



**A THRIFT BANK**

# **PostalBank**

**A GOVERNMENT DEPOSITORY BANK**

## **2005 ANNUAL REPORT**



**Philippine Postal Savings Bank, Inc.  
A Government Depository Bank  
Postal Bank Center, Liwasang Bonifacio  
1000 Manila**

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# VISION AND MISSION STATEMENT

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- **Be a strong and dynamic national institution that will mobilize savings and promote entrepreneurship to widen economic opportunities**
- **Provide the Filipino people with a full range of professional banking and financial services accessible in all areas of the country and promote the values of thrift, industry and prudence especially in the youth**

## CORPORATE OBJECTIVES

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- **Provide the best possible rate of return to the Filipino saver**
- **Raise domestic savings to new levels and enable the country to lessen its dependence on foreign borrowings**
- **Be the vehicle for the efficient delivery of countryside credit and provide financial investments to widen economic opportunities, and**
- **Enhance the level of awareness of the youth towards the benefits of thrift and industry as crucial elements to national self-reliance and independence**

# PRESIDENT'S REPORT

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The Board of Directors  
Philippine Postal Savings Bank, Inc.  
PostalBank Center, Liwasang Bonifacio 1000 Manila

Gentlemen:

The Management and Staff of the Philippine Postal Savings Bank, Inc, a wholly-owned subsidiary of the Philippine Postal Corporation, are proud to report the result of the Bank's Operations for the Year 2005:

With collective efforts of the men and women of PostalBank, and under the guidance of the Board, we managed to post significant improvements in the following key result areas:

- **Total Resources.** Our asset base or total resources went up by P404.57 M or by 14% as compared to December 2004.
- **Deposits.** Our deposits increased by 16% or **P356.84 million** as compared to last year's figure from 2,300.80 billion to **P2,657.64 billion**
- **Total Revenues.** Total Revenues increased by **P43.06 million** from P320.81 million in 2004 to **P363.87 million** in 2005.
- **Net Income.** Net Income after tax for the year ended December 31, 2005 reached **P32.32 million**.
- **Capital.** Our capital position improved from P320.22 million in December 2004 to **P367.13 million** in December 2005 or 15% increase from last year's figure. This is already higher than the P325 million minimum capitalization required by the BSP for thrift Banks

In the Year 2005, Management, with the very ardent guidance of the Board, has considerably put the house in order. We have approved and formulated various policy guidelines that will ensure that lapses will never occur in our transactions. We have regained the private sector's confidence with our private deposits registering an all time high. We invited our distressed borrowers to come to us so that we can help them in their obligations to the Bank. I, together with the Board, persistently pursued our Automation objectives and now major deliverables have been agreed upon to keep it moving. And most of all, we have uplifted employee's morale that now they see PostalBank as a great place to work.



**ROLANDO L. MACASAET**  
President and CEO

We started the year 2006 with a "Clean Bill of Health", we have revisited our major loan accounts and have provided ample valuation reserves based on BSP standards. Our Business Plan 2006 speaks a great deal about strengthening our balance sheet, and major efforts have already been initiated towards this end. The Board also approved several measures that will further uplift the morale and working standards of our employees.

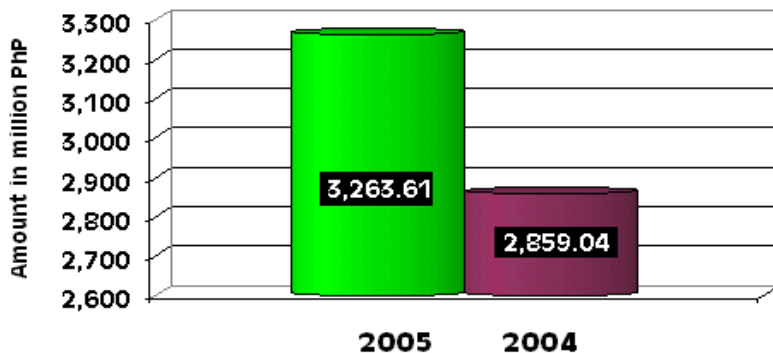
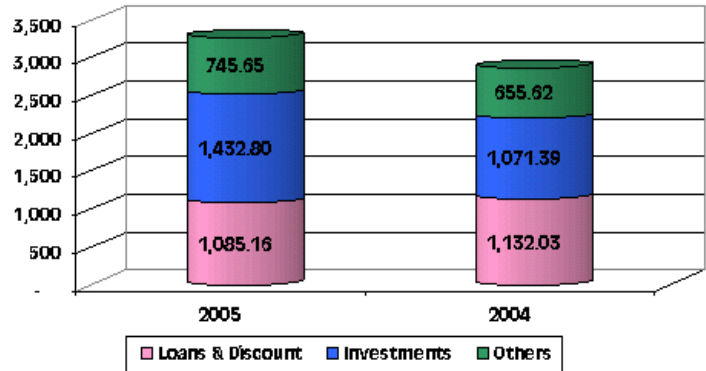
The year 2005 has been a great year for us...let's make it happen again in 2006 and beyond.

Thank you .

**ROLANDO L. MACASAET**  
President and CEO

## Total Resources

PostalBank's resources as of the end of December 2004 grew by 14% from P 2.86 billion in Year 2004 to P 3.26 billion. Loans and discounts account for 33% (P1.085 billion), while Investments in Bonds and Other Debt Instruments comprise 44% (P1.433 billion) of Total Resources. The remaining 23% is composed of ROPOA and other assets.

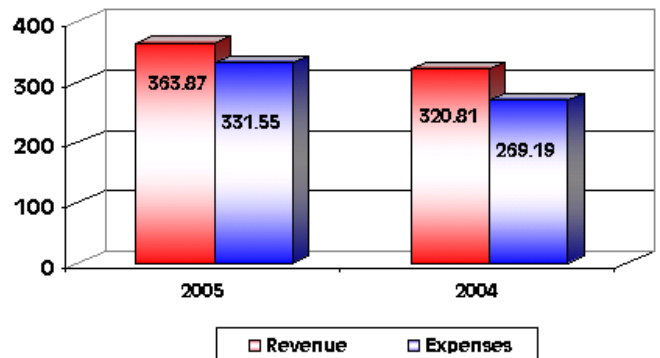


On the other hand, Total Deposit Liabilities went up by 16% from P2.30 billion last year to P 2.66 billion this year. Stockholders' equity as of the end of December 2005 is at P 367.13 million compared to P 320.22 million for the same period last year.

In line with its mission to mobilize savings and promote the values of thrift, industry and prudence, the Bank generated additional deposits totaling P356.84 million. Total deposit liabilities is 82% of total target of P3.244 billion for Year 2005, while total loan portfolio has reached 62% of the P 1.746 billion loanable fund target for the year.

## Profitability

Total Revenues for 2005 reached P363.87 million, 13% higher than the previous year's level of P320.81 million. Interest income totaled P319.59 million from P277.07 million in the Year 2004, with interest income from loans contributing P 221.70 million, as against last year's P 196.60 million. Fee based income posted an increase of 9.8% or P 2.27 million.



On the other hand, total expenses increased to P331.55 million from P 269.19 million, or 23% higher than 2004. Interest expense takes up a substantial portion, accounting for 29% (or P95.91 million) of total expenses. Next is Compensation and Fringe Benefits at P85.94 million accounting for 26% of total expenses. Compensation and fringe benefits showed an increase of 19% from last year, of which salaries and wages comprise P53.45 million or 16% of total expenses.

Lastly, Other Operating Expenses reached P 118.54 million or 36% of total expenses. This is 20% higher than last year. The increase in Operating Expenses is due, among others, to the following:

- 36% increase on Depreciation/ Amortization or P5,463,909.17
- 14% increase in Rent r P2,628,835.29
- 18% increase in Taxes and licenses or P2,464,965.47
- 41% increase in Light, water and electricity or P1,708,791.34
- 500% increase in Information Technology or P1,661,798.03
- 17% increase in Security, messengerial and janitorial expenses or P1,484,505.48

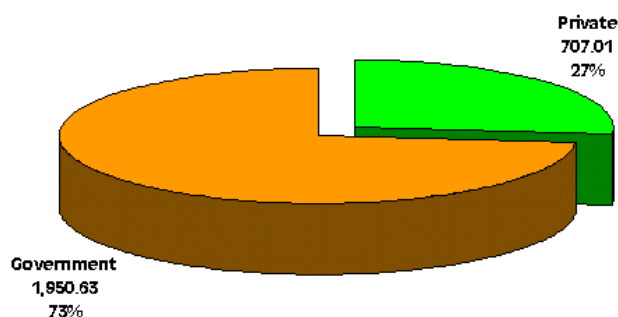
However, such increase in expense items were dampened by increases in the following revenue item:

- Interest income from loans of P25.09 million
- Interest income from IBCL of P13.9 million
- Interest income from investments of P5.03 million

- Fee based income of 2.27 million
- Non-recurring income of P18.7 million largely due to penalty on past-due loans, Redemption of Investments and Miscellaneous income

Net income after tax stood at P32.32 million after booking of provision for probable loss of P15.72 million (3804% higher than last year's P402,674.59) and Litigation Expense of p10.75 million (109% higher than last year's P5.15 million) Such provisions were in line with Management's thrust to strengthen the balance sheet thru, proper valuation reserves, among others. The Net Income is equivalent to 10.09% Return on Equity (ROE) higher than the industry's average of 1.5% (September 2005) and a Return on Assets (ROA) of 11.14%, compared to the industry's 13.7% (September 2005)

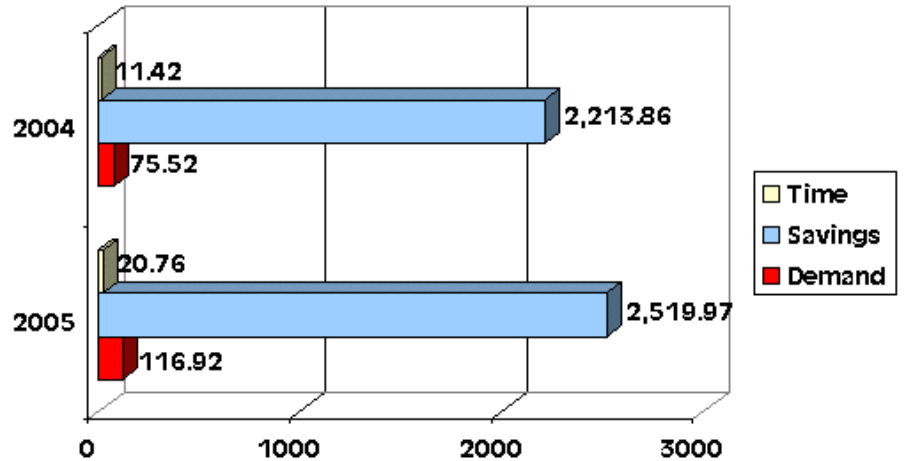
## Deposits



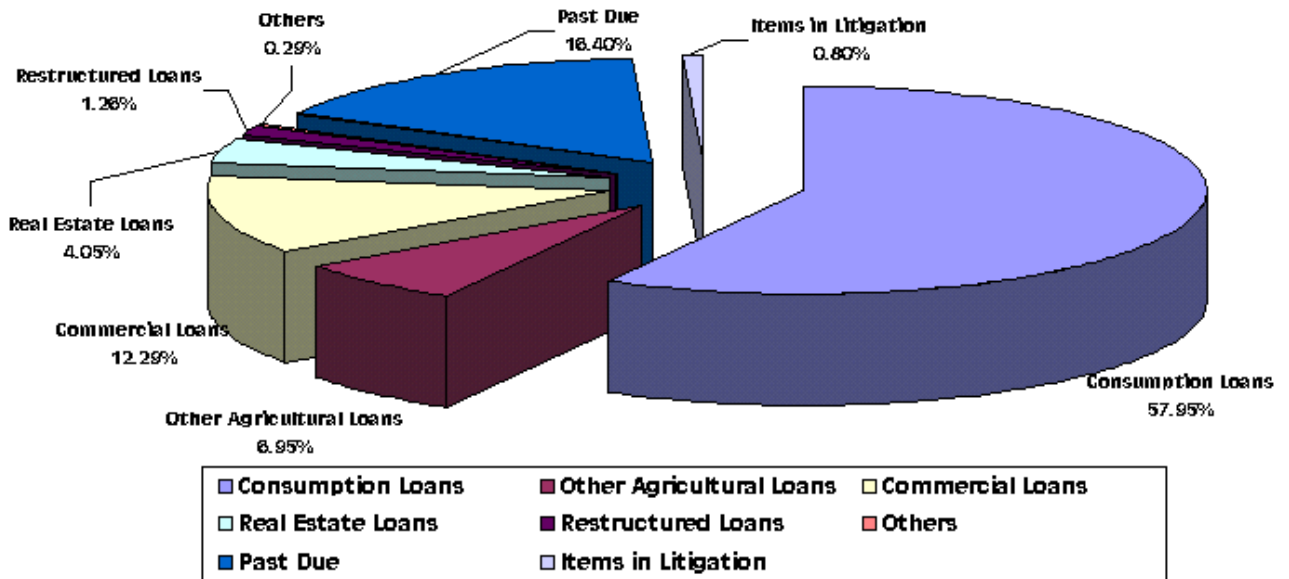
In terms of deposit mix, the bank generated 73% of its total deposits or P 1.95 billion from government entities, while the remaining P707 million or 27% was contributed by the private sector. This is short of the Year 2005 goal of a 65:35 mix in favor of government deposits.

## Deposit by Type

By type of deposits, 95% were savings deposits down from 96% from last year. Time deposits comprise a mere 1% of total deposit liabilities while demand deposits, 4% for the year 2005.



## Lending Operations



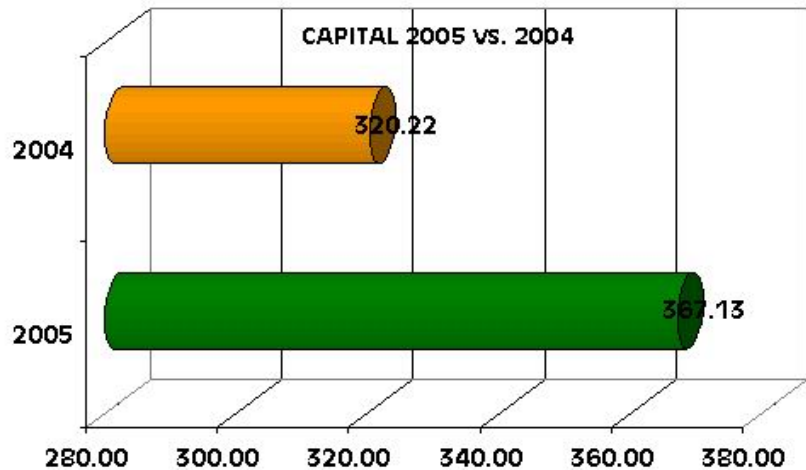
Loans outstanding totaled P955.99 million, of which 70% or P669.19 million were consumption loans while 14% or P 140.15 million were commercial loans. Our Past due loans decreased by 7% or from P204.328 million in Year 2004 to P189.410 million in Year 2005. Items in Litigation, also decreased from P10.68 million last year to P 9.29 million at the end of 2005.

Our **Lending Efficiency** was at 67% with total loan portfolio decreasing by P46.87 million.

Non-performing loans were down to 17% from 18% last year though industry average is 9.6% (September 2005)

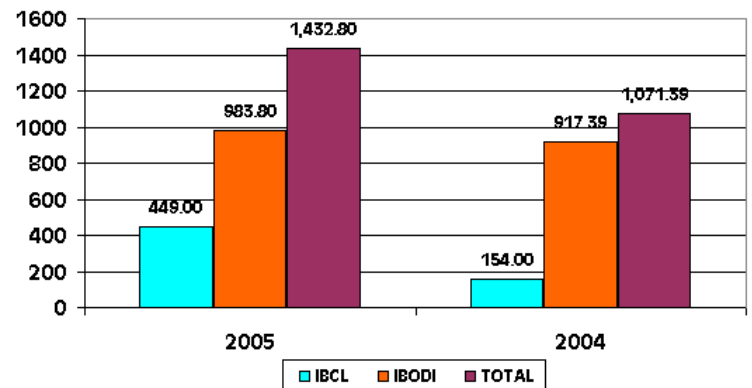
## Capital Structure

Our capital position improved from P320.22 million in December 2004 to P367.13 million in December 2005 or 15% increase from last year's figure



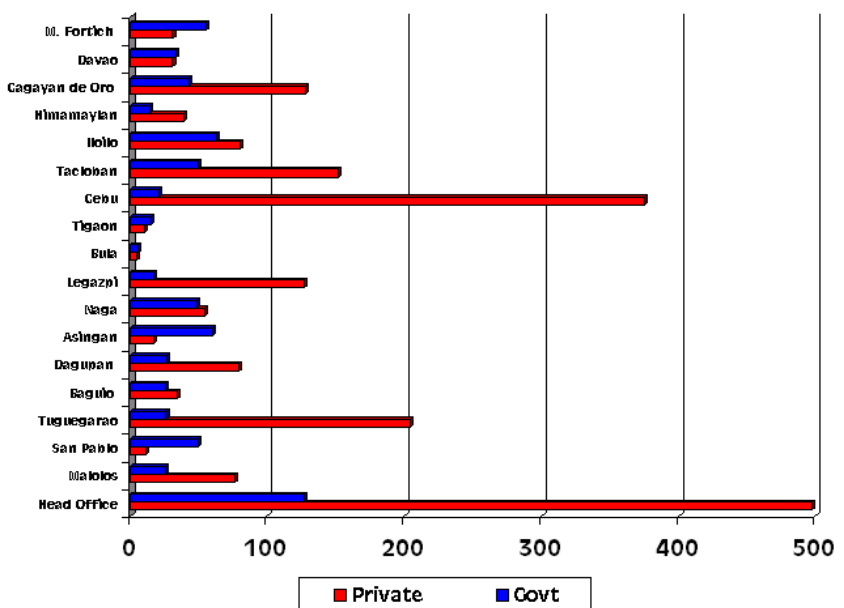
## Investments

Total investments increased to P 1.433 billion from P 1.071 billion of last year or a 34% increase. Major contributor was investments in bonds and other debt instruments with a 7% increase from last year's P917.39 million to P983.803 million as of end December 2005.



## Branch Operations

In terms of regional branch performance, the top deposit generators among the regional branches were Head Office with P623.54 million or 23% of total deposits, followed by Cebu with P 395.99 million or 15%, Tuguegarao with P 230.11 million or 9%, Tacloban with P 201.69 million or 8% and Cagayan de Oro with P 170.64 million or 6% of the total deposits.







Under Section 28 of the Bank’s Amended By-Laws, the Board of Directors, under its collective responsibility, shall direct, control, and exercise general supervision over the affairs of the Bank. Among its functions is to promulgate and approve the policies of the Bank. To ensure good governance of the corporation, the Board should establish the Bank’s strategic objectives, policies and procedures that may guide and direct the activities of the Bank and the means to attain the same, as well as the mechanism for monitoring management’s performance<sup>1</sup>.

<sup>1</sup> *Code of Corporate Governance – Securities and Exchange Commission*

For the Year 2005, our Board of Directors, upon the recommendation of Management and duly deliberated in the **Credit, Audit, Risk Management and Corporate Governance Committees**, passed resolutions with positive impact on the Bank’s operations, as well as on the Bank’s long term objectives, to name a few:

- Approval of the revised Codified Approving and Signing Authorities (CASA) of the Bank which establishes the limits, as well as the checks and balances in the Bank’s transactions.
- Approval of the Audit, Corporate Governance and Risk Management Charters of the Bank which shall guide

PPSB in the different aspects of its operations.

- Amendment to the “TODO NA TO” Private Deposit Generation Program of the Bank, making the campaign more attractive for both employees and the depositors.
- Approval of the Marketing Plan of the Bank setting the general direction for the Bank’s marketing efforts.
- Confirmation of the accreditation of PPSB as a participating financial institution under the various Social Security System (SSS) Lending Programs.
- Approval of the request to renew the Omnibus Credit Line of the Bank with Small Business Corporation (SBC).
- Approval of the proposed credit manual for the Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP).
- Confirmation of the Enhanced Financial Assistance Program/salary loan for the various government and private institutions.
- Creation of the credit committee in the area offices to hasten processing and approval of highly viable loan applications in the regional level.
- Designation of the appropriate units for the quarterly review of the provisioning for loan accounts to keep valuation reserves updated and aligned to BSP requirements.
- Approval of Management’s recommendation on the procedure of processing loans in the Head Office and branches.

- Approval in principle of the “Bayad Center” as additional service of the Bank.
- Approval of the recommendation on the proposed Group Personal Accident Insurance
- Approval of the revised credit approval sheet and business plan forms for loans
- Approval of the proposed computation of loanable values
- Approval of the request of Management for the authority to conduct exploratory discussions relative to the opening of new bank branches.
- Approval of the 2006 Business Plan and Budget of the Bank

On top of this, the Board, via the endorsement of the Credit Committee approved Management’s recommendation for financing of various projects that will help stimulate economic activities, create jobs, and improve people’s access to basic government services.



## Part 3

## A DYNAMIC AND RESPONSIVE MANAGEMENT TEAM



In response to the Board's mandate to enhance the Bank's purpose and value, as well as strategies and general policies to ensure that it survives and thrives despite financial crises, and its assets and reputation are adequately protected<sup>2</sup>, Management strengthened and gave clearly defined tasks and deliverables to the various executive committees namely:

1. **The Management Committee** ( chaired by the President and CEO and composed of key officers responsible for the various groups/units) discusses and makes decisions/recommendations as to important issues facing corporate management and execution of operations, as well as vital tactical matters as determined by the President and Chief Executive Officer.

<sup>2</sup> Code of Corporate Governance – Securities and Exchange Commission

**2. The Assets and Liabilities Management Committee** chaired by the Head of Treasury sets interest rates, manages the short-term liquidity for the branches, and matches maturities. Hence, risk is managed by setting for the amount of fluctuation in deposit rates vis-à-vis the maturities allocation of new investment funds and funds procurement to ensure compliance.

**3. The Bids and Awards Committee** is responsible for the setting of performance/qualification standards for the bidding and eventual awarding of contracts to ensure their competitiveness, optimize procurement volume to eliminate unnecessary excess, waste and irregularities, and review special specifications without exception. This will ensure transparency and fairness in all procurement activities, pursuant to Republic Act 9184 and its Implementing Rules and Regulations and as observed by the Government Procurement Policy Board (GPPB).

**4. Personnel Selections Committee** screens and evaluates recommendations/nominations for promotion, for endorsement to the proper approving bodies. This committee is also instrumental in building a framework that rewards deserving and hard-working employees, focusing on skills and performance.

**5. Lending Committee** makes recommendations to the President and CEO

regarding loans up to the approving authority of the latter. It also recommends and conducts the appropriate presentation on loan applications, renewals and other related items to the Credit Committee for loans over and above the approving authority of the President.

**6. The Asset Management Committee** is in charge of the disposition of the Bank's foreclosed properties or ROPOA (Real and Other Properties Owned or Acquired) hence contributing in the over-all liquidity of the Bank. Recently, Management also gave it the mandate to explore other means of liquefying such assets like the possible availment of privileges under the Special Purpose Vehicle (SPV) Act and others.

**7. Special Committees.** With the end in view of strengthening the balance sheet, by among others, building capital base, the President and CEO created the SPV Committee which has been tasked to study the applicability of the SPV Act in the disposition of the Bank's ROPOA (in coordination with the Asset Management Committee). The President also created the **Branch Expansion Committee** which shall come up with Policies and Procedures in the establishment of new branches, and shall identify prospective locations therefor, in the context of the Bank's mission of broadening financial access, especially in the rural areas.

## Part 4

## A UNITED, SOLID AND TEAM-ORIENTED STAFF AND ORGANIZATION

Management has always underscored the need for Unity, Solidarity and Teamwork to enable the company to succeed in the business, to wit:

*“Unity because we are bound by a common goal...to make PostalBank an instrument for change. Solidarity because we are a cohesive organization which draws its strength from the collective efforts of all members, and from a firm resolve that nothing can be insurmountable if only “we hold on together”. And Teamwork because we can only be competitive if every member does what is expected of him and everyone else recognizes that effort.”*

Hence, several activities were held aiming to strengthen the bond among PostalBankers. In fact, seven team building seminars were held including 5 area workshops and 2 for the Head Office. Management also wholeheartedly supported the first PostalBank Badminton Tournament, which was initiated by junior officers to further build camaraderie among personnel and units of the Bank



# Part 5

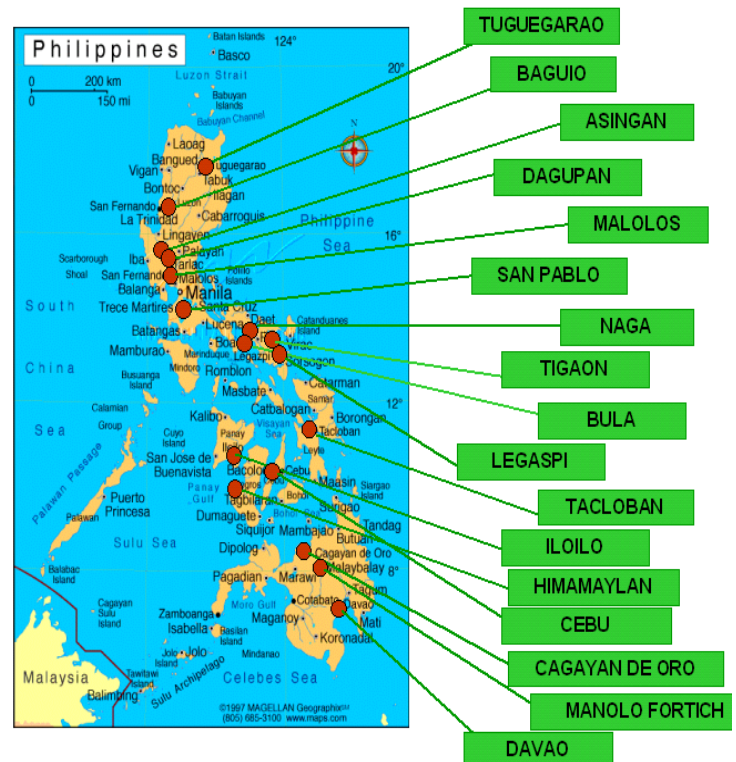
# OUR BRANCH NETWORK

PostalBank currently has 18 branches, strategically located in the major regions of the country with a sizeable portion of our deposit portfolio consisting of government accounts. Efforts are presently being vigorously undertaken to entice more private deposits which now account for roughly 20 percent of total deposits. We are also a member of the Bancnet ATM consortium which uses the vast network of 34 major banks with more than 4,000 ATM locations nationwide. We have been able to make a meaningful contribution to the Government's socio-economic agenda by assisting in the development efforts of the countryside through establishment of branches in underserved communities.

Officials gracing the ceremonies. As we “renewed” such physical structure that stands witness to the continuing social and economic progress of Dagupan City, the event was also be a symbol of the **renewal and strengthening of the commitment of PostalBank** to be a partner in enhancing the LGU's role as economic units, consistent with President Arroyo's vision of a balanced regional development. With the issuance by the Bangko Sentral ng Pilipinas (BSP) of the Circular lifting the moratorium on bank branching, PostalBank shall endeavor to expand the ordinary Filipino's access to financial services.

A proof to this is the establishment of our first branch in Negros Occidental, namely our Himamaylan Branch which opened last January 18, 2005. Himamaylan is the latest addition to PPSB's Branch Expansion Program following the opening of two other branches last November 2004 in the municipalities of Bula and Tigaon in Camarines Sur. The Year 2005 also witnessed the success of our branches in various endeavors one of which is the awarding of our Iloilo Branch as PhilHealth's “Buzzer Beater” in the entire Region 6 having met the criteria of correct, complete, clear, and timely submission of the Bank's Abstract of Collections.

Further, last April 18, 2005, the Bank inaugurated the newly renovated Dagupan Branch Building with key Local Government



## Part 6

# MEMBERSHIPS, SEMINARS AND TRAININGS

Recognizing that Human Capital is the most important factor in the attainment of the organization's short-term and long term goals, Management conducted several activities aiming to foster harmony in the organization as well as individual competencies.

The first of a series of Team Building Workshops was conducted last January 22-23 for the South Luzon Branches. This was followed by four more area wide workshops and two for the Head Office, of the same nature. Likewise, the Human Capital Department facilitated the conduct of specialized trainings like the "Seminar on Signature Verification and Forgery Detection", "Basic Course on Credit and Loans", and other banking-related courses intended to uplift the morale and the work standards of our employees. The ATM Department also gave trainings/orientation on the various applications of the Automated Telling Machine (ATM) Technology to the branch staff, as well as personnel at the Head Office Cash Operations.

Meanwhile, PPSB officially became an institutional member of the Bankers' Institute of the Philippines (BAIPHIL) last March 29, 2005, making the Bank a vital partner of BAIPHIL in providing support to member banks in the quest for productivity through research, information exchange and education. Just recently, PPSB signed an Agreement with BAIPHIL for our inclusion in its WebLink project where we could reach out to our present and target market thru BAIPHIL's network resources.

In pursuit of its socio-civic mandate, last February 15, 2005, PPSB signed a Memorandum of Agreement with Children's Hour Philippines (CHPI), establishing PPSB as a cooperating institution of the Children's Hour Project. This is a fund raising campaign that taps individuals and companies ONE HOUR'S worth of earnings once a year to programs committed to the welfare and development of marginalized Filipino Children. The nation-wide campaign is managed by CHPI, under the auspices of the US based International Youth Foundation.



# Part 7

# REMITTANCE PROPOSALS

Considering the huge prospects of synergized remittance operations between PostalBank and its Mother Corporation, the Philippine Postal Corporation (Philpost), PPSB received several proposals for remittance tie-ups. In fact, the Bank signed a Memorandum of Agreement last March 13, 2005 with Asia United Bank (AUB) for the Gintong Hatid Remittance Program. With the Agreement, PPSB is now disbursing cash remittances from OFWs located in countries where the program is in place. PPSB does this via cash pick up from the beneficiary or deposit to the account of the latter, opened and maintained in our branches. The Program operates world-wide thru tie-ups with foreign-based institutions such as correspondent banks and overseas marketing agents.

More offers for similar undertakings are in the pipeline and will be operational within the Year 2006, with the use of the Bank's Information Technology resources and past and present experiences in such field of operations.



### Remitter

Country of Remittance Center *	<input type="text" value="Please Select"/>
Remittance Center *	<input type="text" value="NETHERLANDS"/>
Remittance No. *	<input type="text" value="OMAN"/>
LastName of Remitter *	<input type="text" value="PHILIPPINES"/>
LastName of Beneficiary *	<input type="text" value="QATAR"/>

*Note: All fields must be filled out correctly.*

<input type="text" value="SAUDI ARABIA"/>
<input type="text" value="SINGAPORE"/>
<input type="text" value="SPAIN"/>
<input type="text" value="TAIWAN"/>
<input type="text" value="UNITED ARAB EMIRATES"/>
<input type="text" value="UNITED KINGDOM"/>
<input type="text" value="USA"/>

### login

#### AUB GintongHatid Express

This is a secured site. To ensure data integrity and validity, only authorized users are allowed to access.

All information shall be sent and received through the Secured Socket Layer (SSL).

Enter your username and password.

<b>Username</b>	<input type="text"/>
<b>Password</b>	<input type="password"/>
	<input type="button" value="Submit"/>



## CORPORATE OBJECTIVES AND STRATEGIES

In conjunction with our vision and mission, our policy direction for the coming Year will dwell on the following major efforts:

### 1. STRENGTHENING THE BALANCE SHEET

a. **Improving Asset Quality.** Though PPSB ranks number 16 out of 80 thrift banks in terms of asset size, much still needs to be done, as the NPL ratio (as one of the indicators of asset quality) is relatively higher compared to industry standards.

#### b. On the Loan Portfolio.

- Increasing the loan portfolio which now stands at P 1.05 billion, through quality loan accounts
- Improving collection efficiency
- Uplifting its quality through compliance to required valuation reserves and other pertinent BSP regulations
- Proper documentation of loan accounts to protect the interest of the Bank and to secure our fall-back (collateral) position
- Pro-active stance on accounts nearing past due and/or litigation, to

quantify potential financial liabilities and apply proper loan-loss provisioning, accordingly

- Provision of needed check and balances for loan approvals and releases without sacrificing turn-around time for quality loan accounts/applications
- Operationalizing the Credit Policy Unit which will craft and devise guidelines and procedures for lending to different market segments and to oversee strict implementation thereof. This will also be our leverage to be a conduit bank for international financial institutions.
- A more active marketing for LGU loans and strengthening our niche in this market

### 2. DEPOSIT GENERATION

- Improving our deposit mix in favor of private deposits via more incentives for both clients and employees.
- Enhancement of the Private Deposit Generation Campaign to intensify employees' drive to market for more private accounts.
- Monitoring of our cost of funds for a more judicious approach to deposit solicitation and loan approvals.

### **3. ASSET MANAGEMENT**

- a. Sale/auction of our foreclosed properties via a revitalized Asset Management Program, to build up our liquidity position.

### **4. CAPITAL BUILD-UP**

- a. Through internal financing, by increasing our fee-based income, among others.
- b. Infusion of capital from the Mother Corporation, PPC, or through various capital raising undertakings so that we can eventually acquire trust, Foreign Currency Deposit Unit (FCDU) and other banking licenses.

### **5. OFFERING NEW AND MARKET-SPECIFIC PRODUCTS AND SERVICES**

- a. Deposit products with long term maturities (3-5 years term) to match up with existing long-term and high-yielding loan products.<sup>3</sup>
- b. Build a new market niche for e-banking particularly on Automated Teller Machine (ATM) focusing on employed individuals, students, and OFW Families
- c. Expand the Bank's Micro, Small and Medium Enterprises lending window.

- d. Diversify our consumer lending portfolio by, among others, offering housing loans (such as Pag-ibig take out loans), car loans (fully secured by chattel and hold-out deposits) and salary loans to highly qualified individuals.
- e. Utility and Bills Payment, collection for BIR and Customs dues.
- f. And as the equity warrants: FOREX transactions, FCDU, Trust, Letters of Credit and others.

### **6. RE-IMPLEMENTATION OF THE DEPOSIT MANAGEMENT SYSTEM**

- a. Re-implementation of Computerization Project "Project North Star" is ongoing and the project timeline for "go live" (CASA) is set on the early part of 2006 for Head Office.

### **7. TRAINING AND HUMAN CAPITAL DEVELOPMENT**

- a. Trainings on loan packaging and problem loan prevention
- b. Trainings on Appraisal and Credit Investigation
- c. Trainings on accounts monitoring

### **8. BUSINESS CONTINUITY PLAN**

- a. Mandated as per BSP Circular Letter dated 26 September 2001.

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<sup>3</sup> 2005 Marketing Plan

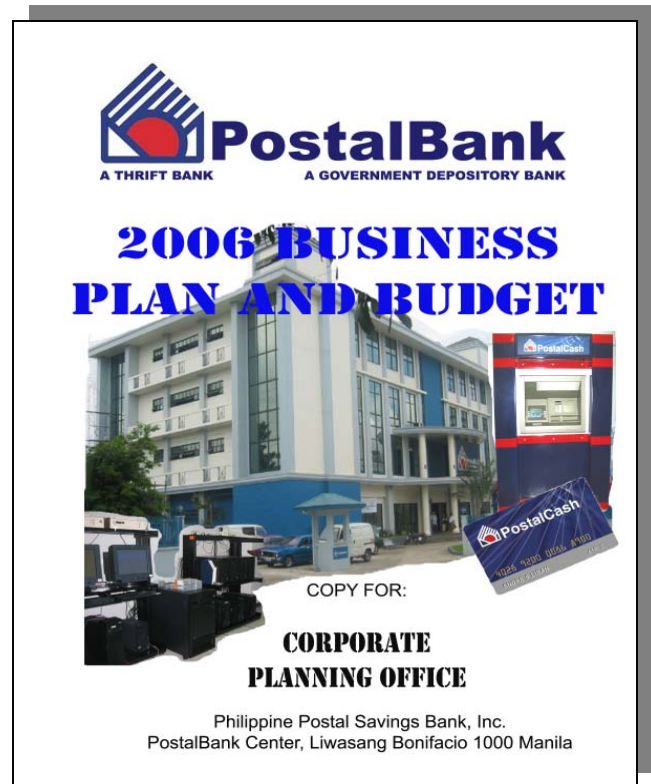
- b. Will provide for specific measures and procedures to address eventualities (such as fire, earthquakes, and acts of aggression) that could disrupt normal banking operations.
- c. Will also ensure that transfer of operations from the Head Office/branches to the contingency site will be done smoothly. Back-up files, both in soft and hard copies shall be kept at the contingency site to protect the Bank's business.

## OPERATIONAL PLANS

1. Special Purpose Vehicle (SPV) Committee shall continue to look into the applicability of Republic Act 9182 in addressing the Non-Performing Asset (NPA) problem of the Bank. It shall also explore others means of liquefying our NPAs.
2. A Branch Expansion Committee shall identify viable locations for branch establishment, in preparation for the planned lifting by the BSP of the moratorium on branching out.
3. Proper classification of loan accounts, ample provisioning therefor, and regular monitoring to avoid unexpected income distortions.
4. Improving and strengthening lending policies and procedures, including

implementation of the amended Credit Approval Sheet which reflects "Stamp of Approval" via the Codified Approving and Signing Authorities (CASA).

5. Enhancement of the Rewards System for Performing Branches and Units.
6. Emphasizing Marketing as an essential responsibility of the branch heads, and their task to network in their respective localities.
7. Ongoing Enhancement of the organizational structure to ensure a more efficient and focused approach to deposit taking and lending, liquidity management and investments and support services.



**Consolidated Statement of Condition (CSOC)  
As of : December 31, 2005 and December 31, 2004**

R E S O U R C E S

	<b>December 31, 2005</b>	<b>December 31, 2004</b>
Cash and other cash items	33,415,210.08	25,122,078.09
Due from Bangko Sentral ng Pilipinas	128,165,391.07	100,433,238.18
Due from other banks	35,940,547.36	26,849,016.32
Loans and discounts - net	1,084,915,343.75	1,131,534,540.69
Bills Purchased	247,500.00	500,000.00
Available for Sale Securities ASS	-	-
InterBank Call Loans Receivable	449,000,000.00	154,000,000.00
Investment in Bonds and Other Debt Inst.	983,802,571.59	917,387,096.77
Bank premises, Furn., Fixt. & Equipment(net)	74,630,512.39	67,738,592.86
Real & Other Prop. Owned or Acquired (net)	204,331,961.86	155,359,453.80
Other resources	269,161,980.28	280,116,882.66
<b>TOTAL RESOURCES</b>	<b>3,263,611,018.38</b>	<b>2,859,040,899.37</b>

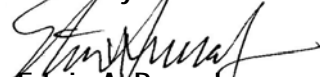
LIABILITIES AND CAPITAL FUNDS

	December 2005	December 2004
Deposit Liabilities		
Demand	116,916,552.62	75,522,831.61
Savings	2,519,966,525.46	2,213,860,634.69
Time	20,761,378.34	11,417,509.10
Total Deposit Liabilities	<u>2,657,644,456.42</u>	<u>2,300,800,975.40</u>
Cashier's check	6,750,228.39	5,846,079.80
Expense check payable	488,924.49	556,324.04
Manager's Checks	-	-
S-Pres Checks Payable	-	-
Unearned income & other def. cr.	33,962,122.39	35,534,683.30
Accrued taxes & other expenses	16,765,300.98	18,603,629.54
Other liabilities / Due to Local Banks	180,867,213.34	177,483,052.21
	<u>2,896,478,246.01</u>	<u>2,538,824,744.29</u>
Capital Funds		
Capital stock - P100 par value		
Authorized - 10,000,000 shares		
Subscribed - 5,000,000 shares		
(s/r on w/c amounts to PhP200M)	300,000,000.00	300,000,000.00
Surplus	19,610,394.37	(31,403,657.00)
Undivided Profit/(Losses)	32,318,981.06	51,619,812.08
NET UNREALIZED GAIN/LOSS-ASS(GOVT)	15,203,396.94	-
	<u>367,132,772.37</u>	<u>320,216,155.08</u>
<b>TOTAL LIABILITIES &amp; CAPITAL FUNDS</b>	<b><u>3,263,611,018.38</u></b>	<b><u>2,859,040,899.37</u></b>

Certified Correct:

  
 Patty P. Madrio  
 MANAGER-FAD

Noted By:

  
 Edwin A. Remodo  
 VP-ACG

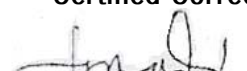
<b><u>OTHER RESOURCES</u></b>	<u>December 2005</u>	<u>December 2004</u>
Float items-inter-office	-	-
Accrued Interest receivable-net	28,189,880.37	27,265,167.55
Deferred charges	66,657,994.45	79,337,058.97
Accounts Receivable-net	1,433,302.32	3,141,238.73
Stationery & supplies unissued	3,326,761.26	3,345,477.33
Prepaid expenses	3,512,550.65	3,132,654.62
Returned checks and other cash items	1,241,759.11	1,607,414.27
Misc. checks & other cash items	-	44,006.32
Documentary stamps on checks	306,893.71	202,646.11
Other investments	70,909.84	344,079.84
Shortages	9,050.00	-
Miscellaneous assets	161,381,727.12	160,939,987.08
Miscellaneous assets-Unserviceable	72.01	4,650.10
Sundry debits-net	3,016,427.69	718,133.31
Allowance for probable losses-others	-	-
Input Taxes	14,651.75	34,368.43
<b>TOTAL OTHER RESOURCES</b>	<b>269,161,980.28</b>	<b>280,116,882.66</b>

<b><u>OTHER LIABILITIES</u></b>	<u>December 2005</u>	<u>December 2004</u>
Float items-inter-office	7,631,338.27	4,874,166.42
Accounts payable	14,760,383.06	13,848,540.21
Withholding tax payable	2,433,588.36	2,327,683.58
SSS, Medicare and ECC premium payable	62,955.00	57,816.30
HDMF premium payable	20,922.10	10,700.00
Overages	-	8,000.00
Deposit for keys on safety deposit boxes	6,200.00	5,850.00
Other credits-dormant	347,812.26	315,317.33
Sundry credits	25,000.00	41,002.69
Deposit for stocks subscrptn	155,272,000.00	155,272,000.00
Miscellaneous liabilities	252,839.29	707,604.44
Output Taxes	3,375.00	14,371.24
<b>TOTAL OTHER LIABILITIES</b>	<b>180,816,413.34</b>	<b>177,483,052.21</b>

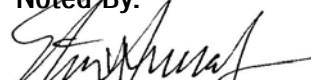
**Consolidated Statement of Income**  
**For the Year Ended: December 31, 2005 and December 31, 2004**

	December 2005	December 2004
<u>INTEREST INCOME</u>		
Interest-Interbank Loans Receivable(IBCL)	27,419,847.85	13,515,301.08
Interest/discount earned on loans and discounts	221,724,113.16	196,637,392.77
Interest on investments (gross)	84,732,550.44	79,134,840.76
Interest on trading account securities	-	1,509,375.01
Interest on deposits with banks	268,665.31	593,726.63
Interest on due from Bangko Sentral ng Pilipinas	2,128,782.34	1,803,499.61
Interest -others	-	-
<b>Total</b>	<b>336,273,959.10</b>	<b>293,194,135.86</b>
<u>INTEREST EXPENSE</u>		
Interest on deposit Liabilities	(95,900,287.36)	(86,994,667.99)
Interest on bills payable	(9,599.77)	(42,420.52)
<b>Total</b>	<b>(95,909,887.13)</b>	<b>(87,037,088.51)</b>
<b>NET INTEREST INCOME</b>	<b>240,364,071.97</b>	<b>206,157,047.35</b>
<u>OTHER INCOME</u>		
Service charges and fees	22,385,219.15	20,730,572.04
Bank Commissions	3,202,195.97	2,582,960.27
Profit/(Loss) on Sale or Redemption of Invts.	2,927,769.62	1,549,059.93
Foreign exchange profit	(7,981.61)	20,859.30
Rental from safety deposit boxes	943,847.33	1,999.65
Miscellaneous income	13,027,983.76	16,326,782.83
<b>Total</b>	<b>282,843,106.19</b>	<b>247,369,281.37</b>
OTHER EXPENSES ( <i>schedule 1</i> )	<b>(230,937,791.68)</b>	<b>(176,290,655.11)</b>
NET INCOME BEFORE EXTRAORDINARY EXPENSE	51,905,314.51	71,078,626.26
EXTRAORDINARY ITEMS ( <i>schedule 2</i> )	1,805,091.41	2,526,950.25
NET INCOME BEFORE PROVISION FOR FINAL TAX	53,710,405.92	73,605,576.51
PROVISION FOR INCOME TAX	(4,704,923.70)	(5,864,400.21)
PROVISION FOR FINAL TAX	(16,686,501.16)	(16,121,364.22)
<b>NET INCOME</b>	<b>32,318,981.06</b>	<b>51,619,812.08</b>

Certified Correct:

  
 Patty P. Madrio  
 MANAGER-FAD

Noted By:

  
 Edwin A. Remodo  
 VP-ACG

**Consolidated Schedule of Other Expenses**  
**For the Year Ended: December 31, 2005 and December 31, 2004**

*Schedule 1*

	December 2005	December 2004
Provision for probable loss	15,718,466.87	402,674.59
Compensation	82,605,766.39	67,661,162.85
Depreciation & Amortization	20,671,033.14	15,207,123.97
Rent	21,902,071.01	19,273,235.72
Security, messengerial and janitorial services	10,139,691.22	8,655,185.74
Litigation and assets acquired expenses	10,749,899.28	5,154,363.25
Representation & entertainment	9,297,533.51	7,760,778.38
Travelling expenses	4,543,183.35	3,859,340.25
Light, water and electricity	5,916,735.14	4,207,943.80
Insurance	7,312,909.02	6,790,384.12
Postage, telephone, cables and telegrams	4,938,540.84	4,037,205.98
Management and other professional fees	1,632,637.50	2,426,578.28
Director's and committee members' fee	3,329,545.45	4,267,831.37
Stationeries and supplies used	3,967,294.75	3,173,295.99
Banking fees	2,040,485.47	1,822,210.54
Repairs and maintenance	2,527,839.32	1,825,146.85
Taxes and licenses	16,517,990.57	14,053,025.10
Fuel and lubricants	1,835,131.13	1,557,501.93
Advertising and publicity	1,154,699.55	1,840,302.40
Membership fees and dues	738,889.62	509,375.51
Freight expenses	310,806.98	655,877.58
Periodicals and magazines	116,528.82	81,625.92
Donations and charitable contributions	109,873.00	61,114.10
Documentary stamps used	244,026.85	143,688.36
Information technology expenses	1,994,083.69	332,285.66
Miscellaneous expenses	350,428.05	334,593.93
Finance Charges	271,701.16	196,802.94
<b>Total Other Expenses</b>	<b>230,937,791.68</b>	<b>176,290,655.11</b>

*Schedule 2*

	December 2005	December 2004
Income from assets acquired	1,188,383.79	581,542.31
Profit/Loss from asset sold	616,707.62	1,945,407.94
Other extraordinary charges	-	-
<b>Total Extraordinary Items</b>	<b>1,805,091.41</b>	<b>2,526,950.25</b>



# BOARD OF DIRECTORS

---



## **CHAIRMAN**

Justice Nicolas P. Lapeña, Jr. (ret.)

## **VICE CHAIRMAN**

Atty. Dario C. Rama

## **PRESIDENT & CEO**

Pres. Rolando L. Macasaet

## **MEMBERS**

Dir. Ma. Corazon K. Imperial

Dir. Bituin V. Salcedo

Dir. Romualdo D. Menzon

Dir. Romeo D. Reyes

Dir. Jose Ma. M. Zayco

Dir. Edmund U. Go



Seated from L to R: President and CEO Rolando L. Macasaet, Director Bituin V. Salcedo, Chairman Nicolas P. Lapeña, Jr., Director Ma. Corazon K. Imperial and Postmaster General Dario C. Rama  
Standing L-R: Director Romeo D. Reyes, Director Edmund U. Go, Director Romualdo D. Menzon and Director Jose Maria M. Zayco

# SENIOR OFFICERS



President and CEO  
**ROLANDO L. MACASAET**

First Vice-President  
**LEONARDO C. CRUZ**

Vice-President  
**EDWIN A. REMODO, ACCOUNTING AND  
COMPTROLLERSHIP OFFICE**

Corporate Secretary  
**ATTY. VICTOR V. TANTOCO**

Assistant Vice President  
**RODOLFO C. CRUZ, BRANCH BANKING OFFICE  
BEATRIZ F. CALLO, COMPLIANCE OFFICE  
GODOFREDO G. PASCUAL, NORTH LUZON AREA  
ROSEMARIE P. VILLAMORA, SOUTH LUZON AREA  
MIRANDA G. VARON, VISAYAS AREA  
BELINA G. DOMINGO, MINDANAO AREA**



# PRODUCTS AND SERVICES

## Deposit Products

1. Savings Account
2. Checking Account
3. Time Deposit
4. Premium Savings Account
5. Short Term Premium Savings Plan (STPSP)
6. Safe Deposit Facilities
7. POSTALCASH Savings Account (ATM Card Account)<sup>4</sup>
8. Premium Earner Account
9. Thrift Stamp Program<sup>4</sup>

## Loan Products

### Salary Loan (Extended Financial Assistance Program)

- a. Government Agencies and Private Institutions

### Commercial Loans

- a. Motorcycle Loan
- b. Financial Assistance to Local Government Units (FALGU)
- c. Small and Medium Enterprises Multipurpose Loan Program (SME MLP)
- d. Housing Loan
- e. Car Loan
- f. Special Vehicle Financing Program

### Loans for PostalBank Employees

- a. EFAP (Extended Financial Assistance Program)
- b. Housing Loan
- c. Car Loan (for officers)

## Treasury Products & Services

1. Government Securities Dealership

## Other Services

1. Accredited collecting bank of the Bureau of Treasury, PhilHealth, and SSS.
2. Participating bank in the SSS Sickness, Maternity and Employees Compensation (SMEC) Benefits Payment Plan.
3. Gintong Hatid Remittance Program
4. SPRES
5. Remittance Service Rediscounting Facility<sup>4</sup>

<sup>4</sup> To be offered soon



# BRANCH DIRECTORY

## NCR OFFICE

### CASH DIVISION

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E-mail : [legaspi@postalbank.gov.ph](mailto:legaspi@postalbank.gov.ph)

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## VISAYAS AREA

AVP MIRANDA G. VARON, Area Head

### TACLOBAN

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### ILOILO

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## MINDANAO AREA

AVP Belina G. Domingo, Area Head

### CAGAYAN DE ORO

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527-0073 \* 527-0040**

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**Trunkline Nos. 527-9477 \* 527-0053 Connecting all departments  
E-mail address: [customerservice@postalbank.gov.ph](mailto:customerservice@postalbank.gov.ph)**