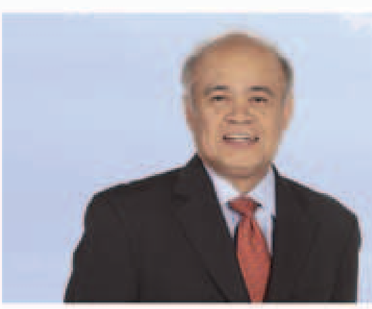

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Corazon S. de la Paz

PRESIDENT & CEO
Rene J. Buenaventura

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Walter C. Wassmer

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Antonio N. Cotoco
Bienvenido M. Juat, Jr. *Treasurer*
Eduardo J. Katigbak, Jr.
Ricardo V. Martin, *Chief Financial Controller*
Dennis B. Velasquez
Aristotle L. Villaraza

SENIOR VICE PRESIDENTS
Ursula A. Alano, *Deputy Treasurer*
Shirley S. Ang
Manolo C. Arzadon
Antonina M. Cabuyadao
Ramon S. David
Marvin V. Fausto, *Trust Officer*
Jonathan C.B. Go
Nenita C. Indiongco
Jeanette S. Javellana
Emerenciana H. Luistro
Annie H. Ngo
Virgilio C. Pamatmat
Jose Pastor Z. Puno
Ricardo V. Reynoso, Jr.
Arsenio L. Severino
Richard Benedict S. So
Grace A. Sumalpong
Robert W. Sy
Rebecca S. Torres, *Chief of Staff*
Edward G. Wenceslao
Ma. Susana L. Yap

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Maritess B. Antonio
Victor C. Arboleda
Onofre D. Avellanosa
Marcelo E. Ayes
Rita V. Buendia
Ma. Evangeline A. Buhay
Marilou L. Cesario
Susie S. Cham
Manuel D. Curato, *Executive Legal Adviser*
Noel D. Dizon
Rolando D. Esguerra
Paul A. Evora III
Belinda C. Fernandez
Lesmes L. Garate
Renato S. Gongora
Myrianne Joan D. Gonzales
Ma. Elena L. Jao
Ma. Cecilia G. Lantin
Alan David L. Matutina
Merceditas P. Montesclaros
Jose G. Nuguid
Maria Rhoda B. Orsolino
Jose Alfredo G. Pascual
Domingo A. Ramos, Jr.
Cerwina Elenore A. Santos
Ma. Theresa S. Simbul
Virginia N. Sy
Edwin R. Tajanlangit
Margaret L. Yu

VICE PRESIDENTS
Belinda C. Abad
Jocelyn D. Agas
Regina Flor V. Alba
Ma. Milagros R. Alindogan
Mary Jane V. Ang
Maria Carina S. Antonio
Pedro C. Bautista, Jr.
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Aurora M. Castro
Leticia T. Chua
Milagros K. Chua
Peter D. Clemente
Elizabeth E. Coronel
Edna Christine P. Cruz
Lamberto B. Del Fonso, Jr.
George R. Dosado
Madelyn V. Fontanilla
Alexander G. Francisco
Genevieve W.J. Go
Judy L. Go
Patrick Warren D. Go
Francisco Javier E. Jose
David Kan Tat Yan
Jennie F. Lansang
Rafael Martin C. Lara
Cesar F. Lazo
Estela L. Lim
Maurice D. Lim
Gertrudes J. Lumain
Roy Allan V. Magturo
Angelita C. Manulat
Cecilia C. Maravilla
Felix A. Martin
Jessie A. Matibag
Neliza Ma. R. Oñate
Ergilio S. Ong
Ma. Bella C. Paguiligan
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Flor Melissa Po-Artillaga
Romeo J. Pulido, Jr.
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Antonio U. Tan
Divina N. Tan
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Joy T. Yap
Antonio Juan C. Yniguez
Aimee A. Yu
Alice C. Yu

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Jose Emilio M. Alcalde
Melissa A. Alcantara
Rogelio C. Alcantara
Edgardo L. Alcaraz
Susan G. Almendral
Apollo R. Alquiza
Leticia L. Ang Ley
Elpidio R. Angeles, Jr.
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Ronald C. Arceo
Aldamuel S. Armonio
Susan Marie J. Atienza
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Chona M. Azucena
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Regina Anne S. Basilio
Marites A. Bautista
Rodora V. Bautista
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Ramon B. Borja
Maria Eleanor B. Briones
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Julius O. Buendia
Benilda G. Cabardo
Victor Geronimo S. Calo
Cheryl A. Capili
Ma. Corazon N. Casanova
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Veronica T. Chan Go
Mary Assumpta Gail S. Chanyungco
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Maria Clara D. Chua
Riasa A. Chua
Salva Fe S. Cirilos
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Albert G. Dizon
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Dominador J. Francisco
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Agnes F. Jamias
Marietta M. Jamilla
Armando P. Jardeleza
Tomas K. Javier
Simeon S. Jumaquio
Michelette S. Legaspi
Lilian Leslie T. Lim
Alberto V. Lizares
Vicente T. Lopez
Nelia R. Lumanog
Joseph Gerard E. Mabilog
Vivian D. Malonjao
Rebecca C. Marcelo
Ariel T. Melo
Maria Socorro P. Meñez
Vicente L. Miciano, Jr.
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Mary Ann R. Munar
Who B. Olandez
Josefa P. Ortiz
Rebecca C. Paguia
Arnaldo Emerito E. Palad
Jocelyn T. Paz
Cyrus M. Polloso
Donald E. Quintana
Hernando T. Rasco
Raoul L. Reniedo
Edmund A. Reyes
Evangeline P. Reyes
Joseph Nestor T. Reyes
Pamela Ann S. Reyes
Roberto H. Reyes
Antonio D. Rona
Ronald C. Rosales
Maria Rosario L. Salazar
Arsenia S. Santos
Maria Lourdes T. Santos
Joel Jovencio E. Sarreal
Ma. Corazon D. Simbulan
Ronaldo D. Soriano
Grace C. Tan
Marites L. Tan
Diosdado R. Teh
Marilyn G. Tin
Ma. Rosita J. Tinio
Margarita M. Tobias
Lourdes S. Turno
Josephine G. Valdez
Blandina Uvyhilda B. Vicente
Glicerio C. Vicente
Luzviminda M. Vidal
Loreto D. Villaluz
Raul B. Vivas
Adora A. Yanga
Noel Z. Yuseco
Paulino L. Yusi
Shakira C. Yu

EXECUTIVE ADVISER FOR CORPORATE PLANNING
Clarissa Emerita G. Ocampo

Senior Officers Subsidiaries & Affiliates

ARMSTRONG SECURITIES

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ELEANOR M. HILADO

EQUITABLE CARDNETWORK, INC.

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MARILI M. TIOSECO

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EBC INSURANCE BROKERAGE, INC.

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First Vice President & General Manager
LEONEL M. MERCADO

Assistant Vice President & Marketing Head
MARIVIC S. ROJAS

EBC MANAGEMENT, INC.

President
SERGIO LL. NARANJILLA, JR.

EBC INVESTMENTS, INC.

President
SERGIO LL. NARANJILLA, JR.

EBC STRATEGIC HOLDINGS CORPORATION

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SERGIO LL. NARANJILLA, JR.

EQUITABLE EXCHANGE, INC.

Chairman
BIENVENIDO M. JUAT, JR.

President
ROBERTO E. LAPID

Directors
URSULA A. ALANO
BELINDA C. FERNANDEZ
EDWARD G. WENCESLAO

Acting Treasurer
RENATO G. OÑATE

EQUITABLE SAVINGS BANK

President & CEO
RAMON S. DAVID

Executive Vice President
JONATHAN C.B. GO

Assistant Vice President
MA. CRIZELDA T. ARAMBULO

EXPRESS PADALA INTERNATIONAL, INC.

President
RENE J. BUENAVENTURA

MAXICARE HEALTHCARE CORPORATION

President
SERGIO LL. NARANJILLA, JR.

PCIB SECURITIES, INC.

President & CEO
ERLASTER C. SOTTO

Senior Vice President & General Manager
GABRIEL U. LIM

Assistant Vice Presidents
NILO C. SAMPAYO
MA. CAROLINA T. SANTANA

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ERLASTER C. SOTTO

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GABRIEL U. LIM

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NOEMI T. VILLANUEVA

Assistant Vice President
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PCI LEASING AND FINANCE, INC.

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MANOLO C. ARZADON

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PHILAM EQUITABLE LIFE ASSURANCE COMPANY, INC.

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STEPHEN JAMES CLARK

Senior Assistant Vice President
JESSELYN V. OCAMPO

Assistant Vice Presidents
BLESILDA S. BESABE
CHRIS A. CABOGNASON
IMELDA L. FORTUGALEZA
DINAH P. OGATIS

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ARMSTRONG SECURITIES, INC.
Equitable PCI Bank Towers
Makati Avenue cor. H.V. Dela Costa St.
Makati City
Tel. 8407000

EBC INSURANCE BROKERAGE, INC.
Equitable PCI Bank Tower II
Makati Ave. cor. H.V. Dela Costa St.
Makati City
Tel. 8407000 loc. 2467 / 2454 / 2111

EBC INVESTMENTS, INC.
Equitable PCI Bank Towers, Makati Ave.
cor. H.V. Dela Costa St., Makati City
Tel. 8407000 loc. 2111

EBC STRATEGIC HOLDINGS CORPORATION
Equitable PCI Bank Bldg.
262 Juan Luna St., Binondo, Manila
Tel. 8407000 loc. 6566

EQUITABLE CARDNETWORK, INC.
203 Salcedo Street, Legaspi Village
Makati City
Tel. 8125861 to 67

EQUITABLE DATA CENTER, INC.
Equitable PCI Bank Tower II, Makati Ave.
cor. H. V. Dela Costa St., Makati City
Tel. 8407000

EQUITABLE EXCHANGE, INC.
Equitable PCI Bank Tower I, Makati Ave.
cor. H.V. Dela Costa St., Makati City
Tel. 8784395

EQUITABLE PCI BANK CAYMAN, LTD.
Coutts Cayman Ltd., P.O. Box 707
Georgetown, Grand Cayman
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Tel. 1-345-9454777

EQUITABLE SAVINGS BANK, INC.
G/F Equitable PCI Bank Bldg. 2
Ortigas Ave. cor. Roosevelt St.
Greenhills, San Juan, MM
Tel. 7267799

EXPRESS PADALA INTERNATIONAL, INC.
(formerly EBC Interlink Int'l., Inc.)
Equitable PCI Bank Bldg.
262 Juan Luna St., Binondo, Manila
Tel. 8407000 loc. 6566

JARDINE EQUITABLE FINANCE CORPORATION
222 JDI Bldg., Gil Puyat Avenue Makati City
Tel. 8407000 loc. 6566

MAXICARE HEALTHCARE CORPORATION
19th Flr., Medical Plaza Makati
Amorsolo cor. Dela Rosa Sts.
Legaspi Vill., Makati City
Tel. 8120561

PCI CAPITAL CORPORATION
Equitable PCI Bank Tower I, Makati Ave.
cor. H. V. Dela Costa St., Makati City
Tel. 8407000

PCI LEASING AND FINANCE, INC.
PCI Leasing Centre, Corinthian Gardens
Ortigas Ave., Quezon City
Tel. 6356416

PCIB PROPERTIES, INC.
Equitable PCI Bank Tower I, Makati Ave.
cor. H. V. Dela Costa St., Makati City
Tel. 8407000 loc. 6566

PCIB SECURITIES, INC.
Equitable PCI Bank Tower I, Makati Ave.
cor. H. V. Dela Costa St., Makati City
Tel. 8407000

PHILAM EQUITABLE LIFE ASSURANCE CORPORATION
9th Flr., Equitable PCI Bank Tower II
Makati Ave., cor. H.V. Dela Costa St.
Makati City
Tel. 8912613

PROPERTY CARE, INC.
Equitable PCI Bank Tower II, Makati Ave.
cor. H. V. Dela Costa St., Makati City
Tel. 8407871

STRATEGIC PROPERTY HOLDINGS, INC.
Equitable PCI Bank Bldg.
262 Juan Luna St., Binondo, Manila
Tel. 8407000 loc. 6566

THE SIGN OF THE ANVIL, INC.
Equitable PCI Bank Tower I, Makati Ave.
cor. H. V. Dela Costa St., Makati City
Tel. 8407000

INTERNATIONAL REMITTANCE OFFICES

SUBSIDIARY OFFICES

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EXPRESS PADALA (HK) LTD.
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EXPRESS PADALA (HK) LTD.
Shop 246, 2/F Worldwide Plaza
19 Des Voeux Road, Central, Hong Kong
Tel. (00852) 2525-4936

EXPRESS PADALA (HK) LTD.
Shop 232, 2/F Worldwide Plaza
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Fax No. (00852) 2526-9025

EXPRESS PADALA (HK) LTD.
Shop 159, G/F Lik Sang Plaza
269 Castle Peak Road, Tsuen Wan
New Territories, Hong Kong
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Fax No. (00852) 2414-7938

EXPRESS PADALA (HK) LTD.
Shop 19, G/F Richland Garden
138 Wu Chui Road. Tsuen Mun
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MACAU
EXPRESS PADALA (MACAU) LTD.
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Fax No. (001213) 229-0893

EXPRESS PADALA (U.S.A.), INC. – SF
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EQUITABLE PCI BANK ISRAEL
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Merkazit, 108 Levinsky St.
Tel Aviv, 66052 Israel
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DESK OFFICES

SAUDI ARABIA
EQUITABLE PCI BANK RIYADH
Al Rajhi Express Padala Center
Al Rajhi Banking & Inv't. Corp.
2/F Batha Shopping Center
P.O. Box 28 CR 96 Riyadh, KSA
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Fax No. (09661) 405-3591

EQUITABLE PCI BANK JEDDAH
Al Rajhi Express Padala Center
Al Rajhi Banking & Inv't. Corp.
Mezzanine Flr. Queen's Bldg.
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284 / 642-7151
Fax No. (009662) 643-8542

EQUITABLE PCI BANK ALKHOBAR
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Al Rajhi Banking & Inv't. Corp.
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3646286 / 3668625

8th Avenue-Grace Park
Rizal Avenue Extension
Grace Park, Caloocan City
Fax 3611299 / 3611622
Tels. 3635674 / 3635665
3611626 / 3635628

9th Avenue-Grace Park
414 Rizal Avenue Extension
Grace Park, 1400
Caloocan City
Fax 3649148
Tels. 3611208 / 3611215
3657308 / 3633581

11th Avenue-Grace Park
1619 Rizal Ave. Ext. cor.
11th Ave. 1400
Caloocan City
Fax 3611421
Tels. 3661978 / 3661927
3661980 / 3612098

A. Arnaiz-San Lorenzo
L & R Bldg.
1018 A. Arnaiz Ave.
Makati City
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8443045

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474 Edsa cor. B. Serrano and A. De Jesus Sts.
1403 Cal. City
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3668714 / 3667462

A. Linao-Paco
1635-1641 Dart St.
Paco Manila
Fax 5360357
Tels. 5256521 / 5360359
5241455 / 5360358

A. Santos-South Express
Units E & F
8385 Dr. A. Santos Ave.
Parañaque, Metro Manila
Fax 8294179
Tels. 8262932 / 8294178 to 82

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6342125 / 6342116
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Adriatico-San Andres St.
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Tels. 5367514 / 5367517

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202-204 Banaue
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4136470 / 7819811

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326 Aguirre Avenue
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8153014 / 8172617

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7123947 / 4159865
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Anonas St. cor. K6 St.
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Blumentritt-San Juan
Lot 11-B, Blk. 127
Blumentritt cor. Sto Toribio Sts.
San Juan, Metro Manila
Fax 7271931
Tels. 7237360 / 7277951
7443464 / 7271931
7239540

Brixton Hill-G. Araneta
G/F ILO Bldg.,
195 G. Araneta Ave.
Quezon City
Fax 7143547
Tels. 7147688 / 7143988
7153005 / 4144683
7141570

Broadway Centrum-Aurora Blvd.
Br. Centrum Cond.
Aurora Blvd., cor. Doña Juana Rodriguez St., 1112 Valencia
Quezon City
Fax 7244821
Tels. 7269372 / 7274522
7233107

C. Palanca-Quiapo
132 Carlos Palanca St.
Quiapo, Manila
Fax 7336329
Tels. 7336334 / 7336342
7336337 / 7338971

Capitol-Pasig
Shaw Blvd.,
cor. Danny Floro St.
Pasig City
Fax 6341330
Tels. 6363824 / 6340280
6341328 / 6388242

Carmen Planas-Padre Rada
1033-1035 C. Planas St.
1012 Tondo, Manila
Fax 2451648
Tels. 2452240 / 2452323
2430193

Central Market-V. Fugoso
117 V. Fugoso St. cor. Sulu St.
1003 Sta. Cruz, Manila
Telefax 7350664
Tels. 7343048 / 7343610

Century Park-Adriatico
Century Park Hotel cor.
Adriatico & Vito Cruz Sts.
1004 Malate, Manila
Fax 5251607
Tels. 4006632 / 5369085
5242829

Clavel-Elcano
729 Elcano St.
1006 Binondo, Manila
Fax 2426019
Tels. 2426057 / 2429656
2429650 / 2446887
2426395

Coastal Road-Uniwide
Roxas Blvd., Parañaque
Metro Manila
Fax 8790086
Tels. 8790088 / 8790084
8790090

Cordillera-Quezon Ave.
Quezon Ave.
cor. Cordillera St.
Quezon City
Fax 7317286
Tels. 7317285 / 7317284
4132316 / 7317286
4123785

Dasmariñas St.-Binondo
PCI Bank Bldg.
Dasmariñas St.
Binondo 1006 Manila
Fax 2429438
Tels. 2429413 / 2429415
2429389 / 2429395
2429436

Dela Rosa-Rada
Ace Bldg.,cor. Dela Rosa & Rada Sts., Legaspi Village
1229 Makati City
Fax 8172323
Tels. 8154163 / 8134912
8933644 / 8938770
8931495

*As of December 31, 2005

Dian-Gil Puyat
G/F Equitable PCI Bank Bldg.
Sen. Gil Puyat Avenue cor.
Dian St., Makati City
Fax 8444244
Tels. 8453239 / 8891564
8442554 / 8432529

Domestic Road-Pasay
Caltex Compound
NAIA cor. Domestic Road
1300 Pasay City
Fax 8512210
Tels. 8515361 / 8512242
8515360 / 8512230

Don Antonio-Commonwealth
Don Antonio Sports Center
Don Antonio Heigths Subd.
Quezon City
Fax 9313215
Tels. 9315212 / 9311359
9315212 / 9512125

Don Jose-Fairview
Units 2&3, CPE Bldg.1
Lot 9 Blk.11 Don Mariano
Marcos Ave. Fairview
Quezon City
Fax 4287150
Tels. 9303738 / 4287192
9303738

Doña Manuela 5-Las Piñas
G/F R-A-J Villafuerte Bldg.
279 Alabang-zapote Road
Las Pinas, Metro Manila
Fax 8748671
Tels. 8748674 / 8716101
8748645 / 8748603
8748632 / 8748607

DPC Place-Chino Roces
G/F (Unit 102) of DPC Place
2322 Chino Roces Ave.
Makati City
Fax 8898687
Tels. 8898689 / 8898626
8898625 - PABX

Eastwood City-Libis
Portion Of Unit D,
G/F Techno Plaza One Orchard
Road Eastwood City
Libis, Quezon City
Fax 4401797
Tels. 6673160 / 6673054

EDSA East-Kalookan
L&E Bldg., EDSA cor. Gen.
Concepcion St. Kalookan City
Fax 3305832
Tels. 3678751 / 3305834
3305835 / 3677336
3628317

Enterprise Center-Ayala Ave.
3 Level (Near Escalator Access
To Ayala Ave.), Tower 1
The Enterprise Center
6766 Ayala Ave., Makati City
Fax 8865500
Tels. 8865498 / 8865499

Equitable PCI Tower 1
PCI Bank Bldg., Tower I
Makati Ave. cor. H. V. Dela
Costa St., 1227 Makati City
Fax 8784631
Tels. 8784640 / 8784642
8784641 / 8784637
8784638 8407974

España-Blumentritt
2101-2103 Espana Ave.
cor. Blumentritt St.
1008 Sampaloc, Manila
Fax 7315101
Tels. 7413274 / 7328016
7416709 / 7413274

Evangelista-Makati
Evangelista St.
cor. Gen. Lacuna St. Bangkal
1233 Makati City
Fax 8931810
Tels. 8449278 / 8449276
8882497

Forest Hills-Novaliches
Lot 2 D 1 Quirino Ave.
Novaliches, Quezon City
Fax 9361345
Tels. 4173432 / 9370989
9371313 / 9354636

Gandara-Soler
1268 Soler St.
cor. S. Padilla St.
1006 Binondo, Manila
Fax 2448041
Tels. 2448097 / 2448039
2476887

Glori-Del Monte
627 Del Monte Ave.
San Francisco Del Monte
Quezon City
Fax 3656804
Tels. 3677159 / 3678526
3656801 to 02

Greenhills Shopping Center
PCI Bank Bldg.,
Greenhills Shopping Center
San Juan, Metro Manila
Fax 7242065
Tels. 7242065 / 7233312
7210515 / 7233316

Harrison Plaza-A. Mabini
G/F Mabini Wing
Harrison Plaza
A. Mabini St., Malate
Telefax 4043824
Tel. 4043823

Hemady-Aurora Blvd.
708 Aurora Blvd.
cor. Hemady St.
New Manila 1110
Quezon City
Fax 7218665
Tels. 7246185 / 7242506
7248909

Heroes Hill-Quezon Ave.
1052 Quezon Ave.
1103 Quezon City
Fax 3724917
Tels. 4133779 / 3724916
3724936

Herrera St.-Salcedo Village
Unit # 2, G/f, Chatham House
Herrera St., cor. Valero &
San Agustin Sts.
Salcedo Village, Makati City
Fax 8434365
Tels. 8434297 / 8434265
8434231 / 8434310

IBM Plaza-Libis
G/F IBM Plaza, Eastwood City
E. Rodriguez Jr., Ave.
Libis, Quezon City
Fax 4210528
Tels. 3951017 / 4210530
4210201 / 9958538

Intramuros-Magallanes Drive
G/F Chamber of Commerce
Bldg., #3 Magallanes Drive
Intramuros, Manila
Fax 5277574
Tels. 5257633 / 5277964
5257633 / 5278585
5210397

Jaka II-Legaspi St.
G/F 150 Jaka II Bldg.
Legaspi St., Legaspi Village
1229 Makati City
Fax 8170160
Tels. 8178657 / 8935625
8172970

Juan Luna-Binondo Center
262 Juan Luna St.
Binondo, Manila
Fax 2430252 / 2430222
Tels. 2415946 / 2430229
2415774 / 2415769
2415782

Kalentong-Shaw Blvd.
56 Shaw Blvd.
1550 Mandaluyong City
Fax 5323420
Tels. 5317044 / 7181404
5341959

Kamias Road
Trinidad Bldg., Kamias Road
cor. K-J St., Quezon City
Fax 4264417
Tels. 4264414 / 4264418
9297965

Karuhatan-McArthur Highway
Km.13 McArthur Highway
1441 Karuhatan
Valenzuela, Metro Manila
Fax 2914783
Tels. 2914784 To 85
2921711 / 2911828

La Fuerza Plaza-Chino Roces
Unit 14, La Fuerza
Chino Roces Ave., Makati City
Fax 8671549
Tels. 8937851 / 8937859
8107134

La Huerta-Parañaque
0422 Quirino Ave.
Corner J. Ferrer St.
La Huerta, Parañaque
Metro Manila
Fax 8296005
Tels. 8261087 / 8262368

Lapu Lapu-Northbay
North Bay Blvd. Ext. cor.
Lapu-Lapu Ave.
1485 Navotas, Metro Manila
Fax 2821014
Tels. 2816460 / 2816665
2821015 to 16

Leveriza-Libertad
212 Libertad St., Pasay City
Metro Manila
Fax 8331149
Tels. 8318190 / 8331143
8315889 / 8314977

Libertad-Taft
MCF Bldg. 2250 Taft Ave.
cor. College Road, Pasay City
Fax 8333069
Tels. 5519238 / 8333069
8316630 / 8327216

Ligaya-Boni Ave.
654 Boni Ave.
1550 Mandaluyong City
Fax 7462747
Tels. 5340570 / 5343133
5343134

Loyola Heights-Katipunan
Ground & 2nd Floors
St. Mark's Realty Bldg.
Katipunan Ave.
cor. B. Gonzales St.
Loyola Heights, Quezon City
Fax 4260237
Tels. 4266546 / 4348546
4260201 / 4348580

Luzon St.-Masangkay
Masangkay cor. Luzon St.
Tondo, Manila
Fax 2545056
Tels. 2524456 / 2521149
2548296 / 2540032
2562360

M. de Santos-Ilaya
632 M. de Santos St.,
Manila
Fax 2431827
Tels. 2431826 / 2431831
2431830 / 2431829
2431828

Makati Avenue-Ayala
L. V. Locsin Bldg.
Ayala Ave. cor. Makati Ave.
1228 Makati City
Fax 8177180
Tels. 8404529 / 8187286
8164051 - PABX
8177455 - PABX

Makati Cinema Square
Makati Cinema Square
Pasong Tamo
1229 Makati City
Fax 8111447
Tels. 8442641 / 8111523
8111458 / 8441990

Malanday-McArthur Highway
Km.17 McArthur Highway
Malanday, 1405 Valenzuela
Metro Manila
Fax 4437541
Tels. 4437539 / 4437540
2770111

Malabon-Rizal Avenue
694 Rizal Ave.1404 Malabon
Metro Manila
Fax 2815346
Tels. 2810995 / 2810536
2810538 / 2810949
2812478

Manuela Metropolis-Alabang
Unit G 33, Manuela
Metropolis South
Superhighway, Alabang
Interchange, Muntinlupa City
Fax 8072289
Tels. 8072290 / 8072285
8072286 / 8072288
8072291

Marcos-Sumulong Highway
Kingsville Commercial Arcade
Marcos Highway 1870
Antipolo, Rizal
Fax 6454934
Tels. 6681296 / 6455323
6458156 / 6455323

Marikina-J. P. Rizal
265 Jose Rizal St. Sta. Elena
1800 Marikina City
Fax 6461796
Tels. 6461798 / 6461799
6463717

Marulas-McArthur Highway
Lot 16 & 17 McArthur
Highway, Valenzuela
Metro Manila
Fax 2932711
Tels. 2916089 / 2916058
2916046 / 2932708
2932710

Masangkay-C. M. Recto
1029-1031 JP Bldg.
Masangkay cor. Tronqued St.
Sta. Cruz, Manila
Fax 2440186
Tels. 2440185 / 2441806
2441808 / 2443056

Matalino-Diliman
G/F, J & L Bldg. Matalino St.
Diliman, Quezon City
Fax 4342768
Tels. 9219956 / 4342763
4342764

Mayon-N. Roxas
No. 241 Mayon Ave.
cor. Nicanor Roxas St.
1161 Quezon City
Fax 7402058
Tels. 7402118 / 7438939
7438936

Medical Plaza-Legaspi Village
Unit 101, G/F Medical Plaza
Makati, Amorsolo St.
cor. dela Rosa St.
Legaspi Village, Makati City
Fax 7505546
Tels. 7505547 / 7505545
8132739 / 8864247

Meralco Center-Ortigas
Meralco Compund
Ortigas Ave. 1604
Pasig City
Fax 6316360
Tels. 6225809 / 6315853
4210530

Metro Point Mall-Pasay
Unit 102 G/F Metro Point Mall
EDSA cor. Taft Ave.
Pasay City
Fax 8333758
Tels. 8335072 / 8335607

MC Home Depot-Fort Bonifacio
G/F (CS 183) MC Home
Depot-Fort Bonifacio Branch
32nd St. cor. Bonifacio Ave.
Fort Bonifacio, Global City
Taguig
Fax 8187905
Tels. 8152463 / 8181972

Mindanao Avenue-Congressional
Congressional Avenue Ext.
cor. Mindanao Avenue
Quezon City
Fax 9252627
Tels. 9252626 / 9252630
4552394 / 9252629

Morning Star-Gil Puyat
G/F Morning Star Center Bldg.
347 Sen. Gil J. Puyat Ave.
Makati City
Fax 8903148
Tels. 8998265 / 8998242
8903152 To 53

N. Roxas-Banawe
Unit 397-A & Unit 71-F
Banawe cor. N. Roxas St.
Quezon City
Fax 7433459
Tels. 7437545 / 7437552
7437545

NAIA 1
Arrival Area, Ninoy Aquino
International Airport
N. Aquino Ave.
1705 NAIA Parañaque
Metro Manila
Fax 8320117
Tels. 8796201 / 87714056
87714057 / 8771109
loc. 4056

New Manila-E. Rodriguez Sr.
Unit 1G & 2E
284 Doña Anita Bldg.
E. Rodriguez Sr. Ave.
Quezon City
Fax 4106654
Tels. 4106655 / 7243188
7274988 / 4106651
4106656

Neptune-Makati Ave.
101 Neptune St.
cor. Makati Ave. 1209
Makati City
Fax 8966062
Tels. 8972174 / 8972694
8972718 / 8978483

New Farmers Plaza-EDSA
3F Concourse Area
New Farmers Plaza Edsa
Araneta Center, Quezon City
Fax 9950206
Tels. 9950207

New Sta. Lucia East-Cainta
Sta. Lucia East Grand Mall
Marcos Highway
cor. Felix Ave. 1900
Cainta, Rizal
Fax 6815171
Tels. 6815296 / 6815172

New York-EDSA
EDSA cor. New York St.
Cubao 1111 Quezon City
Fax 4373645
Tels. 9123670 / 9957747

Notre Dame-Aurora Blvd.
Aurora Blvd., cor. Notre Dame
St. Cubao 1110 Quezon City
Fax 9119833
Tels. 9135025 / 9135020
9119108

One Corporate Plaza-A. Arnaiz
845 One Corporate Plaza Bldg.
Pasay Road, Makati City
Fax 8135817
Tels. 8135808 / 8135811
8129001

Ortigas 1-Exchange Road
G/F PSE Center, Exchange
Road, Ortigas Commercial
Complex, Pasig City
Fax 6363728
Tels. 6352902 to 05
6363729 / 6366153
6366154

Ortigas Avenue-Greenhills
EBC Bldg., Ortigas Ave.
cor. Roosevelt Ave., Greenhills
San Juan, Metro Manila
Fax 7212574
Tels. 7224238 / 7267656
7227244 / 7267653
7213641 / 7227237

Ortigas Avenue-Pasig
New Rosario Ortigas
Commercial Arcade
42 Ortigas Ave., Pasig City
Fax 9167454
Tels. 9167455 / 6405271
6405272 / 6433995

Ortigas Avenue-San Juan
Units 102-103 Sunrise Cond.
Ortigas Avenue 1500
San Juan, Metro Manila
Fax 7249405
Tels. 7211909 / 7215024
7219180

Ortigas Avenue Ext.-Cainta
Units 7-9 Fairtrade
Commercial Center
Ortigas Ave. Extension
Cainta, Rizal
Fax 656-6521
Tels. 6566581 / 6567690
6609663

Ortigas-EDSA
SEC Bldg., EDSA
cor. Florida St.
Mandaluyong City
Fax 7210224
Tels. 7210224 / 7275161
7253163

Pacific Star-Makati
G/F Pacific Star Bldg.
Sen. Gil Puyat Ave.
cor. Makati Ave., Makati City
Fax 8115568
Tels. 8115225 / 8115938 to 41
8115567 / 8133731

Padre Faura-A. Mabini
A. Mabini cor. Padre Faura Sts.
1000 Ermita, Manila
Fax 5234879
Tels. 5233173 / 5280157
5258928

Parañaque Cable-A. Santos
Parañaque Cable TV Bldg.
8210 Dr. A. Santos Ave.
Parañaque
Fax 8201617
Tels. 8201614 / 8201615
8201620 / 8201621

Parañaque-N. Aquino Ave.
JJM Bldg., 2 N. Aquino Ave.
Sto. Nino, Parañaque
Metro Manila
Fax 854-4792
Tels. 854-4789 / 8544835
854-4791

Pasay-EDSA
507 EDSA cor. B. Garcia St.
1300 Pasay City
Fax 8314493
Tels. 8317741 / 8336832
8336834

Paseo-Equitable PCI Tower
Equitable Bank Tower
8751 Paseo de Roxas
Makati City
Fax 8860015
Tels. 8860016 / 8130299
8860010 to 12

Paseo-Gil Puyat
EBC Bldg., Paseo de Roxas
cor. Gil Puyat Ave.
Makati City
Fax 8976149
Tels. 8953949 / 8950055
8950059 / 8909531

Paso de Blas-North Expressway
97 Paso de Blas 1400
Valenzuela, Metro Manila
Fax 2940697
Tels. 2940699 / 4321209
4441752 / 2940699

Pasig Blvd. Ext.-Rosario
Along Pasig Blvd. Ext.
Rosario, Pasig City
Fax 6415828
Tels. 6419174 / 6427936
6428406 to 09

PCI Leasing Centre
PCI Leasing Centre
Ortigas Ave., Quezon City
Fax 6361758
Tels. 6318683 / 6361758

Pedro Gil-A. Mabini
1567-1571 Salud Bldg.
Pedro Gil cor. A. Mabini St.
Ermita, Manila
Fax 4007364
Tels. 4007363 / 525-6121
5219506

Perea-Paseo
G/F Universal Re Bldg.
106 Paseo de Roxas
Makati City
Fax 8171845
Tels. 8162220 / 8179980
8186355 / 8159032

Philamlife Ave.-Las Piñas
Alabang-Zapote Road
Pamplona Tres, 1740 Las Piñas
Metro Manila
Fax 8743892
Tels. 8728167 / 8740325
8744252 / 8743809

Pioneer Highlands-Madison
Unit 01 (Facing Madison St.)
Lower G/F Globe Telecom
Plaza 1 Bldg. Pioneer
cor. Madison Sts.
Mandaluyong City
Fax 7463805
Tels. 6347933 / 7463806
7460081

Pitimini-Roosevelt
EBC Bldg. Roosevelt Ave.
cor. Pitimini St.
SFDM, Quezon City
Fax 3725987
Tels. 4126138 / 3725987
4121745 / 3725988

Plaza Calderon-Pedro Gil
G/F Unit C, Harmonic Seven
Bldg., 2332-2334 Pedro Gil
cor. Vesta St., Sta. Ana
Manila
Fax 5646548
Tels. 5626816 / 5626841
5634803

Plaza Sta. Cruz-Dasmariñas St.
377 Plaza Sta. Cruz
1003 Sta. Cruz, Manila
Fax 7333018
Tels. 7333001 / 7333003
7333004 / 7343812

POEA-EDSA
POEA Bldg.
EDSA cor. Ortigas Ave.
Mandaluyong City
Fax 7245966
Tels. 7245943

Port Area-South Harbor
13th St. cor. Atlanta St.
South Harbor
1018 Port Area, Manila
Fax 5270695
Tels. 5270717 / 5270793
5211302

President's Avenue-BF Parañaque
President's Ave.
cor. J. Elizalde St., BF Homes
Parañaque, Metro Manila
Fax 8508571 / 8508572
Tels. 8091677 / 8420895
8094976 / 8427395

Pres. Quirino-Taft
G/F FFW Bldg.
1943 Taft Ave., Malate, Manila
Fax 5232640
Tels. 5262654 / 5232657
5264068

Pritil-Tondo
1815 N. Zamora St.
1012 Tondo, Manila
Fax 2545248
Tels. 2525762 / 2551050
2545028 / 2525899

Project 7-EDSA
New Japan Motors Bldg.
1021 EDSA
1105 Veterans Village
Quezon City
Fax 3745210
Tels. 3715507 / 3745209
3721701

Q.I.-E. Rodriguez Sr.
G/F Ablaza Bldg.
117 E. Rodriguez Ave.
Quezon City
Fax 7328290
Tels. 7401091 / 7401906
7421340 / 4111091

Quiapo-Quezon Blvd.
Quezon Blvd.
1001 Quiapo, Manila
Fax 7336040
Tels. 7336249 / 7340477
to 787350953

Quinta Market-Quiapo
Quezon Blvd.
cor. C. Palanca St.
Quiapo, Metro Manila
Fax 7359592
Tels. 7359591
7359593 to 95

R. Salas-Roxas Boulevard
S & L Bldg., Roxas Blvd.
cor. Romero Salas St.
Ermita, Manila
Fax 4508297
Tels. 5248469 / 4508300

Redemptorist Road-Baclaran
Redemptorist Road, Baclaran
Parañaque, M. M.
Fax 8320042
Tels. 8525169 / 8332844
8538326

Reina Regente-C.M. Recto
C.M. Recto
cor. Reina Regente
Binondo Manila
Fax 2447318
Tels. 2457141 / 2443965
2443993 to 94

Reliance St.-EDSA
G/F Paragon Plaza
EDSA cor. Reliance St.
Mandaluyong City
Fax 6389069
Tels. 6389070 / 6389066
6389072

Reposo-Makati
EBC Bldg., J.P. Rizal
cor. N. Garcia (Formerly
Reposo) Makati City
Fax 8978655
Tels. 8978652 / 962437
8978648 to 51
8961790

Richville Center-Ayala Alabang
Richville cor. Centre Inc.
1314 Commerce Ave. Ext.
Fax 8978655
Tels. 8093868 / 8044201
8093322 - PABX

Robinson's Galleria-Ortigas
Robinson's Galleria
Ortigas Ave. 1602
Quezon City
Fax 6329866
Tels. 9105484 / 6329821
6339215

Robinsons-Metro East
Level 1 (L1 160 & 162)
Robinson's Metro East
Marcos Highway, Pasig City
Fax 6829114
Tels. 6829112 / 6829117
6829115

Robinson's Place-Cainta
EPCIBank Taytay-National
Highway Branch
Korte Rosario Restaurant
Taytay National Highway
Ilog Pugad, Brgy. San Juan
Taytay Rizal
Telefax 6557891
Tels. 6557891 / 6558144
6601939

Robinson's Place-Manila
G/F Robinson's Mall
Pedro Gil cor. M. Orosa Sts.
Ermita, Manila
Fax 5367898
Tels. 5256430 / 5367963
5367901 / 5367902

Rockwell Center-Makati
Lot 3 Block 7 Rockwell Drive
Rockwell Center, Poblacion
Makati City
Fax 8981746
Tels. 7298816 / 8981742 to 43
7298814 / 8990815

Ronquillo-Sta. Cruz
Unit I, G/f Carmen Bldg.
Ronquillo St., Sta Cruz
Manila
Fax 7359302
Tels. 7359303 / 7349015
7359303 to 06

Rufino-Ayala
G/f Rufino Bldg.
Ayala Ave. Cor Herrera St.
1226 Makati City
Fax 8101439
Tels. 8154536 / 8131358
8124214/8124243

Rustan's-Cubao
RC-01A, Times Square Ave.
near cor. Gen. Roxas St.,
Araneta Center
1109 Quezon City
Fax 9112314
Tels. 4383350 / 4385565
9958572

Salcedo St.-Legaspi Village
EBC Bldg., 203 Salcedo St.
Legaspi Village, Makati City
Fax 8126145
Tels. 8126144 / 8125873
8125874

Sales St.-Raon
545 Sales St.,
cor. G. Puyat St.
1016 Sta. Cruz, Manila
Fax 7336673
Tels. 7337961 / 7337656
7336679 / 7337866
7337785

San Miguel Center-Ortigas
G/F SMPPI Corporate
Centre Bldg., St. Francis Ave.
1554 Mandaluyong City
Fax 6387002
Tels. 9100976 / 9110977
6387001

San Sebastian-C. M. Recto
2070 C.M. Recto St.
1008 Sampaloc, Manila
Fax 7369059
Tels. 7348889 / 7349682
7330267 / 7346679

Sangandaan-Kalookan
No. 628 A. Mabini St. 1408
Sangandaan, Caloocan City
Telefax 2852738
Tels. 2852737 / 2885525
2885540 / 2853776

Scout Albano-Quezon Avenue
1488 Quezon Ave.
1103 South Triangle
Quezon City
Fax 4108092
Tels. 3731611 / 4108093
3723321

Scout Tobias-Timog
35-A Timog Ave.
Quezon City
Fax 4101940
Tels. 3740732 / 4101939
3714363 / 3743167

Sct. Limbaga-T. Morato
102 & 103 The Forum
Tomas Morato Ave.
cor. Scout Limbaga St.
1103 Quezon City
Fax 9289671
Tels. 9281982 / 9281945
9226623

Severino-C. M. Recto
Cor. C.M. Recto Ave. &
Severino Sts.
1001 Quiapo, Manila
Fax 7339819
Tels. 7331094 / 7334126

Shangri-La Plaza Mall-EDSA
Unit #129-a, Level 1
Shangri-La Plaza Mall
EDSA cor. Shaw Blvd.
Mandaluyong City
Fax 6334187
Tels. 6382692 / 6876944
6334187

Shaw Blvd.-Stanford
EBC Bldg., Shaw Blvd.
cor. Stanford St.
Mandaluyong, Metro Manila
Fax 7238707
Tel. 7238705

Sienna-Del Monte
409 Del Monte Ave.
1114 Sienna, Quezon City
Fax 3671641
Tels. 4149000 / 4149001
4147373 / 3671642
3671640

Singalong-Pedro Gil
1080 cor. Pedro Gil &
Singalong Sts. 1007
Paco, Manila
Fax 5253249
Tels. 5237290 / 5230541
5213647 / 5257644
5257640

Sixto Antonio-Pasig
Sixto Antonio Ave.
cor. R. Bedaña St.
Pasig City
Fax 6410619
Tels. 6410610 / 6410620
6404957

SM City-Fairview
SM City Fairview
Quirino Highway
cor. Regalado Ave.
Fairview, Quezon City
Telefax 4171056
Tels. 9350688 / 4179022
9350688 / 9389259

SM North EDSA
SM Center Complex
North EDSA 1105
Quezon City
Fax 9286932
Tels. 9272090 / 9296509
9278645 / 4566578
4566579

Soler-Reina Regente
1087 Soler St., Manila
Fax 2435827
Tels. 2441166 / 2441144
2441146 / 2441165

St. Ignatius-Katipunan
134 Katipunan Ave.
St. Ignatius Village
Quezon City
Fax 4371215
Tels. 4371211 / 4371213
4371212 / 9128177

St. James-A. Santos
Dr. A. Santos Ave.
Sucat, 1700 Parañaque
Metro Manila
Fax 8269401
Tels. 8203446 / 8208211
8208210

Sto. Cristo-Binondo
565 & 567 Sto. Cristo St.
Binondo, Manila
1105 San Antonio
Quezon City
Telefax 2420333
Tels 2448955 / 2448954
2448078

Sto. Niño St.-Roosevelt
284 Roosevelt Ave.
San Francisco del Monte
Fax 3722310
Tels. 4111475 / 4108079 / 80
3722310 / 3747901

Strata 100-Ortigas
G/F, Strata 100 Bldg.
Emerald Avenue, Pasig City
Fax 6327084
Tels. 6383670 / 6327375
6312851 / 6316154
6331250

Sumulong-Marikina
Amang Rodriguez Ave.
Metro Manila
Fax 6469650
Tels. 6462041 / 6479933
6462061/6422414

T. Alonzo-Arranque
733 T. Alonzo St., Manila
Fax 7369493
Tels. 7334648 / 7334657
7334653 / 7334655

T. Alonzo-Ongpin
Unit 564 & 566, Gel Tower
T. Alonzo Street , Manila
Telefax 7331459
Tels. 7331483 / 733-9556
7331461

T. Morato-Kamuning
cor. Kamuning &
Tomas Morato, Quezon City
Fax 4161809
Tels. 9278907 / 4161810
4161808 / 9204724

Tabora-M. de Santos
817 Tabora St.
1006 Binondo, Manila
Fax 2447404
Tels. 2446201 / 2446833
2440198 / 2424189

Taytay-National Highway
Korte Rosario Restaurant
Taytay National Highway
Ilog Pugad, Brgy. San Juan
Taytay, Rizal
Fax 658-6575
Tels. 6586574 / 6606870
6586574 / 2863495
2864262

Tierra Nueva-Alabang
Sycamore Arcade
Alabang-Zapote National
Road 1702 Alabang
Muntinlupa City
Fax 8070660
Tels. 8421406 / 8423255

Timog-EDSA
No.134 Timog Ave.
Quezon City
Fax 9284263
Tels. 9284269 / 9229031

T. M. Kalaw-Luneta
707 T. M. Kalaw St.
cor. Churruca St.
Ermita, Manila
Fax 5254868
Tels. 5256590 / 5244849
5258378 / 5211266

Times Plaza-U. N. Avenue
Unit G-2B, Times Plaza Bldg.
Taft Ave. cor. U.N. Ave.
Ermita, Manila
Fax 4041447
Tels. 4041403 / 4041430
5219792

Tutuban Centermall-C.M. Recto
M1-B055 B, G/F Centermall
Bldg., Tutuban Center
C.M. Recto Ave., Manila
Fax 2524236
Tels 2544503 / 2524236
2544503

U. N. Avenue-J. Bocobo
Ebc Bldg., U.N. Ave.
cor. J. Bocobo St., Ermita
Manila Fax 5252033
Tels. 5249661 to 65
5212721 / 5246530
5252003

Valle Verde-E. Rodriguez Jr.
Unit 7&8 Cathay Builder's
Corp. Bldg., E. Rodriguez Jr.
Ave. cor. Carlo J. Caparas St.
Bo. Ugong, Pasig City
Fax 6711296
Tels. 6711271 / 6710523
9143350 / 6711609
6711863

Villa Mendoza-A. Santos
cor. Villa Mendoza Subd.
Road & Dr. A. Santos Ave.
1700 Parañaque
Metro Manila
Fax 8266487
Tels. 8200019 / 8255871
8265789

Villar-Salcedo Village
Eurovilla 111 Condominium
Villar St., cor. Alfaro St.
1227 Makati City
Fax 8941048
Tels. 8941049 / 8125070
8181681

Virgo Drive-Northbay
Melandrea III Bldg.
Northbay Blvd.
Near cor. Virgo Drive
Navotas M.M.
Fax 2821009
Tels. 2829801 / 2837740
2829802 to 04

Visayas Avenue-Project 6
57 Visayas Ave.
(near Sanville Subdivision)
Quezon City
Fax 9278710
Tels. 9277373 / 9278710
4557220

Vito Cruz-Taft
Bankard Bldg., 2422 Taft Ave.
1004 Malate, Manila
Telefax 5260034
Tels. 5247926 / 5227369
5211205

Waltermart-Makati
2nd Floor, 790 Waltermart
Center Makati, Chino Roces
Avenue cor. Arnaiz Avenue
Makati City
Telefax 8871560
Tels. 8873367 / 8446561

Washington-Gil Puyat
G/F Keystone Bldg.
220 Gil Puyat Ave.
Makati City
Fax 8932180
Tels. 8932183 / 8441325
8440045

West Avenue-Del Monte
40 West Ave.
1104 West Triangle
Quezon City
Fax 3714669
Tels. 4128049
3714672 to 73
4128048

West Trade Center-West Avenue
Unit #1, G/F West Trade
Center, West Ave.
Quezon City
Fax 4158949
Tels. 9253446 to 48
4158947 / 4264214

Ylaya-Padre Rada
940-942 Ilaya St.
Tondo Manila
Fax 2450107
Tels. 2421110 / 2450283
2421652 / 2455478

Zaragosa-Carmen Planas
921 Carmen Planas St.
cor. Zaragosa St.
Tondo, Manila
Fax 2455207
Tels. 2434879 / 2434882
2434881

LUZON BRANCHES

A. Banzon-Balanga
Antonio Banzon St.
2100 Balanga, Bataan
Telefax (047) 2372150
Tels. (047) 2372070
7914205

A. Mabini-Biñan
Rey Bldg., A. Mabini St.
Poblacion 4024
Biñan, Laguna
Fax (049) 5119926
Tels. (049) 5119924
5117788 / 5116386

Abanao Square-Baguio
Abanao Square, Abanao
cor. Zandueta Sts. Baguio City
Fax (074) 4422791
Tels. (074) 3043567
4426027 / 4426028

Aguinaldo Highway-Dasmarinas
G/F Digital Bldg.
Gen. Emilio Aguinaldo
Highway, Dasmariñas Cavite
Fax (046) 8502214
Tels. (046) 8502212
8504041 to 42

Alaminos-Pangasinan
Marcos Avenue, Palamis
Alaminos, Pangasinan
Fax (075) 5515632
Tels. (075) 5515691-92
5515615 / 5527106

Alexander-Urdaneta
Alexander St., Poblacion
2428 Urdaneta, Pangasinan
Fax (075) 5682615
Tels. (075) 6242403
5688238 / 5688241
6242837

Antorcha-Balayan
Antorcha St., Balayan
Batangas
Fax (043) 9211059
Tels. (043) 2114686
9211059 9213974

Apalit-Pampanga
G/F Quintos Bldg.
McArthur Highway
San Vicente, Apalit Pampanga
Telefax (045) 8791248
Tels. (045) 8791247
3028510

Aparri-Rizal St.
Rizal cor. Balisi (Macanaya)
Aparri, Cagayan
Fax (078) 8228779
Tels. (078) 8228304
8882516 / 8882011

Bacoor-Aguinaldo Highway
Gen. E. Aguinaldo Highway
Panapaan, Bacoor, Cavite
Fax (046) 4176752
Tels. (046) 4173169 /
4172998

Bagbaguin-Sta. Maria
Gov. Halili Ave., Bagbaguin
Sta. Maria, Bulacan
Fax (044) 6414131
Tels. (044) 6412099
6411799 / 6411899
6412851

Bay City Mall-Batangas City
Unit T-9, G/F Bay City Mall
D. Silang cor. C. Tirona &
P. Burgos Sts., Batangas City
Tels. (043) 7236900 /
7231200 / 7238900

Balagtas-McArthur Highway
McArthur Highway
Brgy. San Juan
3016 Balagtas, Bulacan
Fax (044) 6934342
Tels. (044) 6932960
6931685 / 6933406

Balibago-Angeles City
G/F Lawrence Plaza
Mcarthur Highway
near cor. Charlot St. Balibago
Angeles City
Fax (045) 6257647
Tels. (045) 6257775
8924187 / 8924230

Balintawak St.-Laoag
cor. Rizal & Balintawak Sts.
2900 Laoag City, Ilocos Norte
Fax (077) 7714021
Tels. (077) 7720315
7720121 / 7721123

Bangued-Abra
Unit 12, The Rosario Bldg.
Taft St. cor. Magallanes St.
2800 Bangued, Abra
Fax (074) 7528093
Tels. (074) 7525274
7528094 / 6620001

Batac-Washington
Aoigan Bldg.
Washington St., Batac 2906
Ilocos Norte
Fax (077) 7923375
Tels. (077) 7923092
6171556 / 6711038

Binakayan-Kawit
1497 Natioanal Road
Binakayan 4104 Kawit, Cavite
Fax (046) 4345676
Tels. (046) 4344575
4344585 / 4345984

Bonifacio St.-Tuguegarao
Bonifacio St.,
Tuguegarao, Cagayan
Fax (078) 8440708
Tels. (078) 8462691
8442124 /8441352
8442405 / 8441912

Cabuyao-J. P. Rizal
G/F Lim-Bell Business Center
J.P. Rizal St., Cabuyao Laguna
Fax (049) 5314335
Tels. (049) 5314108
5314109 / 5314362

Calapan-J. P. Rizal
J. P. Rizal St., 5200 Calapan
Oriental Mindoro
Fax (043) 2884666
Tels. (043) 2884104
4411540 / 4411553

Caceres-Naga
E. Angeles cor. Caceres Sts.
Naga City, Camarines Sur
Fax (054) 8111232
Tels. (054) 4731215
8111234 / 4733136

Candelaria-Rizal St.
Rizal cor. Valle Sts.
Candelaria, Quezon
Fax (042) 5859092 / 7417085
Tels. (042) 7411326 to 27
7411084 to 85
7411463 / 7411465

Candon-National Highway
National Hi-way cor. Abaya St.
2710 Candon, Ilocos Sur
Fax (077) 7426410
Tels. (077) 7424157
7426551

Carmen-Pangasinan
McArthur Highway
Carmen East 2441
Rosales, Pangasinan
Telefax (075) 5827372
Tels. (075) 5827372
5827305 / 5822836

Castro-Laoag
Pichay Bldg., J. P. Rizal
cor. A. Castro Sts., Laoag City
Telefax (077) 7716098
Tels. (077) 7716098
7715433 / 7720266

Cauayan-Isabela
G/F Omega Cinema Maharlika
Highway Cauayan, Isabela
Fax (078) 6522421
Tels. (078) 6521289
6521290 / 6522330

Centennial-Clarkfield
Centennial Road
Clark Special Eco. Zone
Balibago, 2009
Angeles City, Pampanga
Fax (045) 5995667
Tels. (045) 5993487
5995666 / 5995668
8934107 / 8934149

C.M. Recto-Lipa
131 C. M Recto St.
4217 Lipa City, Batangas
Fax (043) 7561515
Tels. (043) 7562313
7566848 / 7566847

Concepcion-Tarlac
L. Jaena cor. L. Cortes Sts.
San Nicolas 2316
Concepcion, Tarlac
Fax (045) 9230034
Tels. (045) 9230792
9230630

Congreso-Malolos
Paseo del Congreso
San Agustin 3000
Malolos, Bulacan
Telefax (044) 7910631
Tels. (044) 7916286
7919241 / 6623411

Daet-Camarines Norte
J. Lukban cor. Moreno Sts.
Poblacion Daet
Camarines Norte
Telefax (054) 7214300
Tels. (054) 4402500
5712956 / 7214300
5712956 / 4402488

Daraga-Rizal St.
Rizal St., 4501 Daraga, Albay
Fax (052) 8240272
Tels. (052) 8241858
8241992 / 4833729

Dasmariñas Techno Park-Cavite
Governor's Drive
Brgy. Paliparan I
Dasmariñas, Cavite
Fax (046) 9722175
Tels. (02)5298138 / 5298137

Dolores-San Fernando
Mcarthur Highway
Dolores 2000
San Fernando, Pampanga
Fax (045) 9615286
Tels. (045) 8600884
9612907 / 9634084

Enriquez-Lucena
Enriquez cor. Evangelista St.
Lucena City
Fax (042) 3737799
Tels. (042) 3737798
3737793 / 3737792

EPZA-Cavite
Cavite EPZA Compound
4106 Rosario, Cavite
Fax (046) 4372642
Tels. (046) 4372643
4376866 / 4376267

F. Tañedo-Tarlac City
F. Tanedo cor. Juan Luna St.
Tarlac City
Fax (045) 9821299
Tels. (045) 9827790
9821298

FCIE Dasmariñas-Cavite
Governor's Drive
Brgy. Langkaan
Dasmariñas, Cavite
Fax (046) 4021134
Tels. (046) 4021133
4021135

Fernandez-Dagupan City
A. B. Fernandez Ave.
2400 Dagupan City
Pangasinan
Fax (075) 5222791
Tels. (075) 5155909
5152469 / 5222792
5235441

Gateway Business Park-Cavite
Gateway Business Park
C. Delos Reyes Ave.
4107 Gen. Trias, Cavite
Fax (046) 4330178
Tels. (046) 4330278
4330180 / 4330179

Gen. Luna-Naga
Gen. Luna St.
4400 Naga City
Camarines Sur
Fax (054) 4737913
Tels. (054) 8112157
4738498 / 4739016
8118091

Governor's Drive-Carmona
Motorola Phils., Inc Compound
Carmona National Road
Bo. Maduya 4116
Carmona, Cavite
Telefax (046) 6992124
Tels. (046) 4301773
4303270 / 2425208
(Laguna Line)

Hagonoy-Bulacan
G/F Ang Puso ng Hagonoy
Shopping Center Plaza
Hagonoy, Bulacan
Telefax (044) 7933519
Tels. (044) 7933519
7933518 / 7933520

Highway 1-Iriga
Contreras Bldg., cor. Highway
and Ortigas St., San Roque
4431 Iriga City, Camarines Sur
Fax (054) 4560069
Tels. (054) 6550305
2993649 / 6550343
2992380 / 2992329

Ilagan-Isabela
Along Maharlika Highway
Calamagui 2nd Ilagan, Isabela
Fax (078) 6222653
Tels. (078) 6223503
6223603

Imus-Aguinaldo Highway
G/F DCR Building, Aguinaldo
Highway, 4103 Imus, Cavite
Fax (046) 4713214
Tels. (046) 8757242
4710989 / 4711089
8757243

J. Luna-Tarlac City
J. Luna St. near cor.
McArthur Tarlac, Tarlac
Fax (045) 9823192
Tels. (045) 9829005
9825539 / 9823119

J. Orosa-Bauan
J. Orosa St., 4201
Bauan, Batangas
Fax (043) 7271515
Tels. (043) 7271514

J. P. Rizal-Baliwag
J. P. Rizal St. San Jose
Baliwag, Bulacan
Fax (044) 7661225
Tels. (044) 7661224
7663172 / 6732562

Kumintang-Batangas City
National Highway
Brgy. Kumintang Ilaya
Batangas City, Batangas
Fax (043) 7231698
Tels. (043) 7230197
7234579 / 9800433

La Trinidad-Benguet
S & B Bldg., Km. 4 Balili
2601 La Trinidad, Benguet
Telefax (074) 4221092
Tels. (074) 4221093
4222461 / 3091517

Lingayen-Pangasinan
80 Avenida Rizal East
Lingayen, Pangasinan
Fax (075) 5428003
Tels. (075) 6621283
5428004 / 6621284

Lipa-Rotonda
C.M. Recto Ave., Lipa City
Fax (043) 7563898
Tels. (043) 7562869
9814757 / 7562808
9814316 / 7570820 to 21

M. Belen-Silang
194 J. Rizal cor. M. Belen St.
Silang, Cavite
Telefax (046) 4141048
Tels. (046) 4141643 to 44
4142108 to 09
4141047 to 48

Magsaysay-Baguio
G/f Golden Court Bldg.
258 Magsaysay Ave.
Baguio City
Fax (074) 4438138
Tels. (074) 4438137
4449924 / 4435028

Maharlika Road-Cabanatuan
Maharlika Road
near cor. Sanciangco St.
Cabanatuan City
Fax (044) 6003264
Tels. (044) 4633985
4633408 / 4633264

Malhacan-Meycauayan
Brgy. Northern Hills
Malhacan, Meycauayan
Bulacan
Fax (044) 6953131
Tels. (044)6953144
6953927 / 2283766
6953143

Marilao-McArthur Highway
Unit I-3 Cecilia Commercial
Complex Abangan Norte
McArthur Highway
3019 Marilao, Bulacan
Telefax (044) 7113405
Tels. (044) 7113405
7111609 / 2996883

Megacenter Mall-Cabanatuan
Unit 49-B Upper G/F
Megacenter Mall
Gen. Tinio & Melencio Sts.
Cabanatuan City
Telefax (044) 4633271
Tels. (044) 4633143
4633160 / 4633285

Miranda-Angeles City
Pcib Bldg., Miranda St.
Angeles City, Pampanga
Fax (045) 8887373
Tels. (045) 8877712
8877378 / 8877242
3234103 / 8880102
(02) 2468373

Muñoz-Nueva Ecija
T. Delos Santos St.
3119 Muñoz, Nueva Ecija
Fax (044) 4560356
Tels. (044) 4560892
4560893 / 4560123

NE Pacific Mall-Cabanatuan
Ground Level, Unit CM-2
NE Pacific Mall, Km.111
Maharlika Highway
Cabanatuan City, Nueva Ecija
Telefax (044) 4642026
Tels. (044) 4642026
4642025

Nepo Mart-Angeles City
G/F Angeles Business Center
Teresa Ave., Nepo Mart
Complex Angeles City
Fax (045) 322-4478
Tels. (045) 8888335
3224478 / 8886119
8881522

North-Calamba Crosssing
Calamba Crossing National
Highway 4027
Calamba, Laguna
Fax (049) 5454709
Tels. (049) 5455981
5454706 to 08
5208847

Obando-J. P. Rizal
J.P. Rizal St. Barangay
Catanghalan, Obando
Bulacan
Fax (044) 2940689
Tels. (044) 2922775
2940690 / 2943784

Olivarez Plaza-Los Baños
Olivarez Plaza Cinema &
Supermarket Complex along
National Highway
Brgy. Batong Malake
Los Baños
Fax (049) 5366355
Tels. (049) 5366357
5366358 / 5208363
5364765

Olongapo-Rizal Avenue
2043 Rizal Ave., 20th Place
West Bajac Bajac 2200
Olongapo City, Zambales
Fax (047) 2222250
Tels. (047) 2229473
2223974 / 2245063

P. Burgos-Batangas City
Rizal Ave. cor. P. Burgos St.
4200 Batangas, Batangas City
Fax (043) 7235974
Tels. (043) 7235975 to 77

P. Burgos-Cavite City
cor. P. Burgos & P. Julio Sts.
Caridad, 4100 Cavite City
Fax (046) 4310755
Tels. (046) 4310257
4310143

Pacita-San Pedro
G/F M. Allen Bldg., Km. 31
Old National Highway
San Pedro, Laguna
Fax 8684998
Tels. 8684994 / 5202859
8682130 / 8684997

Paniqui-Tarlac
M. H. Del Pilar St.
McArthur Highway
2307 Paniqui, Tarlac
Fax (045) 9310298
Tels. (045) 9311843
9311808 / 9310355

Perez-Dagupan City
Perez Blvd, 2400
Dagupan City, Pangasinan
Fax (075) 522-4474
Tels. (075) 5224624
5227830 / 5155201

Plaza Burgos-Guagua
Yabut Bldg., Plaza Burgos
2003 Guagua, Pampanga
Telefax (045) 9000194
Tels. (045) 9000213
9004454 / 9010629

Plaza Maestro-Vigan
G/F Plaza Maestro
Commercial Complex
Burgos & Florentino Sts.
Vigan City, Ilocos Sur
Telefax (077) 7223934
Tels. (077) 7223968
7223974 / 7223967
7223930

Poblacion-Sta. Maria
M. De Leon St., Poblacion
3022 Sta. Maria, Bulacan
Telefax (044) 6411578
Tels. (044) 6411548
6414725

Pulilan Junction-Bulacan
Doña Remedios Highway
Pulilan Junction
Pulilan Bulacan
Fax (044) 6702112
Tels. (02) 2998329
(044) 6760225

Puregold-Clarkfield
Puregold Duty Free
(Expansion) Bldg.
Claro M. Recto Highway
Clark Special Economic Zone
Clark Field, Pampanga
Fax (045) 5993283
Tels. (045) 5993287
5993284 / 5993285

Quezon Avenue-Lucena
Quezon Ave. cor. Profugo St.
Lucena City, Quezon
Fax (042) 3735930
Tels. (042) 7103468
7104176 / 7102916

Rizal Avenue-Puerto Princesa
261 Rizal Ave., 5300
Puerto Princesa City
Palawan
Fax (048) 4344243
Tels. (048) 4344244
4332491 / 4344242

Rizal St.-Legaspi City
Rizal St., 4500
Legaspi City, Albay
Fax (052) 4807361
Tels. (052) 4807956
8202413 / 2146356

Rizal St.-San Pablo
G/F Farcon Bldg.
Rizal Ave. cor. Lopez Jaena St.
San Pablo City
Fax (049) 5611881
Tels. (049) 5611880
5611882 to 85

Robinson's Place-Dasmariñas Cavite
Level 1 Robinson's Place-Dasmariñas, Aguinaldo
Highway cor. Governor's
Drive, Dasmariñas Cavite
Fax (046) 4162062
Tels. (046) 8521989
8521990 / 4162063

Robinson's Place-Lipa
Level 1, Space L1-177
Robinson's Place-Lipa
Lipa Highway, Lipa City
Batangas
Fax (043) 7573063
Tels. (043) 7573062
4042018

Robinson's Place-Sta. Rosa
Level 1, Space 014 (G/F Level)
Robinson's Sta. Rosa
Sta. Rosa National Highway
Sta. Rosa, Laguna
Tels. (049) 5344485
5344484 / 5344486

Robinson's Starmills-Pampanga
Level 1, Seaport Gate Lobby
Robinson's Starmills Pampanga
Olongapo-gapan Road
San Fernando City, Pampanga
Telefax (045) 6363527
Tels. (045) 6363527
6363528

Roxas-Isabela
23 Osmeña Road
Bantug Mallig Plain 3320
Roxas, Isabela
Telefax (078) 6427166
Tels. (078) 642-7166
642-8638 / 6428636

Rustan's-Laguna Technopark
G/F Rustan's
Sta. Rosa Bldg. (North Wing)
Laguna Technopark
Ayala Land, Brgy. Don Jose
Sta. Rosa, Laguna
Fax (049) 5208455
Tels. (049) 5208455
5413074 / 5413075

Salvador-Guimba
Afan Salvador St.
3115 Guimba, Nueva Ecija
Fax (044) 6112058
Tels. (044) 6110056
6110058 / 9430212

San Agustin-San Fernando
McArthur Highway
Bgy. San Agustin
San Fernando, Pampanga
Telefax (045) 9635194
Tels. (045) 9635194
9635193 / 9635241

San Carlos-Pangasinan
Palaris St., 2420
San Carlos, Pangasinan
Fax (075) 5324522
Tels. (075) 5324522
5323845

San Fernando-La Union
Quezon Ave. 2500
San Fernando, La Union
Fax (072) 7001388
Tels. (072) 2420239
2424789
7001387 / 7001392
2424643

San Jose-Nueva Ecija
Maharlika Road 3121
San Jose City, Nueva Ecija
Fax (044) 5111527
Tels. (044) 9471376
9472998-99

San Juan-Batangas
Marasigan cor. Kalayaan Sts.
cor. San Juan, Batangas
Fax (043) 5754287
Tels. (043) 5754287
5754319 / 3413029

San Juan St.-Virac
San Juan cor. Rizal Sts.
4800 Virac, Catanduanes
Fax (052) 8111717
Tels. (052) 8112229 to 31
8111434

San Rafael-Bulacan
Km. 60 Cagayan Valley Road
Cruz na Daan, San Rafael
Bulacan
Fax (044) 6771548
Tels. (044) 6771551
6771545 / 6771549
6771550

Sanciangco-Cabanatuan
Sanciangco St.
Cabanatuan City
Fax (044) 4630020
Tels. (044) 4640909
4635853 / 6003251

Santiago-Isabela
Maharlika Highway
cor. Quezon Ave. Victory
Norte Santiago City, Isabela
Fax (078) 6828245
Tels. (078) 6825946
6828592 / 6827414
6824060 / 6827439

Session Road-Baguio
G/F National Life Bldg.
Session Road, Baguio City
Fax (074) 4422583
Tels. (074) 4438201
4423818 / 4438202

Sindalan-San Fernando City
Palm Bldg., McArthur
Highway, Sindalan
San Fernando City, Pampanga
Fax (045) 8600278
Tels. (045) 6364113
6364114

Solano-Nueva Vizcaya
National Highway
Solano Nueva Vizcaya
Telefax (078) 3267754
3267283

Sorsogon-Rizal St.
Jomil Bldg., Rizal St.
Sorsogon, Sorsogon
Fax (056) 2112100
Tels. (056) 2112391
2111821 / 4215110

Sta. Cruz-Laguna
Along Regidor St.
Sta. Cruz, Laguna
Fax (049) 8080226
Tels. (049) 8080238
8080239 / 8080229
8080233 / 8080241

Sta. Rosa-South Express
National Road
Pulong, Sta. Cruz 4026
Sta. Rosa, Laguna
Telefax (02) 8864738
Fax (049) 8372941
Tels. (02) 5208198
5390295

Sto. Tomas-Batangas
Maharlika Highway
San Antonio
Sto. Tomas, Batangas
Fax (043) 4056886
Tels. (043) 3180388
7780535

Tabaco-Albay
Along Ziga Ave.
Tabaco, Albay
Fax (052) 4877777
Tels. (052) 4877755
4877744

Tagaytay-Olivarez Plaza
Olivarez Plaza Quad Cinema
Emilio Aguinaldo Highway
Tagaytay
Fax (046) 8602164
Tels. (046) 4130352 to 55
4133899

Talavera-Nueva Ecija
Maharlika Highway, Talavera
Nueva Ecija
Fax (044) 4111276
Tels. (044) 9511422
4111738 / 9511401

Tanauan-A. Mabini
A. Mabini St., Tanauan
4232 Batangas
Fax (043) 7782137
Tels. (043) 7782682
7782137 / 7780438
4050710 / 4050711

Times Square-Subic
420 Rizal Highway Subic Bay
Freeport Zone, 2200
Olongapo City, Zambales
Fax (047) 2527420
Tels. (047) 2522939
2527070 / 2527050

Tinio-Gapan
Tinio St., 3105 Gapan
Nueva Ecija
Fax (044) 4862288
Tels. (044) 4862235
4860556 / 4860305
4863345 / 6040266

Vigan-Quezon Avenue
cor. Bonifacio St.
& Quezon Ave. 2900
Vigan, Ilocos Sur
Fax (077) 7222582
Tels. (077) 7221780
7221781 / 7222581

Waltermart-Calamba
G/F Waltermart Calamba
Real St., Barangay Real
Calamba, Laguna
Fax (049) 5457250
Tels. (049) 5457252
5457251 to 55

Waltermart-Sta. Rosa
San Lorenzo Drive
cor. Balibago Road. Brgy.
Balibago 4026
Sta. Rosa, Laguna
Telefax (049) 8374977
Tels. (049) 8374976
5344630 / 5344631
(02) 5208683

Zamora-Meycauayan
Zamora St., Barrio Calvario
Meycauayan, Bulacan
Fax (044) 8409140
Tels. (044) 2283133
2283907 / 2283648
8403718 / 8401386

VISAYAS BRANCHES

A.S. Fortuna-Mandaue
Units 3 & 4, Mirhan Bldg.
A.S. Fortuna St.
cor. 8 Road Drive
Mandaue City, Cebu
Fax (032) 3461532
Tels. (032) 3437095
4161567 / 3461532
3437095

Allen-Catbalogan
del Rosario St. cor. Allen Ave.
6700 Catbalogan, Samar
Fax 055) 5439110
Tels. (055) 2515477
3561706 / 2515541

Araneta-Bacolod
Araneta cor. Gonzaga Sts.
6100 Bacolod City
Negros Occidental
Telefax (034) 4341233
Tels. (034) 4341233
4342754 / 4342751
4342753 / 4342752

Banilad-Cebu City
G/F PDI Condominium
Archbishop Reyes Ave.
Banilad, Cebu City
Fax (032) 2340182
Tels. (032) 2340186
2340184 / 2340189
4162077

Binalbagan-Negros Occidental
Biscom Compound
Binalbagan, Negros
Occidental
Fax (034) 3888270
Tels. (034) 3888258
742-8470

Bogo-Cebu
P. Rodriguez
cor. San Vicente Sts.
6010 Bogo, Cebu City, Cebu
Telefax (032) 2512032
Tels. (032) 2512030
4348900

Borromeo-Cebu City
Magallanes cor. Borromeo Sts.
Cebu City
Fax (032) 2538823
Tels. (032) 2556165
2563583 / 2537449

Burgos-Ormoc
Cor. Burgos & Rizal Sts.
Ormoc City, Leyte
Fax (053) 5619759
Tels. (053) 2554894
2557948 / 2554894

Cebu-Ayala Center
S#185 Retail Level 1
South Entry, Ayala Center
Cebu, Cebu Busines
Park, Cebu City
Fax (032) 2339620
Tels. (032) 2339621
2339623 / 2339627

C. P. Garcia Ave.-Tagbilaran
C. P. Garcia Ave.
cor. H. Grupo St.
6300 Tagbilaran City, Bohol
Fax (038) 2353373
Tels. (053) 4114921
5019890

Cabahug-Cadiz
Cabahug St. 6121 Cadiz
Negros Occidental
Fax (034) 4930510
Tels. (034) 4930479
4930667

Capitol Shopping-Bacolod
Benigno Aquino Drive
Capitol Shopping, Bacolod City
Negros Occidental
Fax (034) 4353211
4342446
Tels (034) 4345057
4342448 / 4353216
4334484 / 4353212

Central-Iloilo
Iznart Street
(Lot 317-B-2-A-1)
5000 Iloilo City, Iloilo
Telefax (033) 3377210
Tels. (033) 3350417
3351105 / 3377210

Colon-Dumaguete
Colon St. fronting Bldg. V
of City Public Market,
Poblacion, Dumaguete City
Telefax (035) 2254462
Tels. (035) 2254462
2255022 / 2254787
4227513 / 2257660

Downtown-Roxas City
Roxas Ave.
Roxas City, Capiz
Fax (036) 6210054
Tels. (036) 6211888
6210210 / 6210112

EPZA-Mactan
Mactan - EPZA Compound
6000 Lapu-lapu City, Cebu
Fax (032) 3403912
Tels. (032) 3412250 / 60
3403700 / 4955151

Escalante-Negros Occidental
National Highway, Escalante
Negros Occidental
Fax (034) 4540125
Tels. (034) 4540124
7247022

F. Gonzales-Cebu City
F. Gonzales
cor. Magallanes Sts.
Cebu City
Fax (032) 2532245
Tels. (032) 2536266 /
2532246 / 4148088

F. Ramos-Cebu City
143 F. Ramos St.
6000 Cebu City, Cebu
Fax (032) 2551515
Tels. (032) 2550959
2536545 / 4125808

Fuente Osmeña-Cebu City
Fuente Osmeña Rotunda
Cebu City
Fax (032) 2554035
Tels. (032) 2554034
2554036

Gatuslao-Bacolod
26 & 28 Gov. V. Gatuslao St.
Bacolod City, Negros
Occidental
Fax (034) 4333378
Tels. (034) 4333464 to 66

Goldenfield-Bacolod
Goldenfield Commercial
Complex, Araneta Highway
Singcang, Bacolod City
Negros Occidental
Fax (034) 4351495
Tels. (034) 4330509
4343738 / 433-0511

Gorordo-Cebu City
Gorordo Ave., Lahug 6000
Cebu City, Cebu
Fax (032) 2314054
Tels. (032) 2313067
2330001 / 2335767

Gov. Villavert-Antique
Carretas cor. Solana St.
Panay Islands
5700 San Jose, Antique
Fax (036) 5408398
Tels. (036) 3202002
3201814 / 5407770

Hilado-Bacolod
Hilado cor. F.Y. Manalo Sts.
6100 Bacolod City
Negros Occidental
Telefax (034) 4351441
Tels. (034) 4332007
4347698 / 4323365

Hinigaran-Negros Occidental
Aguinaldo cor. Rizal Sts.
Hinigaran, 6106
Negros Occidental
Telefax (034) 3917794
Tels. (034) 3917795
7407384

Iloilo-Quezon St.
Lots 3 & 5 Quezon St.
Iloilo City
Fax (033) 3370870
Tels. (033) 3350595
3350594 / 3350597

Iznart-Iloilo
Iznart St., 5000
Iloilo City, Iloilo
Fax (033) 3350669
Tels. (033) 3369019
3377795 / 3351301

Jaro-Iloilo
Arguelles cor. Rizal Sts.
Jaro, Iloilo City, Iloilo
Fax (033) 3208172
Tels. (033) 3297092
3208171 / 3295290

Juan Luna-Cebu City
Gokongwei Bldg.
Juan Luna
cor. Lapu-lapu Sts., 6000
Cebu City, Cebu
Fax (032) 2536861
Tels. (032) 2544693
4121800

Kabankalan-Negros Occidental
Guanzon St. Kabankalan
6111 Negros Occidental
Fax (034) 4712246
Tels. (034) 4712146
4712147
4712146

Kalibo-Roxas Avenue
G/F Legaspi Building
Roxas Ave., Kalibo, Aklan
Telefax (036) 2688610
Tels. (036) 2627001
2688612 to 13
2627000

Lacson-Bacolod
Lacson cor. Galo Sts.
6100 Bacolod City
Negros Occidental
Fax (034) 4354531
Tels. (034) 4354531 to 32
4333451

Ledesma-Iloilo
Ledesma St. 5000
Iloilo City, Iloilo
Telefax (033) 3363315
Tels. (033) 3381387
3351117

Magallanes-Cebu City
Magallanes cor. Plaridel Sts.
6000 Cebu City
Fax (032) 2538572
Tels. (032) 2548467
2551728 / 4123398

Mandalagan-Lacson
G/F Sta. Clara Estate Building
Lacson St., Mandalagan
Bacolod City
Fax (034) 4412443
Tels. (034) 4411151
4410216

MEZ II-Lapu lapu City
Unit 204 NGA Bldg. 2
Pueblo Verde
MEZ II, Basak, Lapu lapu City
Fax (032) 3415833
Tels. (032) 3415833
341-5834 / 341-5835

North Reclamation-Cebu City
Blk. 20-A cor. Port Centre Ave.
& San Jose de la Montaña
North Reclamation Area
Cebu City
Fax (032) 2320328-29
Tels. (032) 2320321-24

North Road-Cebu
National Highway
Labogon Mandaue City, Cebu
Fax (032) 3451061
Tels. (032) 3451017 to 18
3451090 / 3453394

North-Mandaue
National Highway
Mandaue City
Fax (032) 3461061
Tels. (032) 3455991
3455993 / 3462180

Oppus-Maasin
Tomas Oppus St.
6600 Maasin
Southern Leyte
Fax (053) 3812032
Tels. (053) 3812572
3812495 / 5708585

Osmeña Blvd.-Cebu City
Osmeña Blvd.
cor. Ma. Cristina St.
6000 Cebu City, Cebu
Fax (032) 2530659
Tels. (032) 2544654
2542803 / 2544643

Rosario-Lacson
Lot 296-B-7, Lacson St.
cor. Rosario St., Bacolod City
Negros Occidental
Fax (034) 4330234
Tels. (034) 4337991 to 93
4332654

Salazar-Tacloban
Salazar St. Tacloban City
Leyte 6500
Fax (053) 3256672
Tels. (053) 3255094
3212728 / 3212985

San Carlos-Negros Occidental
S. Carmona St. cor. Rizal St.
San Carlos City
Negros Occidental
Fax (034) 3125657
Tels. (034) 3125140
3125263 / 3125140
7299581

Silay-Figueroa
Figueroa cor. Rizal St.
Silay City, 6116
Negros Occidental
Telefax (034) 4953787
Tels. (034) 4953787
7149149

SM City-Iloilo
Lower G/F Unit No. 73
SM City Iloilo
Benigno Aquino Ave.
Jaro-West Diversion
Mandurriao, Iloilo City
Fax (033) 3200123
Tels. (033) 3200215
3200247 / 3200745

South-Mandaue
National Highway
6014 Mandue City, Cebu
Fax (032) 3467915
Tels. (032) 3460101
3452458 / 3464689

Tabo-an-Cebu City
T. Abella St.
San Nicolas Central
6000 Cebu City
Fax (032) 2611378
Tels. (032) 2614423
2614422 / 2611377
2614421

Tacloban-Rizal Avenue
Roqson Bldg. Rizal Ave.
cor. P. Burgos St. 6500
Tacloban City, Leyte
Fax (053) 5238075
Tels. (053) 5238015
5230366 / 3214265

Valeria-Iloilo
Valeria cor. Solis Sts.
5000 Iloilo City, Iloilo
Fax (033) 3364467
Tels. (033) 3364465
3379219 / 3379257

Victorias-Negros Occidental
Poblacion Victorias
6119 Negros Occidental
Fax (034) 3992746
Tels. (034) 3992746
3993616 / 3993617

MINDANAO BRANCHES

Agdao-Davao City
Lapu-lapu St., 8000 Agdao
Davao City, Davao Del Sur
Telefax (082) 3003024
Tels. (082) 2216205
300-3024 / 305-9111

Alunan Highway-Tacurong
Alunan Highway, 9800
Tacurong Sultan Kudarat
Telefax (064) 2003035
Tels. (064) 4770207
2003134 / 4770055

Bajada-Davao City
Ana Socorro Building
J.P. Laurel St., Bajada
Davao City
Fax (082) 3009814
Tels. (082) 2244137
3055778 / 3008975

Bangoy-Davao City
R. Magsaysay Ave.
cor. Bangoy St., 8000 Davao
City, Davao Del Sur
Fax (082) 2211251
Tels. (082) 2214480
2272802 / 2272113
8407329 ext. 0187

Bankerohan-Davao City
Nicolas I Bldg., Quirino Ave.
8000 Davao City
Davao Del Sur
Telefax (082) 2214365
Tels. (082) 3055804
2214951 / 2214365

C. M. Recto-Davao City
383 Claro M. Recto St.
Davao City 8000
Fax (082) 2263147
Tels. (082) 2210671
2277351 / 2278591
2263703 / 2263723

Cogon-Cagayan de Oro
Pres. S. Osmeña cor. Ramon
Chavez Sts., Cogon 9000
Cagayan De Oro
Misamis Oriental
Fax (08822) 724567
(088) 8565702
Tels. (08822) 724568 / 726412
(088) 8563728

Del Pilar-Iligan
B.C. Labao cor. Del Pilar St.
Iligan City
Telefax (063) 2239450
Tels. (063) 2239446
2239447 / 2239448

Digos-Rizal Avenue
Rizal Avenue, Zone II
Digos, Davao Del Sur
Fax (082) 5534764
Tels. (082) 5537439
5532931

Dipolog-Quezon Avenue
Quezon Ave., 9100 Dipolog
City Zamboanga Del Norte
Fax (065) 2128164
Tels. (065) 2122341
2128163 (dial up)
2122339

F. S. Pajares-Pagadian
F. S. Pajaras Ave., Pagadian
City 7016 Zamboanga Del Sur
Fax (062) 2141744
Tel. (062) 2141745

Gaisano-Butuan
G/F, Unit 1-14, Gaisano
Butuan, J. Aquino Blvd.
cor. J. Rosales Ave.
Butuan City, Agusan del Norte
Fax (085) 8151868
Tels. (085) 8151867
8151868 / 3417827
3418078

Gingoog-National Highway
Nat'l Highway, 9014
Gingoog City
Misamis Oriental
Telefax (088) 8610201
Tels. (088) 8611104
(08842) 7595 / 7313
8610460

Ipil-Zamboanga
National Highway, Ipil
Zamboanga Del Sur
Telefax (062) 3332380
Tel. (062) 3332380

Isulan-National Highway
#075 National Highway
Kalawag 2, Isulan
Sultan Kudarat
Fax (064) 4710015
Tels. (064) 4710026
2013247

Jaycee Avenue-Midsayap
Jaycee Ave., Midsayap
North Cotabato 9410
Fax (064) 2298327
Tels. (064) 2297589
2297590

KCC Mall-General Santos
Unit 018
G/F KCC Mall of Gensan
Jose Catolico Sr. Ave.
General Santos City
Cotabato
Telefax (083) 3022958
Tels. (083) 3017327
3017330 / 5529808

Kabacan-Rizal Avenue
Rizal Ave., National Highway
9407 Kabacan
North Cotabato
Telefax (064) 2482118
Tels. (064) 2482119
2482432 / 2482118

Kidapawan-Quezon Blvd.
Quezon Blvd., 9400
Kidapawan North Cotabato
Telefax (064) 2783018
Tels. (064) 2783018
2881689 / 2881687

Lapasan-Cagayan de Oro
C. M. Recto Highway
Lapasan, 9000 Cagayan de
Oro City, Misamis Oriental
Fax (088) 8563234
Tels. (088) 8563233
8563234 / 8563235
(08822) 725253

Mabini St.-Mati
Rizal cor. Mabini Sts.
8200 Mati, Davao Oriental
Telefax (087) 3883336
Tels. (087) 3883219

Magallanes St.-Surigao
Magallanes cor. San Nicolas
Sts. 8400 Surigao City
Fax (086) 8260293
Tels. (086) 231-7226
2317541 / 826-3425
2317270

Makakua-Cotabato
Makakua St.
9600 Cotabato City
Maguindanao
Fax (064) 4212713
Tels. (064) 4214980
4212069 / 4214934
4215819

Mayor Climaco-Zamboanga City
San Jose Rd.cor M. Climaco
St., Zamboanga City
Zamboanga del Sur
Telefax (062) 9911121
Tels. (062) 9910924
9920889 / 9923892

Montilla-Butuan
Montilla Blvd.
near cor. Lopez Jaena St.
Butuan City,
Agusan del Norte
Telefax (085) 3427055
Tels. (085) 8154430
8154429 / 8154431
3426245 / 3415240

Oroquieta-Washington
Washington St., Oroquieta
City, 7207 Misamis Occidental
Telefax (088) 5311532
Tels. (088) 5311121 to 22
5312171

Ozamis-Rizal Avenue
Rizal Ave., 7200 Ozamis City
Misamis Occidental
Fax (088) 5211529
Tels. (088) 5210029
5210039

Pendatun-Gen. Santos
G/F Sydney Hotel. Pioneer St.
cor, Magsaysay Ave.
8400 Gen. Santos City
S. Cotabato
Fax (083) 5536252
Tels. (083) 3023180
3023179 / 5522062
5536252 / 5522963

Pioneer St.-Gen. Santos
National Hi-way cor. Roxas
Ave., 9500 Gen. Santos City
S. Cotabato
Fax (083) 3010226
Tels. (083) 5522242
5522675 / 3021690

Quezon Avenue-Iligan
Quezon Ave., 9200
Iligan City, Lanao Del Norte
Fax (063) 2216545
Tels. (063) 2213440
2213685

R. Alunan-Koronadal
R. Alunan Ave.
cor. Osmeña St. Koronadal
South Cotabato
Telefax (083) 2282219
Tels. (083) 2282541
2282323 / 2282219
2282540

R. Magsaysay Ave.-Davao City
Ramon Magsaysay Ave.
cor. Lizada St., 8000
Davao City, Davao Del Sur
Fax (082) 2220071
Tels. (082) 2210126
2244193 / 3008528
2254045

Rizal St.-Zamboanga
Rizal St., Zamboanga City
7000 Zamboanga Del Sur
Telefax (062) 9911476
Tels. (062) 9917298
9914804

Robinsons-Cagayan de Oro
Level 2, Robinsons
Cagayan De Oro, Rosario
Cresent cor. Florentino St.
Limketkai Complex
Cagayan De Oro City
Fax (088) 8567117
Tels. (088) 8567115
8567116

San Pedro-Davao City
G/F KDC Bldg., San Pedro
Street, Davao City
Davao Del Sur
Fax (082) 2218186
Tels. (082) 2218221
2271251 / 3055805

Santiago St.-Gen. Santos
Ireneo Santiago Blvd.
9500 Gen. Santos City
South Cotabato
Telefax (083) 5522603
Tels. (083) 5522146
5522404 / 5535618

Sta. Ana-Davao City
Monteverde cor. F. Bangoy
Sts., 8000 Davao City
Davao Del Sur
Fax (082) 2263690
Tels. (082) 2274638
2214746 / 3055810
2274638

Tagum-Rizal St.
577 Rizal St., 8100 Tagum
Davao Del Norte
Telefax (084) 2173664
Tels. (084) 2173664
2173469 / 2184691

Toril-Davao City
Agton St., Toril, Davao City
Telefax (082) 2912276
Tels. (082) 2912278
2912276

Valencia-Bukidnon
M. L. Quezon St.
cor. Ginuyuran Rd.
8709 Valencia, Bukidnon
Fax (088) 8282148
Tels. (088) 8283331
2222185

Vamenta-Cagayan de Oro
V. Castro St., Carmen District
9000 CDO, Misamis Oriental
Fax (088) 8581133
Tels. (08822) 723676 / 722660

Velez-Cagayan de Oro
Fermin-Belen Estates Bldg.
along Tiano Bros. St.
near cor. Chavez St.
Cagayan de Oro
Fax (088) 8564792
Tels. (088) 8571943
(08822) 729360
723745

FOREIGN BRANCH

HONG KONG
7/F Silver Fortune Plaza No. I
Wellington St., Central
Hong Kong
Fax (00852) 28100050
28698677
Tels. (00852) 25229993
28680323

EQUITABLE SAVINGS BANK

Alabang Hills
RBC Corporate Centre
Don Jesus Blvd.
Barangay Cupang
Muntinlupa
Fax 7723693
Tels. 8429006/ 7723695

Angeles
Plaza Rafael I
151-D Sto. Rosario St.
Sto. Domingo, Angeles City
Fax (045) 887-0505
Tels. (045) 8871212
8870202 / 8870404

BF Resort-Las Piñas
ESB Bldg. Blk.4
Lot 9 BF Resort Drive
Phase 4, BF Resort Village
Las Piñas
Fax 8738918
Tels. 8738925 / 8738923

Cavite City
ESB Bldg. P. Burgos Ave.
Caridad, Cavite City
Fax (046) 5040086
Tels. (046) 5040086
5040134 / 5041126

Circumferential Road-Antipolo
Circumferential Road
corner F. Manalo St.
Antipolo City, Rizal
Fax 696-5212
Tels. 6965212 / 6965216

C. M. Recto-CDO Branch
ESB Bldg.
Claro M. Recto Ave.
Cagayan De Oro City 9000
Fax (088) 8562617
Tels. 088) 8564067
8564013

Concepcion-Marikina
ESB Bldg. Bayanbayanan Ave.
corner Molave St.
Concepcion, Marikina
Fax 9973832
Tels. 9973834 / 9973824

Dapitan-Sampaloc
Dapitan cor. Ma. Cristina Sts.
Sampaloc, Manila
Fax 7318544
Tels. 7431202 / 7318544

Davao-Matina
No. 36 Peacenest Bldg.
Ecoland Subd, Quimpo Blvd.
Matina, Davao
Fax (082) 2975360
Tels. (082) 2990172
2992893 / 2975042

Don A. Roces Avenue
Rotary Center Bldg.
Don A. Roces
cor. Mother Ignacia
Bgy. Laging Handa
Quezon City
Fax 4169395
Tels. 4169697 / 4150691
4169395

Dumaguete
Sta. Rosa St., Dumaguete
City, Negros Oriental
Telefax (035) 2262537
Tels. (035) 4225900
4225903

Farmer's Cubao
Unit III, G/F Sampaguita
Theatre Bldg., along Gen.
Araneta & Gen. Roxas Sts.
Cubao, Quezon City
Fax 9118130
Tels. 9118822 / 4385563
911-8228

Gorordo-Salinas Drive Cebu
117 Gorordo Ave.
Lahug, Cebu City
Tels. (032) 2320914
2314581

Greenhills
G/F Equitable PCI Bank Bldg.II
Ortigas Ave. cor. Roosevelt
Greenhills, San Juan
Metro Manila
Fax 7258353
Tels. 7267604 / 7258353
7218375

Isidora Hills
ESB Bldg.
Pook Ligaya Riding Ground
Interneighborhood Road
Isidora Hills Subd.
Brgy. Holy Spirit
Quezon City
Fax 4302101
Tels. 9517744 / 9517742
9517741

Lucena
No. 505 Quezon Avenue Ext.
Brgy. Gulang-Gulang,
Lucena City, Quezon
Tels. (042) 3731864
3737127

Magallanes-Makati
Maga Center, 1016 San
Antonio St., Paseo de
Magallanes, Brgy. Magallanes
Makati City
Tels. 7570393 / 7570394

Masinag-Antipolo
ESB Bldg. Sumulong Highway
Masinag Mayamot, Antipolo
Fax 6824199
Tels. 6824194 / 6824198

Mayon-Amoranto
489 Units A & B Mayon St.
Sta Mesa Heights
Quezon City
Fax 4133697
Tels. 7426013 / 7425201

Moonwalk-Merville
G/F Seal I Bldg.
Armstrong Ave.
cor. Yosemite St.
Moonwalk Subd.
Parañaque City
Fax 7760690
Tels. 7760692 / 7760691
7760694

Muntinlupa
G/F Elizabeth Center Bldg.
National Road Poblacion,
Muntinlupa
Fax 8614364
Tels. 8614366 / 8614367

Muñoz-Roosevelt
352 Roosevelt Ave.
San Francisco, Del Monte
Quezon City
Fax 4110405
Tels. 4110475 / 3736884

Pallocan West-Batangas City
Manuela Pastor Ave.
Pallocan West, Batangas City
Fax 7238162
Tels. 7237814 / 7238047

Pasig-A. Mabini
G/F CFM Bldg.
No. 97 A. Mabini St.
Pasig City
Fax 6426834
Tels. 6412298 / 6423755

Pasig-Kapitolyo
G/F Cabarrus Bldg.
No. 9 East Capitol Drive
Barrio Kapitolyo,Pasig City
Fax 7477003
Tels. 6388577 / 6388574

Pateros
G/F Milaor Bldg., Almeda St.
Poblacion, Pateros, M.M.
Fax 6439467
Tels. 6439456 / 6439463

Shorthorn-Project 8
ESB Bldg. No. 41 Shorthorn
St,Brgy. Toro, Project 8
Quezon City
Fax 9260827
Tels. 9260840 / 9260819

Tabuc Suba-Iloilo
Roger's Bldg
Mc Arthur Highway
Tabuc Suba, Iloilo City
Fax (033) 3209137
Tels. (033) 3203058
3209681

Talipapa-Novaliches
G/F No. 388 Quirino Highway
Brgy. Talipapa, Novaliches
Quezon City
Fax 9300081
Tels. 9300027 / 9300081

Tandang Sora
G/F D & B Royal Midway Plaza
419 Tandang Sora
Barangay, Culiat
Quezon City
Fax 4567473
Tels. 9512678 / 4567478

Tapuac-Dagupan City
Units 8-10 Mother Goose
Play School Bldg., McArthur
Highway, Tapuac District
Dagupan City, Pangasinan
Tels. 523-6330 / 523-6331

Taytay Rizal
ESB Bldg. East Road, Taytay
Rizal (near Taytay Bagong
Palengke)
Fax 2863271
Tels. 6605393 / 6605392

Teacher's Village
G/F Luisa 2 Bldg.
107 Maginhawa St.
Teachers Village, Quezon City
Fax 4338716
Tels. 4336780 / 4338720

Wilson-Greenhills
ESB Bldg. Wilson
cor. Wilson Road
Greenhills, San Juan, M. M.
Fax 7245856
Tels. 7273764 / 7245856

Xavierville Avenue
G/F Xavierville Square
Condominium, 38 Xavierville
Avenue, Loyola Heights
Quezon City
Fax 9298028
Tels. 4341019 / 9298069

Products and Services

I. INDIVIDUAL

A. CONSUMER FINANCING

- Auto Loans *(also available at Equitable Savings Bank)*
  1. Own-A-Car
  2. Own-A-Car Plus
- Housing Loans *(also available at Equitable Savings Bank)*
  1. Own-A-Home
  2. Own-A-Home Plus
  3. Own-A-Home Special
  4. Own-A-Home Stretch
- Multi-purpose Loans
  1. Credit-On-The-House Credit Line
  2. Credit-On-The-House Term Loan *(also available at Equitable Savings Bank)*

B. DISBURSEMENT SERVICES

- Demand Deposits
  1. Peso Demand Deposits
     a. Regular Checking Account *(also available at Equitable Savings Bank)*
     b. Checking account ATM
     c. ONE Account
     d. ONE Plus
     e. Automatic Transfer Arrangement *(also available at Equitable Savings Bank)*
  2. Foreign Currency Demand Deposit
     a. Dollar One
- Debit Cards
  1. FASTcard Regular
  2. FASTcard Premium
  3. FASTcard Payroll
  4. Express Padala FASTcard
  5. Singpost CashHome FASTcard
  6. FASTeller VISA Electron Card
- Demand Drafts
- Manager's Check / Cashier's Check / Gift Check *(also available at Equitable Savings Bank)*
- Traveller's Check

C. ELECTRONIC PRODUCTS

- FASTeller Automated Teller Machine *(also available at Equitable Savings Bank)*
- FASTNet
- FASTPhone
- FASTPhone SMS

D. FUND TRANSFER SERVICES

- Domestic Telegraphic Transfer *(also available at Equitable Savings Bank)*
- FX Telegraphic Transfer *(also available at Equitable Savings Bank)*
- Interbank Funds Transfer via ATM *(also available at Equitable Savings Bank)*
- Interbranch Funds Transfer *(also available at Equitable Savings Bank)*
- Electronic Peso Clearing System
- Philippines Domestic Dollar Transfer System
- Real Time Gross Settlement

E. HEALTH CARE (through Maxicare Healthcare Corp.)

- Annual Check-Up
- Dental Care
- Emergency Care
- In-Patient Care
- Out-Patient Care
- Preventive Health Care

F. LEASING AND FINANCING (through PCI Leasing & Finance Inc.)

- Amortized Commercial Loan
- Installment Paper Purchase
- Leasing
- Receivables Discounting
- Receivables Factoring

G. LIFE INSURANCE (through Philam Equitable Life Assurance Co.)

- Preferred Flexisecure
- Preferred Guardian Peso
- Preferred Guardian Dollar
- Preferred Provider
- Preferred Dollar
- Preferred Dollar Plus
- Preferred HealthShield
- Preferred Scholar

H. PAYMENT PRODUCTS AND SERVICES (through Equitable Card Network)

- Retail Cards
  1. Visa
  2. MasterCard
  3. JCB
  4. American Express
- Visa Electron

I. PERSONAL TRUST

- Living Trust Accounts
- Prime Life Investment Gold Customized Portfolio
- EPIC Jade Fund
- Long-Term Revocable Trust Accounts

J. REMITTANCE SERVICES

- Direct Deposit
- Express Padala CasHome FASTcard
- Express Padala FASTcard
- Express Padala Remittance Services
- Express Regalo
- Express Pinoy
- MoneyGram
- OFW E-card
- PAYanywhere
- Advise and Pay
- Xoom.com

K. SAVINGS

- Peso Deposits
  1. Regular Savings Account-Passbook *(also available at Equitable Savings Bank)*
  2. FASTeller Savings Account
  3. TREASURESaver *(also available at Equitable Savings Bank)*
  4. SSS Pensioner Savings Account *(also available at Equitable Savings Bank)*
  5. Express Padala Savings Account *(also available at Equitable Savings Bank)*
  6. Optimum
  7. SA Plus *(also available at Equitable Savings Bank)*
  8. Special SA Plus
  9. Peso Time Deposit *(also available at Equitable Savings Bank)*
  10. HighSaver
  11. SpeedSaver *(only at Equitable Savings Bank)*
  12. MoneyMax Regular
  13. MoneyMax Plus
  14. MoneyMax Flex
  15. SureSaver *(only at Equitable Savings Bank)*
  16. SureSaver Plus *(only at Equitable Savings Bank)*
  17. SureSaver Flex *(only at Equitable Savings Bank)*
- Foreign Currency Deposits
  1. U.S. Dollar Savings Account
  2. Other Foreign Currency Savings Account
  3. U.S. Dollar Time Deposit
  4. Other Foreign Currency Time Deposit

L. TREASURY

- Domestic Fixed Income Securities
  1. Fixed Rate Treasury Notes
  2. Government Corporate Receivables
  3. Private Corporate Receivables
  4. Retail Treasury Bonds
  5. Treasury Bills
- Foreign Fixed Income Securities
  1. Maxihedge
- Foreign Exchange Transactions
  1. Foreign Exchange Swap Contracts
  2. Forward Contracts
  3. Spot Contracts

M. UNIT INVESTMENT TRUST FUNDS

- EPCIB GS Fund
- EPCIB U.S. Dollar Fund
- EPCIB Equity Fund

N. COLLECTION SERVICES

- Post-dated Checks Warehousing *(also available at Equitable Savings Bank)*
- Safety Deposit Box *(also available at Equitable Savings Bank)*
- Government Agency Collection Service *(also available at Equitable Savings Bank)*
- Final Credit Service

O. ANCILLARY SERVICES

- Bank Statement Request through ATM
- Phonecards / Prepaid Cards through Electronic Channels

P. NON-LIFE INSURANCE (through EBC Insurance Brokerage, Inc.)

- Home-A-Sure
- Car-A-Sure

II. CORPORATE

A. CHECKING AND SAVINGS ACCOUNTS

- Clearing Arrangements
  1. NOW Clearing / Demand Deposit
  2. Night Depository
  3. Demand Drafts / Manager's Checks / Cashier's Checks / Gift Checks
- Peso Demand Deposits
  1. Automatic Transfer Arrangement *(also available at Equitable Savings Bank)*
  2. Checking Account ATM
  3. ONE Account
  4. ONE Plus
  5. Regular Checking Account *(also available at Equitable Savings Bank)*
- Savings Accounts
  1. Foreign Currency Deposits
     a. U.S. Dollar Savings Account
     b. Other Foreign Currency Savings Account
     c. U.S. Dollar Time Deposit
     d. Other Foreign Currency Time Deposit
  2. Peso Deposits
     a. HighSaver
     b. Peso Time Deposit *(also available at Equitable Savings Bank)*
     c. Regular Savings Account-Passbook *(also available at Equitable Savings Bank)*
     d. SA Plus *(also at Equitable Savings Bank)*
     e. Special SA Plus
     f. SpeedSaver *(only at Equitable Savings Bank)*

B. CASH MANAGEMENT SOLUTIONS

- Collection Solutions
  1. OTC and Electronic Consumer FASTPay
  2. Real-time FASTCollect
  3. Mobile Cash / Check Transport Service (MCTS)
  4. Post-dated Check Warehousing
- Payables Solutions
  1. MC and Corporate Check FASTWrite
  2. FASTeTransfer Supplier's Bills Payment
  3. FASTRemit
  4. Payroll Services
- FASTAccess Electronic Platform
- Government-Related Services
  1. SSS Sickness, Maternity and Employee Compensation *(only at Equitable Savings Bank)*

C. CORPORATE AGENCIES

- Custody Services
- Escrow Services
- Paying Agency
- Receiving Agency
- Settlement Bank Services
- Transfer Agency
- Unit Investment Trust Fund (UITF)
  1. EPCIB GS Fund
  2. EPCIB U.S. Dollar Fund
  3. EPCIB Equity Fund

D. CORPORATE FINANCING

- Multi-Currency Loan Facilities
  1. Credit-Linked Loans
- Term Loans
  1. Project Financing
  2. Developmental Loans
- Investment Services
  1. Investment Management Account
  2. Pre-Need Company Funds
  3. Revocable Trust Account
- Special Trust
  1. Bonds Issued Under Trust
  2. Collateral / Mortgage Trust
  3. Court Trusts & Guardianships
  4. Custodianship
  5. Escrows
  6. Life Insurance Trusts
  7. Loan / Security Agency
  8. Non-Voting Trust
  9. Private Estate Planning
  10. Special Purpose Trust

E. Corporate Housing Loan Tie-up/ Contract-to-Sell (CTS) Financing / Auto Fleet Financing / Corporate Personal Loan Tie-up

- Auto Fleet Financing Program
- Contract-to-Sell (CTS) Financing
- Personal Loan Program

F. CORPORATE TRUST

- Employee Benefit Trust
  1. Customized Employee Benefit Trust
  2. Merit & Merit Plus Plans
- Corporate Investment Services
  1. Investment Management Account
  2. Pre-Need Company Funds
  3. Revocable Trust Account
  4. Institutional Funds
- Special Trust
  1. Bonds Issued Under Trust
  2. Collateral / Mortgage Trust
  3. Court Trusts & Guardianships
  4. Custodianship
  5. Escrows
  6. Life Insurance Trusts
  7. Loan / Security Agency
  8. Non-Voting Trust
  9. Private Estate Planning
  10. Special Purpose Trust
- Corporate Agency Services
  1. Settlement Bank
  2. Transfer Agency / Registrar
  3. Paying Agency
  4. Receiving Agent for Initial Public Offerings
  5. Escrow Agent for Locked-up Shares

G. HEALTH CARE (through Maxicare Healthcare Corp.)

- Annual Check-Up
- Dental Care
- Emergency Care
- In-Patient Care
- Out-Patient Care
- Preventive Health Care

H. INVESTMENT BANKING (through PCI Capital Corporation)

- Fixed Income Securities Underwriting
  1. Commercial Papers / Bonds / Corporate Notes
  2. Preferred Shares
- Equity Securities Underwriting
  1. Initial Public Offering
  2. Rights Offering
  3. Warrants Issue
- Financial Advisory
- Investment Instruments
- Multi-Currency Loan Syndication
- Private Equity Placement
- Securities Brokering & Dealership
- Securitization of Financial Assets

I. LEASING AND FINANCING (through PCI Leasing & Finance Inc.)

- Amortized Commercial Loan
- Installment Paper Purchase
- Leasing
- Receivables Discounting
- Receivables Factoring

J. NON-LIFE INSURANCE (through EBC Insurance Brokerage, Inc.)

- Property Insurance (Industrial / Commercial All Risks)
- Business Interruption or Loss of Profit Insurance
- Engineering Insurance
  1. Contractors All Risk
  2. Erection All Risk
  3. Electronic Equipment or Computer Insurance
  4. Machinery Breakdown

- Marine Insurance
  1. Cargo Insurance
  2. Hull Insurance
  3. Liablility Insurance
  4. Inland Marine
- Public / General Liability Insurance
- Crime Insurance
  1. Fidelity Insurance
  2. Money, Securities & Payroll Insurance
  3. Burglary, Robbery & Theft Insurance
  4. Bankers Blanket Bond
- Miscellaneous Insurance
  1. Floater Insurance
  2. Golfers Insurance
  3. Livestock Insurance
- Employee Benefits
  1. Personal Accident
  2. Travel Accident
  3. Group Life Insurance
  4. Group Hospitalization
- Bonds (Judicial and Non-Judicial Bond)
  1. Superseadeas Bond
  2. Replevin Bond
  3. Attachment Bond
  4. Bid Bond
  5. Guaranty Bond
  6. Performance Bond
- Mortgage Redemption Insurance (MRI)

K. PAYMENT PRODUCTS & SERVICES (through Equitable Card Network)

- Affinity Card / Co-Branding
- Corporate Card
- Merchant Acquisition

L. SPECIAL LENDING

- Funding Facilities
  1. Countryside Loan Fund I & II
  2. Countryside Loan Fund III
  3. Industrial Guarantee & Loan Fund (Regular & Special)
  4. Industrial Guarantee & Loan Fund (Short-Term Rediscounting)
  5. Domestic Shipping Modernization Program II
  6. Environmental Infrastructure Support Credit Program II
  7. Japan Bank for International Cooperation (JBIC) Information Technology & Industry Support Loan
  8. Overseas Economic Cooperation Fund (OECF) / Industrial and Support Services Expansion Program
  9. SBGFC - SME Funding for Investments in Regional Markets
  10. SBGFC - SME Funding Access for Short-Term Loans
  11. SSS Special Financing Program
  12. SSS Industry Loan Program
  13. SSS Hospital Financing Program
  14. SSS Special Financing Program for Schools
  15. SSS Tourism Financing Program
- Guarantee Facilities
  1. SBGFC - Guarantee for Enterprises in Manufacturing & Services
  2. SBGFC - Guarantee Lines for Anchor Industries
  3. SBGFC - Guarantee Resources for Agribusiness Investments
  4. TIDCORP - General Facility Program
  5. TIDCORP - Omnibus Guarantee Line under the General Facility Program
  6. TIDCORP - Pre-Shipment Export Finance Guarantee Program & Post-Shipment Export Risk Guarantee Program (PERG)
  7. TIDCORP - Term Loan Guarantee Program
  8. LGUGC - Electric Cooperative - Partial Credit Guarantee

M. STRUCTURED PRODUCTS

- Specialized Financial Services
  1. Asset Conversion
  2. Corporate Re-engineering
  3. Financial Advisory
  4. Forfaiting
  5. Restructuring for Corporates
  6. Structured Trade Finance
     a. Export Credit Agency
     b. GSM LC Arbitrage
  7. Syndicated Debt Consolidation
- Structured Trade Finance & Onshore / Offshore Syndication
  1. Long-Term Equipment Financing
  2. Long-Term Project Financing
  3. Onshore / Offshore Syndication

N. TREASURY

- Domestic Fixed Income Securities
  1. Fixed Rate Treasury Notes
  2. Retail Treasury Bonds
  3. Treasury Bills
- Foreign Fixed Income Securities
  1. Maxihedge
- Foreign Exchange Transactions
  1. Foreign Exchange Swap Contracts
  2. Forward Contracts
  3. Spot Contracts

III. SMALL BUSINESS

A. WORKING CAPITAL LOANS
- Credit-on-Hand v.s. REM
- Credit-on-Hand v.s. Deposit
- Post-Dated Check Rediscounting
- 1:1 or Back to Back Loans
- Foreign / Domestic Bills Purchase
- Revolving Promissory Note

B. TERM or AMORTIZED COMMERCIAL LOAN (also available at Equitable Savings Bank and PCI Leasing)

C. TRADE FACILITIES

D. LEASING AND FINANCING (through PCI Leasing & Finance Inc.)
- Leasing
- Receivables Discounting
- Receivables Factoring

E. TRUST SERVICES
- Employee Benefit Trust
  1. Merit & Merit Plus Plans
  2. Unit Investment Trust Fund (UITF)
     a. EPCIB GS Funds
     b. EPCIB U.S. Dollar Fund
     c. EPCIB Equity Fund

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Equitable PCI BANK

Your Bank of Choice

Equitable PCI Bank Towers
Makati Avenue cor. H. V. dela Costa St.
Makati City
Tel. No. 840-7000

www.equitablepcib.com

Annual Report 2005

Equitable PCI BANK

Your Bank of Choice

Financial Statements

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
San Juan, Metro Manila

The Management of Equitable PCI Bank, Inc. and its subsidiaries is responsible for all information and representations contained in the financial statements as of December 31, 2005 and 2004 and for the years then ended. The financial statements have been prepared in conformity with generally accepted accounting principles 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 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; and (iii) any fraud that involves management or other employees who exercise significant roles 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., the independent auditors appointed by the stockholders, has examined the financial statements of 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 stockholders.

CORAZON S. DE LA PAZ
Chairperson

RENE J. BUENAVENTURA
President & Chief Executive Officer

RICARDO V. MARTIN
Executive Vice President & Comptroller

REPORT OF INDEPENDENT AUDITORS

The Stockholders and the Board of Directors
Equitable PCI Bank, Inc.

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, 2005 and 2004, and the related statements of income, changes in capital funds and cash flows for the years then ended. 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, 2005 and 2004, 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 Galvo

Renato J. Galve
Partner
CPA Certificate No. 37759
SEC Accreditation No. 0081-A
Tax Identification No. 102-087-055
PTR No. 4180840, January 2, 2006, Makati City

April 10, 2006

STATEMENTS OF CONDITION
(Amounts in Thousands)

	Consolidated		Parent Company	
	December 31			
	2005	2004 (As restated - Note 2)	**2005**	2004 (As restated - Note 2)
RESOURCES				
Cash and Other Cash Items (Note 15)	**₱ 7,541,236**	₱8,721,441	**₱ 7,199,793**	₱ 8,471,498
Due from Bangko Sentral ng Pilipinas (Notes 15 and 19)	**7,232,106**	2,316,093	**6,917,169**	2,059,639
Due from Other Banks (Notes 6 and 19)	**4,676,319**	7,701,330	**3,842,373**	6,114,500
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Notes 19 and 32)	**18,199,624**	17,364,767	**18,199,624**	19,858,767
Securities at Fair Value Through Profit or Loss (Notes 7 and 19)	**25,913,783**	–	**25,772,932**	–
Trading Account Securities (Notes 7 and 19)	**–**	2,982,531	–	2,798,127
Available-for-Sale Investments (Notes 7 and 19)	**17,108,772**	–	**15,358,057**	–
Available-for-Sale Securities (Notes 7 and 19)	**–**	5,785,922	**–**	5,755,150
Held-to-Maturity Investments - net (Notes 7 and 15)	**32,483,945**	–	**32,200,964**	–
Investment in Bonds and Other Debt Instruments - net (Notes 7 and 15)	**–**	52,058,189	**–**	50,388,865
Loans and Receivables - net (Note 8)	**142,432,744**	–	**134,434,434**	–
Receivables from Customers - net (Note 8)	**–**	137,786,651	**–**	121,222,365
Property and Equipment				
At cost - net (Note 9)	**5,283,628**	5,423,644	**4,694,238**	4,876,035
At appraised value (Note 9)	**4,500,557**	4,447,904	**4,406,236**	4,406,236
Investments in Subsidiaries and Associates - net (Note 10)	**290,772**	328,460	**8,965,584**	6,247,109
Investment Properties - net (Note 11)	**18,209,904**	19,193,136	**16,392,213**	17,462,406
Goodwill - net (Note 12)	**15,680,124**	15,680,124	**15,680,124**	15,680,124
Other Resources - net (Note 13)	**16,809,527**	30,772,788	**9,560,339**	33,875,580
	₱ 316,363,041	₱ 310,562,980	**₱ 303,624,080**	₱ 299,216,401
LIABILITIES AND CAPITAL FUNDS				
Liabilities				
Deposit Liabilities (Notes 15 and 19)	**₱ 206,664,245**	₱ 193,520,339	**₱ 202,154,155**	₱189,573,098
Bills Payable (Notes 16 and 19)	**29,715,581**	23,999,856	**27,208,013**	22,424,463
Due to Bangko Sentral ng Pilipinas (Note 19)	**51,570**	131,400	**48,845**	128,027
Outstanding Acceptances (Note 19)	**615,944**	7,602,316	**615,944**	7,602,316
Margin Deposits (Note 19)	**222,682**	152,578	**222,682**	152,578
Manager's Checks and Demand Drafts Outstanding (Note 19)	**912,091**	882,145	**891,704**	862,072
Accrued Interest Payable (Note 19)	**794,639**	552,409	**526,999**	428,931
Accrued Taxes and Other Expenses (Note 19)	**2,311,484**	1,728,945	**1,580,717**	1,121,957
Subordinated Notes Payable (Notes 17 and 19)	**10,587,521**	11,243,700	**10,587,521**	11,243,700
Other Liabilities (Note 18)	**26,989,870**	28,130,927	**18,738,708**	20,118,843
	278,865,627	267,944,615	**262,575,288**	253,655,985
Capital Funds				
Common Stock (Note 20)	**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 26)	**558,396**	510,356	**558,396**	510,356
Surplus (Deficit) (Note 26)	**(3,049,953)**	2,604,888	**(5,953,851)**	(979,994)
Parent Company Shares Held by a Subsidiary (Note 20)	**(7,466,950)**	(7,466,950)	**–**	–
Net Unrealized Gain on Available-for-Sale Investments (Note 7)	**548,127**	–	**548,127**	–
Net Unrealized Loss on Available-for-Sale Securities (Note 7)	**–**	(5,979)	**–**	(5,979)
Equity in Net Unrealized Gain on Available-for-Sale Investments of a Subsidiary (Note 7)	**15,436**	–	**–**	–
Equity in Net Unrealized Loss on Available-for-Sale Securities of a Subsidiary (Note 7)	**–**	(48,581)	**–**	–
Equity in Revaluation Increment on Land of a Subsidiary	**8,441**	8,441	**–**	–
Revaluation Increment on Property - net (Note 9)	**1,349,498**	1,350,177	**1,349,616**	1,350,177
Accumulated Translation Adjustment	**(119,362)**	20,151	**(119,201)**	20,151
	36,509,338	41,638,208	**41,048,792**	45,560,416
Minority Interest in Equity of Consolidated Subsidiaries	**988,076**	980,157	**–**	–
	37,497,414	42,618,365	**41,048,792**	45,560,416
	₱ 316,363,041	₱ 310,562,980	**₱ 303,624,080**	₱ 299,216,401

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME (Amounts In Thousands except Earnings Per Share)

	Consolidated		Parent Company	
	Years Ended December 31			
	2005	2004 (As restated - Note 2)	**2005**	2004 (As restated - Note 2)
INTEREST INCOME				
Loans and receivables (Note 8)	**₱ 11,622,190**	₱ 10,153,123	**₱ 9,897,930**	₱ 8,455,505
Trading and investment securities (Note 7)	**5,399,839**	4,409,653	**5,321,506**	4,258,945
Interbank loans receivable and securities purchased under resale agreements	**1,405,277**	1,097,891	**1,374,735**	1,107,502
Deposits with other banks and others	**623,816**	988,590	**360,269**	400,315
	19,051,122	16,649,257	**16,954,440**	14,222,267
INTEREST AND FINANCE CHARGES				
Deposit liabilities (Note 15)	**5,528,979**	5,005,618	**5,248,890**	4,780,818
Bills payable, borrowings and others (Notes 16 and 17)	**2,872,954**	2,722,002	**2,736,508**	2,660,761
	8,401,933	7,727,620	**7,985,398**	7,441,579
NET INTEREST INCOME	**10,649,189**	8,921,637	**8,969,042**	6,780,688
PROVISION FOR IMPAIRMENT LOSSES (Note 14)	**2,857,922**	4,130,165	**1,996,690**	3,089,528
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT LOSSES	**7,791,267**	4,791,472	**6,972,352**	3,691,160
OTHER INCOME				
Service charges, fees and commissions	**4,927,951**	4,408,239	**2,782,369**	2,399,632
Trading gains - net (Note 7)	**1,120,139**	415,761	**1,098,211**	324,637
Foreign exchange profits - net	**670,382**	290,079	**665,630**	194,545
Equity in net earnings (losses) of associates (Note 10)	**562**	(21,748)	**–**	–
Miscellaneous (Note 23)	**2,838,131**	2,694,134	**2,174,838**	2,643,134
	9,557,165	7,786,465	**6,721,048**	5,561,948
OTHER EXPENSES				
Compensation and fringe benefits (Note 29)	**3,814,804**	3,348,972	**3,232,974**	2,778,298
Occupancy and other equipment-related expenses (Note 22)	**1,805,622**	1,612,101	**1,637,611**	1,402,259
Depreciation and amortization (Notes 9, 11 and 13)	**1,344,671**	1,344,291	**1,059,006**	1,082,173
Taxes and licenses (Note 25)	**1,446,358**	1,149,867	**1,127,960**	877,771
Miscellaneous (Note 24)	**3,962,695**	3,684,594	**2,589,888**	2,312,986
	12,374,150	11,139,825	**9,647,439**	8,453,487
INCOME BEFORE INCOME TAX	**4,974,282**	1,438,112	**4,045,961**	799,621
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)	**2,176,436**	(1,075,730)	**1,703,455**	(1,557,869)
NET INCOME	**2,797,846**	2,513,842	**2,342,506**	2,357,490
Attributable to:				
Equity holdings of the Parent Company (Note 31)	**2,698,385**	2,412,080	**2,342,506**	2,357,490
Minority interest	**99,461**	101,762	**–**	–
	2,797,846	2,513,842	**2,342,506**	2,357,490
Earnings Per Share Attributable to Equity Holdings of the Parent Company (Note 31)	**₱ 4.16**	₱ 3.72	**₱ 3.22**	₱ 3.24

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN CAPITAL FUNDS
(In Thousand Pesos)

	Common Stock (Note 20)	Capital Paid in Excess of Par Value	Surplus Reserve (Note 26)	Surplus (Deficit) (Note 26)	Parent Company Shares Held by a Subsidiary
Balance at December 31, 2003, as previously reported	₱ 7,270,033	₱ 37,395,672	₱ 451,977	₱ 606,381	(₱ 7,466,950)
Effect of change in accounting for (Note 2):					
Investment properties - PAS 40	–	–	–	26,428	–
Other employee benefits - PAS 19	–	–	–	(397,876)	–
Balance at December 31, 2003, as restated	7,270,033	37,395,672	451,977	234,933	(7,466,950)
Transfer from revaluation increment	–	–	–	11,053	–
Deferred tax liability on revaluation increment	–	–	–	5,201	–
Translation adjustment during the year	–	–	–	–	–
Net unrealized gain (loss) during the year	–	–	–	–	–
Adjustment on revaluation increment	–	–	–	–	–
Income and expenses for the year recognized directly in capital funds	–	–	–	16,254	–
Net income for the year, as restated (Note 2)	–	–	–	2,412,080	–
Total income and expenses for the year	–	–	–	2,428,334	–
Transfer to surplus reserve	–	–	58,379	(58,379)	–
Balance at December 31, 2004, as restated	₱7,270,033	₱37,395,672	₱ 510,356	₱ 2,604,888	(₱7,466,950)
Balance at December 31, 2004, as previously reported	₱7,270,033	₱37,395,672	₱ 510,356	₱ 2,374,702	(₱7,466,950)
Effect of change in accounting for (Note 2):					
Business combinations - Philippine Financial Reporting Standard (PFRS) 3	–	–	–	439,630	–
Other employee benefits - PAS 19	–	–	–	(384,115)	–
Effect of changes in foreign exchange rates - PAS 21	–	–	–	(18,538)	–
Investment properties - PAS 40	–	–	–	193,209	–
Balance at December 31, 2004, as restated	7,270,033	37,395,672	510,356	2,604,888	(7,466,950)
Cumulative effect of change in accounting for financial instruments - PAS 39 (Note 2)	–	–	–	(7,868,984)	–
Balance at January 1, 2005	7,270,033	37,395,672	510,356	(5,264,096)	(7,466,950)
Translation adjustment during the year	–	–	–	–	–
Net unrealized gain during the year	–	–	–	–	–
Adjustment on revaluation increment	–	–	–	–	–
Income and expenses for the year recognized directly in capital funds	–	–	–	–	–
Net income for the year	–	–	–	2,698,385	–
Total income and expenses for the year	–	–	–	2,698,385	–
Transfer to surplus reserve	–	–	48,040	(48,040)	–
Dividends paid	–	–	–	(436,202)	–
Balance at December 31, 2005	₱ 7,270,033	₱ 37,395,672	₱ 558,396	(₱ 3,049,953)	(₱ 7,466,950)

Consolidated

Net Unrealized Gain (Loss) on Available-for-Sale Investments/ Securities (Note 7)	**Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments/ Securities of a Subsidiary** (Note 7)	**Equity in Revaluation Increment on Land of a Subsidiary**	**Revaluation Increment on Property** (Note 9)	**Accumulated Translation Adjustment**	**Total**	**Minority Interest in Equity of Consolidated Subsidiaries**	**Total Capital Funds**
(₱ 980)	(₱ 63,374)	₱ 13,450	₱ 1,321,143	₱ –	₱ 39,527,352	₱ 856,398	₱ 40,383,750
–	–	(11,033)	–	–	15,395	22,964	38,359
–	–	–	–	–	(397,876)	(967)	(398,843)
(980)	(63,374)	2,417	1,321,143	–	39,144,871	878,395	40,023,266
–	–	–	(11,053)	–	–	–	–
–	–	–	–	–	5,201	–	5,201
–	–	–	–	20,151	20,151	–	20,151
(4,999)	14,793	–	–	–	9,794	–	9,794
–	–	6,024	40,087	–	46,111	–	46,111
(4,999)	14,793	6,024	29,034	20,151	81,257	–	81,257
–	–	–	–	–	2,412,080	101,762	2,513,842
(4,999)	14,793	6,024	29,034	20,151	2,493,337	101,762	2,595,099
–	–	–	–	–	–	–	–
(₱5,979)	(₱48,581)	₱8,441	₱1,350,177	₱20,151	₱41,638,208	₱980,157	₱42,618,365
(₱5,979)	(₱48,581)	₱17,914	₱1,311,055	₱ –	₱41,358,222	₱984,374	₱42,342,596
–	–	–	–	–	439,630	–	439,630
–	–	–	–	–	(384,115)	(21,977)	(406,092)
–	–	–	–	20,151	1,613	–	1,613
–	–	(9,473)	39,122	–	222,858	17,760	240,618
(5,979)	(48,581)	8,441	1,350,177	20,151	41,638,208	980,157	42,618,365
68,903	–	–	–	–	(7,800,081)	(91,542)	(7,891,623)
62,924	(48,581)	8,441	1,350,177	20,151	33,838,127	888,615	34,726,742
–	–	–	–	(139,513)	(139,513)	–	(139,513)
485,203	64,017	–	–	–	549,220	–	549,220
–	–	–	(679)	–	(679)	–	(679)
485,203	64,017	–	(679)	(139,513)	409,028	–	409,028
–	–	–	–	–	2,698,385	99,461	2,797,846
485,203	64,017	–	(679)	(139,513)	3,107,413	99,461	3,206,874
–	–	–	–	–	–	–	–
–	–	–	–	–	(436,202)	–	(436,202)
₱ 548,127	₱ 15,436	₱ 8,441	₱ 1,349,498	(₱ 119,362)	₱ 36,509,338	₱ 988,076	₱ 37,497,414

STATEMENTS OF CHANGES IN CAPITAL FUNDS
(In Thousand Pesos)

	Common Stock (Note 20)	Capital Paid in Excess of Par Value	Surplus Reserve (Note 26)	Surplus (Deficit) (Note 26)
Balance at December 31, 2003, as previously reported	₱ 7,270,033	₱ 37,395,672	₱ 451,977	₱ 606,381
Effect of change in accounting for (Note 2):				
Investments in subsidiaries and associates - PAS 27	–	–	–	(3,887,679)
Investment properties - PAS 40	–	–	–	269,819
Other employee benefits - PAS 19	–	–	–	(283,880)
Balance at December 31, 2003, as restated	7,270,033	37,395,672	451,977	(3,295,359)
Translation adjustment during the year	–	–	–	–
Net unrealized loss during the year	–	–	–	–
Adjustment on revaluation increment	–	–	–	–
Transfer from revaluation increment	–	–	–	11,053
Deferred tax liability on revaluation increment	–	–	–	5,201
Income and expenses for the year recognized directly in capital funds	–	–	–	16,254
Net income for the year, as restated (Note 2)	–	–	–	2,357,490
Total income and expenses for the year	–	–	–	2,373,744
Transfer to surplus reserve	–	–	58,379	(58,379)
Balance at December 31, 2004, as restated	₱ 7,270,033	₱ 37,395,672	₱ 510,356	(₱ 979,994)
Balance at December 31, 2004, as previously reported	₱ 7,270,033	₱ 37,395,672	₱ 510,356	₱ 2,374,702
Effect of change in accounting for (Note 2):				
Business combination - PFRS 3	–	–	–	439,630
Other employee benefits - PAS 19	–	–	–	(304,699)
Foreign exchange rates - PAS 21	–	–	–	(18,538)
Investment in subsidiaries and associates - PAS 27	–	–	–	(3,593,121)
Investment properties - PAS 40	–	–	–	122,032
Adjustment on revaluation increment	–	–	–	–
Balance at December 31, 2004, as restated	7,270,033	37,395,672	510,356	(979,994)
Cumulative effect of change in accounting for financial instruments - PAS 39 (Note 2)	–	–	–	(6,832,121)
Balance at January 1, 2005	7,270,033	37,395,672	510,356	(7,812,115)
Translation adjustment during the year	–	–	–	–
Net unrealized loss during the year	–	–	–	–
Adjustment on revaluation increment	–	–	–	–
Income and expenses for the year recognized directly in capital funds	–	–	–	–
Net income for the year	–	–	–	2,342,506
Total income and expenses for the year				2,342,506
Transfer to surplus reserve	–	–	48,040	(48,040)
Dividends declared	–	–	–	(436,202)
Balance at December 31, 2005	₱ 7,270,033	₱ 37,395,672	₱ 558,396	(₱ 5,953,851)

Parent Company

Net Unrealized Gain (Loss) on Available-for-Sale Investments/ Securities (Note 7)	Parent Company Shares Held by a Subsidiary	Equity in Net Unrealized Loss on Available-for-Sale Investments/ Securities (Note 7)	Equity in Revaluation Increment on Land of a Subsidiary	Revaluation Increment on Property (Note 9)	Accumulated Translation Adjustment	Total Capital Funds
(P 980)	(P 7,466,950)	(P 63,374)	P 13,450	P 1,321,143	P –	P 39,527,352
–	7,466,950	63,374	(13,450)	–	–	3,629,195
–	–	–	–	–	–	269,819
–	–	–	–	–	–	(283,880)
(980)	–	–	–	1,321,143	–	43,142,486
–	–	–	–	–	20,151	20,151
(4,999)	–	–	–	–	–	(4,999)
–	–	–	–	40,087	–	40,087
–	–	–	–	(11,053)	–	–
–	–	–	–	–	–	5,201
(4,999)	–	–	–	29,034	20,151	60,440
–	–	–	–	–	–	2,357,490
(4,999)	–	–	–	29,034	20,151	2,417,930
–	–	–	–	–	–	–
(P 5,979)	P –	P –	P –	P 1,350,177	P 20,151	P 45,560,416
(P 5,979)	(P 7,466,950)	(P 48,581)	P 17,914	P 1,311,055	P –	P 41,358,222
–	–	–	–	–	–	439,630
–	–	–	–	–	–	(304,699)
–	–	–	–	–	20,151	1,613
–	7,466,950	48,581	(17,914)	–	–	3,904,496
–	–	–	–	–	–	122,032
–	–	–	–	39,122	–	39,122
(5,979)	–	–	–	1,350,177	20,151	45,560,416
49,174	–	–	–	–	–	(6,782,947)
43,195	–	–	–	1,350,177	20,151	38,777,469
–	–	–	–	–	(139,352)	(139,352)
504,932	–	–	–	–	–	504,932
–	–	–	–	(561)	–	(561)
504,932	–	–	–	(561)	(139,352)	365,019
–	–	–	–	–	–	2,342,506
504,932	–	–	–	(561)	(139,352)	2,707,525
–	–	–	–	–	–	–
–	–	–	–	–	–	(436,202)
548,127	P –	P –	P –	P 1,349,616	(P 119,201)	P 41,048,792

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Consolidated		Parent Company	
	Years Ended December 31			
	2005	2004 (As restated - Note 2)	**2005**	2004 (As restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱4,974,282**	₱ 1,438,112	**₱4,045,961**	₱ 799,621
Adjustments for:				
Provision for impairment losses (Note 14)	**2,857,922**	4,130,165	**1,996,690**	3,089,528
Depreciation and amortization (Notes 9, 11 and 13)	**1,344,671**	1,344,291	**1,059,006**	1,082,173
Gain on sale of property and equipment (Note 23)	**(81,447)**	(33,737)	**(85,809)**	(26,947)
Gain on sale of investment properties (Note 23)	**(468,992)**	(82,955)	**(389,649)**	(82,895)
Equity in net losses (earnings)	**(562)**	21,748	**–**	–
Changes in operating resources and liabilities:				
Decrease (increase) in amounts of:				
Interbank loans receivable and securities purchased under resale agreements	**1,501,333**	(3,113,205)	**(2,093,001)**	(3,113,205)
Securities at fair value through profit or loss	**(7,865,786)**	–	**(4,355,294)**	–
Trading account securities	**–**	303,127	**–**	47,697
Loans and receivables	**(261,618)**	–	**3,649,749**	–
Receivables from customers	**–**	(22,258,548)	**–**	(18,097,635)
Other resources	**(2,637,216)**	(2,414,726)	**197,050**	(449,905)
Increase (decrease) in amounts of:				
Deposit liabilities	**13,143,906**	7,476,137	**12,581,057**	6,267,786
Due to Bangko Sentral ng Pilipinas	**(79,830)**	17,210	**(79,182)**	18,711
Accrued taxes and other expenses	**785,057**	(139,729)	**541,047**	(448,991)
Manager's checks and demand drafts outstanding	**29,946**	(61,154)	**29,632**	(40,777)
Other liabilities	**(1,278,269)**	9,007,478	**(2,729,874)**	7,100,346
Net cash generated from (used in) operations	**11,963,397**	(4,365,786)	**14,367,383**	(3,854,493)
Income taxes paid	**(625,184)**	(747,883)	**(477,287)**	(345,648)
Net cash provided by (used in) operating activities	**11,338,213**	(5,113,669)	**13,890,096**	(4,200,141)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in amounts of:				
Available-for-sale investments	**3,643,001**	–	**4,914,297**	–
Available-for-sale securities	**–**	(5,537,822)	**–**	(5,532,837)
Held-to-maturity investments	**(3,079,423)**	–	**(4,197,748)**	–
Investment in bonds and other debt instruments	**–**	(4,886,175)	**–**	(5,272,516)
Additions to property and equipment (Notes 9 and 32)	**(967,815)**	(2,427,461)	**(701,530)**	(1,989,159)
Proceeds from disposal of property and equipment	**165,867**	1,488,590	**110,295**	1,303,490
Proceeds from investment properties	**2,235,873**	2,573,407	**1,954,967**	2,195,902
Disposals of (additions to) investments in subsidiaries and associates	**428,235**	363,439	**(3,165,350)**	1,122,001
Net cash provided by (used in) investing activities	**2,425,738**	(8,426,022)	**(1,085,069)**	(8,173,119)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in amounts of:				
Bills payable	**5,715,725**	(5,559,940)	**4,783,550**	(4,948,315)
Outstanding acceptances	**(6,986,372)**	6,418,944	**(6,986,372)**	6,418,944
Margin deposits	**70,104**	(35,526)	**70,104**	(35,526)
Subordinated notes payable	**(620,618)**	156,343	**(620,618)**	156,343
Dividend paid	**(436,202)**	–	**(436,202)**	–
Net cash provided by (used in) financing activities	**(2,257,363)**	979,821	**(3,189,538)**	1,591,446
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,506,588**	(12,559,870)	**9,615,489**	(10,781,814)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items	**8,721,441**	8,673,595	**8,471,498**	8,509,893
Due from Bangko Sentral ng Pilipinas	**2,316,093**	5,305,743	**2,059,639**	5,129,645
Due from other banks	**7,701,330**	8,592,021	**6,114,500**	7,136,031
Interbank loans receivable and securities purchased under resale agreements (Note 32)	**5,310,832**	14,038,207	**7,804,832**	14,456,714
	24,049,696	36,609,566	**24,450,469**	35,232,283
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items	**7,541,236**	8,721,441	**7,199,793**	8,471,498
Due from Bangko Sentral ng Pilipinas	**7,232,106**	2,316,093	**6,917,169**	2,059,639
Due from other banks	**4,676,319**	7,701,330	**3,842,373**	6,114,500
Interbank loans receivable and securities purchased under resale agreements (Note 32)	**16,106,623**	5,310,832	**16,106,623**	7,804,832
	₱35,556,284	₱ 24,049,696	**₱34,065,958**	₱ 24,450,469

See accompanying Notes to Financial Statements.

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 409 and 459 local and international branches, offices and agencies in 2005 and 2004, 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 accompanying comparative financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's board of directors (BOD) in their special meeting on April 10, 2006.

2. Summary of Significant Accounting Policies

Basis of Financial Statements Preparation and Presentation
The Consolidated financial statements are prepared in compliance with accounting principles generally accepted in the Philippines (GAAP) as set forth in the Philippine Financial Reporting Standards (PFRS). The Group follows the historical cost convention modified for the measurement at fair value of land, derivative financial instruments, securities at fair value through profit or loss (FVPL)/trading account securities and available-for-sale (AFS) investments/available-for-sale securities (ASS). These are the first annual financial statements of the Group prepared in accordance with PFRS.

The 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, FCDU accounts and foreign currency-denominated accounts in the RBU 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). Foreign exchange differentials arising from foreign currency transactions and restatements of foreign currency denominated resources and liabilities, except for nonmonetary resources, are credited to or charged against operations in the year in which the rates change.

Changes in Accounting Policies
On January 1, 2005, the following new accounting standards became effective and were adopted by the Group:

- PAS 19, *Employee Benefits,* provides for the accounting for long-term and other employee benefits. 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 adoption of this standard resulted in a net transition liability of the Group and Parent Company amounting to ₱695.6 million and ₱694.1 million, respectively, which will be amortized over five (5) years starting January 1, 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 the provision of this standard on the translation of the financial statements of foreign operations resulted in a retroactive downward adjustment to Surplus as of December 31, 2004 amounting to ₱18.5 million.

- 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. In accordance with this standard, new disclosures have been included in the accompanying financial statements, where applicable.

  The adoption of this standard resulted in the reallocation of the general loan loss reserves amounting to ₱1.1 billion to cover the additional specific reserves required upon the adoption of PAS 39, *Financial Instruments: Recognition and Measurement*.

- 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. In accordance with this standard, new disclosures were included in the financial statements, where applicable.

- 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. 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.

NOTES TO FINANCIAL STATEMENTS

The adoption of the provision of PAS 39 on the classification and related measurement of financial assets and liabilities (including derivatives) of the Group, the use of effective interest rate method in measuring amortized cost for loans and receivables and trading and investment securities (consisting of securities designated as securities at FVPL, held to maturity (HTM) and AFS investments), and the fair value adjustment as a result of day-one loss recognition for off-market rate investments reduced Surplus of the Group and Parent Company as of January 1, 2005 by ₱7.9 billion and ₱6.8 billion, respectively. In addition, certain accounts were reclassified in accordance with PAS 39 and PAS 32 (see discussion under reconciliation of statements of condition and statements of income).

Prior to January 1, 2005, the adequacy of allowance for impairment losses on loans and other receivables and risk assets was determined based on management criteria and BSP requirements. The effect of adopting PAS 39 provisions on impairment of financial resources was a decrease in surplus of the Group and Parent Company as of January 1, 2005 by ₱6.7 billion and ₱5.6 billion, respectively, which is included in the total impact as discussed above.

As allowed by the Philippine Securities and Exchange Commission (SEC), the cumulative effect of adopting these standards was charged against Surplus as of January 1, 2005.

- PAS 40, *Investment Property,* prescribes the accounting treatment for investment property and related disclosure requirements. This standard permits the Group 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 adopted the deemed cost model in accounting for its investment property as allowed under PFRS 1. The effect of adopting the cost method in accounting for real and other properties acquired (ROPA), and investments in real estate that qualified as investment property increased Surplus as of December 31, 2004 and 2003 by ₱193.2 million and ₱26.4 million, respectively, for the Group and ₱122.0 million and ₱269.8 million, respectively, for the Parent Company. Net income of the Group and Parent Company increased by ₱22.5 million and ₱43.4 million, respectively, due to the gain on foreclosures in 2005. Previously, ROPA were carried at their net realizable values.

- PFRS 3, *Business Combination,* results in the cessation of the amortization of goodwill and a requirement for an annual test for goodwill impairment from January 1, 2004 (unless an event occurs during the year which requires the goodwill to be tested more frequently). Any resulting negative goodwill after performing reassessment will be credited to income in the period the combination was effected. Moreover, pooling of interests in accounting for business combination is no longer permitted. The cessation of amortization of goodwill as of January 1, 2004 increased both the carrying value of the goodwill and Surplus by ₱439.6 million.

  Under this standard, upon acquisition of an investee, the Group will initially measure the identifiable resources and liabilities acquired at their fair values as at the acquisition date, hence causing any minority interest in the acquiree to be stated at the minority's proportion of the net fair values of those items.

- 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. Currently, the adoption of this standard has no impact on the financial statements but the Group will comply with the provisions of this standard in respect of its future transactions.

  The following revised standards were also adopted in 2005. Required disclosures were included in the financial statements where applicable.

- 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 management has made in the process of applying the Group's accounting policies. It also requires changes in the presentation of minority interest in the statements of condition and statements of income.

- 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 the 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 and personnel by benefit types.

- PAS 27, *Consolidated and Separate Financial Statements,* reduces alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investment in the separate financial statements of a parent, venturer or investor. Investments in subsidiaries are accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting is no longer allowed in the separate financial statements. This standard also requires strict compliance with the adoption of uniform accounting policies and requires the Parent Company to make appropriate adjustments to the subsidiary's financial statements to conform them to the Parent Company'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 are accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting is no longer 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.

- 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 are accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting is no longer allowed in the separate financial statements.

- PAS 33, *Earnings Per Share,* prescribes principles 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 calculates and discloses earnings per share. The standard also provides additional guidance on computing earnings per share including the effect of mandatory convertible instruments and contingently issuable shares, among others.

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

- PAS 38, *Intangible Assets,* requires the assessment of the useful life of intangible assets at the individual asset level as having either a finite or indefinite life. Where an intangible asset has a finite life, it has to be amortized over its useful life. Amortization years and methods for intangible assets with finite useful lives are reviewed annually or when an indicator of impairment exists. Intangibles assessed as having indefinite useful lives are not amortized, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. However, intangibles with indefinite useful lives are reviewed annually to ensure the carrying value does not exceed the recoverable amount regardless of whether an indicator of impairment is present.

The effect of adopting the foregoing revised standards on the financial statements was not material, except for the adoption of the cost method of accounting for its investments in subsidiaries and associates in the Parent Company financial statements. This resulted in a decrease in both the carrying amounts of these investments and total capital funds as of December 31, 2004 and 2003 by ₱3.5 billion and ₱3.8 billion, respectively, equivalent to the undistributed accumulated equity in net earnings of the investees and a reduction in Surplus as of December 31, 2004 and 2003 by ₱3.5 billion and ₱3.8 billion, respectively.

The Group applied PFRS 1, *First-Time Adoption of Philippine Financial Reporting Standards*, in preparing the accompanying financial statements, with January 1, 2004 as the date of transition.

Upon adoption of PFRS 1, the Group elected to apply the following optional exemptions from full retrospective application:

Employee benefits
The Group elected to recognize all cumulative actuarial gains and losses as at January 1, 2005.

Cumulative translation differences
Cumulative translation differences for all foreign operations of the Group are deemed to be zero at the date of transition (January 1, 2004).

Restatement of comparative financial information for PAS 32 and PAS 39
It applies previous GAAP rules to derivatives, financial assets and financial liabilities and to hedging relationships for the comparative information for 2004 and prior years. The adjustments required for differences between the previous GAAP and PAS 32 and PAS 39 are determined and recognized at January 1, 2005.

NOTES TO FINANCIAL STATEMENTS

Designation of financial assets and financial liabilities
The Group reclassified various securities as AFS securities. The adjustments relating to PAS 32 and PAS 39 at the opening statement of condition date of January 1, 2005, the PAS 32 and PAS 39 transition date are discussed below in the Reconciliation of Statements of Condition and Statements of Income.

Derecognition of financial assets and liabilities
Financial assets and liabilities derecognized before January 1, 2004 are not re-recognized under PFRS. The application of the exemption from restating comparatives for PAS 32 and PAS 39 means that the Group recognized from January 1, 2005 any financial assets and financial liabilities derecognized since January 1, 2004 that does not meet the PAS 39 derecognition criteria. Management did not choose to apply the PAS 39 derecognition criteria to a date earlier than January 1, 2005.

Fair value at transition date as deemed cost
The Group measured its investment properties at fair value at the date of transition (January 1, 2004) and recorded the difference between such fair values and the net as an adjustment to Surplus at January 1, 2004.

Assets held for sale and discontinued operations
The Group applied PFRS 5 (see discussion of this standard on page 12) prospectively from January 1, 2005. Assets held for sale are recognized in accordance with PFRS 5 only from January 1, 2005.

Business combinations
The Group applied PFRS 3 prospectively from January 1, 2004.

The Group has prepared its opening PFRS statements of condition as of those dates. The Group's PFRS adoption date is January 1, 2005.

The adoption of PFRSs resulted in certain changes to the Group's previous accounting policies (referred to in the following tables and explanations as "previous GAAP"). The comparative figures for the 2004 financial statements were restated to reflect the changes in policies except those relating to financial instruments.

The adoption of the above new and revised accounting standard involved changes in accounting policies and the Group has accordingly restated the comparative financial statements retroactively in accordance with the transitional provisions of these accounting standards. The tables and related notes below provide the reconciliation of financial position as of January 1 and December 31, 2004 and January 1, 2005 and the result of operations for 2004 (in thousand pesos) as previously reported and the restated balances following the adoption of PFRS.

Reconciliation of the Consolidated Statements of Condition as of December 31 and January 1, 2004:

		Consolidated					
		December 31, 2004			January 1, 2004		
Account Description	**Note**	**Previous GAAP**	**Effect of Transition to PFRS**	**PFRS**	**Previous GAAP**	**Effect of Transition to PFRS**	**PFRS**
Resources							
Cash and Other Cash Items		₱ 8,721,441	₱ –	₱ 8,721,441	₱ 8,673,595	₱ –	₱ 8,673,595
Due from Bangko Sentral ng Pilipinas (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 (IBLR) and Securities Purchased Under Resale Agreements (SPURA)		17,364,767	–	17,364,767	22,978,937	–	22,978,937
TAS		2,982,531	–	2,982,531	3,285,658	–	3,285,658
ASS	a.	5,564,330	221,592	5,785,922	16,714	221,592	238,306
IBODI		52,058,189	–	52,058,189	47,035,423	–	47,035,423
Loans and receivables - net	b.	137,825,503	(38,852)	137,786,651	120,974,184	–	120,974,184
Property and Equipment, at cost -net	c.	8,030,649	(2,607,005)	5,423,644	8,219,119	(2,678,911)	5,540,208
Property, at appraised value	c.	5,333,324	(885,420)	4,447,904	5,373,121	(885,420)	4,487,701
Investments in subsidiaries and associates	d.	2,281,688	(1,953,228)	328,460	2,513,157	(2,141,905)	371,252
ROPA - net	e.	15,646,793	(15,646,793)	–	16,836,710	(16,836,710)	–
Investment Properties - net	f.	–	19,193,136	19,193,136	–	20,033,145	20,033,145
Goodwill	g.	15,240,494	439,630	15,680,124	15,680,124	–	15,680,124
Other Resources - net	h.	28,906,956	1,865,832	30,772,788	25,267,212	2,223,884	27,491,096
		₱ 309,974,088	₱ 588,892	₱ 310,562,980	₱ 290,751,718	(₱ 64,325)	₱290,687,393

forward

		Consolidated					
		December 31, 2004			January 1, 2004		
Account Description	Note	Previous GAAP	Effect of Transition to PFRS	PFRS	Previous GAAP	Effect of Transition to PFRS	PFRS
Liabilities							
Deposit Liabilities		₱ 193,520,339	₱ –	₱ 193,520,339	₱ 186,044,202	₱ –	₱ 186,044,202
Bills Payable		23,999,856	–	23,999,856	29,559,796	–	29,559,796
Due to BSP		131,400	–	131,400	114,190	–	114,190
Outstanding Acceptances		7,602,316	–	7,602,316	1,183,372	–	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	i.	1,414,808	314,137	1,728,945	1,145,100	296,159	1,441,259
Subordinated Notes Payable		11,243,700	–	11,243,700	11,087,357	–	11,087,357
Other Liabilities	j.	28,131,941	(1,014)	28,130,927	19,143,600	–	19,143,600
		267,631,492	313,123	267,944,615	250,367,968	296,159	250,664,127
Capital Funds							
Common stock		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		510,356	–	510,356	451,977	–	451,977
Surplus	k.	2,374,702	230,186	2,604,888	606,381	(371,448)	234,933
Parent Company Shares Held by a Subsidiary		(7,466,950)	–	(7,466,950)	(7,466,950)	–	(7,466,950)
Net Unrealized Loss on ASS		(5,979)	–	(5,979)	(980)	–	(980)
Equity in Net Unrealized Loss on ASS		(48,581)	–	(48,581)	(63,374)	–	(63,374)
Equity in Revaluation Increment on Land of a Subsidiary	l.	17,914	(9,473)	8,441	13,450	(11,033)	2,417
Revaluation Increment on Property - net	m.	1,311,055	39,122	1,350,177	1,321,143	–	1,321,143
Accumulated Translation Adjustment	n.	–	20,151	20,151	–	–	–
		41,358,222	279,986	41,638,208	39,527,352	(382,481)	39,144,871
Minority Interest in Equity Consolidated Subsidiaries		984,374	(4,217)	980,157	856,398	21,997	878,395
		42,342,596	275,769	42,618,365	40,383,750	(360,484)	40,023,266
		₱ 309,974,088	₱ 588,892	₱ 310,562,980	₱ 290,751,718	(₱ 64,325)	₱ 290,687,393

Reconciliation of the Parent Company's Statements of Condition as of December 31 and January 1, 2004:

		Parent Company					
		December 31, 2004			January 1, 2004		
Account Description	Note	Previous GAAP	Effect of Transition to PFRS	PFRS	Previous GAAP	Effect of Transition to PFRS	PFRS
Resources							
Cash and Other Cash Items		₱ 8,471,498	₱ –	₱ 8,471,498	₱ 8,509,893	₱ –	₱ 8,509,893
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
IBLR and SPURA		19,858,767	–	19,858,767	23,397,444	–	23,397,444
TAS		2,798,127	–	2,798,127	2,845,824	–	2,845,824
ASS	a.	5,533,558	221,592	5,755,150	721	221,592	222,313
HTM Investments - net		50,388,865	–	50,388,865	45,443,431	–	45,443,431
Loans and Receivables - net		121,222,365	–	121,222,365	106,849,913	–	106,849,913
Property and Equipment, at cost - Net	c.	7,421,915	(2,545,880)	4,876,035	7,624,271	(2,595,008)	5,029,263
Property, at appraised value	c.	5,199,348	(793,112)	4,406,236	5,238,711	(793,112)	4,445,599
Investments in Subsidiaries and Associates	d.	11,261,651	(5,014,542)	6,247,109	11,958,564	(5,315,454)	6,643,110
ROPA - net	e.	14,210,188	(14,210,188)	–	15,588,301	(15,588,301)	–
Investment Properties - net	f.	–	17,462,406	17,462,406	–	19,041,332	19,041,332
Goodwill	g.	15,240,494	439,630	15,680,124	15,680,124	–	15,680,124
Other Resources - net	h.	24,930,207	8,945,373	33,875,580	23,007,540	8,927,965	31,935,505
		₱ 294,711,122	₱ 4,505,279	₱ 299,216,401	₱ 278,410,413	₱ 3,899,014	₱ 282,309,427

forward

NOTES TO FINANCIAL STATEMENTS

		Parent Company					
		December 31, 2004			January 1, 2004		
Account Description	Note	Previous GAAP	Effect of Transition to PFRS	PFRS	Previous GAAP	Effect of Transition to PFRS	PFRS
Liabilities							
Deposit Liabilities		₱ 189,573,098	₱–	₱189,573,098	₱183,305,312	₱–	₱183,305,312
Bills Payable		22,424,463	–	22,424,463	27,372,778	–	27,372,778
Due to BSP		128,027	–	128,027	109,316	–	109,316
Outstanding Acceptances		7,602,316	–	7,602,316	1,183,372	–	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	i.	817,258	304,699	1,121,957	765,589	283,880	1,049,469
Subordinated Notes Payable		11,243,700	–	11,243,700	11,087,357	–	11,087,357
Other Liabilities	j.	20,120,457	(1,614)	20,118,843	13,038,850	–	13,038,850
		253,352,900	303,085	253,655,985	238,883,061	283,880	239,166,941
Capital Funds							
Common stock		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		510,356	–	510,356	451,977	–	451,977
Surplus (Deficit)	k.	2,374,702	(3,354,696)	(979,994)	606,381	(3,901,740)	(3,295,359)
Parent Company Shares Held by a Subsidiary		(7,466,950)	7,466,950	–	(7,466,950)	7,466,950	–
Net Unrealized Loss on ASS		(5,979)	–	(5,979)	(980)	–	(980)
Equity in Net Unrealized Loss on ASS	d.	(48,581)	48,581	–	(63,374)	63,374	–
Equity in Revaluation Increment on Land of a Subsidiary	d.	17,914	(17,914)	–	13,450	(13,450)	–
Revaluation Increment on Property - net	m.	1,311,055	39,122	1,350,177	1,321,143	–	1,321,143
Accumulated Translation Adjustment	n.	–	20,151	20,151	–	–	–
		41,358,222	4,202,194	45,560,416	39,527,352	3,615,134	43,142,486
		₱ 294,711,122	₱ 4,505,279	₱ 299,216,401	₱ 278,410,413	₱ 3,899,014	₱ 282,309,427

Reconciliation of the Parent Company's 2004 Statement of Income follows:

Account Description	Note	Previous GAAP	Effect of Transition to PFRS	PFRS
Interest Income				
Loans and receivables		₱10,153,123	₱–	₱10,153,123
Trading and investment securities		4,409,653	–	4,409,653
Interbank loans receivable and securities purchased under resale agreements		1,097,891	–	1,097,891
Deposits with other banks and others		988,590	–	988,590
		16,649,257	–	16,649,257
Interest Expense				
Deposit liabilities		5,005,618	–	5,005,618
Bills payable, borrowings and others		2,722,002	–	2,722,002
		7,727,620	–	7,727,620
Net Interest Income		8,921,637	–	8,921,637
Provision for (Recovery from) Impairment Losses	o.	4,139,985	(9,820)	4,130,165
Net Interest Income after Provision for Impairment Losses		4,781,652	9,820	4,791,472
Other Income (Charges)				
Service charges, fees and commissions		4,408,239	–	4,408,239
Trading gains - net		415,761	–	415,761
Foreign exchange profits - net	n.	308,617	(18,538)	290,079
Equity in net losses of associates		(21,748)	–	(21,748)
Miscellaneous	r.	2,365,101	329,033	2,694,134
		7,475,970	310,495	7,786,465

(forward)

Account Description	Note	Previous GAAP	Effect of Transition to PFRS	PFRS
Other Expenses				
Compensation and fringe benefits	s.	3,317,859	31,113	3,348,972
Occupancy and other equipment-related expenses		1,612,101	–	1,612,101
Depreciation and amortization	t.	1,212,392	131,899	1,344,291
Taxes and licenses		1,149,867	–	1,149,867
Miscellaneous	u.	4,132,800	(448,206)	3,684,594
		11,425,019	(285,194)	11,139,825
Income before Income Tax		832,603	605,509	1,438,112
Provision for (Benefit from) Income Tax	v.	(1,081,628)	5,898	(1,075,730)
Net Income		₱1,914,231	₱599,611	₱2,513,842

Reconciliation of the Parent Company's 2004 Statement of Income follows:

Account Description	Note	Previous GAAP	Effect of Transition to PFRS	PFRS
Interest Income				
Loans and receivables		₱8,455,505	₱–	₱8,455,505
Trading and investment securities		4,258,945	–	4,258,945
Interbank loans receivable and securities purchased under resale agreements		1,107,502	–	1,107,502
Deposits with other banks and others		400,315	–	400,315
		14,222,267	–	14,222,267
Interest Expense				
Deposit liabilities		4,780,818	–	4,780,818
Bills payable, borrowings and others		2,660,761	–	2,660,761
		7,441,579	–	7,441,579
Net Interest Income		6,780,688	–	6,780,688
Provision for (Recovery from) Impairment Losses	p.	3,314,160	(224,632)	3,089,528
Net Interest Income after Provision for Impairment Losses		3,466,528	224,632	3,691,160
Other Income (Charges)				
Service charges, fees and commissions		2,399,632	–	2,399,632
Trading gains - net		324,637	–	324,637
Foreign exchange profits - net	n.	213,083	(18,538)	194,545
Equity in net earnings (losses) of associates	q.	855,279	(855,279)	–
Miscellaneous	r.	1,735,689	907,445	2,643,134
		5,528,320	33,628	5,561,948
Other Expenses				
Compensation and fringe benefits	s.	2,757,480	20,818	2,778,298
Occupancy and other equipment-related expenses		1,402,259	–	1,402,259
Depreciation and amortization	t.	952,145	130,028	1,082,173
Taxes and licenses		877,771	–	877,771
Miscellaneous	u.	2,752,616	(439,630)	2,312,986
		8,742,271	(288,784)	8,453,487
Income before Income Tax		252,577	547,044	799,621
Benefit from Income Tax		(1,557,869)	–	(1,557,869)
Net Income		₱1,810,446	₱547,044	₱2,357,490

Reconciliation of Earnings per share as of December 31, 2004:

	Consolidated	Parent
As previously reported	₱2.79	₱2.79
PFRS 3 - Business combination	0.68	0.68
PAS 19 - Employee benefits	(0.05)	(0.03)
PAS 21 - Effects of changes in foreign exchange rates	(0.03)	(0.03)
PAS 27 and 28 - Investments in subsidiaries and associates	–	0.06
PAS 40 - Investment properties	0.33	(0.23)
As restated	₱3.72	₱3.24

NOTES TO FINANCIAL STATEMENTS

Notes to the reconciliation of statements of condition as of December 31, 2004 and January 1, 2004 and statements of income for the year ended December 31, 2004:

a. The adjustment to AFS investments pertains to the reclassification of foreclosed shares of stock from ROPA, at market.

b. The adjustment pertains to the restatement of the financial statements of PCI Capital to reclassify a loan to investment property.

c. The adjustment consists of:

	Consolidated		Parent Company	
Description	December 31, 2004	January 1, 2004	December 31, 2004	January 1, 2004
		(In Thousands)		
Reclassification of property and equipment (at cost) to investment properties	(₱2,607,005)	(₱2,678,911)	(₱2,545,880)	(₱2,595,008)
Reclassification of land (at appraised value) to investment properties	(885,420)	(885,420)	(793,112)	(793,112)

d. The adjustment consists of:

	Consolidated		Parent Company	
Description	December 31, 2004	January 1, 2004	December 31, 2004	January 1, 2004
		(In Thousands)		
Reversal of share in:				
Accumulated equity in net income	₱–	₱–	(₱3,516,872)	(₱3,811,430)
Revaluation increment	–	–	(17,914)	(13,450)
Unrealized loss in ASS	–	–	48,581	63,374
Reclassification of investments in subsidiaries and associates to other investments	(1,953,228)	(2,141,905)	(239,488)	(643,460)
Additional allowance for impairment of investments in subsidiaries and associates carried at cost	–	–	(1,288,849)	(910,488)
	(₱1,953,228)	(₱2,141,905)	(₱5,014,542)	(₱5,315,454)

e. The adjustment consists of:

	Consolidated		Parent Company	
Description	December 31, 2004	January 1, 2004	December 31, 2004	January 1, 2004
		(In Thousands)		
Reclassification of ROPA	(₱15,239,153)	(₱16,411,609)	(₱13,818,851)	(₱15,168,030)
Reclassification of chattels to other assets	(1,027,692)	(820,521)	(1,011,389)	(815,691)
Reclassification of shares of stocks to AFS	(303,298)	(303,298)	(303,298)	(303,298)
Reversal of allowance for impairment losses	923,350	698,718	923,350	698,718
	(₱15,646,793)	(₱16,836,710)	(₱14,210,188)	(₱15,588,301)

f. The net adjustment consists of:

	Consolidated		Parent Company	
Description	December 31, 2004	January 1, 2004	December 31, 2004	January 1, 2004
		(In Thousands)		
Reclassification from ROPA	₱15,810,182	₱16,480,248	₱14,236,867	₱15,653,212
Reclassifications from bank premises	3,876,723	3,862,339	3,711,546	3,697,162
Depreciation of properties treated as investment properties under PAS 40	(493,769)	(309,442)	(486,007)	(309,042)
	₱19,193,136	₱20,033,145	₱17,462,406	₱19,041,332

g. The adjustment to the Parent Company financial statements pertains to the reversal of the amortization of goodwill amounting to ₱439.6 million.

h. The adjustment consists of:

Description	Consolidated December 31, 2004	Consolidated January 1, 2004	Parent Company December 31, 2004	Parent Company January 1, 2004
	(In Thousands)			
Reclassification of investments in subsidiaries and associates	₱1,953,228	₱2,141,905	₱239,488	₱643,460
Reclassification of investment in real estate	(98,546)	(99,101)	–	–
Reclassification of foreclosed chattels, other receivables and investments in shares of stock	311,958	361,454	295,655	148,282
Adjustments to deferred tax asset	(300,808)	(180,374)	(269,320)	(164,967)
Reclassification of shares held by subsidiary	–	–	7,466,950	7,466,950
Reclassification of allowance on other assets to investments in subsidiaries and associates	–	–	1,212,600	834,240
	₱1,865,832	₱2,223,884	₱8,945,373	₱8,927,965

i. The adjustment consists of:

Description	Consolidated December 31, 2004	Consolidated January 1, 2004	Parent Company December 31, 2004	Parent Company January 1, 2004
	(In Thousands)			
Other employee benefits pertaining to the accrual of leave credits	₱314,137	₱296,159	₱304,699	₱283,880

j. The adjustment pertains to the recognition of translation adjustment in respect of the non-monetary assets of the Hong Kong branch.

k. Following is the summary of the adjustments to Surplus:

Description	Consolidated December 31, 2004	Consolidated January 1, 2004	Parent Company December 31, 2004	Parent Company January 1, 2004
	(In Thousands)			
Reversal of accumulated equity share in net earnings of subsidiaries and associates	₱–	₱–	(₱4,666,710)	(₱3,976,751)
Recognition of dividend income received from subsidiaries	–	–	1,149,837	165,321
Impairment on investments in subsidiaries and associates carried at cost	–	–	(76,248)	(76,249)
Reversal of allowance for impairment losses -ROPA	1,063,002	794,090	923,350	698,718
Net adjustment of cost of ROPA to fair value at transition date	(737,894)	(767,662)	(671,290)	(428,899)
Depreciation of investment properties for 2004	(131,899)	–	(130,028)	–
Accrual of leave credits	(384,115)	(397,876)	(304,699)	(283,880)
Reversal of translation gain recognized in income	(18,538)	–	(18,538)	–
Reversal of goodwill amortization	439,630	–	439,630	–
	₱230,186	(₱371,448)	(₱3,354,696)	(₱3,901,740)

l. The adjustment pertains to the recognition of market decline on the investment in real estate of Equitable Card Network, Inc.

m. The adjustment pertains to the recognition of deferred tax liability on the gain recognized in restating the land to fair value.

n. The adjustment pertains to the reversal of revaluation gain recognized in the translation of the Hong Kong branch accounts and which should be presented instead as Accumulated Translation Adjustment under Capital Funds.

o. The adjustment pertains to the net effect of adjustments on provision for impairment losses on ROPA and property investments of the Group.

p. The adjustment on the Parent Company financial statements represents the reversal of provision for impairment losses on ROPA amounting to ₱224.6 million.

q. The adjustment on the Parent Company financial statements pertains to the reversal of share in equity income of subsidiaries and affiliates for the year.

r. The adjustment on the Consolidated financial statement consists of the net effect of converting ROPA book values to fair value. The Parent's financial statement includes the recognition of dividend income from its subsidiaries aside from the net effect of PAS 40.

s. The adjustment pertains to accrual of additional leave credits.

t. The adjustment pertains to depreciation on investment properties.

u. The adjustment on the Parent Company financial statements pertains to the reversal of goodwill amortization amounting to ₱439.6 million. The effect on the Group includes additional impairment losses on other assets.

v. The adjustment pertains to additional deferred tax liability recognized by PCILF on its investment in real estate.

The table below presents the reconciliation of financial position (in thousands) at January 1, 2005 following the adoption of PAS 32 and 39:

		Consolidated			Parent Company		
Account Description	**Note**	**PFRS December 31, 2004**	**Effect of Adoption of PAS 32 and PAS 39**	**PFRS January 1, 2005**	**PFRS December 31, 2004**	**Effect of Adoption of PAS 32 and PAS 39**	**PFRS January 1, 2005**
Resources							
Cash and Other Cash Items	a.	₱8,721,441	₱268,272	₱8,989,713	₱8,471,498	₱265,455	₱8,736,953
Due from BSP		2,316,093	–	2,316,093	2,059,639	–	2,059,639
Due from Other Banks		7,701,330	–	7,701,330	6,114,500	–	6,114,500
IBLR and SPURA	b.	17,364,767	(8,459,601)	8,905,166	19,858,767	(8,459,601)	11,399,166
Securities at FVPL	c.	–	18,047,997	18,047,997	–	17,823,304	17,823,304
TAS	c.	2,982,531	(2,982,531)	–	2,798,127	(2,798,127)	–
AFS	d.	–	20,170,009	20,170,009	–	19,767,423	19,767,423
ASS	d.	5,785,922	(5,785,922)	–	5,755,150	(5,755,150)	–
HTM investments - net	e.	–	29,406,823	29,406,823	–	28,003,216	28,003,216
IBODI – net	e.	52,058,189	(52,058,189)	–	50,388,865	(50,388,865)	–
Loans and Receivables - net	f.	–	144,832,833	144,832,833	–	139,826,526	139,826,526
Receivables from customers - net	f.	137,786,651	(137,786,651)	–	121,222,365	(121,222,365)	–
Property and Equipment, at cost - net		5,423,644	–	5,423,644	4,876,035	–	4,876,035
Property, at appraised value		4,447,904	–	4,447,904	4,406,236	–	4,406,236
Investments in Subsidiaries and Associates	g.	328,460	–	328,460	6,247,109	864,690	7,111,799
Investment Properties - net		19,193,136	–	19,193,136	17,462,406	–	17,462,406
Goodwill – net		15,680,124	–	15,680,124	15,680,124	–	15,680,124
Other Resources - net	h.	30,772,788	(13,580,224)	17,192,564	33,875,580	(24,745,014)	9,130,566
		₱310,562,980	(₱7,927,184)	₱302,635,796	₱299,216,401	(₱6,818,508)	₱292,397,893

		Consolidated			Parent Company		
Account Description	**Note**	**PFRS December 31, 2004**	**Effect of Adoption of PAS 32 and PAS 39**	**PFRS January 1, 2005**	**PFRS December 31, 2004**	**Effect of Adoption of PAS 32 and PAS 39**	**PFRS January 1, 2005**
Liabilities							
Deposit Liabilities		₱193,520,339	₱–	₱193,520,339	₱189,573,098	₱–	₱189,573,098
Bills Payable		23,999,856	–	23,999,856	22,424,463	–	22,424,463
Due to BSP		131,400	–	131,400	128,027	–	128,027
Outstanding Acceptances		7,602,316	–	7,602,316	7,602,316	–	7,602,316
Margin Deposits		152,578	–	152,578	152,578	–	152,578
Manager's Checks and Demand Drafts Outstanding		882,145	–	882,145	862,072	–	862,072
Accrued Interest Payable		552,409	–	552,409	428,931	–	428,931
Accrued Taxes, Interest and Other Expenses		1,728,945	–	1,728,945	1,121,957	–	1,121,957
Subordinated Notes Payable	i.	11,243,700	(35,561)	11,208,139	11,243,700	(35,561)	11,208,139
Other Liabilities		28,130,927	–	28,130,927	20,118,843	–	20,118,843
		267,944,615	(35,561)	267,909,054	253,655,985	(35,561)	253,620,424
Capital Funds							
Common Stock		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		510,356	–	510,356	510,356	–	510,356
Surplus (Deficit)	j.	2,604,888	(7,868,984)	(5,264,096)	(979,994)	(6,832,121)	(7,812,115)
Parent Company Shares held by Subsidiary		(7,466,950)	–	(7,466,950)	–	–	–
Net Unrealized Gain (Loss) on AFS	k.	(5,979)	68,903	62,924	(5,979)	49,174	43,195
Equity in Net Unrealized Loss on AFS		(48,581)	–	(48,581)	–	–	–
Equity in Revaluation Increment on Land of a Subsidiary		8,441	–	8,441	–	–	–
Revaluation Increment on Property		1,350,177	–	1,350,177	1,350,177	–	1,350,177
Accumulated Translation Adjustment		20,151	–	20,151	20,151	–	20,151
		41,638,208	(7,800,081)	33,838,127	45,560,416	(6,782,947)	38,777,469
Minority Interest Equity of Consolidated Subsidiaries		980,157	(91,542)	888,615	–	–	–
		42,618,365	(7,891,623)	34,726,742	45,560,416	(6,782,947)	38,777,469
		₱310,562,980	(₱7,927,184)	₱302,635,796	₱299,216,401	(₱6,818,508)	₱292,397,893

a. The adjustment represents reclassification of MCOCI to Cash.

b. The adjustment represents reclassification of structured deposits to securities at FVPL.

c. The adjustment consists of :

	Consolidated	Parent Company
Reclassification (to)/from:		
IBODI	₱7,847,449	₱7,807,160
IBLR	7,298,913	7,298,913
TAS	2,982,531	2,798,127
Reclassification to unquoted debt securities (loans and receivable)	(80,896)	(80,896)
	₱18,047,997	₱17,823,304

d. The adjustment consists of:

	Consolidated	Parent Company
Reclassification from:		
IBODI	₱12,629,398	₱12,629,398
AFS securities	5,785,922	5,755,150
Investments in subsidiaries and associates	858,025	753,601
Other investment	896,664	629,274
	₱20,170,009	₱19,767,423

e. The adjustment consists of:

	Consolidated	Parent Company
Reclassification (to)/from:		
IBODI	₱52,058,189	₱50,388,865
AFS	(14,850,843)	(14,585,126)
FVPL	(5,961,795)	(5,961,795)
Unquoted debt securities	(1,838,728)	(1,838,728)
	₱29,406,823	₱28,003,216

f. The adjustment on loans and receivables consists of reclassification of unquoted debt securities, sales contract receivable, accrued interest receivable, accounts receivable, advances to subsidiaries, shortages and returned checks and other cash items.

	Consolidated	Parent Company
Breakdown as follows:		
Loans	₱137,786,651	₱121,222,365
Impairment on loans	(4,686,249)	(4,760,579)
Advances to subsidiaries and affiliates	4,660,552	14,776,112
Accrued interest receivable	2,555,124	2,392,516
Unquoted securities from TAS and IBODI	1,852,360	1,852,360
Accounts receivable	1,255,929	2,959,578
Sales contract receivable	1,113,519	1,097,950
RCOCI	291,073	282,468
Shortages	3,874	3,756
	₱144,832,833	₱139,826,526

g. The adjustment on investments in subsidiaries and associates pertains to the reclassification of day 1 cost on advances to subsidiaries.

h. The adjustment on other resources consists of:

	Consolidated	Parent Company
Reclassification of:		
Advances to subsidiaries and affiliates	(₱4,660,552)	(₱15,640,803)
Accrued interest receivable	(2,555,124)	(2,392,516)
Other investments	(2,101,857)	(790,463)
Accounts receivable	(1,255,929)	(2,959,578)
Sales contract receivable	(1,113,519)	(1,097,950)
Equity investment held for sale	(561,560)	(561,560)
RCOCI	(291,073)	(282,468)
MCOCI	(286,271)	(265,455)
Shortages	(3,874)	(3,756)
Impairment on financial assets	(830,559)	(830,559)
Impairment on employee loans	79,429	79,429
Others	665	665
	(₱13,580,224)	(₱24,745,014)

(forward)

i. The adjustment to subordinated notes payable represents the effect of shift to EIR method of amortizing premium, discount and debt issue costs.

j. The adjustment to Surplus/Deficit consists of :

	Consolidated	Parent Company
Recognition of additional impairment losses	(₱6,663,892)	(₱5,627,029)
Recognition of fair value changes on embedded derivatives at transition date	(1,160,688)	(1,160,688)
Take up of the effect of change from straight line to effective interest method	(19,872)	(19,872)
Net effect of reclassification of securities	(24,532)	(24,532)
	(₱7,868,984)	(₱6,832,121)

k. The adjustment represents the net effect of the reclassification from other financial assets to AFS and vice versa.

The Group has yet to adopt the following standards and amendments that have been approved but are not yet effective:

- Amendments to PAS 19, *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures* - The revised disclosures from the amendment will be included in the Consolidated financial statements when the amendments are adopted in 2006.

- PFRS 6, *Exploration for and Evaluation of Mineral Resources* - This standard does not apply to the activities of the Group.

- PFRS 7, *Financial Instruments - Disclosures* - The revised disclosures on financial instruments provided by this standard will be included in the Consolidated financial statements when the standard is adopted in 2007.

Effect on the Statement of Cash Flows for 2004
There are no material differences between the statement of cash flows prepared under PFRS and statement of cash flows presented under previous GAAP.

Basis of Consolidation
The Consolidated financial statements comprise the financial statements of the Parent Company and the following wholly owned and majority owned subsidiaries:

Subsidiary	Effective Percentage of Ownership	Country of Incorporation	Functional Currency
Financial Markets:			
EBC Investments, Inc. (EBCII)	100	Philippines	Philippine Peso
Equitable PCI Bank Cayman Limited (EPCI Cayman)	100	Cayman Island	US Dollar
Equitable Savings Bank, Inc. (ESB)	100	Philippines	Philippine Peso
Express Padala (HK) Ltd. (EPHK)	100	Hong Kong	Hong Kong Dollar
Jardine Equitable Finance Corp. (JEFC)	100	Philippines	Philippine Peso
PCI Capital Corporation (PCI Capital) and Subsidiaries	100	Philippines	Philippine Peso
PCIB Europe S.p.A. (PCIB S.p.A)	100	Italy	Euro
PCI Express Padala (HK) Limited (Express Padala HK)	100	Hong Kong	Hong Kong Dollar
PCI Express Padala - L.A. (Express Padala L.A.)	100	United States of America	US Dollar
PCI Express Padala Frankfurt	100	Germany	Euro
PCI Express Padala (Rotterdam) B.V.	100	Netherlands	Euro
Equitable Card Network, Inc. (ECN) and Subsidiaries	90	Philippines	Philippine Peso
PCI Leasing and Finance, Inc. (PCI Leasing)	85	Philippines	- do -
Insurance/Insurance Brokerage:			
EBC Insurance Brokerage, Inc. (EIBI)	100	Philippines	- do -
PCI Insurance Brokers, Inc. (PCI Insurance)	100	Philippines	- do -
Securities Brokerage:			
PCIB Securities, Inc. (PCIB Securities)	100	Philippines	- do -
Real Estate:			
PCIB Properties, Inc. (PCIB Properties)	100	Philippines	- do -
Equimark-NFC Development Corporation (Equimark)	60	Philippines	- do -
Others:			
EBC Strategic Holdings Corp. (ESHC) and Subsidiaries	100	Philippines	- do -
Equitable Data Center, Inc. (EDCI)	100	Philippines	- do -
PCI Automation Center, Inc. (PCI Automation)	100	Philippines	- do -
Maxicare	60	Philippines	- do -

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 (see Note 10).

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 Consolidated financial statements include the accounts of special purpose vehicles (SPV) namely, Philippine Investment One (PIO), Philippine Investment Two (PIT), and Cameron Granville Asset Management, Inc. (CGAM) in which the Group does not have equity interest (Note 33). PIO, PIT and CGAM bought certain assets of the Parent Company under a transaction that qualified as a true sale as approved by the BSP (see Note 33).

The Consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions have been eliminated in consolidation.

<u>Investments in Subsidiaries, Associates and Joint Ventures</u>

Investments in Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in Associates
Investments in associates are accounted for under the equity method of accounting. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's share of its associates' post-acquisition profits or losses is recognized in the statements of income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Investments in subsidiaries and associates in the Parent Company financial statements are carried at cost, less impairment in value.

Interests in Joint Ventures
Interests in joint ventures involve the use of assets and other resources of the Parent Company. In respect of its interests in jointly controlled operations, the Parent Company recognizes in its financial statements the assets that it controls and the liabilities and expenses that it incurs and its share of the income earned from the sale of goods or services by the joint venture, if any.

<u>Equity Adjustment from Foreign Currency Translation</u>
Each entity (subsidiaries and branches) in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at statement of condition date.

All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 prevailing rate, non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. Income and expenses are translated at the average prevailing rates for year.

Financial statements of consolidated foreign branches and subsidiaries that are not integral to the operations of the Group are translated into the presentation currency of the Group (the Philippine peso) at the rate of exchange at statement of condition date and, their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under Accumulated Translation Adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the statements of income.

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. 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.

Financial Assets
All financial assets, including trading and investment securities and loans and receivables, are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: securities at FVPL, loan receivables, HTM investments, AFS investments, and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

The Group follows the settlement date accounting where an asset to be received and liability to be paid are recognized on the settlement date and the derecognition of an asset that is sold and the recognition of a receivable from the buyer are recognized on the settlement date.

(a) *Securities at FVPL*
Realized and unrealized gains and losses on these instruments are recognized under the Trading Gains - net in the statements of income and expenses. Interest earned on debt instruments classified as held for trading is reported as interest income.

(b) *AFS investments*
Financial assets are classified as AFS investments when purchased and held indefinitely, but which the Group anticipates to sell in response to liquidity requirements or in anticipation of changes in interest rates or other factors. Financial assets may be designated under this category provided such are not held for trading. AFS investments are carried at fair market value. The effective yield component of AFS debt securities are reported in earnings. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded net of tax from reported earnings and reported as a separate component of capital funds in the statements of condition.

Other equity investments where the Group has no significant influence 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.

(c) *HTM investments*
HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sell other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities. These investments are carried at amortized cost using the effective interest rate method, less impairment in value. Gains and losses are recognized in income when the HTM investments are derecognized and impaired, as well as through the amortization process.

(d) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which the Group has no intention of trading.

Loans and receivables are stated at amortized cost using the effective interest rate method, reduced by unearned discounts and capitalized interest on restructured loans and impairment in value. The measurement of impairment is discussed under Impairment of Financial Assets.

Loans and receivables 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.

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

Prior to January 1, 2005, investment securities were accounted for as follows:

TAS
TAS, which consist 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 value; realized and unrealized gains and losses on these instruments are recognized in Trading Gains - net in the statements of income. Interest earned on debt instruments is reported as interest income.

ASS

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 and any unrealized gains or losses are reported as a separate component of capital funds.

Investment in Bonds and Other Debt Instruments (IBODI)

IBODI are debt securities where the Group has the positive intent and ability to hold to maturity. These securities are carried at amortized cost on a straight-line basis; realized gains and losses are included in Trading Gains - net in the statements of income.

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 Vehicles

Receivables from SPVs in the Parent Company financial statements are stated at the face value of the related note reduced by allowance for credit losses. Allowance for credit 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.

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 impairment in value are removed from the accounts 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 rights and improvements	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.

Investment Properties

At the date of transition to PFRS, January 1, 2004, investment properties were measured at fair value, which management used as the deemed cost of such properties at that date. Fair value has been determined based on the valuations performed by experienced and competent appraisers as of the statement of condition date. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment in value. Transaction costs including nonrefundable taxes such as capital gains tax and documentary stamp tax that were paid by the Group are capitalized as part of cost.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the derecognition of an investment property is recognized in the statement of income in the year of derecognition.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Buildings	50 years
Condominium units	40 years

Goodwill

Goodwill represents the excess of the acquisition cost of the 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. Beginning January 1, 2004, as provided under PFRS 3, goodwill was no longer amortized but is subject to an annual impairment test.

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 average benchmark rates, 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.

Investment in Real Estate

Investment in real estate is stated at lower of carrying amount and fair value less cost to sell, less any impairment in value.

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 resources 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 the excess of minimum corporate income tax (MCIT) over the regular income tax 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 a resource or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income 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.

Impairment of Financial Assets

The Group assesses at each Statement of Condition date whether there is objective evidence that a financial asset may be impaired.

Assets carried at amortized cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for assets that are not individually significant. If it is determined that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset term, industry and security) and that group of assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

The amount of loss is charged to current operations. If a loan or HTM investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets are made to reflect and be directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statements of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the statements of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Assets Carried at Cost
If there is objective evidence that an impairment loss on an unquoted equity instruments that are not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Investments
If an AFS investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that security previously recognized in profit or loss - is removed from equity and recognized in the statements of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statements of income. If, in a subsequent period, the fair value of a debt instrument classified as AFS investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statements of income.

Impairment of Non-Financial Assets
At each reporting date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount against current operations. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to operations in the year in which it arises, 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.

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 virtually certain.

Derecognition of Financial Assets and Liabilities

Financial Asset

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

1. the rights to receive cash flows from the asset have expired;
2. the Group retains the right to receive cash flows from the asset, but has assumed as obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
3. the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has either transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

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 on loans is recognized based on accrual accounting using effective interest method. In 2004, interest income on nonaccruing loans was recognized only to the extent of actual cash collections. Beginning 2005, interest income on impaired loans is recognized based on the rate used to discount future cash flows to their net present value, as discussed under the policy on Impairment of Financial Assets.

Interest on interest-bearing placements and securities are recognized as the interest accrues, taking into account the effective yield on such assets. Unearned discount and capitalized interest income on restructured loans are recognized as income over the terms of the receivables using the effective interest method and shown as deductions from Loans and Receivables in the statements of condition.

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.

Dividends

Dividend income is recognized when the right to receive payment is established.

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 Loans and Receivables in the Consolidated 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 liability recognized in the statements of condition in respect of defined benefit pension plans (see Note 21) is the present value of the defined benefit obligation at the statement of condition date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited to or charged against income when the net cumulative unrecognized actuarial gains and losses at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past-service costs, if any, are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

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.

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
Effective January 1, 2005
The Parent Company and some of its subsidiaries are counterparties to derivative contracts, such as currency forwards, currency swaps, and interest rate swaps. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statements of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified primarily as either: a) a hedge of the fair value of an asset, liability or a firm commitment (fair value hedge); or b) a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction (cash flow hedge).

The Group did not apply hedge accounting treatment for its derivatives transactions.

The Group has certain derivatives that are embedded in host financial (such as structured notes, debt investments, and loan receivables) and non-financial contracts (such as purchase orders and service agreements).

These embedded derivatives include credit default swaps (which are linked either to a single reference entity or a basket of reference entities), barrier options, and calls and puts in structured notes and deposits; conversion options in loans receivable; call options in certain long-term debt, and foreign-currency derivatives in debt instruments, purchase orders and service agreements.

Embedded derivatives are bifurcated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial assets at FVPL and when their economic risks and characteristics are not closely related to those of their respective host contracts.

Prior to January 1, 2005
For foreign currency forwards and swaps 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 in the statements of income. For foreign currency forwards and swaps not designated as hedges, the changes in mark to market values are recognized in the statements of income.

The differential paid or received under interest rate swap agreements are accrued and recognized over the life of the agreement as swap cost or income. Mark-to-market values are not recognized in the consolidated statements of income but are disclosed in the related notes to Consolidated financial statements.

Embedded derivatives are not separately accounted for and the cash flow effects are recognized upon settlement of the host contracts.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the statement of condition when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

Earnings Per Share
Basic earnings per share (EPS) 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 and stock rights exercised 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 32) with original 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 from fiduciary activities together with related undertakings to return such assets to customers are excluded from the 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.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 27. The Group's resources producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Exchange Trading Right
Exchange trading right (included in Consolidated Other Resources) is a result of the conversion plan (as discussed in Note 13) to preserve access of the stockbroker subsidiary and affiliate, PCIB Securities and Armstrong Securities, Inc., (ASI), respectively, to the trading facilities and to continue to transact business on Philippine Stock Exchange, Inc. (PSE). The trading right is an intangible asset to be regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for PCIB Securities and ASI.

Exchange trading right is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the Philippine stock exchange shares) less allowance for impairment loss. PCIB Securities and ASI do not intend to sell the exchange trading right in the near future.

In accordance with PAS 38, the trading right ceased to be amortized starting January 1, 2004 but will continue to be tested annually for any impairment in realizable value. Any impairment loss is taken up as a charge against current operations (see accounting policy on Impairment of Assets).

Securities Transactions and Valuation
Securities transactions and related commission income and expense are recorded on a transaction date basis. Securities are valued using the latest closing price at the end of the period for securities with trading transactions at the stock exchanges, or in the absence thereof, the latest bid price.

3. Significant Accounting Judgments and Estimates

The preparation of the 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 disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

(a) *Operating leases*
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(b) S*pecial purpose entities*
The Group sponsors the formation of special purpose entities (SPEs) primarily for the purpose of allowing clients to hold investments, for asset securitization transactions and for buying or selling credit protection. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgments about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over an SPE, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

Estimates

(a) *Impairment losses of loans and receivables*
The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This observable data may include adverse changes in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. As of December 31, 2005, allowance for impairment losses on loans and receivables of the Group and Parent Company amounted to ₱12.0 billion and ₱10.5 billion, respectively. Loans and receivables are carried at ₱142.4 billion and ₱134.4 billion as of December 31, 2005, for the Group and Parent Company, respectively.

(b) *Fair value of derivatives*
The fair value of derivatives that are not quoted in active markets are determined using valuation techniques (see Note 30). Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(c) *Impairment of AFS investments*
The Group determines that AFS equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. The Group considers a decline to be significant or prolonged when it is unlikely that the investment will be recovered in the medium to long-term due to significant financial difficulty of the issuer or underlying credit, it becoming probable that the overlying or underlying credit will enter bankruptcy or other financial difficulties, and that there is observable data indicating that there is a measurable decrease in its estimated future cash flows. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. AFS investments are carried at ₱17.1 billion and ₱15.3 billion for the Group and Parent Company, respectively.

(d) *HTM investments*
The classification to HTM investment requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in certain specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire portfolio as AFS investments. The investments would therefore be measured at fair value and not at amortized cost. HTM investments are carried at ₱32.5 billion and ₱32.2 billion for the Group and Parent Company,

respectively.

(e) *Recognition of deferred income taxes*
The Group has been in a tax loss position over the past several years. However, estimates of future taxable income indicate that certain temporary differences will be realized in the future. As discussed in Note 25, recognized deferred tax assets as of December 31, 2005 and 2004 amounted to ₱5.7 billion and ₱7.1 billion, respectively, for the Group and ₱5.4 billion and ₱6.7 billion, respectively, for the Parent Company. Deferred tax assets on temporary differences amounted to ₱1.0 billion and ₱0.7 billion for the Group and ₱0.8 billion and ₱0.2 billion for the Parent Company as of December 31, 2005 and 2004, respectively, were not recognized.

(f) *Present value of retirement obligation*
The expected rate of return on plan assets of 9% was based on the average historical premium of the fund assets. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of statements of condition dates. As of December 31, 2005 and 2004 the present value of the retirement obligation of the Group amounted to ₱1.7 billion and ₱1.4 billion, respectively, of which ₱1.5 billion and ₱1.3 billion, respectively, pertain to the Parent Company.

(g) *Impairment of non-financial assets*
The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As of December 31, 2005, the carrying value of the bank premises, furniture, fixtures, equipment and leasehold improvements and investment properties amounted to ₱9.8 billion and ₱18.2 billion, respectively, for the Group and ₱9.1 billion and ₱16.4 billion, respectively, for the Parent Company. As of December 31, 2004, the carrying value of the bank premises, furniture, fixtures, equipment and leasehold improvements and investment properties amounted to ₱9.9 billion and ₱19.2 billion, respectively, for the Group and ₱9.3 billion and ₱17.5 billion, respectively, for the Parent Company (see Notes 9 and 11).

4. Fair Value Measurement

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

Cash equivalents and short-term investments - Carrying amounts approximate fair values due to the relatively short-term maturity of these investments.

Debt securities - Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities - Fair values are based on quoted prices published in markets.

Loans and receivables - Fair values of loans are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans.

Liabilities - The fair value of quoted debt instruments are based on quotes obtained from an independent pricing service. For unquoted instruments, fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. Except for subordinated notes, the carrying values approximate fair values due to either the demand nature of the relatively short-term maturities of these liabilities.

Derivative instruments - Fair values are estimated based on quoted market prices, prices provided by independent parties or accepted valuation models.

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities as of December 31, 2005 not presented on the Consolidated statements of condition at their fair value.

	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Due from other banks	₱4,676,319	₱4,676,319	₱3,842,373	₱3,842,373
HTM investments	32,483,945	33,258,308	32,200,964	32,955,536
Loans and receivables	142,432,744	142,567,388	134,434,434	134,678,427
Financial Liabilities				
Deposit liabilities	₱206,664,245	₱206,664,245	₱202,154,155	₱202,154,155
Bills payable	29,715,581	29,760,434	27,208,013	27,252,866
Subordinated notes payable	10,587,521	11,116,489	10,587,521	11,116,489

5. Financial risk management objectives and policies

a. *Credit Risk and Concentration of Assets and Liabilities and Off Balance Sheet Items*
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual borrowers, and groups of borrowers and industry segments. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Group obtains security where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

In compliance with BSP requirements, the Group established in 2005 an internal credit risk rating system for the purpose of measuring credit risk for every exposure in a consistent manner as accurately as possible and use the risk information for business and financial decision making. The Group adopted the Bankers' Association of the Philippines model which has been approved by the BSP as a minimum standard for an internal risk rating system under BSP Circular No. 439. The system has 2 components namely a) Borrower Risk Rating System which provides an assessment of credit risk without considering the security arrangements and b) Facility Risk Rating which is an account rating taking into account the collateral and other credit risk mitigants. The rating scale consists of 10 grades, 6 of which fall under unclassified accounts and 4 classified accounts according to regulatory provisioning guidelines.

In 2005, the Group also employed the use of Credit Scorecards in assessing its loan accounts. The scorecards were developed jointly with third party service providers using data from its own portfolio and wealth experience in Consumer Finance.

Credit risk in respect of derivative financial instruments is limited to those with positive fair values, which are included under Other Resources. As a result the maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the statements of condition plus commitments to customers disclosed in Note 8.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The distribution of assets, liabilities, and off-balance sheet items by geographic region and industry sector of the Group and the Parent Company as of December 31, 2005 follows:

	Consolidated		
	Assets	Liabilities	Credit Commitments
		(In Thousands)	
Geographic Region:			
Philippines	₱280,207,825	₱261,778,183	₱125,800,423
Asia	11,061,920	11,376,415	1,496,753
Europe	23,511,283	5,312,314	(1,804)
United States	1,582,013	398,715	5,324
	₱316,363,041	₱278,865,627	₱127,300,696
Industry Sector:			
Trading and manufacturing	₱169,838,421	₱158,048,766	₱61,397,421
Banks and financial institutions	85,295,003	23,877,098	26,962,752
Construction and real estate	9,529,734	14,295,583	7,637,361
Consumers	24,176,527	35,585,327	13,226,734
Other	27,523,356	47,058,853	18,076,428
	₱316,363,041	₱278,865,627	₱127,300,696

		Parent	
	Assets	Liabilities	Credit Commitments
		(In Thousands)	
Geographic Region:			
Philippines	₱268,373,283	₱246,438,664	₱125,776,467
Asia	10,328,027	10,642,521	1,496,753
Europe	23,340,757	5,265,914	(1,804)
United States	1,582,013	228,189	5,324
	₱303,624,080	₱262,575,288	₱127,276,740
Industry Sector:			
Trading and manufacturing	₱169,276,818	₱157,930,184	₱61,373,465
Banks and financial institutions	84,667,602	23,636,803	26,962,752
Construction and real estate	9,431,164	14,295,583	7,637,361
Consumers	17,008,451	28,591,165	13,226,734
Other	23,240,045	38,121,553	18,076,428
	₱303,624,080	₱262,575,288	₱127,276,740

b. *Market Risk*

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes. The Group's market risk originates from its holdings in its foreign exchange instruments, debt securities, equities and derivatives.

Market Risk Management Unit is responsible for the identification and measurement of market risk under the supervision of the Risk Management Committee of the BOD. Market risk management for the Trading Book is measured using Value at Risk (VaR).

In 2001, the Parent Company commenced the Group-wide computation of its VaR, in certain trading activities and began benchmarking its market risk practices to industry standards. The VaR method is a procedure for estimating the probability of portfolio losses exceeding some specified proportion based on a statistical analysis of historical market price trends, correlations and volatilities. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period.

In calculating VaR, the Parent Company uses a 99% confidence level and a 1 day holding period for a liquid market. This means that, statistically, the Group's losses on trading operations will exceed VaR on 2.5 days out of 250 trading business days. The validity of the VaR model is verified through back testing, which examines how frequently actual daily losses exceeds daily VaR. The Parent Company measures and monitors the VaR and profit and loss on a daily basis.

Below is a table showing the VaR of the Group and the Parent Company for the year ended December 31, 2005 (in millions).

	Consolidated			Parent Company		
	Average	High	Low	Average	High	Low
Interest rate risk	₱30	₱81	₱ 8	₱30	₱81	₱ 8
Foreign exchange risk	4	10	0.4	4	10	0.4
Total VaR	₱34	₱91	₱8.4	₱34	₱91	₱8.4

c. *Interest Rate Risk*

The Group follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates is kept within acceptable limits.

As a substantial proportion of the Group's total loan portfolio is for a term of more than four years, and the majority of the balance of its medium-term portfolio is on a floating-rate basis. As of December 31, 2005, 65.7% of the Group's total loan portfolio comprised of floating rate loans which are repriced periodically by reference to the transfer pool rate which reflects the bank's internal cost of funds. As a result of these factors, the Group exposure to interest rate fluctuations and other market risk, is significantly reduced. The Group, in keeping with banking industry practice, aims to achieve stability and lengthen the term structure of its deposit base while providing adequate liquidity to cover transactional banking requirements of customers. No interest is paid on demand accounts, which as of December 31, 2005 accounted for 4.1% of total deposits, except for a demand account product which pays a rate of interest equal to that payable on regular savings accounts of the Parent Company. Rates on savings accounts and time deposit accounts, which constituted 69.0% and 25.3%, respectively, of total deposits as of December 31, 2005 are set by different criteria. Savings account rates are set by reference to prevailing market rates while rates on time deposits and special savings accounts are usually priced by reference to rates applicable to prevailing rates on Philippine Treasury Bills and other money market instruments or, in the case of foreign currency deposits, SIBOR (Singapore interbank offered rate) and other benchmark dollar deposit rates in the Asian and international money markets with similar maturities.

The following table provides for the average effective interest rates by period of maturity or repricing of the Group and the Parent Company as of December 31, 2005:

	Consolidated		
	Less than 3 months	**3 months to 1 year**	**Greater than 1 year**
Peso			
Resources			
Due from BSP	4.00%	–	–
Due from banks	3.60%	–	–
Securities at FVPL	5.59%	8.12%	10.03%
HTM investments	6.32%	8.46%	9.70%
Loans and receivables	9.07%	9.84%	9.72%
Liabilities			
Deposit liabilities	2.00%	5.10%	7.88%
Bills payable	6.76%	7.98%	-
Foreign Currency Denominated			
Resources			
Due from banks	-	-	-
Interbank loans	4.22%	6.48%	6.61%
Securities at FVPL	7.97%	4.20%	9.95%
HTM investments	5.80%	-	8.42%
Loans and receivables	5.89%	7.01%	5.18%
Liabilities			
Deposit liabilities	3.10%	3.97%	7.41%
Bills payable	5.71%	7.98%	8.37%

	Parent		
	Less than 3 months	**3 months to 1 year**	**Greater than 1 year**
Peso			
Resources			
Due from BSP	4.00%	–	–
Due from banks	-	–	–
Securities at FVPL	6.98%	8.83%	9.64%
HTM investments	6.32%	8.46%	8.81%
Loans and receivables	7.93%	9.84%	9.91%
Liabilities			
Deposit liabilities	3.10%	3.97%	7.41%
Bills payable	5.71%	7.98%	8.37%
Foreign Currency Denominated			
Resources			
Due from banks	–	–	-
Interbank loans	4.22%	6.48%	6.61%
Securities at FVPL	7.97%	4.20%	9.95%
HTM investments	5.80%	-	8.42%
Loans and receivables	5.89%	7.01%	5.18%
Liabilities			
Deposit liabilities	2.66%	1.58%	2.54%
Bills payable	4.22%	4.64%	6.99%

The method by which the Group measures the sensitivity of its assets and liabilities to interest rate fluctuations is by way of Earnings-at-Risk. This analysis provides the Group with a measure of the impact of changes in interest rates on the accrual portfolio i.e. the risk exposure of future accounting income. The repricing gap is calculated by distributing the statement of condition into tenor buckets according to the time remaining to maturity or next repricing date and then obtaining the difference between the total of the repricing (interest sensitive) assets and repricing (interest sensitive) liabilities.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. Accordingly, during a period of rising interest rates, a company with a positive gap would be better positioned than one with a negative gap to invest in or hold higher yielding assets more quickly than it would need to refinance its interest-bearing liabilities. During a period of falling interest rates, a company with a positive gap would tend to see its assets repricing at a faster rate than one with a negative gap, which may restrain the growth of its net income or result in a decline in net interest income.

The following table sets forth the repricing gap position of the Group and the Parent Company as of December 31, 2005:

	Consolidated					
	Up to 1 Month	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Greater than 1 year**	**Total**
Resources			(in Millions)			
Total loans	₱96,356	₱27,192	₱1,991	₱1,489	₱8,495	₱135,523
Total investments	18,305	13,766	4,215	6,788	32,842	75,916
Placements with other banks	29,304	5,725	1,032	–	1,637	37,698
Other resources	–	–	–	–	67,226	67,226
Total resources	143,965	46,683	7,238	8,277	110,200	316,363
Liabilities						
Deposit liabilities	94,157	24,181	6,733	4,878	76,715	206,664
Bills payable	17,158	2,742	230	40	4,654	24,824
Other liabilities	–	–	–	–	48,366	48,366
Total liabilities	111,315	26,923	6,963	4,918	129,735	279,854
Capital funds	–	–	–	–	36,509	36,509
Total liabilities and capital funds	111,315	26,923	6,963	4,918	166,244	316,363
Asset-liability gap	₱32,650	₱19,760	₱275	₱3,359	(₱56,044)	₱–

	Parent Company					
	Up to 1 Month	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Greater than 1 year**	**Total**
Resources			(in Millions)			
Total loans	₱86,273	₱27,192	₱1,991	₱1,489	₱8,495	₱125,440
Total investments	18,084	11,166	4,215	6,788	32,731	72,984
Placements with other banks	27,766	5,725	1,032	–	1,636	36,159
Other resources	–	–	–	–	69,041	69,041
Total resources	132,123	44,083	7,238	8,277	111,903	303,624
Liabilities						
Deposit liabilities	89,728	24,181	6,733	4,798	76,715	202,155
Bills payable	14,276	2,742	230	40	4,654	21,942
Other liabilities	–	–	–	–	38,478	38,478
Total liabilities	104,004	26,923	6,963	4,838	119,847	262,575
Capital funds	–	–	–	–	41,049	41,049
Total liabilities and capital funds	104,004	26,923	6,963	4,838	160,896	303,624
Asset-liability gap	₱28,119	₱17,160	₱275	₱3,439	(₱48,993)	₱–

The Group also monitors its exposure to fluctuations in interest rates by measuring the impact of interest rate movements on its interest income. This is done by modeling the impact of various changes in interest rates to the Group's interest-related income and expenses.

The following table sets forth, as of and for the year ended December 31, 2005, the impact of changes in interest rates on the Group and the Parent Company's net interest income:

	Consolidated			
	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(in million pesos, except percentages)			
Change in annualized net interest income (₱)	(301)	(150)	150	301
As a percentage of the Group's net interest income for the period ended December 31, 2005 (%)	(.031)	(.015)	.015	.031
Change in annualized net interest income (₱)	(251)	(126)	126	251
As a percentage of the Group's net interest income for the period ended December 31, 2005 (%)	(.026)	(.013)	.013	.026

Foreign Currency Risk
Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU, account made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency denominated borrowings appearing in the regular books of the Parent Company.

Foreign currency deposits are generally used to fund the Parent Company's foreign currency denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency assets with the foreign currency liabilities held through FCDUs. In addition, the BSP requires a 30% liquidity reserve on all foreign currency liabilities held through FCDUs.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within limits for a financial institution engaged in the type of business in which the Group is engaged.

The table summarizes the Group and Parent Company's exposure to foreign exchange risk as of December 31, 2005. Included in the table are the Group and the Parent Company's resources and liabilities at carrying amounts, categorized by currency.

	Consolidated		
	USD	Others	Total
		(In Thousands)	
Resources			
Due from other banks	₱3,228,474	₱613,798	₱3,842,272
Interbank loans receivable	13,103,366	2,310,238	15,413,604
Securities at FVPL	17,477,320	–	17,477,320
AFS investments	14,060,780	–	14,060,780
HTM investments	16,248,906	135,978	16,384,884
Loans and receivables	7,041,663	537,258	7,578,921
Other resources	1,049,147	8,840,343	9,889,490
Total resources	72,209,656	12,437,615	84,647,271
Liabilities			
Deposit liabilities	58,219,403	4,775,256	62,994,659
Bills payable	14,548,521	7,075,899	21,624,420
Manager's checks and demand drafts outstanding	–	2,364	2,364
Accrued taxes, interest and other expenses	4,088	140,705	144,793
Other liabilities	15,436,904	299,568	15,736,472
Total liabilities	88,208,916	12,293,792	100,502,708
Currency swaps and forwards	6,523,262	1,111,818	7,635,080
Net exposure	(₱9,475,998)	₱1,255,641	(₱8,220,357)

	Parent Company		
	USD	Others	Total
		(In Thousands)	
Resources			
Due from other banks	₱3,228,474	₱613,798	3,842,272
Interbank loans receivable	13,103,366	2,310,238	15,413,604
Securities at FVPL	17,477,320	–	17,477,320
AFS investments	14,060,780	–	14,060,780
HTM investments	16,248,906	135,978	16,384,884
Loans and receivables	6,989,776	537,258	7,527,034
Other resources	1,049,147	8,840,343	9,889,490
Total resources	72,157,769	12,437,615	84,595,384
Liabilities			
Deposit liabilities	58,219,403	4,775,256	62,994,659
Bills payable	14,548,521	7,075,899	21,624,420
Manager's checks and demand drafts outstanding	–	2,364	2,364
Accrued taxes, interest and other expenses	4,088	140,705	144,793
Other liabilities	15,436,904	299,568	15,736,472
Total liabilities	88,208,916	12,293,792	100,502,708
Currency swaps and forwards	6,523,262	1,111,818	7,635,080
Net exposure	(9,527,885)	₱1,255,641	(₱8,272,244)

6. Due from Other Banks

The Parent Company has deposits with a certain foreign bank which serve as guarantee for the performance of its obligation relating to the loans assigned to such foreign bank in the same amount. The Parent Company has authorized the foreign bank to withdraw from the deposit an amount equivalent to any principal repayment that is received by the Parent Company from the borrower.

The balance of the Parent Company's deposits with the foreign bank and the assigned loans, which is net of withdrawals by the foreign bank for repayments received by the Parent Company from the borrower (see Note 8), amounted to:

	2005	2004
	(In Millions)	
In US dollars	**70**	107
Peso equivalent	**3,702**	6,401

7. Trading and Investment Securities

As of December 31, 2005 and 2004, securities at FVPL include net unrealized gain amounting to ₱798.1 million and TAS include net unrealized loss of ₱20.8 million, respectively, for the Group, of which net unrealized gain of ₱775.9 million and net unrealized loss of ₱17.9 million, respectively, pertains to the Parent Company.

AFS investments of the Group and the Parent Company is net of accumulated unrealized gain of ₱563.6 million and ₱548.1 million, respectively, as of December 31, 2005. ASS of the Group and the Parent Company is net of unrealized loss of ₱54.6 million and ₱6.0 million, respectively, as of December 31, 2004.

HTM investments/IBODI consist of the following:

	Consolidated		Parent Company	
	2005	2004	2005	2004
			(In Thousands)	
Government bonds	**₱9,160,506**	₱30,994,603	**₱9,160,506**	₱30,694,106
BSP treasury bills	**15,165,569**	12,213,130	**15,165,011**	12,021,968
Private bonds	**7,423,708**	5,012,494	**7,128,816**	4,717,602
Treasury notes	**746,631**	1,375,181	**746,631**	1,130,283
Others	**–**	2,480,477	**–**	1,840,551
	32,496,414	52,075,885	**32,200,964**	50,404,510
Less allowance for impairment losses (Note 14)	**12,469**	17,696	**–**	15,645
	₱32,483,945	₱52,058,189	**₱32,200,964**	₱50,388,865

forward

HTM investments/IBODI include US dollar-denominated bonds amounting to US$306 million (₱16.3 billion) and US$630 million (₱35.5 billion) as of December 31, 2005 and 2004, respectively.

As of December 31, 2005 and 2004, the market values of HTM investments/IBODI were as follows:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
			(In Thousands)	
Government bonds	**₱9,938,118**	₱30,249,012	**₱9,938,118**	₱29,948,515
BSP treasury bills	**15,120,204**	12,129,635	**15,119,647**	11,938,472
Private bonds	**7,448,238**	4,769,569	**7,146,023**	4,474,677
Treasury notes	**751,748**	1,353,814	**751,748**	1,108,916
Others	**–**	2,480,477	**–**	1,840,552
	₱33,258,308	₱50,982,507	**₱32,955,536**	₱49,311,132

Peso-denominated HTM investments/IBODI bear nominal annual interest rates ranging from 4.0% to 14.5% in 2005 and from 4.0% to 11.0% in 2004, respectively; for foreign currency-denominated HTM investments/IBODI, annual interest rate range from 7.5% to 11.4% in 2005 and from 1.5% to 14.0% in 2004, respectively.

8. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004
			(In Thousands)	
Loans and discounts (Note 33)	**₱96,161,405**	₱94,922,841	**₱89,733,599**	₱89,656,356
Lease receivables	**5,399,882**	7,625,422	-	–
	101,561,287	102,548,263	**89,733,599**	89,656,356
Unearned discount and capitalized interest	**(2,462,440)**	(2,869,023)	**(1,291,855)**	(1,698,607)
	99,098,847	99,679,240	**88,441,744**	87,957,749

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004
			(In Thousands)	
Customers' liabilities on acceptances, letters of credit and trust receipts	**₱18,520,703**	₱25,849,323	**₱18,520,703**	₱25,849,323
Bills purchased	**13,869,770**	16,276,848	**13,850,233**	16,253,638
Receivables from cardholders	**7,930,643**	7,509,421	**–**	–
	139,419,963	149,314,832	**120,812,680**	130,060,710
Unquoted debt securities	**2,734,853**	–	**2,084,853**	–
Other receivables	**10,737,720**	–	**18,739,392**	–
Receivables from SPVs (Note 33)	**–**	–	**3,336,055**	2,424,742
	152,892,536	149,314,832	**144,972,980**	132,485,452
Allowance for impairment losses (Note 14)	**(10,459,792)**	(11,528,181)	**(10,538,546)**	(11,263,087)
	₱142,432,744	₱137,786,651	**₱134,434,434**	₱121,222,365

The Parent Company's loans and receivables amounting to ₱0.8 billion and ₱1.6 billion as of December 31, 2005 and 2004, respectively, were pledged as collaterals with the BSP to secure borrowings under rediscounting privileges. In addition, receivables from customers amounting to ₱4.9 billion and ₱5.0 billion as of December 31, 2005 and 2004, 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 (see Note 16).

As of December 31, 2005, unquoted debt securities include the subordinated notes representing 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%.

As of December 31, 2005, Other Receivables consist of the following financial assets which were reported under Other Resources in 2004, prior to the adoption of PAS 39, except for the advances made to EBCII to purchase Parent Company shares amounting to ₱7.47 billion, which were previously accounted for as a separate account in the capital funds section of the Parent Company statements of condition as Parent Company Shares Held by a Subsidiary:

	Consolidated	Parent
	(In Thousands)	
Advances to subsidiaries, affiliates, retirement fund and officers	₱1,874,246	₱12,438,568
Accounts receivable	5,110,507	2,717,532
Accrued interest receivable	2,095,028	1,955,101
Sales contract receivable	1,347,821	1,322,273
Returned checks and other cash items	300,852	296,652
Shortages	9,266	9,266
	₱10,737,720	₱18,739,392

The nonperforming loans (NPL) were as follows:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
			(In Thousands)	
Secured	**₱7,265,064**	₱10,842,637	**₱6,730,102**	₱9,872,263
Unsecured	**2,998,640**	4,290,734	**2,909,691**	4,131,492
	₱10,263,704	₱15,133,371	**₱9,639,793**	₱14,003,755

Generally, NPLs refer to loans whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing BSP rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered nonperforming.

In the case of receivables that are payable in monthly installments, the total outstanding balance thereof shall be considered nonperforming when three (3) or more installments are in arrears.

In the case of receivables that are payable in daily, weekly, or semi-monthly installments, the total outstanding balance thereof shall be considered nonperforming at the same time that they become past due in accordance with existing BSP regulations, i.e., the entire outstanding balance of the receivable shall be considered as past due when the total amount of arrearages reaches ten percent (10%) of the total receivable balance.

Receivables are classified as nonperforming in accordance with 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 loans are restructured in accordance with existing BSP regulations, and future payments appear assured.

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 impairment losses, provided that interest on said loans shall not be accrued. Accordingly, NPLs not fully covered by allowance for impairment losses as of
December 31, 2005 and 2004 follow:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
			(In Thousands)	
NPLs	**₱10,263,704**	₱15,133,371	**₱9,639,793**	₱14,003,755
Less NPLs fully provided with allowance for impairment losses	**2,575,367**	3,495,865	**2,455,439**	3,270,645
	₱7,688,337	₱11,637,506	**₱7,184,354**	₱10,733,110

Restructured loans of the Parent Company as of December 31, 2005 and 2004 amounted to ₱7.4 billion and ₱14.0 billion, respectively. Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs.

The Parent Company's loan portfolio includes non-risk loans, as defined under BSP regulations, totaling ₱19.8 billion and ₱14.3 billion as of December 31, 2005 and 2004, respectively.

As of December 31, 2005 and 2004, 65.7% and 64.5%, respectively, of the total loans of the Group are subject to periodic interest repricing. Remaining loans earn annual fixed interest rates ranging from 2.0% to 49.9% for peso denominated loans and from 1.7% to 11.0% for foreign currency denominated loans in 2005 and from 5.2% to 49.9% for peso denominated loans and from 2.3% to 11.0% for foreign currency denominated loans in 2004.

The following table shows information relating to loans and receivables (at gross amounts) by collateral:

	Consolidated			
	2005		2004 (As restated - Note 2)	
	Amount (In Thousands)	**%**	Amount (In Thousands)	%
Secured by:				
Real estate	**₱31,484,283**	**20.27**	₱36,246,185	23.82
Trust receipts	**17,435,352**	**11.22**	18,026,136	11.84
Bank deposits	**14,335,478**	**9.23**	5,879,478	3.86
Chattel	**12,121,517**	**7.80**	10,642,637	6.99
Mortgage trust indenture	**5,743,778**	**3.70**	8,614,739	5.66
Shares of stock	**2,232,489**	**1.44**	2,915,307	1.92
Marginal deposit	**28,096**	**0.02**	–	–
Warehouse receipts	**6,887**	**0.00**	16,847	0.01
Others	**4,045,117**	**2.60**	4,438,686	2.92
	87,432,997	**56.28**	86,780,015	57.02
Unsecured	**67,921,979**	**43.72**	65,403,840	42.98
	₱155,354,976	**100.00**	₱152,183,855	100.00

	Parent Company			
	2005		2004 (As restated - Note 2)	
	Amount (In Thousands)	**%**	Amount (In Thousands)	%
Secured by:				
Real estate	**₱26,645,105**	**18.22**	₱31,642,076	23.58
Trust receipts	**17,435,352**	**11.92**	18,026,136	13.43
Bank deposits	**14,128,463**	**9.66**	5,783,172	4.31
Mortgage trust indenture	**5,660,445**	**3.87**	8,531,406	6.36
Chattel	**3,357,027**	**2.30**	3,507,859	2.61
Shares of stock	**2,230,408**	**1.52**	2,892,961	2.16
Margin deposits	**28,096**	**0.02**	–	–
Warehouse receipts	**6,887**	**0.00**	15,086	0.01
Others	**4,045,118**	**2.77**	4,301,796	3.21
	73,536,901	**50.28**	74,700,492	55.67
Unsecured	**72,727,934**	**49.72**	59,483,567	44.33
	₱146,264,835	**100.00**	₱134,184,059	100.00

Information on the concentration of credit (at gross amounts) as to economic activity and industry sub-sectors follow:

	Consolidated			
	2005		2004 (As restated - Note 2)	
	Amount (In Thousands)	**%**	Amount (In Thousands)	%
Manufacturing:				
Consumer goods	**₱14,572,055**	**9.38**	₱16,852,470	11.07
Capital goods	**12,020,224**	**7.74**	14,931,115	9.81
Intermediate goods	**14,538,767**	**9.36**	15,191,418	9.98
Wholesale and retail	**34,158,987**	**21.99**	34,284,153	22.53
Financial intermediation, renting and business activities	**25,316,420**	**16.30**	12,855,524	8.45
Other community, social and personal services	**19,202,724**	**12.36**	22,424,236	14.73
Transport, storage and communications	**10,999,100**	**7.08**	10,900,386	7.16
Real estate	**8,337,593**	**5.37**	8,897,722	5.85
Electricity, gas and water	**7,492,051**	**4.82**	7,258,136	4.77
Agriculture, hunting and forestry	**1,799,452**	**1.16**	2,182,157	1.43
Mining and quarrying	**1,723,624**	**1.11**	1,946,447	1.28
Construction	**993,306**	**0.64**	1,683,147	1.11
Others	**4,200,673**	**2.69**	2,776,944	1.83
	₱155,354,976	**100.00**	₱152,183,855	100.00

	Parent Company			
	2005		2004 (As restated - Note 2)	
	Amount (In Thousands)	**%**	Amount (In Thousands)	%
Manufacturing:				
Consumer goods	**₱14,465,580**	**9.89**	₱16,735,133	12.47
Intermediate goods	**13,475,522**	**9.21**	14,472,086	10.79
Capital goods	**11,313,112**	**7.73**	14,066,089	10.48
Wholesale and retail	**32,617,141**	**22.30**	33,103,337	24.67
Financial intermediation, renting and business activities	**25,399,334**	**17.37**	14,055,066	10.47
Other community, social and personal services	**17,008,451**	**11.63**	9,047,426	6.74
Transport, storage and communications	**9,311,319**	**6.37**	9,557,224	7.12
Real estate	**8,063,609**	**5.51**	8,366,555	6.24
Electricity, gas and water	**7,290,709**	**4.98**	7,057,083	5.26
Agriculture, hunting and forestry	**1,749,660**	**1.20**	1,925,701	1.44
Mining and quarrying	**1,388,140**	**0.95**	1,938,217	1.44
Construction	**682,040**	**0.47**	1,287,505	0.96
Others	**3,500,218**	**2.39**	2,572,637	1.92
	₱146,264,835	**100.00**	₱134,184,059	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 SPVs represents the amount due from the sale in 2005 and 2004 of certain non-performing assets (NPAs) of the Parent Company to SPVs (see Note 33). As of December 31, 2005, receivables from SPVs amounting to ₱0.6 billion pertains to notes received for NPAs sold to SPV in 2005.

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 ₱4.1 billion.

b. The agreed purchase price of the NPAs was as follows:

   i. An initial amount of ₱0.5 billion, booked as part of Accounts Receivable under Other Resources in 2004, was subsequently paid in the same year. For the NPAs sold in 2005, cash of ₱0.3 billion was received.
   ii. The balance of ₱3.3 billion, through issuance of SPV Notes (the Notes), which shall be paid based on a cash flow waterfall arrangement and interest rate of 20% and 50% per annum on the ₱2.7 billion and ₱0.6 billion, respectively, was received.

In accordance with the provisions of PAS 39, certain securities currently classified under Loans and Receivables should be initially measured at fair values on acquisition dates. Any resulting gains or losses from the fair valuation shall be charged against the January 1, 2005 Surplus account. As of January 1, 2005, the impairment charged against Surplus amounted to ₱43.0 million.

9. Property and Equipment

The composition of and movements in this account in 2005 follow:

	Consolidated				
	At Appraised Value	**At Cost**			
	Land	**Buildings**	**Leasehold Improvements - net**	**Furniture, Fixtures and Equipment**	**Total**
			(In Thousands)		
Cost/Appraised Value					
Balance, January 1, 2005	₱4,447,904	₱3,974,279	₱448,776	₱7,894,939	₱12,317,994
Additions	133,928	384,117	133,329	449,690	967,136
Disposals	(81,275)	(22,907)	(18,467)	(712,316)	(753,690)
Balance, December 31, 2005	4,500,557	4,335,489	563,638	7,632,313	12,531,440
Accumulated Depreciation and Amortization					
Balance, January 1, 2005	–	1,777,047	–	5,117,303	6,894,350
Depreciation and amortization	–	173,926	106,479	608,227	888,632
Disposals	–	(2,437)	(7,671)	(525,062)	(535,170)
Balance, December 31, 2005	–	1,948,536	98,808	5,200,468	7,247,812
Net Book Value, December 31, 2005	**₱4,500,557**	**₱2,386,953**	**₱464,830**	**₱2,431,845**	**₱5,283,628**
Net Book Value, December 31, 2004	₱4,447,904	₱2,197,232	₱448,776	₱2,777,636	₱5,423,644

	Parent Company				
	At Appraised Value	At Cost			
	Land	**Buildings**	**Leasehold Improvements - net**	**Furniture, Fixtures and Equipment**	**Total**
			(In Thousands)		
Cost/Appraised Value					
Balance, January 1, 2005	₱4,406,236	₱3,581,118	₱393,103	₱6,427,176	₱10,401,397
Additions	–	105,749	64,417	531,364	701,530
Disposals	–	(11,866)	(17,610)	(676,260)	(705,736)
Balance, December 31, 2005	4,406,236	3,675,001	439,910	6,282,280	10,397,191
Accumulated Depreciation and Amortization					
Balance, January 1, 2005	–	1,708,822	–	3,816,540	5,525,362
Depreciation and amortization	–	111,126	106,479	640,675	858,280
Disposals	–	(2,438)	(7,820)	(670,431)	(680,689)
Balance, December 31, 2005	–	1,817,510	98,659	3,786,784	5,702,953
Net Book Value, December 31, 2005	**₱4,406,236**	**₱1,857,491**	**₱341,251**	**₱2,495,496**	**₱4,694,238**
Net Book Value, December 31, 2004	₱4,406,236	₱1,872,296	₱393,103	₱2,610,636	₱4,876,035

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.

10. Investments in Subsidiaries and Associates

This account consists of investments in:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
At equity:				
Acquisition cost of:				
Wholly and majority owned (Note 2)				
ESB	**₱–**	₱–	**₱2,981,049**	₱300,000
PCI Leasing	**–**	–	**1,854,073**	1,854,073
PCI Capital	**–**	–	**1,719,483**	1,719,483
ESHC	**–**	–	**1,351,654**	1,000,000
ECN	**–**	–	**736,250**	736,250
EBCII	**–**	–	**500,000**	500,000
PCIB Properties	**–**	–	**891,692**	375,128
PCI Express HK	**–**	–	**215,282**	215,282
JEFC	**–**	–	**50,000**	50,000
Equimark	**–**	–	**44,997**	44,997
Maxicare	**–**	–	**43,593**	43,593
EDCI	**–**	–	**40,000**	40,000
PCIB Securities	**–**	–	**39,177**	39,177
EPCI Cayman	**–**	–	**38,399**	38,399
PCI Realty	**–**	–	**33,510**	33,510
PCIB S.p.A.	**–**	–	**32,921**	32,921
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	**–**	–	**3,320**	6,320

forward

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Significantly owned:				
Jardine Land, Inc. (JLI) (20%)	**₱232,000**	₱232,000	**₱232,000**	₱232,000
Taal Land, Inc. (33%)	**170,382**	170,382	**170,382**	170,382
Medilink Network, Inc. (40%)	**3,000**	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
	413,306	451,556	**11,050,975**	7,535,958
Accumulated equity in net losses:				
Balance at beginning of year	**(123,096)**	(179,182)	**–**	–
Equity in net earnings (losses) for the year	**562**	(21,748)	**–**	–
Disposal	**–**	77,834	**–**	–
Balance at end of year	**(122,534)**	(123,096)	**–**	–
	290,772	328,460	**11,050,975**	7,535,958
Less allowance for impairment losses (Note 14)	**–**	–	**2,085,391**	1,288,849
	₱290,772	₱328,460	**₱8,965,584**	₱6,247,109

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. In 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% in 2004, the accounts have been included into the Group financial statements.

11. Investment Properties

The composition and movements in this account follow:

	Consolidated			
	2005			
	Land	**Buildings and Improvements**	**Total**	2004 Total
		(In Thousands)		
Cost				
Balance at beginning of year	**₱14,203,933**	**₱5,524,958**	**₱19,728,891**	₱18,388,601
Additions	**585,684**	**328,547**	**914,231**	3,830,742
Transfers/disposals	**(1,577,928)**	**(202,149)**	**(1,780,077)**	(2,490,452)
Balance at end of year	**13,211,689**	**5,651,356**	**18,863,045**	19,728,891
Accumulated depreciation and amortization				
Balance at beginning of year	**–**	**535,755**	**535,755**	349,584
Depreciation and amortization	**–**	**206,253**	**206,253**	186,171
Transfers/disposals	**–**	**(94,643)**	**(94,643)**	–
Balance at end of year	**–**	**647,365**	**647,365**	535,755
Allowance for impairment	**–**	**5,776**	**5,776**	–
Net Book Value, December 31	**₱13,211,689**	**₱4,998,215**	**₱18,209,904**	₱19,193,136

	Parent Company			
	2005			
	Land	Buildings and Improvements	Total	2004 Total
	(In Thousands)			
Cost				
Balance, at beginning of year	**₱12,730,705**	**₱5,217,707**	**₱17,948,412**	₱18,245,114
Additions	**467,608**	**209,052**	**676,660**	1,507,265
Transfers/disposals	**(1,403,196)**	**(162,122)**	**(1,565,318)**	(1,803,967)
Balance at end of year	**11,795,117**	**5,264,637**	**17,059,754**	17,948,412
Accumulated depreciation and amortization				
Balance at beginning of year	**–**	**486,006**	**486,006**	309,040
Depreciation and amortization	**–**	**181,535**	**181,535**	176,966
Transfers/disposals	**–**	**–**	**–**	–
Balance at end of year	**–**	**667,541**	**667,541**	486,006
Net Book Value, December 31	**₱11,795,117**	**₱4,597,096**	**₱16,392,213**	₱17,462,406

The details of the net book value follow:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
	(In Thousands)			
Real estate properties acquired in settlement of loans and receivables	**₱14,944,647**	₱15,854,145	**₱13,126,956**	₱14,123,415
Investment in real estate	**3,265,257**	3,338,991	**3,265,257**	3,338,991
	₱18,209,904	₱19,193,136	**₱16,392,213**	₱17,462,406

The aggregate fair value of the investment properties of the Group and the Parent Company are ₱19.7 billion and ₱17.7 billion, respectively, as of December 31, 2005 and ₱19.7 billion and ₱17.9 billion, respectively, as of December 31, 2004.

The fair value of the Group's investment property has been arrived at on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

In 2005, the Parent Company entered into joint ventures for the development of foreclosed assets to generate profit upon completion of the project. As of December 31, 2005, these joint ventures are in the initial stage of development. The Parent Company's properties invested in joint ventures are included under Investment Property.

12. Goodwill

The carrying amount of goodwill amounting to ₱15.7 billion as of December 31, 2005 and 2004 is net of accumulated amortization amounting to ₱1.9 billion. Beginning January 1, 2004, as provided under PFRS 3, goodwill was no longer amortized but will be subject to an annual impairment test.

13. Other Resources

This account consists of:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
	(In Thousands)			
Deferred tax assets - net (Note 25)	**₱5,724,190**	₱7,096,453	**₱5,427,283**	₱6,713,685
Investments in real estate	**4,295,298**	4,685,338	**–**	–
Interoffice float items - net (Note 19)	**3,192,449**	2,387,584	**3,092,853**	2,247,062
Assets held by SPV				
Loans and receivables	**2,052,632**	1,196,919	**–**	–
Investment properties	**2,181,052**	1,614,396	**–**	–
Prepayments	**423,943**	403,330	**315,994**	226,752
Foreclosed chattels	**348,354**	250,580	**175,731**	228,492

forward

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Assets held for sale	**206,295**	–	**167,229**	–
Other investments	**19,972**	4,190,481	**11,719**	1,577,328
Advances to subsidiaries, associates and other related parties (Note 19)	**–**	4,660,552	**–**	15,640,802
Accrued interest receivable (Note 19)	**–**	2,523,572	**–**	2,392,516
Accounts receivable (Note 19)	**–**	1,642,502	**–**	2,959,578
Sales contracts receivable (Note 19)	**–**	1,113,519	**–**	1,097,950
Returned checks and other cash items (Note 19)	**–**	291,073	**–**	282,468
Miscellaneous checks and other cash items	**–**	268,271	**–**	265,455
Miscellaneous (Note 30)	**2,320,433**	2,493,528	**1,547,262**	1,615,223
	20,764,618	34,818,098	**10,738,071**	35,247,311
Less allowance for impairment losses (Note 14)	**3,955,091**	4,045,310	**1,177,732**	1,371,731
	₱16,809,527	₱30,772,788	**₱9,560,339**	₱33,875,580

Assets held by SPV include ESB loans sold to CGAM on April 1, 2005 amounting to ₱621.0 million and investment property to LNC Corporation (LNC) on April 12, 2005 amounting to ₱98.0 million. In exchange for the loans and investment properties, ESB received SPV Notes and cash of ₱60.0 million and ₱23.1 million, respectively, for the sale of loans and ₱39.2 million and ₱4.2 million, respectively, for the sale of ROPA.

On June 24, 2005 and July 8, 2005, the Closing Certificate was signed between the ESB and CGAM and the ESB and LNC, respectively, to implement and make effective the SPA on loans and investment properties as of April 1, 2005 and April 12, 2005, respectively. Accordingly, the ESB received SPV Notes amounting to ₱60.0 million for loans from CGAM and ₱4.2 million investment properties from LNC. Total loans transferred to CGAM amounted to ₱621.0 million. Investment properties transferred to LNC amounted to ₱98.0 million. These SPV Notes are recorded by ESB under loans and receivables as of December 31, 2005.

As of December 31, 2005 and 2004, interoffice float items outstanding for more than 180 days amounted to ₱164.1million and ₱171.9 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.

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.

Other investments include the Group's investment in Bank of Commerce with net carrying value of ₱151.3 million as of December 31, 2004. As of January 1, 2005, this investment was reclassified and included under AFS, in accordance with PAS 39.

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 ₱1.0 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 non-performing 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; and

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 deposit 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 MDB 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).

Exchange trading right
Under the PSE rules, all exchange trading rights are pledged at its full value to the PSE to secure the payment of all debts due to other members of the PSE arising out of or in connection with the present or future members' contracts.

The carrying values of the investment in PSE shares and the exchange trading right in the accounts of PCIB Securities were as follows:

	2005	2004
	(In Thousands)	
AFS investments - PSE shares	**₱15,000**	₱–
Investment in PSE shares (50,000 shares) - net of allowance for decline in value	**–**	7,835
Exchange trading right - net	**7,835**	7,835
	₱22,835	₱15,670

As of December 31, 2005, the latest transacted price of the exchange trading right (as provided by the PSE) amounted to ₱3.5 million. As of December 31, 2005, the market value of the PSE shares based on quoted price is ₱150 a share.

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

14. Allowance for Impairment Losses

Changes in the allowance for impairment losses follow:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
	(In Thousands)			
Balance at beginning of year				
HTM investments	**₱17,696**	₱154,286	**₱15,645**	₱124,645
Loans and receivables	**11,528,181**	17,006,027	**11,263,087**	15,794,741
Investments in subsidiaries and associates	**–**	663,077	**1,288,849**	322,610
Investment properties	**–**	794,090	**–**	698,718
Other resources	**4,045,310**	2,196,908	**1,371,731**	1,481,758
	15,591,187	20,814,388	**13,939,312**	18,422,472
Provisions	**2,857,922**	4,130,165	**1,996,690**	3,089,528
Accounts written off	**(54,163)**	(1,123,826)	**(54,163)**	–
Reversals and other adjustments	**(3,518,430)**	(8,229,540)	**(1,897,736)**	(7,572,688)
Balance at end of year				
AFS investments	**443,388**	–	**182,434**	–
HTM investments (Note 7)	**12,469**	17,696	**–**	15,645
Loans and receivables (Note 8)	**10,459,792**	11,528,181	**10,538,546**	11,263,087
Investments in subsidiaries and associates (Note 10)	**–**	–	**2,085,391**	1,288,849
Investment properties (Note 11)	**5,776**	–	**–**	–
Other resources (Note 13)	**3,955,091**	4,045,310	**1,177,732**	1,371,731
	₱14,876,516	₱15,591,187	**₱13,984,103**	₱13,939,312

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

15. Deposit Liabilities

This account consists of:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
	(In Thousands)			
Demand	**₱11,755,328**	₱10,783,280	**₱11,675,256**	₱10,689,996
Savings	**142,339,247**	128,852,508	**139,346,953**	126,053,940
Time	**52,569,670**	53,884,551	**51,131,946**	52,829,162
	₱206,664,245	₱193,520,339	**₱202,154,155**	₱189,573,098

Of the total deposit liabilities of the Group as of December 31, 2005 and 2004, 53.4% and 51.8%, respectively, are subject to periodic interest repricing. Remaining deposit liabilities earn annual fixed interest rates ranging from 0.5% to 4.0% and from 0.5% to 4.5% in 2005 and 2004, respectively.

Under existing BSP regulations, non-FCDU deposit liabilities of the Parent Company are subject to liquidity reserve equivalent to 11% starting July 15, 2005 (under BSP Circular 491) and statutory reserve equivalent to 10%. 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, 2005 and 2004, the Parent Company and ESB are in compliance with such regulations.

The total liquidity and statutory reserves, as reported to BSP, are as follows:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
		(In Thousands)		
Cash	**₱6,446,396**	₱7,369,156	**₱6,348,612**	₱7,285,405
Due from BSP	**7,232,106**	2,316,093	**6,917,169**	2,059,639
IBODI	**–**	14,315,915	–	14,200,310
HTM investments	**15,734,486**	–	**15,601,911**	–
	₱29,412,988	₱24,001,164	**₱28,867,692**	₱23,545,354

16. Bills Payable

This account consists of borrowings from:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
		(In Thousands)		
Foreign banks	**₱16,258,421**	₱15,843,383	**₱16,258,421**	₱15,843,383
Senior notes	**5,264,637**	–	**5,264,637**	–
Local banks	**2,475,630**	1,189,740	–	–
BSP	**852,258**	1,810,298	**827,070**	1,604,861
Others	**4,864,635**	5,156,435	**4,857,885**	4,976,219
	₱29,715,581	₱23,999,856	**₱27,208,013**	₱22,424,463

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Peso borrowings are subject to annual fixed interest rates ranging from 5.0% to 13.0% in 2005 and from 1.1% to 3.2% in 2004; for foreign denominated borrowings, annual fixed interest rates range from 1.9% to 7.0% in 2005 and from 5.2% to 7.9% in 2004.

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 (see Note 8).

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% senior notes due 2008. 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 senior notes are:

a. Issue price at 99.3% of the principal amount;

b. The senior 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 senior 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. The payment obligations of the Parent Company under the senior notes shall at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Parent Company, including liabilities in respect of deposits;

d. The Parent Company may redeem the senior 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 senior notes are not guaranteed or insured by the PDIC and are not deposit liabilities of the Parent Company.

17. Subordinated Notes Payable

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 five (5) years.

The issuance of the foregoing subordinated notes 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$130.0 million and US$70.0 million, respectively, 9.4% subordinated notes due 2013. Among the significant terms and conditions of the issuance of the subordinated notes are:

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

b. The subordinated 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;

c. The subordinated 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);

d. The Parent Company may redeem the subordinated notes in whole but not in part at redemption price equal to 100% of the principal amount of the subordinated 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 therefore;

e. Each noteholder by accepting a 2013 subordinated 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 subordinated 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

f. The subordinated 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 subordinated notes may not be redeemed at the option of the noteholders.

As of December 31, 2005 and 2004, the Parent Company was in compliance with the terms and conditions upon which the subordinated notes have been issued.

18. Other Liabilities

This account consists of:

	Consolidated		**Parent Company**	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Bills purchased - contra (Note 19)	**₱13,496,370**	₱15,893,118	**₱13,476,833**	₱15,893,118
Liability to tie-up banks (Note 19)	**4,255,556**	4,687,599	**–**	–
Accounts payable (Note 19)	**2,902,767**	2,899,637	**1,718,790**	1,667,862
Unearned income and other deferred credits (Note 19)	**2,843,981**	594,530	**490,638**	473,353
Deposits on lease contracts (Note 19)	**1,332,267**	998,925	**–**	–
Payment order payable (Note 19)	**792,788**	967,874	**792,788**	967,874
Liabilities of SPV (Note 33)	**798,416**	386,574	**–**	–
Sundry and other credits (Note 19)	**284,043**	318,860	**283,201**	312,707
Withholding tax payable (Note 19)	**171,784**	150,924	**113,244**	101,524
Miscellaneous	**111,898**	1,232,886	**1,863,214**	702,405
	₱26,989,870	₱28,130,927	**₱18,738,708**	₱20,118,843

Liabilities of SPV consist mainly of the principal balance of senior notes.

19. 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, 2005 and 2004:

	Consolidated					
	2005			2004		
	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	**₱7,232,106**	**₱–**	**₱7,232,106**	₱2,316,093	₱–	₱2,316,093
Due from other banks	**4,676,319**	**–**	**4,676,319**	7,701,330	–	7,701,330
IBLR and SPURA	**16,637,243**	**1,562,381**	**18,199,624**	5,310,832	12,053,935	17,364,767
Securities at FVPL/TAS	**13,786,777**	**12,127,006**	**25,913,783**	898,479	2,084,052	2,982,531
AFS investments/ASS	**331,989**	**16,776,783**	**17,108,772**	30,772	5,755,150	5,785,922
HTM investments/IBODI	**16,326,889**	**16,169,525**	**32,496,414**	13,262,892	38,812,993	52,075,885
Loans and receivables/Receivable from customers	**99,136,383**	**56,218,593**	**155,354,976**	88,239,670	63,944,185	152,183,855
Other resources:						
Interoffice float items - net (Note 13)	**3,192,449**	**–**	**3,192,449**	2,387,584	–	2,387,584
Advances to subsidiaries, associates and other related parties (Note 13)	**–**	**–**	**–**	4,660,552	–	4,660,552
Accrued interest receivable (Note 13)	**–**	**–**	**–**	2,523,572	–	2,523,572
Accounts receivable (Note 13)	**–**	**–**	–	1,642,502	–	1,642,502
Returned checks and other cash items (Note 13)	**–**	**–**	**–**	291,073	–	291,073
Sales contracts receivable (Note 13)	**–**	**–**	**–**	15,687	1,097,832	1,113,519
	₱161,320,155	**₱102,854,288**	**₱264,174,443**	₱129,281,038	₱123,748,147	₱253,029,185

	Consolidated					
	2005			2004		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
			(In Thousands)			
Financial Liabilities						
Deposit liabilities (Note 15)	**₱194,733,210**	**₱11,931,035**	**₱206,664,245**	₱182,350,260	₱11,170,079	₱193,520,339
Bills payable (Note 16)	**19,774,196**	**9,941,385**	**29,715,581**	19,036,954	4,962,902	23,999,856
Due to BSP	**51,570**	**–**	**51,570**	131,400	–	131,400
Outstanding acceptances	**615,944**	**–**	**615,944**	7,602,316	–	7,602,316
Margin deposits	**222,682**	**–**	**222,682**	152,578	–	152,578
Manager's checks and demand drafts outstanding	**912,091**	**–**	**912,091**	882,145	–	882,145
Accrued interest payable	**794,639**	**–**	**794,639**	552,409	–	552,409
Accrued taxes and other expenses	**2,311,484**	**–**	**2,311,484**	1,728,945	–	1,728,945
Subordinated notes payable	**–**	**10,587,521**	**10,587,521**	–	11,243,700	11,243,700
Other liabilities (Note 18):						
Bills purchased - contra	**13,496,370**	**–**	**13,496,370**	15,893,118	–	15,893,118
Accounts payable	**2,902,767**	**–**	**2,902,767**	2,899,637	–	2,899,637
Payment order payable	**792,788**	**–**	**792,788**	967,874	–	967,874
Unearned income and other deferred credits	**2,843,981**	**–**	**2,843,981**	594,530	–	594,530
Sundry and other credits	**284,043**	**–**	**284,043**	318,860	–	318,860
Withholding tax payable	**171,784**	**–**	**171,784**	150,924	–	150,924
	₱239,907,549	**₱32,459,941**	**₱272,367,490**	₱233,261,950	₱27,376,681	₱260,638,631

	Parent Company					
	2005			2004		
	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	**₱6,917,169**	**₱–**	**₱6,917,169**	₱2,059,639	₱–	₱2,059,639
Due from other banks	**3,842,373**	**–**	**3,842,373**	6,114,500	–	6,114,500
IBLR and SPURA	**16,637,243**	**1,562,381**	**18,199,624**	7,804,832	12,053,935	19,858,767
Securities at FVPL/TAS	**13,645,926**	**12,127,006**	**25,772,932**	714,075	2,084,052	2,798,127
AFS investments/ASS	**198,718**	**15,159,339**	**15,358,057**	–	5,755,150	5,755,150
HTM investments/IBODI	**16,326,331**	**15,874,633**	**32,200,964**	12,453,025	37,951,485	50,404,510
Loans and receivables/Receivables from customers	**89,288,476**	**56,976,359**	**146,264,835**	82,487,598	51,696,461	134,184,059
Other resources:						
Interoffice float items - net	**3,092,853**	**–**	**3,092,853**	2,247,062	–	2,247,062
Advances to subsidiaries, associates and other related parties (Note 13)	**–**	**–**	**–**	15,640,802	–	15,640,802
Accounts receivable (Note 13)	**–**	**–**	**–**	2,959,578	–	2,959,578
Accrued interest receivable (Note 13)	**–**	**–**	**–**	2,392,516	–	2,392,516
Sales contracts receivable (Note 13)	**–**	**–**	**–**	8,074	1,089,876	1,097,950
Returned checks and other cash items (Note 13)		**–**	–	282,468	–	282,468
	₱149,949,089	**₱101,699,718**	**₱251,648,807**	₱135,164,169	₱110,630,959	₱245,795,128

	Parent Company					
	2005			2004		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
			(In Thousands)			
Financial Liabilities						
Deposit liabilities	**₱192,142,998**	**₱10,011,157**	**₱202,154,155**	₱179,913,385	₱9,659,713	₱189,573,098
Bills payable	**17,266,628**	**9,941,385**	**27,208,013**	17,742,267	4,682,196	22,424,463
Due to BSP	**48,845**	**–**	**48,845**	128,027	–	128,027
Outstanding acceptances	**615,944**	**–**	**615,944**	7,602,316	–	7,602,316
Margin deposits	**222,682**	**–**	**222,682**	152,578	–	152,578
Manager's checks and demand drafts outstanding	**891,704**	**–**	**891,704**	862,072	–	862,072
Accrued interest payable	**526,999**	**–**	**526,999**	428,931	–	428,931
Accrued taxes and other expenses	**1,580,717**	**–**	**1,580,717**	1,121,957	–	1,121,957
Subordinated notes payable	**–**	**10,587,521**	**10,587,521**	–	11,243,700	11,243,700
Other liabilities:						
Bills purchased - contra	**13,476,833**	**–**	**13,476,833**	15,893,118	–	15,893,118
Accounts payable	**1,718,790**	**–**	**1,718,790**	1,667,862	–	1,667,862
Payment order payable	**792,788**	**–**	**792,788**	967,874	–	967,874
Unearned income and other deferred credits	**490,638**	**–**	**490,638**	473,353	–	473,353
Sundry and other credits	**283,201**	**–**	**283,201**	312,707	–	312,707
Withholding tax payable	**113,244**	**–**	**113,244**	101,524	–	101,524
	₱230,172,011	**₱30,540,063**	**₱260,712,074**	₱227,367,971	₱25,585,609	₱252,953,580

20. Capital Funds

The Parent Company's capital stock consists of:

	2005	2004
	(In Thousands)	
Common stock - 10 par value		
Authorized - 1,000,000,000 shares		
Issued - 727,003,345 shares	**₱7,270,033**	₱7,270,033

The Parent Company shares are listed in the PSE.

Parent Company Shares Held by a Subsidiary account represents 78,807,098 shares of the Parent Company purchased by EBCII, its investment house subsidiary. These are carried at acquisition cost of ₱7.47 billion. In the Parent Company financial statements, such shares are shown as advances to subsidiaries and are carried at the same amount. In its letter dated October 25, 2005, the BSP required EBCII to sell the EPCIB shares or consider the reversal of the accounting entries in the books of EPCIB and EBCII pertaining to these transactions as options for retiring the shares. On March 31, 2006, the Parent Company's BOD approved the reversal of the accounting entries in the books of the Parent Company to effect the cancellation of its advances to EBCII. The BOD agreed, with the confirmation of its external legal counsel, that such cancellation is legally feasible and will serve to restore to the Parent Company the shares held by its subsidiary against a corresponding elimination of the Parent Company's advances to EBCII.

In 2005, ESB's 2004 financial statements were restated to charge against the 2004 beginning Surplus the following: (a) capital deficiency of MDB as of December 31, 2003 amounting to ₱764.0 million (and include the 2004 restated results of operations amounting to ₱293.5 million in the 2004 results of operations of the merged entity); and (b) unamortized capitalized losses of MDB in 2004 amounting to ₱198.6 million (and reverse the amortization of such capitalized net losses in 2004 amounting to ₱39.7 million).

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 11.2% and 14.0% (as restated) as of December 31, 2005 and 2004, respectively, while that of the Parent Company was 9.7% and 13.8% (as restated), respectively.

21. 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 Parent Company's annual contribution to the retirement plan consists of a payment covering the current service cost, amortization of the unfunded actuarial accrued liability and interest on such unfunded actuarial liability.

The principal actuarial assumptions used in determining retirement liability for the Parent Company's retirement plan are shown below:

	2005	2004
Retirement age	**60**	60
Average remaining working life	**15**	15
Discount rate	**14.0%**	12.0%
Expected rate of return on assets	**9.0%**	9.0%
Future salary increases	**5.0%**	5.0%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

The prepaid retirement cost recognized in the Parent Company's statement of condition is as follows (in thousand pesos):

	2005	2004
Present value of funded obligation	**₱1,478,560**	₱1,253,712
Fair value of plan assets	**(950,039)**	(559,613)
	528,521	694,099
Unrecognized transition liability	**(555,279)**	(694,099)
Unrecognized actuarial losses	**(34,658)**	–
Prepaid retirement cost	**(₱61,416)**	₱–

The movements in the retirement liability recognized in the Parent Company's statements of condition follow (in thousand pesos):

Balance at beginning of year	₱–
Retirement expense	349,147
Contribution paid	(410,563)
Balance at end of year	(₱61,416)

The movements in the fair value of plan assets recognized follow (in thousand pesos):

	2005	2004
Balance, January 1	**₱ 559,613**	₱335,305
Expected return on plan assets	**50,365**	30,177
Contribution paid by employer	**410,563**	223,295
Benefits paid	**(166,483)**	(62,785)
Actuarial gains/losses	**95,981**	33,621
Balance, December 31	**₱950,039**	₱559,613

As discussed in Note 2, the Parent Company opted to adopt the prospective approach in accounting for transition liability of ₱694.1 million to be amortized over five (5) years beginning January 1, 2005.

The amounts included in Compensation and Fringe Benefits in the Parent Company's statements of income are as follows:

	2005	2004
Current service cost	**₱85,172**	₱69,885
Interest cost	**175,520**	111,959
Expected return on plan assets	**(50,365)**	(30,177)
Amortization of transition liability	**138,820**	–
Past service cost	**–**	253,293
	₱349,147	₱404,960

22. 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, 2005 and 2004, the Group had no contingent rent payable.

Total rent expense (included under Occupancy and other equipment-related costs) incurred by the Group amounted to ₱603.1 million and ₱581.5 million in 2005 and 2004, respectively, of which ₱502.1 million and ₱495.5 million in 2005 and 2004, respectively, was incurred by the Parent Company.

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

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
		(In Thousands)		
Within one year	**₱267,120**	₱365,254	**₱251,085**	₱327,289
After one year but not more than five years	**853,559**	1,067,939	**836,591**	947,652
After more than five years	**233,367**	501,694	**233,367**	352,221
	₱1,354,046	₱1,934,887	**₱1,321,043**	₱1,627,162

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.

Total rent income earned (included under Miscellaneous income) by the Group amounted to ₱110.2 million and ₱128.1 million in 2005 and 2004, respectively, of which ₱128.2 million and ₱138.0 million in 2005 and 2004, respectively, were earned by the Parent Company.

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

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
		(In Thousands)		
Within one year	**₱99,551**	₱116,883	**₱95,393**	₱116,633
After one year but not more than five years	**145,993**	134,131	**137,043**	133,743
After more than five years	**7,612**	11,190	**7,612**	11,190
	₱253,156	₱262,204	**₱240,048**	₱261,566

23. Miscellaneous Income

This account consists of:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Trust fees (Note 26)	**₱629,570**	₱724,335	**₱629,570**	₱724,335
Gain on disposal of investment properties	**468,992**	82,955	**389,649**	82,895
Rent of bank premises and equipment	**110,245**	128,140	**128,221**	137,996
Income from assets sold/exchanged	**81,447**	33,737	**85,809**	26,947
Rent from safety deposit boxes	**19,401**	19,831	**19,401**	19,831
Others	**1,528,476**	1,705,136	**922,188**	1,651,130
	₱2,838,131	₱2,694,134	**₱2,174,838**	₱2,643,134

24. Miscellaneous Expenses

This account consists of:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Advertising expenses	**₱570,121**	₱486,507	**₱81,708**	₱52,979
Insurance - PDIC	**398,752**	376,991	**378,603**	354,417
Communication expenses	**362,864**	359,088	**274,259**	261,825
Litigation and assets acquired expenses	**327,131**	360,752	**298,283**	297,357
Professional fees	**259,610**	242,326	**146,220**	152,071
Traveling expenses	**216,037**	199,442	**128,502**	120,153
Entertainment, amusement and recreation expenses (EAR) (Note 25)	**198,787**	170,872	**174,431**	148,876
Transaction dues	**182,643**	178,078	**178,744**	174,561
Others	**1,446,750**	1,310,538	**929,138**	750,747
	₱3,962,695	₱3,684,594	**₱2,589,888**	₱2,312,986

25. 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 and documentary stamp taxes. 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 EAR that can be claimed as a deduction against taxable income. Under the regulation, EAR 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 Parent Company and Group MCIT and NOLCO may be applied against the Parent Company's and Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

Republic Act (RA) No. 9337, An Act Amending National Internal Revenue Code, provides that the RCIT rate shall be 35% until December 31, 2008. Starting January 1, 2009 the RCIT rate shall be 30%. The interest allowed as a deductible expense is reduced by 42% (formerly 38%) of interest income subjected to final tax under the 35% corporate tax regime and 33% under the 30% corporate tax regime. It also provides for the change in GRT rate from 5% to 7%. However, such amendments were the subject of a temporary restraining order by the Supreme Court. On October 8, 2005, the Supreme Court ruled that RA 9337 is constitutional and effective on November 1, 2005.

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%. RA 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:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Current*	**₱664,896**	₱768,759	**₱493,068**	₱366,524
Deferred	**1,511,540**	(1,844,489)	**1,210,387**	(1,924,393)
	₱2,176,436	(₱1,075,730)	**₱1,703,455**	(₱1,557,869)

* Includes income taxes of foreign subsidiaries and branches

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

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
Credited to operations				
Tax effects of:				
Allowance for impairment losses	**₱4,103,747**	₱6,132,798	**₱3,817,815**	₱5,837,770
NOLCO	**1,933,046**	1,424,324	**1,828,595**	1,314,060
Unamortized past service costs	**297,067**	221,858	**292,580**	214,390
Investment properties	**(159,105)**	(143,474)	**(159,105)**	(143,474)
Capitalized interest	**(102,904)**	(111,424)	**(102,904)**	(111,424)
Amortization of transition liability	**48,587**	–	**48,587**	–
Lease income/expense differential	**(35,344)**	19,056	**93,475**	84,142
Foreign exchange profits	–	(5,847)	–	–
Others	**30,183**	30,292	**(230)**	–
MCIT	**187,320**	111,727	**186,877**	101,078
	6,302,597	7,679,310	**6,005,690**	7,296,542
Charged against equity				
Revaluation increment in property	**(578,407)**	(582,857)	**(578,407)**	(582,857)
	₱5,724,190	₱7,096,453	**₱5,427,283**	₱6,713,685

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

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
		(In Thousands)		
NOLCO	**₱2,449,625**	₱898,339	**₱2,143,843**	₱428,797
Allowance for impairment losses	**368,174**	930,501	**–**	–
Accrued leave credits	**349,501**	304,698	**349,501**	304,698
Loss on foreclosed assets	**71,653**	47,723	**71,653**	47,723
MCIT	**726**	16,394	**–**	14,672
	₱3,239,679	₱2,197,655	**₱2,564,997**	₱795,890

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:

	Consolidated		Parent Company	
	2005	2004 (As restated)	**2005**	2004 (As restated)
Statutory income tax	**32.50%**	32.00%	**32.50%**	32.00%
Tax effects of:				
FCDU income	**(20.96)**	(51.90)	**(25.77)**	(93.35)
Tax-exempt and tax-paid income	**(12.55)**	(32.55)	**(15.43)**	(47.35)
Nondeductible expenses	**6.28**	7.77	**7.72**	27.46
Equity in net losses (earnings) of subsidiaries and associates	**–**	(.48)	**–**	–
Nondeductible interest expense	**3.48**	17.89	**4.28**	13.86
Others - net	**56.17**	1.37	**59.40**	(27.92)
Unrecognized deferred tax asset	**(21.17)**	(48.90)	**(20.60)**	(99.53)
Provision for (benefit from) income tax	**43.75%**	(74.80%)	**42.10%**	(194.83%)

Income tax payable included under Accrued Taxes and Other Expenses amounted to ₱302.3 million and ₱262.6 million for the Group and ₱89.9 million and ₱74.1 million for the Parent Company as of December 31, 2005 and 2004, respectively. EAR of the Parent Company amounted to ₱175.8 million and ₱148.9 million (included in Miscellaneous expenses in the statements of income) in 2005 and 2004, respectively.

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

Inception Year	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
NOLCO				
2002	₱3,257,899	₱3,257,899	₱–	2005
2003	1,182,806	–	1,182,806	2006
2004	94,530	–	94,530	2007
2005	6,580,863	–	6,580,863	2008
	₱11,116,098	₱3,257,899	₱7,858,199	
MCIT				
2002	₱14,671	₱14,671	₱–	2005
2003	27,694	–	27,694	2006
2004	73,385	–	73,385	2007
2005	85,798	–	85,798	2008
	₱201,548	₱14,671	₱186,877	

26. 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 28).

Government securities with total face value of ₱981.8 million and ₱1,071.1 million as of December 31, 2005 and 2004, 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 ₱986.2 million and ₱1,026.8 million as of December 31, 2005 and 2004.

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, 2005 and 2004, the balance of the BSP reserve deposit account amounted to ₱2.7 billion and ₱2.4 billion, respectively, while government securities amounted to ₱3.0 billion and ₱3.9 billion, respectively.

27. 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 of the Group for the year ended December 31, 2005 and 2004 follows:

	2005						
	Consumer and Retail Banking	Commercial Banking	Corporate Banking	Investment Banking	Treasury	Others	Total
Gross income	₱7,459,910	₱5,450,925	₱3,214,859	₱477,074	₱7,931,032	₱4,074,488	₱28,608,288
Segment result	₱3,816,821	₱1,344,352	₱335,259	₱253,277	₱2,804,568	₱1,852,955	₱10,407,232
Unallocated costs							5,433,512
Profit from operations							4,973,720
Equity in net income of associates							562
Income before tax							4,974,282
Income tax expense							(2,176,436)
Minority interest							(99,461)
Net income for the year							₱2,698,385
Other Information							
Segment resources	₱49,617,946	₱58,662,288	₱48,732,627	₱2,906,429	₱90,786,617	₱39,614,219	₱290,320,126

	2005						
	Consumer and Retail Banking	Commercial Banking	Corporate Banking	Investment Banking	Treasury	Others	Total
Intra-segment resources							3,192,449
Investments in associates							1,877,470
Unallocated resources							20,972,996
Total resources							₱316,363,041
Segment liabilities	₱47,969,029	₱55,047,610	₱39,470,351	₱2,487,277	₱93,528,590	₱40,362,770	₱278,865,627
Other segment information							
Depreciation and amortization	₱685,945	₱36,917	₱7,558	₱5,795	₱58,069	₱550,387	₱1,344,671

	2004						
	Consumer and Retail Banking	Commercial Banking	Corporate Banking	Investment Banking	Treasury	Others	Total
Gross income	₱7,855,150	₱4,895,093	₱2,923,139	₱500,796	₱4,601,389	₱3,660,155	₱24,435,722
Segment result	₱1,670,258	₱1,152,074	₱557,852	₱262,597	₱1,647,054	₱2,102,419	7,392,254
Unallocated costs							5,932,394
Profit from operations							1,459,860
Equity in net losses of associates							(21,748)
Income before tax							1,438,112
Benefit from income tax							1,075,730
Minority interest							(101,762)
Net income for the year							₱2,412,080
Other Information							
Segment resources	₱52,813,190	₱58,585,980	₱56,602,288	₱1,798,903	₱74,226,071	₱36,218,405	₱280,244,837
Intra-segment resources							2,387,584
Investments in associates							4,660,552
Unallocated resources							23,270,007
Total assets							₱310,562,980
Segment liabilities	₱50,957,510	₱55,215,867	₱45,874,590	₱1,747,559	₱81,353,909	₱32,795,180	₱267,944,615
Unallocated liabilities							–
Total liabilities							₱267,944,615
Other segment information							
Depreciation and amortization	₱571,570	₱12,533	₱6,966	₱5,212	₱57,748	₱690,262	₱1,344,291

28. 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, 2005 and 2004:

	Consolidated		**Parent Company**	
	2005	2004	**2005**	2004
		(In Thousands)		
Trust department accounts (Note 26)	**₱109,694,557**	₱103,526,072	**₱109,694,557**	₱103,507,352
Unused commercial letters of credit	**8,182,676**	11,557,196	**8,167,676**	11,544,496
Inward bills for collection	**3,078,970**	1,431,372	**3,078,970**	1,431,372
Outward bills for collection	**846,962**	950,339	**846,777**	950,339
Late deposits/payments received	**665,908**	738,573	**660,259**	738,573
Guarantees issued	**443,320**	449,184	**443,320**	449,184
Traveller's check unsold	**136,590**	157,852	**136,590**	157,852
Confirmed export letters of credit	**22,791**	29,788	**22,791**	29,788
Others	**629,129**	555,287	**626,007**	547,808

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.

29. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

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 loan 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 as of December 31, 2005 and 2004 (amounts in thousands):

	Consolidated		**Parent Company**	
	2005	2004	**2005**	2004
Total outstanding DOSRI accounts	**₱1,037,822**	₱1,126,878	**₱1,037,822**	₱1,126,779
Percent of DOSRI accounts granted prior to effectivity of BSP Circular No. 423 to total loans	**0.57%**	0.74%	**0.61%**	0.78%
Percent of DOSRI accounts granted after effectivity of BSP Circular No. 423 to total loans	**0.10%**	0.06%	**0.10%**	0.06%
Percent of DOSRI accounts to total loans	**0.67%**	0.80%	**0.71%**	0.84%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**16.96%**	27.68%	**16.96%**	27.67%
Percent of past due DOSRI accounts to total DOSRI accounts	**–**	–	**–**	–
Percent of nonaccruing DOSRI accounts to total DOSRI accounts	**15.32%**	14.52%	**15.32%**	14.52%

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):

	Consolidated		**Parent Company**	
	2005	2004	**2005**	2004
Total outstanding non-DOSRI accounts granted prior to BSP Circular No. 423	**₱15,151,472**	₱15,546,362	**₱15,151,472**	₱15,546,362
Percent of unsecured non-DOSRI accounts granted prior to BSP Circular No. 423 to total loans	**9.77%**	11.00%	**10.36%**	11.59%
Percent of past due non-DOSRI accounts granted prior to BSP Circular No. 423 to total loans	**–**	–	**–**	–
Percent of nonaccruing non-DOSRI accounts granted prior to BSP Circular No. 423 to total loans	**8.21%**	9.28%	**8.71%**	9.78%

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.

Total interest income on DOSRI loans amounted to ₱193.0 million and ₱1.8 million in 2005 and 2004, respectively.

Deposit liabilities of associates and other related parties amounted to ₱31.7 million and ₱31.9 million as of December 31, 2005 and 2004, respectively. Related interest expense amounted to ₱0.1 million in 2005 and 2004.

The retirement fund of the Parent Company's employees amounting to ₱950.0 million and ₱559.6 million as of December 31, 2005 and 2004, respectively, is being managed by the Parent Company's Trust Banking Group.

The following table shows the related party transactions included in the Consolidated financial statements:

			Elements of Transactions			
			Balance Sheet Amount		Income Statement Amount	
Related Party	Relationship	Nature of Transaction	**2005**	2004	**2005**	2004
			(In Thousands)			
Philex Mining	Associate	Loans receivable	**₱444,291**	₱526,040	**₱–**	₱–
		Other resources	**–**	51	**–**	–
Gratuity Fund	Retirement Fund	Advances to subsidiaries, associates and related parties	**4,530**	307,594	**–**	–
Filsyn Corporation	Associate	Loans receivable	**59,487**	59,487	**–**	–
		Other resources	**3,894**	3,894	**–**	–
JLI	Associate	Loans receivable	**36,204**	36,204	**–**	–
		AIR	**538**	434	**–**	–
		Interest income	**–**	–	**5,384**	5,446

The remuneration of directors and other members of key management are as follows:

	Consolidated		Parent Company	
	2005	2004	**2005**	2004
	(In Thousands)			
Short-term benefits	**₱142,824**	₱102,756	**₱112,628**	₱87,857
Post-employment benefits	**23,286**	17,735	**9,588**	7,130
	₱166,110	₱120,491	**₱122,216**	₱94,987

30. Derivative Financial Instruments

Currency forwards and swaps. As of December 31, 2005, the outstanding notional amount of the Group's currency forward and swap is a net buy of US$124.0 million, of which US$91.8 million are within three months. The positive and negative fair values are ₱138.6 million and ₱317.5 million, respectively.

Interest rate swap. Under the swap agreement, the Parent Company pays a fixed swap rate of 9.85% and receives a floating rate based on an interest benchmark. As of December 31, 2005, the outstanding notional amount is ₱30.0 million, with an insignificant fair value.

Bifurcated embedded derivatives. These include credit default swaps and optionalities with no close economic relationship with the host structured debt instruments. As of December 31, 2005, the outstanding notional amount of these derivatives amounted to US$90.0 million, with underlying such as credit linkage to reference entities and interest rate indices. The negative fair value of these derivatives amounted to ₱70.5 million.

Embedded derivatives of hybrid instruments that are classified or designated as at fair value through profit or loss are not bifurcated. Where the hybrid instruments are not classified or designated as at fair value through profit or loss, but the embedded derivatives are deemed to be clearly and closely related to the economic risks and characteristics of the host contracts, no bifurcation of the derivatives is applied.

31. Financial Performance

Earnings per share (EPS) amounts attributed to equity holdings of the Parent Company were computed as follows (in thousands, except EPS):

		Consolidated		Parent Company	
		2005	2004	**2005**	2004
a.	Net income attributable to equity holdings of the Parent Company	**₱2,698,385**	₱2,412,080	**₱2,342,506**	₱2,357,490
b.	Weighted average number of outstanding common shares of the Parent Company	**648,196**	648,196	**727,003**	727,003
c.	Basic EPS (a/b)	**₱4.16**	₱3.72	**₱3.22**	₱3.24

As of 2005 and 2004, there were no shares of stocks that have a dilutive effect on the basic EPS of the Group.

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

	2005	2004
Where average equity and average asset include revaluation increment and goodwill, respectively		
Return on average equity (ROE)	**6.40%**	5.84%
Return on average assets (ROA)	**0.83%**	0.83%
Where average equity and average asset exclude revaluation increment and goodwill, respectively		
ROE	**10.57%**	11.65%
ROA	**0.88%**	1.04%
Net interest margin on average earning assets	**4.35%**	4.21%

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

32. 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:

	2005	2004
	(In Thousands)	
Investing activity:		
Unrealized gain (loss) on ASS		
Group	**₱563,564**	₱54,560
Parent Company	**548,127**	(5,979)

Non-cash activities included under additions to property and equipment pertain to the movements in revaluation increment on land amounting to ₱0.7 million and ₱51.3 million as of December 31, 2005 and 2004, respectively, for the Group and 0.6 million and ₱40.1 million as of December 31, 2005 and 2004, respectively, for the Parent Company.

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

	Consolidated		Parent Company	
	2005	2004	2005	2004
	(In Thousands)			
IBLR and SPURA	**₱18,199,624**	₱17,364,767	**₱18,199,624**	₱19,858,767
IBLR and SPURA not considered as Cash and Cash Equivalents	**2,093,001**	12,053,935	**2,093,001**	12,053,935
	₱16,106,623	₱5,310,832	**₱16,106,623**	₱7,804,832

33. Other Matters

A. 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 and ROPA as follows:

   Loans and receivables sold to Philippine Investment One (PIO) amounting to ₱8.3 billion on November 26, 2004 and ROPA to Philippine Investment Two (PIT) amounting to ₱2.2 billion on December 15, 2004. On March 15, 2005 and March 28, 2005, the Closing Certificate was signed between the Parent Company and PIO and Parent Company and PIT, respectively, to implement and make effective the SPA on loans and receivables and ROPA. In exchange for the loans and receivables and ROPA, the Parent Company received SPV notes and cash of ₱1.0 billion and ₱100.0 million, respectively, for loans and receivables; and ₱1.8 billion and ₱350.0 million, respectively, for ROPA. The SPV Notes are payable over ten years in accordance with the accounts arrangement included in the SPA.

   Loans and receivables to CGAM amounting to ₱4.8 billion on April 1, 2005. On June 24, 2005, the Closing Certificate was signed between the Parent Company and CGAM to implement and make effective the SPA on loans and receivables. In exchange for the loans, the Parent Company received SPV Notes and cash of ₱560.0 million and ₱325.0 million, respectively.

The SPV Notes are included under Loans and Receivables in the Parent Company accounts and the impairment loss incurred from this transaction has been fully provided as of December 31, 2004 and 2005.

B. 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.

C. 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.

D. 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.

E. 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.

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