

PHILIPPINES

EBC



Equitable Bank

1996

Annual Report

EBC

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*Vital Strokes:
The Art of Transformation*

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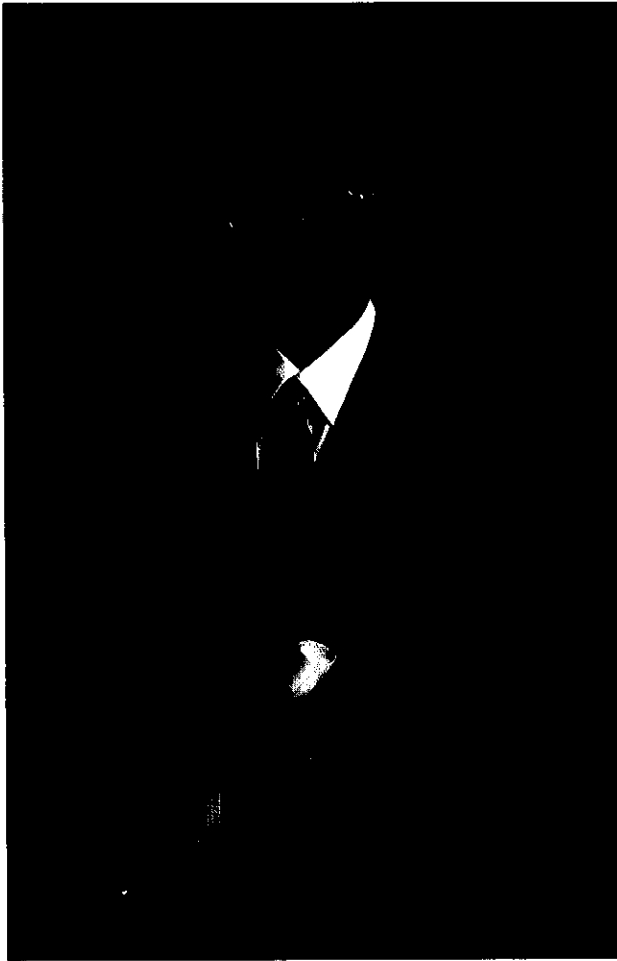
*F*INANCIAL SUMMARY

in Thousand Pesos Except Per Share Figures	1996	1995	Change
Net Income	1,046,080	711,267	47.07%
Total Resources	62,969,432	44,634,881	41.08%
Stockholder's Equity	7,119,539	6,268,642	13.57%
Deposits	37,982,273	29,322,277	29.53%
Loans	35,807,130	21,192,763	68.96%
Earnings Per Share	4.11	2.85 *	44.21%
Cash Dividends Per Share	0.77	0.40 *	92.50%
Stock Dividends	50.00%	-	
Book Value Per Share	27.96	24.62 *	13.57%
Return on Average Stockholder's Equity**	19.26%	16.56%	
Return on Average Resources**	1.99%	1.92%	

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

** Excludes appraisal increment

CORPORATE MESSAGE



*George L. Go
Chairman*

For Equitable Banking Corporation, 1996 was a year both eventful and rewarding. Substantial growth was achieved in financial performance. Historic expansion was recorded in branch operations. Considerable progress was marked in new intermediation activities. Significant advances were registered in operating and delivery systems. Fresh inroads were made in consumer and retail banking. At year end, the Bank summed up its books confident of a new momentum in place as it posted high double-digit growth rates in key performance indicators, sustaining a trend started in 1995.

Net income in 1996 aggregated P1.046 billion, exceeding the P1.0 billion goal that

the Bank had set for itself and improving by 47 percent the previous year's record of P711.3 million. Total assets reached P62.97 billion by the end of 1996, a 41 percent growth from the 1995 level.

Increased economic activity spurred a healthy expansion in loans, with the total loan portfolio rising by P14.6 billion, or 69 percent, to P35.81 billion.

Supporting the growth in assets was the expansion in the funding base. In 1996, deposit liabilities grew to P38.0 billion or 30 percent



Wilfrido V. Vergara
President

higher compared with 1995 levels. Capital funds, meanwhile, rose by 14 percent to reach P7.12 billion.

Other notable performance figures included net interest income at P2.2 billion in 1996, an improvement of 27 percent from P1.75 billion in 1995. Non-interest income, on the other hand, increased by 33.6 percent. Return on average assets, excluding the appraisal increment booked at the end of 1995, improved further to 1.99 percent from 1.92 percent in 1995. Return on average equity, likewise, improved to 19.26 percent from 16.56 percent in 1995.

In the area of market presence, your Bank set an all-time record of 31 branch openings during 1996, bringing the network

total to 102 branches.

Equitable Bank's vigorous overall performance last year drew strength from the firm foundations of the country's third full year of economic recovery. Unparalleled in nearly two decades, the economy expanded with a GNP growth rate of 6.8 percent. GDP growth was at 5.5 percent, better than the previous year's 4.8 percent. Inflation was contained at a single digit rate of 8.4 percent. Interest rates were largely steady, as evidenced by an average 91-day Treasury bill rate of 12.4 per-

cent for the year. Likewise, the foreign exchange rate remained stable, averaging P26.22 to US\$1. A record balance of payments surplus of US\$4.2 billion was registered, along with a healthy fiscal surplus of P6.26 billion and an unprecedented level of gross international reserves of US\$12 billion. These developments amidst a vigorous upswing in investments against a background of economic reforms and political stability prompted some elements of world media to call the Philippines Asia's emerging tiger economy.

In larger measure, Equitable Bank's vital performance in 1996, following equally solid gains in 1995, is attributable to the transformation initiatives drawn up and executed with dispatch over the past two years: expand market presence; escalate financial intermediation activities; broaden product and service spectrum; enhance the capital base; improve operating and service delivery systems; and strengthen the organization.

The initiatives were as much a response to banking liberalization and deregulation as they were a road map detailing the route to Equitable Bank's end goal of becoming a premier universal bank with broadly diversified and fully expanded services to meet the evolving needs of providers and users of funds.

It was within this context that your Bank last year signalled its entry into thrift banking with the establishment of Equitable Savings Bank, in the process giving sharper focus and direction to its retail and consumer banking activities.

The savings bank further enlarged your Bank's diversified financial service capability through subsidiaries and affiliates, which now include Equitable Cardnetwork, Inc., EBC Investments, Inc., EBC Insurance Brokerage, Inc. and Equitable Exchange, Inc.

Increasingly, these subsidiaries are making an impact on the Bank's consolidated income profile, with aggregate contributions of over P250 million in 1996 or 24 percent of consolidated income.

In further pursuit of enhanced service capabilities, the Bank's three-year information technology plan made headway with the acquisition of a new-generation mainframe that has four times more capacity than the previous computer installation.

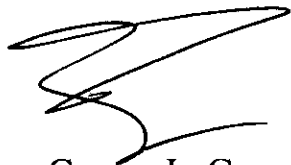
On the branch banking front, your Bank's reengineering project proceeded on schedule in 1996, further increasing the network's efficiencies and contributing significantly to the bankwide effort of improving service capability.

Two years into transformation, Equitable Bank has achieved growth rates above industry averages, particularly in earnings and resources. From 1994 to 1996, earnings rose from P501 million to P1.046 billion, an improvement of 108.8 percent. Over the same two-year period, total resources expanded from P30.7 billion to P62.97 billion, an increase of 104.9 percent.

In line with the objective of expanding its funding base, the Bank successfully tapped the market with two offerings of dollar-denominated certificates of deposits (CD). A US\$50 million five-year floating rate certificate of deposit (FRCD) offering was completed in August, while a larger float of US\$100 million three-year CDs at a fixed annual rate of 3.5 percent with detachable warrants was placed in December.

The success of the two CD issues offers a strong indication of confidence in the institution and to a fair extent justifies optimism over the conduct of Equitable Bank's initial public offering scheduled for the first quarter of 1997.

As your Bank moves forward into a new threshold of growth, we extend our sincere appreciation to all our directors for their continuing counsel and active support. Equally deserving of our gratitude are the men and women throughout our organization whose individual efforts and collective endeavors turned 1996 into a banner year for Equitable Banking Corporation.



George L. Go
Chairman



Wilfrido V. Vergara
President

Vital Strokes: The Art of Transformation

In East Asian cultures, calligraphy is the time-honored art of writing in brushstrokes, a most aesthetic vehicle of expressing mind on paper or silk. Considered a fine art along with painting and sculpture, calligraphy is judged according to high standards of beauty and expression of character. Mastery of the art requires rather special qualities: integrity, balance, harmony, strength, grace, constancy, focus.

The vital strokes of fine calligraphy suggest Equitable Bank's own attitude to the world of banking. It sees the practice of banking in an Asian context to be no less rigorous or demanding than the art of calligraphy. Banking as an enterprise consists of acts of integrity repeated consistently. Banking seeks balance as an ideal. Banking springs from the harmony of relationships. Banking gathers strength and builds upon it. Banking achieves grace in the smooth flow of transactions. Banking pursues its calling with a constancy of purpose. Banking manifests focus in its attention to detail.

Like a piece of beautiful calligraphy, the results of Equitable Bank's strategic moves are evident in its 1996 performance. Like a practitioner of calligraphy, Equitable Bank looks forward to gaining masterly finesse in executing the vital strokes of its particular art of transformation.



Integrity is the prime currency of a bank by which it earns the confidence and patronage of the banking public. At Equitable Bank, its institutional integrity in tandem with the individual initiative of its entrepreneurial clients create a powerful alliance that not only animates a banking enterprise but also moves the wheels of progress. The sculpture of a man turning the wheel of progress, just outside the main banking hall of the Bank's head office on Juan Luna Street, daily bears silent witness to clients like Sio Tiat King and Felisa Dy Sio who keep their faith in the Bank. Equitable Bankers like Roel B. Santos, senior manager of the Corporate Banking Group, feel privileged to be able to merit that trust and confidence.

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1996 in Review

Operational highlights for 1996 indicate that Equitable Banking Corporation is well on track in the implementation of growth strategies crafted by its new management team the year before: increase the core customer base, identified as mid-size businesses; expand a cost-efficient branch network; strengthen leadership in the credit card business; selectively expand into wholesale banking; increase investments in allied and non-allied undertakings; enhance overseas presence; further streamline operating and delivery systems.

Service Excellence

Superior customer service, focused marketing and effective sales efforts were among the means employed by the Bank to maintain its tradition of quality service and profitability while building a broader nationwide presence. This strategy was best seen at work in the rapid expansion of the Bank's branch network, increasing by 31 during 1996 to bring the current total to 102 banking offices. To address the changing needs of our customers, banking hours were extended to 4:00 in the afternoon and beyond 4:00 for selected branches. Saturday banking service was also made available in some of the branches.

The EBC Interlink Remittance Service, a facility for Overseas Filipino Workers (OFWs), helped extend the Bank's reach beyond borders. This service, long available in our full-service branch in Hong Kong, and now through Equitable Finance Ltd., is being expanded to include Milan and Rome, and eventually other foreign cities with a large base of Filipino workers.

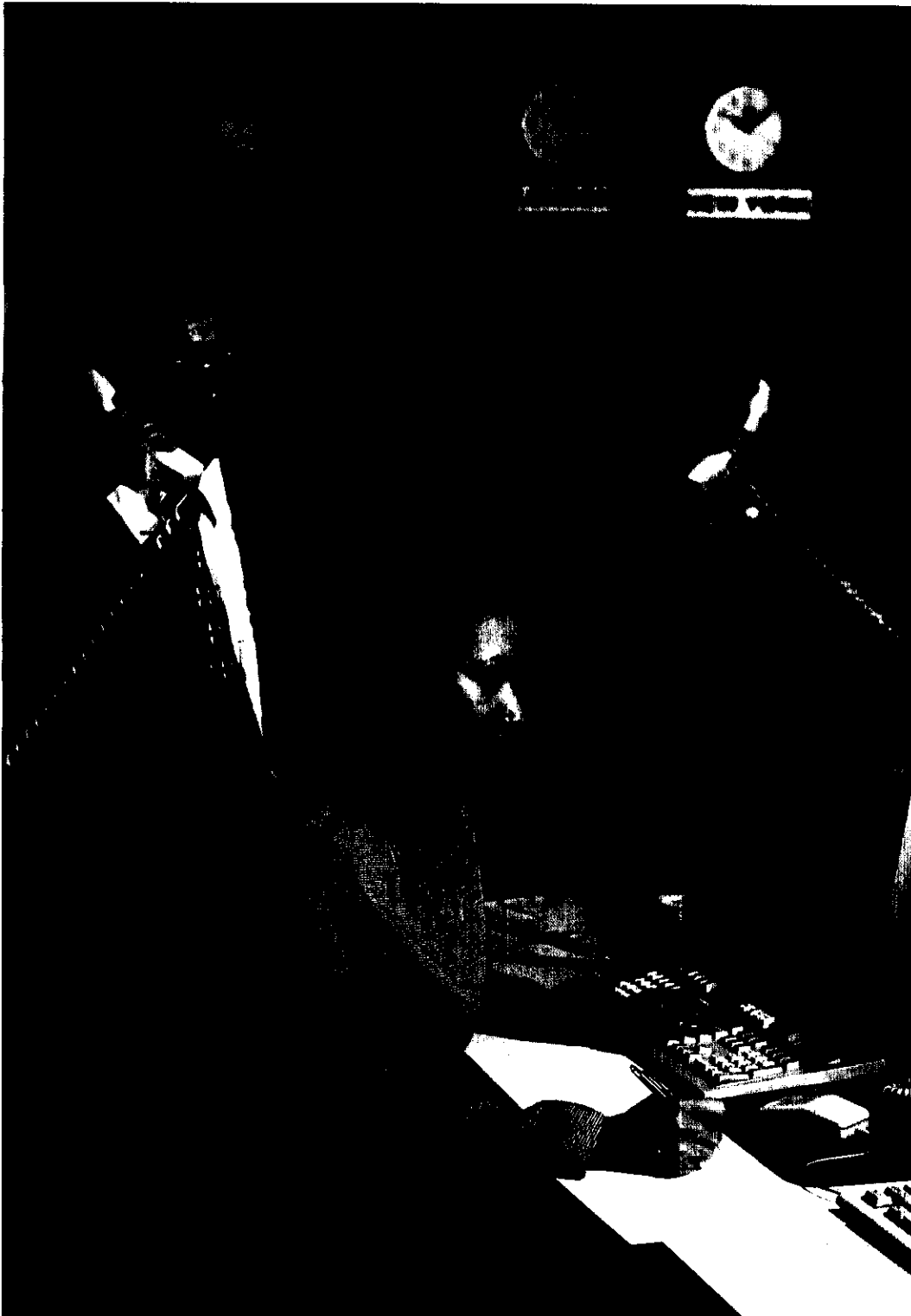
With information technology employed more extensively, the Bank's reengineering project successfully converted 42 of its branches to the new enhanced customer service system, with traditional backroom operations now centralized at the head

Integrity

The mastery of brush calligraphy can only be achieved by intensive study, consistent practice and wholeness of being. Calligraphy as a means of self-expression is said to exhibit one's internal vigor and richness of spirit. As a master expressed it, calligraphy is the painting of the heart and reveals the character of the calligrapher.

Through the years, Equitable Bank remains steadfastly true to its Asian roots and its commitment to the professional practice of banking in an Asian context. The Bank holds highly the totality of its banking endeavor — a keen regard for tradition and a discriminating enthusiasm for current advances in the industry.





Throughout the working day, Equitable Bank dealers Paul Evora III, vice president, Ma. Elsa P. Jurado, senior manager, and Belinda Fernandez, senior manager, track financial and economic developments in different financial and capital markets and transact deals in different currencies and financial instruments across different time zones. The overall objective is to seek and preserve a balance in the placement of funds, the acquisition of assets, the acceptance of liabilities, and the pursuit of yields, among other things, amidst the perception of risk.

平 衡

Balance

In the practice of calligraphy, balance and stability are needed to produce good or beautiful work. The overall effect is a symmetry and proportion arising out of the interaction between ink and rice paper, and between space and brushstroke.

Banking is an endeavor that strives for balance in its mix of assets and liabilities, its assessment of risks and rewards, the composition of its wholesale and retail business, the combination of metropolitan and countryside diversification, and the blend of domestic and international activities.

office, giving the branch personnel the added flexibility of servicing the diverse needs of the Bank's growing clientele.

Remittance centers installed in strategic places are seen to evolve in time into banking offices and will provide an alternative towards enlarging the Bank's overseas presence.

New investments in technology are in place, increasing the number of ATMs and point-of-sale terminals, expanding telephone banking and working actively to add a full range of computer-based home banking services.

The Bank's ongoing product and market research yielded a new service called the Equitable Post Dated Check Organizer. The new product effectively cuts clearing time for the client's checks.

To ensure its principal banker status among middle market accounts, the Bank increased the number of its relationship officers, intensified training of existing staff, fine-tuned market segmentation on an industry basis, and developed sectorally convenient service packages.

As a result of strengthened relationships with existing clients, Corporate Banking Group significantly expanded its loan portfolio and contributed to the growth in collateral business and fee-based income. In many instances, the early nurturing of accounts enabled the Bank to gain major roles of financial adviser or lead underwriter in clients' public equity and debt-raising plans. On the other hand, fee-based income was strongly enhanced by the cross selling of all bank products including trust and insurance services. Foreign exchange flows, particularly in the area of trade and invisibles, substantially added to fee-based income. Total inflows increased 241.06 percent to US\$2.33 billion in 1996 while total outflows rose 235.04 percent to US\$1.89 billion for the same period.

The Bank's total loan portfolio in 1996 of P 35.81 billion



A bank's capital strength gives it the resources and ability to attract and retain funding sources. Above all, it enables a Bank to support the financial requirements of large projects. From left: Ma. Paz I. Diokno, vice president for corporate accounts of EBC Investments, Inc., Roberto Roco, chief finance officer of the Fil-Estate Group of Companies, and Ma. Lilia P. Santos, vice president of the Corporate Banking Group, discuss the details of one such project.

精 力

Strength

Some of the finest calligraphy is known for powerful brushstrokes executed with speed, intensity and strength. The sheer vitality of stroke and clarity of line belie the subtle control of the brush and the quiet strength of the calligrapher.

In like manner, a bank's steady growth stems from strategic moves and vigorous initiatives. A combination of dynamic leadership, capital strength and reliable work force upholds the stability of a bank.

number of transactions kept pace with a growth rate of 44 percent. As the largest nationwide merchant acquirer, the credit card subsidiary likewise posted a 17 percent growth rate in merchant establishment affiliation.

EBC Investments, Inc., a wholly-owned subsidiary, further strengthened and expanded its core business lines and made strong contributions to the Bank's financial results in 1996. It was the sole underwriter for the share issuance of Global Equities, Inc. and the co-lead underwriter for the P 3.8 billion IPO of Uniwide Holdings, Inc. and the P 842 million IPO of PCI Leasing and Finance, Inc. In addition, it also served as a major participating underwriter in the long-term commercial paper issues of JG Summit Holdings, San Miguel Corporation and C & P Homes, among others. Likewise, it forged a strategic linkage with the Bank for direct equity investments in selected promising companies such as Macondray and Co., Inc. and Confed Properties, Inc.

Meanwhile, Equitable Savings Bank, looked upon as the vehicle to expand the Bank's involvement in consumer banking activity, focused its thrust in the development of consumer products. The introduction of Auto Fleet Financing now allows companies a special service to expand or retool their passenger and light commercial vehicle requirements. On the other hand, the Country Club Credit gives upper-end clients the opportunity to acquire country club shares or liquify their existing shares for investment and business purposes. Likewise, the savings bank continued to consolidate its position in the car financing business even as a number of control measures were initiated to ensure the protection of its gains in an increasingly competitive business. Real Estate Mortgage Loans also registered significant improvements both in volume and quality of bookings, despite the strong pressures on interest rates.



At Equitable Bank Diliman Branch, businessman Jose Tecson Limjoco receives the full attention of branch staff member Hilarmie Lacson. At Equitable Bank branches and offices, the mandate for customer service staff and front office personnel is to carry on a forty-six-year service tradition.

優 雅

Grace

As the calligrapher glides the ink-laden brush on paper, his steady hand directs the flow of ink to create brushstrokes with consummate skill, finesse and artistry. Good brushwork shows grace and elegance, elevating the art to what some call brushdance.

From the most basic service to the most complicated financial deal, Equitable Bank believes all transactions are best conducted with courtesy, care and distinction. This ensures a smooth flow of operations and a well-coordinated system.

Another diversified activity is the Bank's remittance services which was further expanded in 1996. Called the EBC Interlink Remittance Service, this facility offers door-to-door delivery of overseas remittances within 24 hours, a two-way message system, on-line crediting of EBC accounts within seconds, and free IDD calls to the Philippines for every remittance transaction. This service, launched in April 1996 in Hong Kong, allowed our remittance subsidiary, Equitable Finance Ltd., to post a significant increase in the number of transactions. Likewise, the Bank forged a tie-up with Liwa Exchange Company in Abu Dhabi, United Arab Emirates, in November 1996, to gain inroads into the Middle East market, which to date remains the largest market for remittances of overseas Filipino workers.

In line with the Bank's thrust to make the Interlink Remittance Service available in more countries, the Bank also established a financial services company in Italy under the name EBC Interlink S.p.A. With headquarters in Milan, the company aims to service the remittance requirements of a substantial number of Filipino overseas workers in northern Italy. Pre-operational activities have been completed and the company will commence operations by January 1997.

Capital Markets

A close harmonious working relationship with its customers, both private and institutional, enabled the Bank to successfully attend to the clients' capital market needs and financial risks.

In 1996, the Bank successfully launched for its maiden venture in the international financial market a five-year US\$50.0 million FRCD issue, concluded at terms that were considered one of the most favorable in the industry. This paved the way for a subsequent private placement of a three-year US\$100.0



The constancy of love is always a joyous reason for celebration. At Via Mare's penthouse restaurant thirty-three stories above the metropolis, celebrations worth toasting at daybreak or nightfall for couples like Benjamin and Ana Marie Los Baños have to be catered for and attended to without a glitch. Equitable Bank VISA and MasterCard credit card support enable restaurants like Via Mare to stage memorable celebrations with a flourish. Indeed, the constancy of this support, at all hours, becomes as critical an element of celebrations as the temperature of the wine or the taste of tiramisu.

忠 誠

Constancy

The art of calligraphy calls for a firm commitment and dedication to reach a degree of perfection. It takes an earnest devotion and perseverance to regular practice as the calligrapher painstakingly hones his skills. Eventually he reaches a point when the work seems to happen on its own.

Banking also requires an unrelenting sense of purpose, a responsibility and accountability to one's clientele. This constancy of commitment underlies the banking philosophy of Equitable Bank. Like the art of calligraphy, good banking becomes an institution and, after much diligence and professionalism, reaps its own rewards.

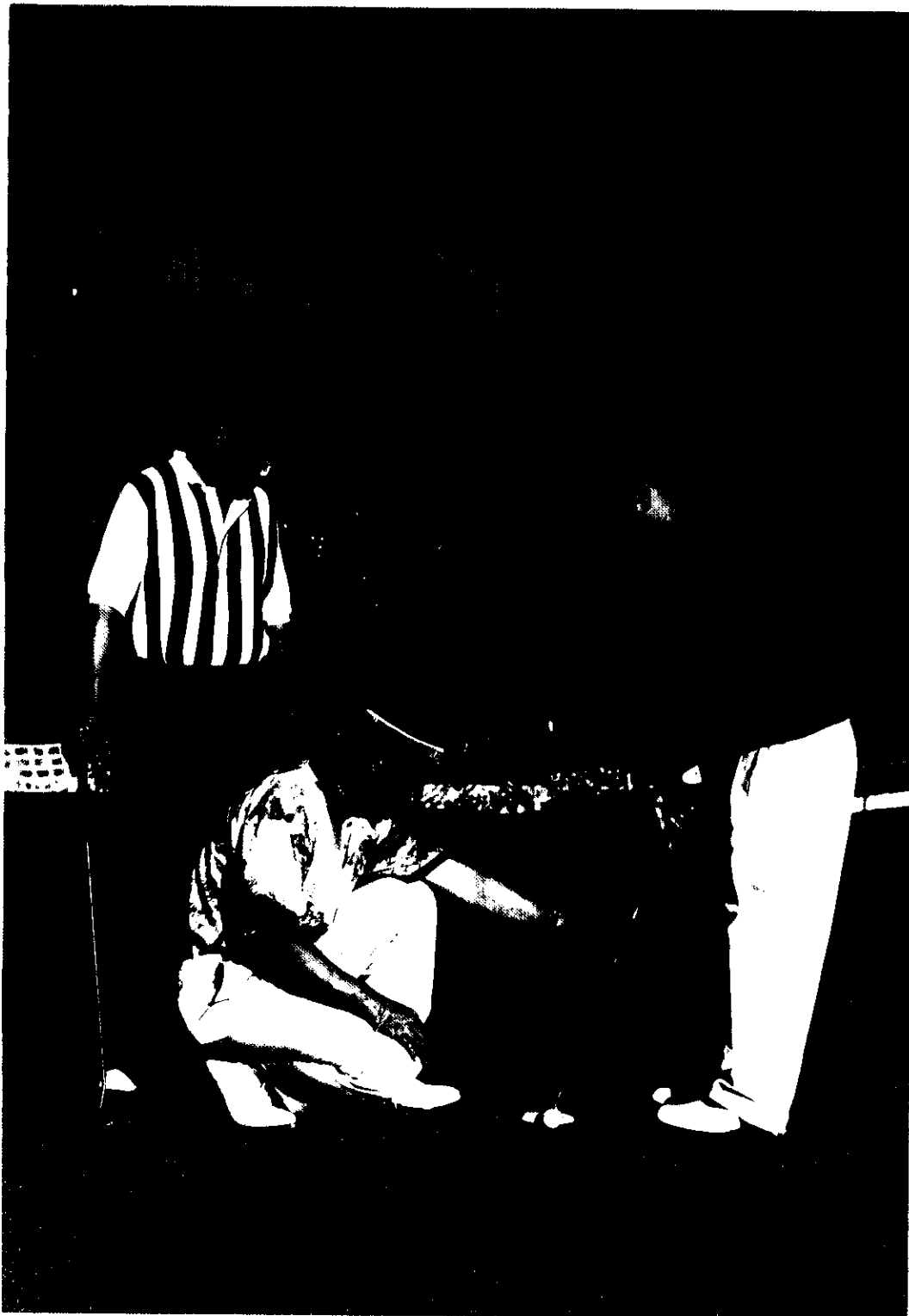
million certificate of deposit in December at a fixed rate of 3.5 percent per annum, with detachable warrants to purchase the Bank's common shares. The proceeds from these exercises further augmented the funding for the Bank's investment and lending activities.

During the year, the Bank's Trust Services Group launched the Equitable Dollar Fund (EDF), a US dollar-denominated common trust fund, offering to the Bank's clients an opportunity to invest in dollar assets. The Equitable Dollar Fund reached US\$58 million at the end of 1996 and complemented further the Bank's two other peso-denominated pooled funds, the Collective Investment Management Trust Fund and the Equitable Unit Fund.

Moreover, the Trust Services Group strengthened its growing reputation as a trustee bank to reckon with in corporate trusts and agencies, particularly on fiduciary services like escrow, stock and transfer agency, and custodianship services, required by a developing local capital market. At the same time, the Group provided a strong support to the Bank's core and new business lines and made initial inroads in personal and corporate portfolio management business, identified as the base for growth in 1997.

Likewise, the Treasury Division, supported by sophisticated technology, scored gains in its dealership and trading activities, both for domestic fixed income securities and other capital market transactions.

These achievements reflect the Bank's ability to provide effective solutions to specific client needs. The future will see the Bank expanding the range of products it provides for its clients' capital markets and risk management needs.



Golf tips including pointers on the importance of focus from Richard Chua to his son Leslie are not lost on Willy G. Ng, vice president of Equitable Bank Paseo-Gil Puyat Branch, who has his own stories to tell about the need for attention to detail – when serving bank clients as well as swinging through a golf game.

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Focus

Skills Enhancement

The Bank continued to focus on manpower development and technology investment as the means for achieving competitive advantage.

In 1996, the Human Resources Development Department implemented various training programs, with a total of 1,216 employees receiving training on sales and service, and attending workshops on values enhancement and team building. Hiring standards were upgraded, with preference given to quality education, and flexible hiring rates were adopted. The performance appraisal system was also revised with the objective of designing and implementing a more appropriate performance oriented salary structure for the Bank and its subsidiaries.

Technology likewise contributed significantly to the Bank's performance. Conforming to the three-year Information Technology Plan prepared by Andersen Consulting and approved by the Bank, major technology investments, for both hardware and software, were made facilitating sales and service and making it easier for staff to cross-reference customer information and target appropriate market segments. Foremost among these investments was the acquisition from IBM of the CMOS 390, the mainframe machine that is four times more powerful than the one replaced. On the software side, the Bank acquired the Systematics software charter, a package comprising solutions in the areas of deposits, loans, and general ledger.

As the Bank moves into a more complex environment, it will continue to create policies and programs to attract, develop, and retain people of the highest character and competence. Its commitment is to ensure that its work force, aided by emerging technology, delivers the highest quality service possible to its customers.

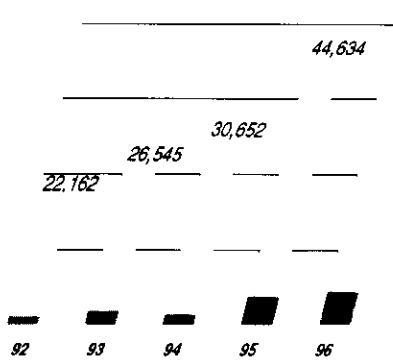
Calligraphy demands total attention and concentration for proper execution. When there is haste or hesitation, the blemishes become all too obvious and the lack of skill readily apparent.

All banking endeavors require alertness and a meticulous attention to detail, all undertaken with the utmost care and preparation, from money changing to investment banking. And just as in calligraphy, banking cannot tolerate too many miscalculations.

G R A P H S OF FINANCIAL PERFORMANCE

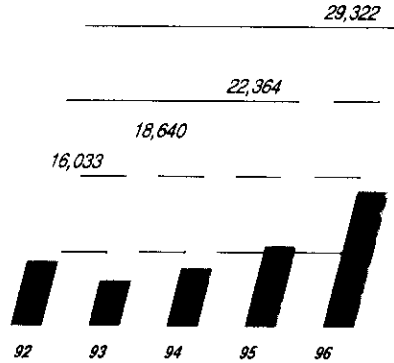
Total Resources

(in million pesos)
 Loans and Other Advances
 Cash, Cash Items and Due from Banks
 Investments
 ■ Other Assets 62,969



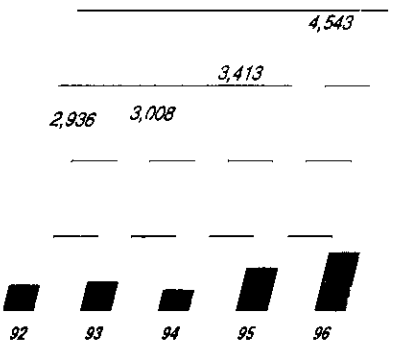
Deposit Liabilities

(in million pesos)
 Demand Deposits
 Savings Deposits
 ■ Time Deposits 37,982



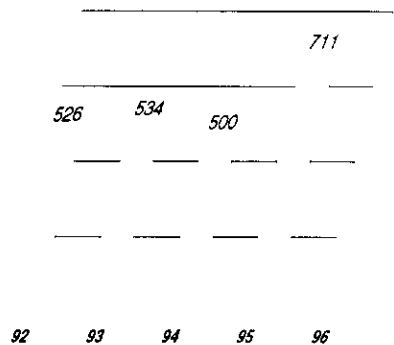
Gross Income

(in million pesos)
 Total Expenses (excluding taxes)
 Taxes and Licenses (including income tax)
 Provision for Loan Losses
 ■ Net Income 6,090



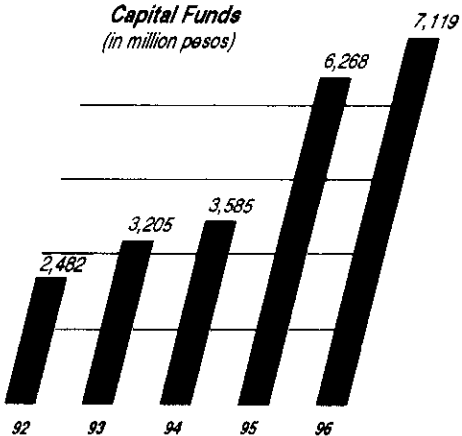
Net Income


(in million pesos) 1,046



Capital Funds

(in million pesos)



 **Equitable Bank** *1996* Financial Report

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STATEMENTS OF CONDITION

Equitable Banking Corporation and Subsidiaries

	Group		Parent Company	
	December 31			
	1996	1995	1996	1995
RESOURCES				
Cash and Other Cash Items	P 598,414,265	P 726,216,841	P 595,225,767	P 508,082,880
Due from Bangko Sentral ng Pilipinas	2,118,798,121	2,418,111,578	2,117,042,332	2,418,111,578
Due from Other Banks	7,597,061,195	4,237,521,903	7,481,671,247	4,237,521,903
Interbank Loans Receivable	3,686,217,569	3,139,808,836	4,089,217,569	3,139,808,836
Trading Account Securities - net of allowance for market decline of P15,926,954 in 1996 and P21,472,761 in 1995	4,631,124,877	5,210,851,694	4,378,785,886	5,144,286,311
Investment in Bonds and Other Debt Instruments - net of allowance for decline in value of P2,793,586 in 1996 and P10,634,716 in 1995 (Note 11)	1,532,251,338	2,272,285,597	1,286,909,100	2,272,285,597
Receivable from Customers - net (Notes 2 and 7)	35,807,130,241	21,192,763,303	33,344,724,433	19,904,492,393
Property and Equipment - net (Note 3)	3,011,554,482	2,480,421,263	2,850,677,396	2,391,871,424
Equity Investments (Note 4)	987,901,299	529,408,748	1,982,699,000	1,182,531,697
Real and Other Properties Owned or Acquired - net of allowance for probable losses of P16,094,226 in 1996 and 1995	125,168,184	118,071,063	125,168,184	118,071,063
Other Resources (Notes 5 and 9)	2,873,810,024	2,309,420,372	2,784,915,958	2,266,429,254
	P62,969,431,595	P44,634,881,198	P 61,037,036,872	P 43,583,492,936
LIABILITIES AND CAPITAL FUNDS				
Deposit Liabilities (Note 6)	P37,982,272,953	P29,322,277,190	P 38,125,447,485	P 29,406,837,016
Interbank Loans Payable	2,985,000,000	2,150,000,000	2,985,000,000	2,150,000,000
Bills Payable (Notes 2 and 7)	10,177,757,753	4,201,308,862	9,696,870,411	3,701,308,862
Due to Bangko Sentral ng Pilipinas	88,614,703	77,245,135	88,445,937	77,245,135
Due to Other Banks	419,435,974	132,179,729	419,435,974	132,179,729
Manager's Checks and Demand Drafts Outstanding	233,331,885	278,703,300	233,331,885	278,703,300
Marginal Deposits	67,594,140	266,053,695	67,594,140	266,053,695
Outstanding Acceptances	639,009,736	375,187,266	639,009,737	375,187,266
Accrued Taxes, Interest and Other Expenses	489,366,222	358,796,466	365,553,722	263,203,211
Other Liabilities	2,686,985,104	1,204,487,315	1,296,808,869	664,132,482
	55,769,368,470	38,366,238,958	53,917,498,160	37,314,850,696
Minority Interest in Consolidated Subsidiary	80,524,413	-	-	-
Capital Funds (Notes 6 and 8)	7,119,538,712	6,268,642,240	7,119,538,712	6,268,642,240
	P62,969,431,595	P44,634,881,198	P 61,037,036,872	P 43,583,492,936

See accompanying Notes to Financial Statements.

S STATEMENTS OF INCOME

Equitable Banking Corporation and Subsidiaries

	Group		Parent Company	
	Years Ended December 31			
	1996	1995	1996	1995
INTEREST INCOME				
Receivable from customers	P 3,269,667,960	P 2,430,917,026	P 3,244,122,065	P 2,423,932,336
Interbank loans	498,073,341	203,842,713	502,977,638	203,842,713
Trading account securities	385,503,175	473,886,638	348,231,135	473,409,723
Deposits with banks	280,693,281	152,068,791	236,036,973	132,910,664
Investment securities	190,118,028	234,165,788	179,960,005	231,288,236
Others	201,679,857	101,347,980	38,126,481	30,865,756
	4,825,735,642	3,596,228,936	4,549,454,297	3,496,249,428
INTEREST AND FINANCE CHARGES				
Deposits	1,464,685,314	1,332,377,092	1,472,452,858	1,342,049,449
Bills payable, borrowings and others	1,131,478,835	509,815,708	1,055,944,476	445,837,742
	2,596,164,149	1,842,192,800	2,528,397,334	1,787,887,191
NET INTEREST INCOME	2,229,571,493	1,754,036,136	2,021,056,963	1,708,362,237
PROVISION FOR PROBABLE LOSSES	187,011,234	312,396,130	78,000,000	250,661,469
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	2,042,560,259	1,441,640,006	1,943,056,963	1,457,700,768
OTHER INCOME				
Service charges, fees and commissions	836,459,596	632,128,722	399,395,413	306,158,903
Trading gains and commissions	140,155,869	2,725,891	72,456,383	2,400,891
Foreign exchange profits - net	130,683,687	142,200,259	99,819,227	108,753,804
Equity in net earnings of subsidiaries	6,260,783	2,344,633	250,604,582	107,121,183
Miscellaneous	151,676,180	167,888,657	131,365,750	154,237,046
	1,265,236,115	947,288,162	953,641,355	678,671,827
OTHER EXPENSES				
Compensation and fringe benefits (Note 10)	795,197,435	559,719,878	738,759,667	525,291,814
Occupancy expenses (Note 12)	439,099,542	367,121,896	352,208,161	323,229,470
Taxes and licenses	255,903,839	189,717,070	210,658,764	153,429,005
Miscellaneous	482,990,572	401,228,676	357,021,179	305,692,470
	1,973,191,388	1,517,787,520	1,658,647,771	1,307,642,759
INCOME BEFORE INCOME TAX	1,334,604,986	871,140,648	1,238,050,547	828,729,836
PROVISION FOR INCOME TAX (Note 9)	276,472,737	159,873,789	191,970,519	117,462,977
NET INCOME BEFORE MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY	1,058,132,249	711,266,859	1,046,080,028	711,266,859
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY	12,052,221	-	-	-
NET INCOME	P 1,046,080,028	P 711,266,859	P 1,046,080,028	P 711,266,859
Earnings Per Share	P 4.11	P 2.85*	P 4.11	P 2.85*

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

See accompanying Notes to Financial Statements.

S STATEMENTS OF CASH FLOWS

Equitable Banking Corporation and Subsidiaries

	Group		Parent Company	
	Years Ended December 31			
	1996	1995	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P 1,046,080,028	P 711,266,859	P 1,046,080,028	P 711,266,859
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Provision for probable losses	187,011,234	312,396,130	78,000,000	250,661,469
Depreciation	176,774,675	163,983,734	133,757,587	130,274,788
Provision for deferred income tax	(20,663,825)	(78,885,969)	(11,622,246)	(78,381,820)
Minority interest in net income of consolidated subsidiary	12,052,221	-	-	-
Equity in net earnings of subsidiaries	(6,260,783)	(2,344,633)	(250,604,582)	(107,121,183)
Provision for decline in market value of investment securities	-	23,836,433	-	23,836,433
Decrease (increase) in:				
Trading account securities	579,726,817	(1,841,206,111)	765,500,425	(1,652,693,397)
Other resources	(543,725,827)	(943,629,758)	(506,864,458)	(937,832,224)
Increase (decrease) in:				
Due to Bangko Sentral ng Pilipinas	11,369,568	20,717,456	11,200,802	20,717,456
Due to other banks	287,256,245	131,597,126	287,256,245	131,597,126
Manager's checks and demand drafts outstanding	(45,371,415)	109,522,455	(45,371,415)	109,522,455
Accrued taxes, interest and other expenses	130,569,756	153,488,657	102,350,511	101,766,202
Other liabilities	1,482,497,739	336,589,999	632,676,337	228,846,675
Net cash provided by (used in) operating activities	3,297,316,433	(902,667,622)	2,242,359,234	(1,067,539,161)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Investment in bonds and other debt instruments	740,034,259	1,146,708,778	985,376,497	1,146,708,778
Receivable from customers	(14,800,475,293)	(5,247,611,799)	(13,525,329,161)	(4,703,625,094)
Property and equipment	(707,907,894)	(338,858,912)	(592,563,559)	(284,367,050)
Equity investments	(460,231,768)	(222,033,827)	(549,562,721)	(421,917,500)
Net cash used in investing activities	(15,228,580,696)	(4,661,795,760)	(13,682,078,944)	(4,263,200,866)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	(195,183,506)	(101,834,874)	(195,183,506)	(101,834,874)
Minority interest in consolidated subsidiary	68,472,192	-	-	-
Proceeds from issuance of additional capital stock	-	810,096,422	-	810,096,422
Increase (decrease) in:				
Deposit liabilities	8,659,995,763	6,957,540,916	8,718,610,469	6,750,449,669
Interbank loans payable	835,000,000	2,150,000,000	835,000,000	2,150,000,000
Bills payable	5,976,448,891	1,308,688,244	5,995,561,549	1,136,466,058
Marginal deposits	(198,459,555)	(12,968,480)	(198,459,555)	(12,968,480)
Outstanding acceptances	263,822,470	143,910,838	263,822,471	143,910,838
Net cash provided by financing activities	15,410,096,255	11,255,433,066	15,419,351,428	10,876,119,633
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,478,831,992	5,690,969,684	3,979,631,718	5,545,379,606
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items	726,216,841	420,112,932	508,082,880	347,569,049
Due from Bangko Sentral ng Pilipinas	2,418,111,578	2,313,156,367	2,418,111,578	2,313,156,367
Due from other banks	4,237,521,903	941,435,688	4,237,521,903	941,435,688
Interbank loans receivable	3,139,808,836	1,155,984,487	3,139,808,836	1,155,984,487
	10,521,659,158	4,830,689,474	10,303,525,197	4,758,145,591
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items	598,414,265	726,216,841	595,225,767	508,082,880
Due from Bangko Sentral ng Pilipinas	2,118,798,121	2,418,111,578	2,117,042,332	2,418,111,578
Due from other banks	7,597,061,195	4,237,521,903	7,481,671,247	4,237,521,903
Interbank loans receivable	3,686,217,569	3,139,808,836	4,089,217,569	3,139,808,836
	P14,000,491,150	P10,521,659,158	P 14,283,156,915	P 10,303,525,197

(Forward)

	Group		Parent Company	
	Years Ended December 31			
	1996	1995	1996	1995
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest	P 2,504,661,372	P 1,806,736,224	P 2,430,843,731	P 1,742,925,848
Income taxes	279,312,831	198,772,169	219,088,013	180,349,550

See accompanying Notes to Financial Statements.

S TATEMENTS OF CHANGES IN CAPITAL FUNDS

Equitable Banking Corporation and Subsidiaries

	Years Ended December 31	
	1996	1995
CAPITAL STOCK (Note 8)		
Balance at beginning of year	P 1,697,247,900	P 1,508,664,800
Issuance during the year	848,623,900	188,583,100
Balance at end of year	2,545,871,800	1,697,247,900
PAID-IN SURPLUS		
Balance at beginning of year	628,924,885	7,411,563
Additions during the year	-	621,513,322
Balance at end of year	628,924,885	628,924,885
SURPLUS RESERVE		
Balance at beginning of year	325,144,570	320,745,470
Transfer from surplus (Note 11)	2,471,000	4,399,100
Balance at end of year	327,615,570	325,144,570
SURPLUS (Note 8)		
Balance at beginning of year	2,353,432,154	1,748,399,269
Net income	1,046,080,028	711,266,859
Transfer to surplus reserve (Note 11)	(2,471,000)	(4,399,100)
Cash dividends	(195,183,506)	(101,834,874)
Stock dividends (Note 8)	(848,623,950)	-
Balance at end of year	2,353,233,726	2,353,432,154
REVALUATION INCREMENT IN LAND (Note 3)		
	1,263,892,731	1,263,892,731
	P 7,119,538,712	P 6,268,642,240

See accompanying Notes to Financial Statements.

OTES TO FINANCIAL STATEMENTS

Equitable Banking Corporation and Subsidiaries

1. Summary of Significant Accounting Policies

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Equitable Banking Corporation (the Parent Company) and its significant wholly and majority-owned subsidiaries (the Group): (a) Equitable Card Network, Inc.; (b) EBC Investments, Inc.; (c) Equitable Finance Ltd.; and (d) Equitable Savings Bank (in 1996). Material intercompany balances and transactions have been eliminated in the consolidation.

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

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

TRADING ACCOUNT SECURITIES

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

INVESTMENT IN BONDS AND OTHER DEBT INSTRUMENTS

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

RECEIVABLES FROM CUSTOMERS AND ALLOWANCE FOR PROBABLE LOSSES

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

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

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

The allowance for probable losses is the estimated amount of losses in the receivables, based on evaluations of the collectibility of receivables and prior receivable loss experience.

The allowance for probable losses is established through a provision for probable losses charged to operations. Receivables are written off against the allowance for probable losses when management believes that their collectibility is unlikely.

PROPERTY AND EQUIPMENT

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

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

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

REAL AND OTHER PROPERTIES OWNED OR ACQUIRED

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

INCOME TAX

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

DERIVATIVE INSTRUMENTS

The Bank is a party to foreign currency swaps and foreign exchange forward contracts. These contracts are entered into as a service to customers and as a means of reducing the Bank's foreign exchange exposure as well as for trading purposes.

Realized and unrealized gains and losses on derivatives designated as hedges are deferred and recognized as income or expensed over the lives of the hedged instruments. Realized and unrealized gains and losses on such contracts which are not designated as hedges are recognized currently as income or expense.

FOREIGN CURRENCY TRANSACTIONS

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

EARNINGS PER SHARE

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

2. Receivable from Customers

This account consists of:

	Group		Parent Company	
	1996	1995	1996	1995
Loans and discounts	P 29,949,059,046	P 17,350,514,362	P 29,915,666,454	P 17,479,655,882
Customers' liabilities on acceptances, letters of credit/trust receipts	2,878,903,995	2,514,414,673	2,878,903,995	2,514,414,673
Cardholders	2,521,742,312	1,506,355,372	-	-
Bills purchased	1,342,603,061	625,425,288	1,342,603,061	625,425,288
	36,692,308,414	21,996,709,695	34,137,173,510	20,619,495,843
Unearned discount	(126,334,878)	(78,306,618)	(97,444,544)	(60,110,239)
Allowance for probable losses	(758,843,295)	(725,639,774)	(695,004,533)	(654,893,211)
	P 35,807,130,241	P 21,192,763,303	P 33,344,724,433	P 19,904,492,393

Receivables of the Group on which accrual of interest has been discontinued or reduced amounted to P859.6 million and P765.4 million as of December 31, 1996 and 1995, respectively.

Receivables amounting to P57.2 million and P117.0 million as of December 31, 1996 and 1995, respectively, are pledged as collateral with the BSP to secure loans under rediscounting privileges (included in Bills Payable).

3. Property and Equipment

This account consists of:

	Group		Parent Company	
	1996	1995	1996	1995
At cost:				
Land	P 300,499,083	P 233,063,869	P 242,667,383	P 203,863,869
Buildings	499,432,668	388,001,180	470,463,124	385,085,996
Leasehold improvements	130,147,196	58,335,745	125,841,919	56,870,880
Furniture, fixtures and equipment	1,157,567,718	932,514,414	966,407,279	795,967,152
	2,087,646,665	1,611,915,208	1,805,379,705	1,441,787,897
Accumulated depreciation	(854,285,414)	(706,286,676)	(732,895,540)	(624,709,204)
	1,233,361,251	905,628,532	1,072,484,165	817,078,693
Deposits on purchase of building under construction	514,300,500	310,900,000	514,300,500	310,900,000
Appraisal increment in land	1,263,892,731	1,263,892,731	1,263,892,731	1,263,892,731
	P 3,011,554,482	P 2,480,421,263	P 2,850,677,396	P 2,391,871,424

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

4. Equity Investments

This account consists of equity investments in:

	Group		Parent Company	
	1996	1995	1996	1995
At equity:				
Acquisition cost:				
Jardine Land, Inc. - 20% owned	P 232,000,000	P -	P 232,000,000	P -
Equimark - NFC Development Corporation - 60% owned	44,997,000	44,997,000	44,997,000	44,997,000
Equitable Data Center, Inc. - 100% owned	40,000,000	2,500,000	40,000,000	2,500,000
Securities Clearing Corporation of the Philippines - 22% owned	11,000,000	-	11,000,000	-
Unicorn First Properties - 35% owned	3,500,000	3,500,000	3,500,000	3,500,000
Equitable Venture Capital Corporation - 60% owned	3,000,000	3,000,000	3,000,000	3,000,000
EBC Insurance Brokerage, Inc. - 100% owned	1,250,000	1,250,000	1,250,000	1,250,000
Equitable Card Network, Inc. - 90% owned in 1996 and 100% owned in 1995	-	-	325,000,000	325,000,000
Equitable Savings Bank - 100% owned	-	-	300,000,000	-
EBC Investments, Inc. - 100% owned	-	-	250,000,000	250,000,000
Equitable Finance Limited - 100% owned	-	-	10,438,665	10,438,665
	335,747,000	55,247,000	1,221,185,665	640,685,665
Accumulated equity in net earnings(losses):				
Balance at beginning of year	1,658,881	(685,752)	304,459,493	197,338,310
Income received from foreign subsidiary	-	-	(8,757,410)	-
Equity in net earnings for the year	6,260,783	2,344,633	250,604,582	107,121,183
Balance at end of year	7,919,664	1,658,881	546,306,665	304,459,493
	343,666,664	56,905,881	1,767,492,330	945,145,158
At cost - other investments	702,989,635	485,502,867	265,961,670	250,386,539
Allowance for probable losses	(58,755,000)	(13,000,000)	(50,755,000)	(13,000,000)
	644,234,635	472,502,867	215,206,670	237,386,539
	P 987,901,299	P 529,408,748	P 1,982,699,000	P 1,182,531,697

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

The carrying value of the Parent Company's significant equity investment in (a) Equitable Card Network, Inc. amounted to P722.9 million and P594.7 million as of December 31, 1996 and 1995, respectively; (b) EBC Investments, Inc. amounted to P368.2 million and P265.7 million as of December 31, 1996 and 1995, respectively; and (c) Equitable Savings Bank amounted to P308.7 million as of December 31, 1996.

The Group's other investments carried at cost include underwritten securities purchased of P78.0 million and P227.0 million as of December 31, 1996 and 1995, respectively, (net of allowance for probable losses of P8.0 million and P0.5 million as of December 31, 1996 and 1995, respectively) carried in the books of EBC Investments, Inc.

5. Other Resources

This account consists of:

	Group		Parent Company	
	1996	1995	1996	1995
Returned checks and other cash items				
in process of collection	P 1,155,511,123	P 1,095,607,997	P 1,155,511,123	P 1,095,607,997
Accrued interest receivable	306,642,037	254,274,513	299,335,545	254,342,743
Deferred tax assets (see Note 9)	267,612,468	246,948,643	246,688,774	235,066,528
Equity investment held for sale	255,789,715	255,789,715	255,789,715	255,789,715
Accounts receivable	193,459,809	78,915,561	185,676,791	74,783,939
Foreign currency notes and coins on hand	112,900,250	106,428,309	112,900,250	105,152,945
Advances	76,293,077	14,128,184	77,347,310	17,215,725
Miscellaneous checks and other cash items	72,174,873	76,223,203	72,174,873	76,223,203
Commemorative coins on hand	26,136,833	26,003,033	26,136,833	26,003,033
Sales contract receivable	4,013,054	10,587,170	4,013,054	10,587,170
Miscellaneous assets	403,276,785	144,514,044	349,341,690	115,656,256
	P 2,873,810,024	P 2,309,420,372	P 2,784,915,958	P 2,266,429,254

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

6. Deposit Liabilities

This account consists of:

	Group		Parent Company	
	1996	1995	1996	1995
Demand	P 1,871,315,213	P 2,071,862,021	P 1,876,793,534	P 2,083,115,513
Savings	21,481,482,753	18,573,403,999	21,619,178,964	18,625,557,044
Time	14,629,474,987	8,677,011,170	14,629,474,987	8,698,164,459
	P 37,982,272,953	P 29,322,277,190	P 38,125,447,485	P 29,406,837,016

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

7. Bills Payable

This account consists of borrowings from:

	Group		Parent Company	
	1996	1995	1996	1995
Foreign banks	P 7,320,575,939	P 1,000,890,319	P 7,320,575,939	P1,000,890,319
Local banks	480,887,342	814,736,000	-	314,736,000
BSP - rediscounting (see Note 2)	57,219,212	116,942,129	57,219,212	116,942,129
Others	2,319,075,260	2,268,740,414	2,319,075,260	2,268,740,414
	P10,177,757,753	P 4,201,308,862	P 9,696,870,411	P3,701,308,862

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

8. Capital Funds

The Bank's capital stock consists of:

	1996	1995
Common stock - P10 par value in 1996 and P100 par value in 1995		
Authorized - 500,000,000 shares in 1996 and 20,000,000 shares in 1995		
Issued - 254,587,180 shares in 1996 and 16,972,479 shares in 1995	P2,545,871,800	P1,697,247,900

In January 1996, the Bank's Board of Directors (BOD) and stockholders approved the declaration of a 50% stock dividend on the outstanding common shares as of March 31, 1996, that were distributed upon approval of the increase in authorized capital stock by the Securities and Exchange Commission (SEC) on June 30, 1996 from P2.0 billion, divided into 20 million common shares to P5.0 billion, divided into 50 million common shares, both with par value of P100 a share.

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

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

A portion of the Parent Company's surplus corresponding to the (a) undistributed equity in net earnings of investees amounting to P546.3 million and P304.5 million as of December 31, 1996 and 1995, respectively, and (b) accumulated balance of deferred income tax amounting to P246.7 million and P235.1 million as of December 31, 1996 and 1995, respectively, are not available for dividend declaration until realized by the Parent Company through (a) distribution of cash dividends by investees and (b) reversal of deferred income tax.

9. Income Taxes

The provision for income tax consists of:

	Group		Parent Company	
	1996	1995	1996	1995
Current:				
Final tax	P 173,922,142	P 165,502,174	P 153,147,295	P 157,509,711
35% income tax	123,159,693	70,298,802	50,390,743	38,335,086
Others	54,727	2,958,782	54,727	-
	297,136,562	238,759,758	203,592,765	195,844,797
Deferred	(20,663,825)	(78,885,969)	(11,622,246)	(78,381,820)
	P 276,472,737	P 159,873,789	P 191,970,519	P 117,462,977

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

	Group		Parent Company	
	1996	1995	1996	1995
Statutory income tax at 35%	P 467,111,745	P 304,899,227	P 433,317,691	P 290,055,443
Tax effect of:				
Interest income subjected to lower final tax	(140,257,227)	(113,068,342)	(123,535,507)	(106,835,775)
Income of Foreign Currency Deposit Unit	(45,716,204)	(26,705,785)	(45,716,204)	(26,705,785)
Tax loss	27,997,218	-	27,716,071	-
Gain on sale subjected to lower capital gains tax	(20,807,451)	(355,000)	(58,546)	-
Tax-exempt income from government securities and other investments	(15,922,581)	(4,894,748)	(15,922,581)	(4,894,748)
Provision for probable losses on equity investments	2,800,000	-	-	-
Equity in net earnings of subsidiaries	(2,191,274)	(820,622)	(87,711,603)	(37,492,414)
Retirement expense not allowed as tax deduction	1,467,837	1,395,223	1,467,837	1,395,223
Remittance of income from a foreign subsidiary	1,363,361	-	1,363,361	-
Income of a foreign subsidiary subjected to lower tax	(915,193)	(3,095,013)	-	-
Provision for decline in market value of securities	-	1,941,033	-	1,941,033
Others	1,542,506	577,816	1,050,000	-
Effective income tax	P 276,472,737	P 159,873,789	P 191,970,519	P 117,462,977

The significant components of deferred tax assets are as follows:

	Group		Parent Company	
	1996	1995	1996	1995
Tax effect of:				
Allowance for probable losses on:				
Receivable from customers	P 237,794,972	P 230,707,937	P 217,717,112	P 219,211,094
Equity investments	17,764,250	4,550,000	17,764,250	4,550,000
ROPOA	5,632,979	5,632,979	5,632,979	5,632,979
Trading and investment securities	5,574,433	5,574,433	5,574,433	5,574,433
Accrued retirement cost	845,834	385,272	-	-
Unamortized past service cost	-	98,022	-	98,022
	P 267,612,468	P 246,948,643	P 246,688,774	P 235,066,528

Income earned by the Parent Company's Foreign Currency Deposit Unit is exempt from all forms of local taxes or burdens, except income tax which is computed at: (a) 10% on gross onshore interest income; and (b) regular corporate income tax rate of 35% on other net income not classifiable as onshore or offshore. Offshore income is not subject to tax.

10. Retirement Plan

The Parent Company and one of its subsidiaries maintain retirement, death and disability plans covering substantially all employees. Contributions to the fund amounting to P46.9 million in 1996 and P43.7 million in 1995 are included in the Group's statements of income (P44.1 million and P42.4 million in 1996 and 1995, respectively, in the Parent Company's statements of income).

11. Trust Assets

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 assets of the Parent Company.

Government securities with a total face value of P124.9 million and P93.7 million as of December 31, 1996 and 1995, respectively, are deposited with the BSP in compliance with existing banking regulations relative to the trust functions of the Parent Company.

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

Also, in accordance with BSP regulations, the common trust funds managed by the Parent Company's trust department maintain a Due from BSP account and government securities to meet the 15% reserve requirement on peso-denominated common trust funds and other similarly managed funds. As of December 31, 1996 and 1995, the balance of Due from BSP account amounted to P506.4 million and P467.6 million, respectively, while government securities amounted to P257.0 million and P233.9 million, respectively.

12. Commitments and Contingent Liabilities

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

The outstanding contingent accounts consist of:

	Group		Parent Company	
	1996	1995	1996	1995
Trust accounts (see Note 11)	P 8,845,440,210	P10,067,620,170	P 8,845,440,210	P 10,067,620,170
Future exchange bought	8,302,456,999	1,073,101,212	7,769,385,310	704,471,617
Future exchange sold	2,843,432,752	522,873,132	2,555,407,715	328,865,065
Unused letters of credit	2,307,899,812	4,300,661,050	2,307,899,812	4,300,661,050
Bank guarantees	564,691,805	1,134,714,767	564,691,805	1,134,714,767
Others	2,122,920,927	1,781,559,896	2,122,909,799	1,781,559,896

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

The Parent Company leases the premises occupied by some of its branches. The lease contracts are for periods ranging from 1 to 15 years and are renewable upon mutual agreement between the Parent Company and the lessors. Total rent expense incurred amounted to P38.3 million and P28.4 million for the years ended December 31, 1996 and 1995, respectively.

13. Related Party Transactions

In the ordinary course of business, the Parent Company has receivables and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and related interests (DOSRI). Under the Parent Company's policy, these receivables and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The General Banking Act and BSP regulations limit the amount of the receivables and investments to each subsidiary and affiliate to 15% of the Parent Company's capital funds. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company. In the aggregate, loans to DOSRI generally should not exceed the Parent Company's total capital funds or 15% of the Parent Company's total receivables, whichever is lower. The Parent Company has complied with all these regulatory requirements.

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

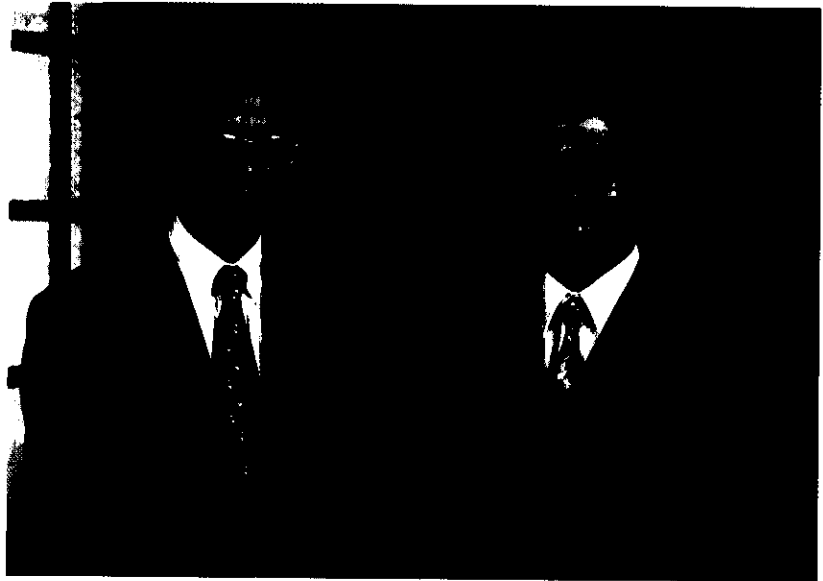
FIVE-YEAR FINANCIAL HIGHLIGHTS

In Thousand Pesos	1996	1995	1994	1993	1992
Loans & Other Advances	35,807,130	21,192,763	16,295,942	12,814,283	9,070,242
Cash, Cash Items & Due					
from Banks	14,000,491	10,521,659	4,830,689	5,890,991	5,999,866
Investments	7,151,277	8,012,547	7,117,506	5,251,487	5,573,908
Other Assets	6,010,533	4,907,912	2,408,234	2,588,645	1,518,430
TOTAL RESOURCES	62,969,432	44,634,881	30,652,371	26,545,406	22,162,446
Demand Deposits	1,871,315	2,071,861	1,698,763	1,762,559	1,225,076
Savings Deposits	21,481,483	18,573,404	14,561,614	11,876,157	7,894,477
Time Deposits	14,629,475	8,677,011	6,104,359	5,001,971	6,913,469
DEPOSIT LIABILITIES	37,982,273	29,322,276	22,364,736	18,640,687	16,033,022
CAPITAL FUNDS	7,119,539	6,268,642	3,585,221	3,205,117	2,482,360
Interest on Loans & Advances	3,269,668	2,430,917	1,852,510	1,524,872	1,381,349
Interest on Deposits with Banks	280,693	152,069	124,587	145,968	164,390
Interest on Trading &					
Investment Securities	575,621	708,052	552,259	391,878	575,933
Interest on Interbank Loans	498,073	203,843	84,698	44,579	65,629
Service Charges, Fees &					
Commissions	836,460	632,129	505,399	399,276	394,556
Foreign Exchange Profit	130,684	142,200	(89,345)	175,214	63,034
Equity Share in Net Earnings					
of Subsidiaries	6,261	2,345	2,723	2,766	14,624
Miscellaneous Income	493,512	271,962	380,974	324,427	276,969
GROSS INCOME	6,090,972	4,543,517	3,413,805	3,008,980	2,936,484
Interest and Other Charges	2,596,164	1,842,193	1,439,018	1,161,036	1,341,475
Taxes & Licenses					
(including Income Tax)	532,377	349,591	287,700	273,706	240,150
Operating Expenses	1,717,288	1,328,070	1,100,661	957,260	753,586
TOTAL EXPENSES	4,845,829	3,519,854	2,827,379	2,392,002	2,335,211
PROVISION FOR LOAN LOSSES	187,011	312,396	85,629	82,863	74,934
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY	12,052	0	0	0	0
NET INCOME	1,046,080	711,267	500,797	534,115	526,339

B OARD OF DIRECTORS

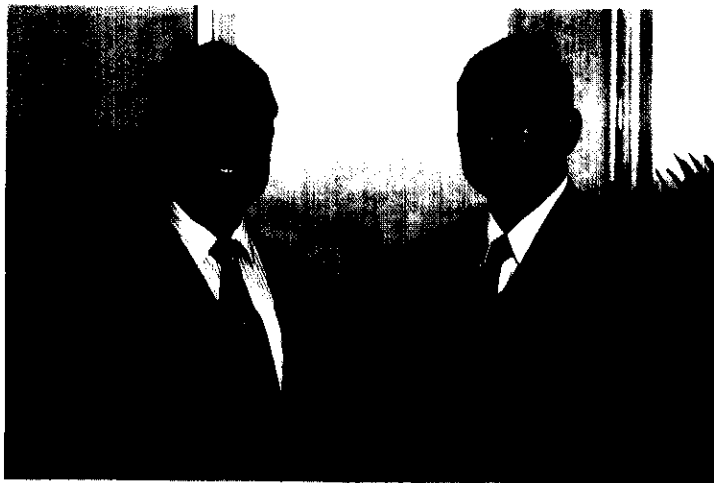


Peter Go Pailian
Chairman Emeritus



George L. Go
Chairman

Wilfrido V. Vergara
President and Director



Wilfrido C. Tecson
Vice Chairman

John C.B. Go
Vice Chairman

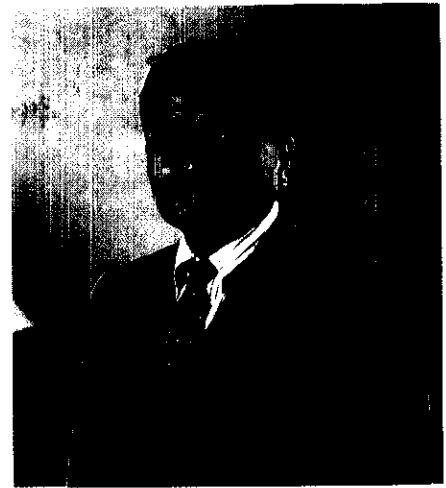


Ricardo J. Romulo
Vice Chairman

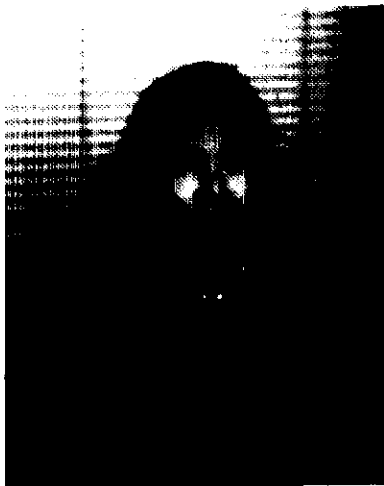


Herminio B. Banico
Director

Francisco C. Chua
Director



Ricardo C. Leong
Director



Gloria L. Tan Climaco
Director



Julius T. Limpe
Director

Frank L. Go
Director



Antonio L. Go
Technical Adviser

Genevieve W.J. Go
Technical Assistant



Purita M. Jeanjaquet
Corporate Secretary

CORPORATE MANAGEMENT



The Senior Management Team. From left: Antonio L. Go, Manuel T. Tan, Edilberto V. Javier, Oscar P. Lopez-Dee, George L. Go, Bernard C. Uy, Wilfrido V. Vergara, Antonio Y. Tee, and Romuald U. Dy Tang.

Chairman

George L. Go

President and CEO

Wilfrido V. Vergara

Executive Vice Presidents

Antonio L. Go
Edilberto V. Javier

Senior Vice Presidents

Romuald U. Dy Tang
Oscar P. Lopez-Dee
Manuel T. Tan
Antonio Y. Tee
Bernard C. Uy

First Vice Presidents

Milaflor R. Bangco
Rolando D. Esguerra
Virgilio D. Indiongco
Valentin C. Lim
Merlita B. Ng
Deanna S. Tacardon

Vice Presidents

Ceferino L. Ang
Fidelino G. Asinas
Enrique E. Badenhop
Redentor C. Bancod
Herman D. Belleza
Wellington C. Chan
Virginia B.K. Chuah
Lydia N. Cruz
Manuel B. Curato
Ma. Paz I. Diokno
Paul A. Evora III
Genevieve W.J. Go
Jonathan C. Go
Edgardo C. Goli
Purita M. Jeanjaquet
Paul T. M. Lang
Julia C. Lim
Mamerto A. Marcelo Jr.
Willy G. Ng
Annie H. Ngo
Virgilio C. Pamatmat

Ma. Lilia P. Santos
Carmelita A. Siao
Carlos O. Tanbonliong Jr.
Rosalina L. Tiu
Vivian Lee-Tiu

Assistant Vice Presidents

Belinda C. Abad
Leonardo S. Abulad
Chona M. Azucena
Beatriz L. Bagsit
Leticia T. Chua
Ruby N. Chuongco
Luisito M. Cornejo
Nilo T. Divina
Evelyn S. Enriquez
Judy L. Go
Hector A. Gomez
Renato S. Gongora
Myrienne L. Gonzales
Carmelita L. Henson
Maurice D. Lim
Emerenciana H. Luistro
Felix A. Martin
Gloria S. Mayo
George C. Mendoza
Arnaldo E. Palad
Alfredo P. Pineda
Rexie C. Protasio
Ricardo V. Reynoso Jr.
Arsenia S. Santos

Richard Benedict S. So
Virginia N. Sy
Edmundo R. Tacardon
Antonio U. Tan
Soledad S. Tolentino
Anastacio D. Umali
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Mariette F. Yuching

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921-99-56
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79-74-86; 725-31-63
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455-58-05 to 08
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525-19-34; 525-20-69
58-14-58; 50-65-30
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893-21-83; 844-00-45
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361-16-26; 361-12-91; 361-16-19
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363-56-65; 363-56-35; 363-56-68
363-56-57; 363-56-20; 363-56-74
361-12-89; 363-56-32
Fax: 361-12-99
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722-13-88; 722-72-87; 721-25-75
722-72-37 to 38; 722-72-43 to 44
722-72-84; 721-36-41; 722-72-89
721-83-39
Fax: 721-25-74; 722-13-93
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Beatriz L. Bagsit, Assistant Vice President

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282-03-79; 281-99-30
Fax: 281-02-62
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646-24-14; 646-20-41
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937-09-89; 937-10-03
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733-15-27; 733-95-56 to 57; 733-95-18
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Hui Ling C. Lao, Senior Manager

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Gloria Cu-Lao, Cash Operation Officer

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Fax: 632-70-84
Agnes D. Magbanua, Senior Manager

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1635-1641 Dart St., Paco, Manila
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Antonio C. Berroya, Senior Manager

Paco-JML Complex Branch

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Virginia M. Irlandes, Cash Operations Officer

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831-81-90; 833-11-43
Rosalind T. Gabaldon, Manager

Pasay-Rotonda Branch

EDSA corner Zamora St., Pasay City
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833-68-34; 833-68-32
Flora S. Ong, Assistant Manager

Paseo-Gil Puyat Branch

EBC Bldg., Paseo de Roxas cor.
Gil Puyat Ave., Makati City
Tel.: 897-29-71 to 83; 895-00-95
897-31-60; 896-71-93; 890-95-31
895-34-68; 843-86-45; 895-17-26
893-02-32; 895-31-47; 899-32-34
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896-43-44; 895-43-35; 895-95-80
896-59-20; 895-00-28; 895-59-62
Fax: 895-06-98; 895-95-78
895-00-42; 897-31-61
Willy G. Ng, Vice President

Pasig-Rosario Branch

Pasig Blvd. Ext. (C. Raymundo Ave.)
Rosario, Pasig City
Tel.: 641-58-28; 641-91-74
642-84-06 to 09
Crisostomo I. Celaje, Assistant Manager

Quezon Blvd. Branch

Quezon Ave. corner Speaker Perez St.
Quezon City
Tel.: 731-72-84; 731-72-85
Fax: 731-72-86
Nicanor C. Barredo, Senior Manager

Quezon City Branch

G/F Tri-O Bldg., 727 EDSA near
corner New York St.
Cubao, Quezon City
Tel.: 924-10-99; 924-11-23; 924-11-05
Ruth A. Amador, Senior Manager

Quiapo Branch

132 Carlos Palanca St., Quiapo, Manila
Tel.: 733-63-34; 733-63-37
733-63-42 to 43
Fax: 733-63-29
Rosalina L. Magno, Senior Manager

Reina Regente Branch

C.M. Recto Ave. corner Reina Regente St.
Binondo, Manila
Tel.: 244-39-93 to 94; 244-39-65
245-71-41 to 42
Fax: 244-73-18
Ruby N. Chuongco, Assistant Vice President

Ronquillo Branch

Unit 1, Ground Floor, Carmen Bldg.
Ronquillo St., Sta. Cruz, Manila
Tel.: 735-93-01 to 06
Arsenio P. Go, Manager

Roosevelt Branch

EBC Bldg., Roosevelt Avenue cor. Pitimini St.
Quezon City
Tel.: 924-45-61; 924-45-68
412-61-36 to 38; 412-17-45
Wilho L. Ng Tahn, Senior Manager

Salcedo Village-Herrera St. Branch

Unit No. 2, Ground Floor, Chatham House
Herrera St. cor. Valero and San Agustin Sts.
Salcedo Village, Makati City
Edwardo Luis S. Kennedy, Assistant Manager

San Juan Branch

80-F Blumentritt St. cor. Toribio St.
San Juan, Metro Manila
Tel.: 726-95-30; 727-19-31
Lydia P. Mariano, Manager

Soler Branch

1087 Soler St., Manila
Tel.: 244-11-38; 244-11-46
244-11-43 to 44; 244-11-65 to 66
Fax: 244-11-37
Annie H. Ngo, Vice President

Sto. Cristo Branch

565-567 Sto. Cristo St., Binondo, Manila
Tel.: 242-03-33; 244-89-53 to 55
Irene C. Chua, Cash Operations Officer

Tektite Branch

G/F PSF Center, Exchange Road
Ortigas Commercial Complex, Pasig City
Tel.: 635-29-02 to 06
Alejandro A. Hernandez, Senior Manager

Timog Branch

35-A Timog Avenue, Quezon City
Tel.: 924-33-75; 924-33-77
410-19-39; 410-19-40
Fax: 924-33-76
Edelquinn G. Nantes, Manager

Tondo Branch

C.M. Recto Ave. corner Dagupan St.
Tondo, Manila
Tel.: 254-97-45 to 46; 254-97-57
254-99-36 to 37
Marietta F. Yuching, Assistant Vice President

Valenzuela Branch

Lot 16-17 MacArthur Highway
Valenzuela, Metro Manila
Tel.: 291-60-46; 291-60-58; 291-60-49
291-60-89; 293-27-08 to 09
Herman D. Belleza, Vice President

Visayas Avenue Branch

Visayas Ave. near Congressional Ave. Ext.
Quezon City
Tel.: 920-90-28; 454-29-41 to 45
Aracely P. Eugenio, Assistant Manager

PROVINCIAL BRANCHES

Aparri Branch

La Villa de Manila Bldg., Rivera St.
Aparri, Cagayan
Tel.: 888-20-11; 888-25-16 to 17
Fax: 888-20-12

Daisy G. Bello, Assistant Manager

Bacolod-Gatuslao Branch

26-28 Gov. V. Gatuslao St.
Bacolod City, Negros Occidental
Tel.: 433-34-64 to 66; 433-36-41 to 42
Fax: 433-33-78

Antonio U. Tan, Assistant Vice President

Bacolod-Lacson Branch

1-296 B-7, Lacson corner Rosario Sts.
Bacolod City, Negros Occidental
Tel.: 835-91 to 93; 433-26-72
433-02-32; 433-26-54
Fax: 433-02-34

Angel M. Verdeflor, Assistant Vice President

Bacolod-Robinson's Branch

Ground and 2nd Floor
Robinson's Place-Bacolod, Lacson St.
Mandalagan, Bacolod City
Negros Occidental
Tel.: 434-22-80; 434-22-84
Fax: 434-22-85

Benjamin G. Castañeda III, Manager

Bacoor Branch

Gen. E. Aguinaldo Highway, Panapaan
Bacoor, Cavite
Tel.: 417-31-69; 417-29-98

Roberto M. Escoto, Manager

Baguio City Branch

G/F, Golden Court Bldg.
258 Magsaysay Ave., Baguio City
Tel.: 433-50-28; 443-81-37 to 38
443-81-96; 442-42-38

Annie Rose C. Paraan, Assistant Manager

Baliwag-A. Mabini Branch

Mabini St., Baliwag, Bulacan
Tel.: 767-22-12; 767-28-15

Amelita E. Ramos, Assistant Manager

Baliwag-J. Rizal Branch

J. Rizal St., San Jose, Baliwag, Bulacan
Tel.: 767-24-82; 767-31-71 to 72
767-28-15, 851-25-62
851-25-86 to 87

Amelia S. Mateo, Senior Manager

Batangas City Branch

P. Burgos St., Batangas City
Tel.: 723-59-74 to 77

Zosimo C. Dimacuja, Senior Manager

Cabanatuan City Branch

Maharlika Highway near cor. Sanciangco St.
Cabanatuan City, Nueva Ecija
Tel.: 463-32-64; 463-39-85; 463-34-08

Amado S. Reyes, Manager

Cagayan de Oro Branch

Traveller's Life Bldg., Borja cor. Tiano Sts.
Cagayan de Oro City
Tel.: 26-62; 722-575; 725-593
Fax: 726-009

Amelia Y. Caharian, Assistant Manager

Calamba Branch

Crossing, Calamba, Laguna
Tel.: 545-24-21; 545-24-29
545-59-50 to 53

Isabelita E. Dar Juan, Senior Manager

Cauayan Branch

G/F Omega Cinema, Maharlika Highway
Cauayan, Isabela
Tel.: 634-56-70; 652-24-21; 652-23-30
Fax: 634-50-71

Efren N. Macarubbo, Manager

Cebu-Borromeo Branch

Magallanes corner Borromeo Sts., Cebu City
Tel.: 253-04-30; 943-08
253-88-96; 748-79
Fax: 253-88-23

Tony P. Ong, Manager

Cebu-F. Gonzales Branch

F. Gonzales corner Magallanes St.
Cebu City
Tel.: 254-81-91 to 96; 253-22-45 to 46
253-27-11; 254-21-29; 5-20-51
5-36-62; 5-33-05

Engrid U. Asuncion, Senior Manager

Cebu-Mandaue City Branch

M.C. Briones Highway, Mandaue City
Tel.: 346-20-43; 346-21-80; 346-35-78

Alfonso T. Tam, Assistant Manager

Cebu-North Reclamation Branch

Port Centre Avenue corner
San Jose dela Montaña, NRA, Cebu City
Tel.: 232-03-20 to 23; 232-03-28
Fax: 232-03-29

Benjamin B. Turno, Senior Manager

Dagupan City Branch

A.B. Fernandez Avenue
Dagupan City
Tel.: 522-27-92; 523-54-41; 523-45-13
Fax: 522-27-91

Alberto R. Ubando, Manager

Davao-C.M. Recto Branch

383 Claro M. Recto Ave., Davao City
Tel.: 221-06-69 to 71
773-51; 785-91; 775-65
637-03; 631-79

Fax: 631-47

Alejandro M. Lapined, Manager

Davao-Sta. Ana Branch

33-A G.B. CAM Bldg., T. Monteverde Ave.
Davao City
Tel.: 221-03-12 to 14; 221-03-49
Fax: 221-30-01

Wong Wee Siok, Senior Manager

Dumaguete City Branch

Gov. Perdices cor. San Juan Sts.
Dumaguete City, Negros Oriental
Tel.: 225-15-71 to 72
Fax: 225-44-62

Allen W. Kwan, Manager

Gen. Santos City Branch

Lot 4224-A, Santiago St.
Gen. Santos City, South Cotabato
Tel.: 552-24-04; 552-28-67
Fax: 552-26-03

Alvin M. Uy, Manager

Iloilo City Branch

Lot 3-5, Quezon St., Iloilo City
Tel.: 335-05-94 to 97

Rosario C. Lui, Manager

Iloilo-Iznart Branch

Jaime Ong Bldg., Iznart St., Iloilo City
 Tel.: 337-54-05; 337-55-52; 337-08-70
 337-55-50; 337-55-22
 Fax 337-55-42

Rexie C. Protasio, Assistant Vice President

Lucena City Branch

Quezon Ave. cor. Rizal St., Lucena City
 Tel.: 373-57-21 to 22; 373-57-66 to 71
Ma. Imelda Y. Padillo, Administrative Assistant

Meycauayan Branch

Requino St., Bo. Calvario & Saluysoy
 Meycauayan, Bulacan
 Tel.: 840-37-18; 840-92-35
 Fax: 840-68-03

Oscar S. Soriano, Senior Manager

Naga City Branch

Prieto St., Naga City
 Tel.: 733-134; 733-136

Gerardo C. Roco, Manager

Roxas City Branch

Roxas Avenue, Roxas City
 Tel: 211-888; 210-112
 PT&T 1041036 3564213

Lillian Elizabeth T. Barrios, Manager

Santiago City Branch

Maharlika Highway cor. Quezon Avenue
 Victory Norte, Santiago City, Isabela
 Tel.: 682-74-14; 682-74-39

Renato S. Gongora, Assistant Vice President

Sta. Maria Branch

Gov. Halili Avenue, Bagbaguin
 Sta. Maria, Bulacan
 Tel.: 641-28-51

Oscar C. Domingo, Manager

Surigao City Branch

San Nicolas St., Surigao City
 Tel: 231-72-69 to 70; 826-03-39
 Fax: 231-72-50

Gonzalo J. Gesta, Manager

Tacloban City Branch

Rizal Ave. corner P. Gomez St., Tacloban City
 Tel.: 321-27-28; 321-23-40; 325-66-72
 Fax: 325-50-84

Shirlita Y. Chong, Assistant Manager

Tuguegarao Branch

Bonifacio St., Tuguegarao, Cagayan
 Tel.: 844-19-12; 844-13-52
 (078)844-07-08 (direct dial)

Jennifer T. Gacias, Manager

Urdaneta Branch

Alexander St., Poblacion
 Urdaneta, Pangasinan
 Tel.: (075) 568-82-37 to 42
 Fax: (075) 568-82-38

Hermenegildo R. Rapanan Jr., Cash Operations Officer

FOREIGN BRANCH**Hongkong Branch**

4 Duddell St., Hongkong
 Tel.: 2-868-03-23
 Fax: 2-810-00-50

Telex: 73382 EQUIB HX

Paul Lang, VP and General Manager

(as of February 28, 1997)



Deposit and Related Services

- Regular Savings Account Deposit
- Demand Deposit/Checking Account
- Automatic Transfer Savings Account
- Time Deposits
- Special Savings Account
- S.A. Plus
- Savings Account with ATA Facility
- S.A. Plus with ATA Facility
- PDC Organizer
- EBC Automated Teller Machine Card (ATM)
- Domestic Demand Drafts
- Cashier's Check
- Gift Check
- Safe Deposit Boxes
- Deposit Pick-up Services
- Acceptance of Tax and SSS Payments

Electronic Banking Services

- FBSS Manned Telling Machine
- ATM Services
 - Paylink
 - Bancnet-Megalink Interconnection
 - Phonelink
 - SSS-Auto Link
 - International Links-VISA

Loans and Credit Facilities

Special Lending Facilities

- CB Rediscounting
- Industrial Guarantee and Loan Fund (IGLF)
- Kabalikat sa Pagpapaunlad ng Industriya I (KASAPI I) Lending Program
- Kabalikat sa Pagpapaunlad ng Industriya III (KASAPI III) Lending Program
- Countryside Loan Fund (CLF)
- Overseas Economic Cooperation Fund (OECF)/ASEAN-Japan Development Fund

- Industrial Investment Credit Project (IICP)/ Industrial Restructuring Project (IRP)
- Third ADB-DBP Project (ADB III)

Other Credit Facilities

- Discounting Line
- Loan Line
- Export Packing Credit Line
- Domestic Bills Purchase Line
- Export Bills Purchase Line
- Letter of Credit/Trust Receipt Line
- Omnibus Line

International Banking Services

- FCUD Deposits
 - Dollar Savings Account
 - Dollar Time Deposits
 - Philippine Retirement Authority Accounts
- Money Transfers
 - Interlink Remittance
 - Telegraphic Transfers
 - Demand Drafts
- Travel Funds
- Import Financing
 - Commercial Letters of Credit
 - Trust Receipts
- Export Financing
- BSP-IATA Collection and Settlement System
- FCUD Loans

Treasury Products and Services

- Treasury Bills
- Floating Rate Treasury Notes
- Commercial Papers
- Dollar Denominated Bonds
- Spot and Forward Exchange Markets
- Swap Transactions
- Derivatives
- Financial Advisory

Trust Services

Common Trust Funds

- Collective Investment Management Trust Fund
- Equitable Unit Trust Fund
- Equitable Dollar Fund

Comprehensive Estate Planning Services

- Living Trust
 - Irrevocable Trust
 - Revocable Trust
- Life Insurance Trust
- Revertible Investment Trust
- Property Management

Employee Benefit Trust

- Pension Trust
- Provident Plans
- Gratuity Plans

Investment Management Services

- Individual Portfolio Management
- Corporate Portfolio Management
- Foundation Fund Management
- Investment Management for Trust Funds of Pre-need Companies

Other Personal/Corporate Trusts and Agency Services

- Custodianship and Safekeeping
- Escrow Agency
- Mortgage or Collateral Trust
- Stock Transfer Agency
- Dividend Payment Agency
- Custodian and Receiving Bank for Public Stock Offerings

SUBSIDIARIES

EBC Investments, Inc.

- Loan packaging and syndication
- Underwriting of securities
- Private placements
- Mergers and acquisitions
- Financial advisory

Equitable Savings Bank

- Peso Savings and Time Deposit
- Consumer Loans:
 - Auto Loan
 - Business Loan
 - Real Estate Loan
 - Auto Fleet Financing
 - Country Club Credit

Equitable Exchange, Inc.

- Buying and selling of dollars and other currencies
- Forward exchange contract/SWAP

Equitable Finance, Ltd.

- Personal/salary loans for domestic helpers/OCWs
- Peso remittance

Equitable Cardnetwork, Inc.

- VISA
 - Visaphone
 - VisaLite
- MasterCard
- House Card Program
- Affinity/Co-branding Program
- VISA/MasterCard Merchant Servicing

EBC Insurance Brokerage, Inc.

- Insurance brokering (banks and non-bank accounts)
- Life insurance
- Non-life insurance

Equitable Data Center, Inc.

- Data Processing
- Systems/applications development
- System maintenance

SUBSIDIARIES

EBC Investments, Inc.

EBC Building
Paseo de Roxas corner Gil Puyat Avenue
Makati City
Tel.: 895-31-47; 895-08-16
897-29-71 local 218 & 219
Fax: 895-00-42

Equitable Interlink SpA

3rd Floor
Via Sta. Maria Segreta
6 Milan, Italy
Tel.: 805-2409

Equitable Savings Bank

EBC Building
Ortigas Avenue corner Roosevelt Street
Greenhills, San Juan, Metro Manila
Tel.: 723-06-25 to 29
Fax: 723-06-30; 789-102

Equitable Exchange, Inc.

2nd Floor, Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel.: 243-02-26

Equitable Finance, Ltd.

4 Duddell Street
Hongkong
Tel.: 286-803-23
Fax: 281-000-50

Equitable Cardnetwork, Inc.

Equitable Bank Building
203 Salcedo Street
Legaspi Village, Makati City
Tel.: 812-58-61 to 67
Fax: 817-28-55; 817-22-48

EBC Insurance Brokerage, Inc.

Room 601, Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel.: 242-82-44
Fax: 243-01-94

EBC Capital Corporation

3rd Floor, Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel: 242-71-01

Armstrong Securities, Inc.

Unit 3203 A, 32nd Floor
PSE Center, Exchange Road
Ortigas Commercial Complex, Pasig City
Tel.: 634-63-37 to 39
Fax: 635-52-74

Equitable Data Center, Inc.

7th Floor, Equitable Bank Building
262 Juan Luna Street
Binondo, Manila
Tel.: 242-71-01 local 303

