

COVER SHEET

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S.E.C. Registration Number

B A N C O D E O R O U N I V E R S A L B A N K

(COMPANY'S FULL NAME)

1 2 A D B A V E N U E O R T I G A S C E N T E R

M A N D A L U Y O N G C I T Y

(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

ALBERTO D. REYES/RUBY A. CRUZ

Contact Person

702-6000 LOC 5325/5326

Company Telephone Number

0 9

Month

3 0

Day

S E C 1 7 - Q

Form Type

0 5

Month

2 6

Day

Annual Meeting

Secondary License type, if applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,705

Total No.of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier


Stamps

Remarks: Pls. Use black ink of scanning purposes

SIGNATURES


Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer..... **BANCO DE ORO UNIVERSAL BANK**

Signature and Title.....  **LUCY CO DY**
SVP/COMPTROLLER

Date..... **November 07, 2006**


Principal Financial /Accounting
Officer/Comptroller..... **LUCY CO DY**

Signature and Title.....  **SVP/COMPTROLLER**

Date..... **November 07, 2006**

SEC FORM 17-Q

I hereby certify that all the information set forth in the above report are true and correct of my own knowledge.




LUCY CO DY (SVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION)
Lucy Co Dy
ru

REPUBLIC OF THE PHILIPPINES }
CITY OF MANDALUYONG } S.S.

SUBSCRIBED AND SWORN TO before me this 7th day of November,

2006, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name	CEI	Date & Place Issued
Lucy Co Dy	Passport – JJ891301	06.06.2002/Manila


Atty. CRISTINA G. NGO
Notary Public until 12/31/07, Mandaluyong City
No. 12 ADB Avenue Ortigas Center, Mandaluyong City
Roll No. 38228, IBP Lifetime Member No. 02468
PTR No. M0840557, Mandaluyong City. 01/03/06

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Series of 2006

* To be signed by any of the following officers pursuant to a Board Resolution filed with the Commission
1. Chief Operating Officer
2. Chief Financial Officer
3. Comptroller or Treasurer

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ADB Ave Ortigas Center, Mandaluyong City

CONDENSED STATEMENT OF CONDITION
(Amounts in Thousands of Pesos)

	<u>As of</u> <u>Sep 30, 2006</u>	<u>Audited</u> <u>As of</u> <u>Dec 31, 2005</u>
<u>RESOURCES</u>		
CASH AND OTHER CASH ITEMS	P 3,534,021	P 6,621,220
DUE FROM BANGKO SENTRAL NG PILIPINAS	16,352,134	4,271,506
DUE FROM OTHER BANKS	4,356,109	5,134,339
INVESTMENT SECURITIES		
Financial Assets at Fair Value Through Profit or Loss	7,504,936	7,502,555
Available-for-Sale Securities – net	56,311,149	49,520,137
Held-to-Maturity Investments – net	49,891,545	31,041,642
LOANS AND OTHER RECEIVABLES – net	123,766,861	104,114,877
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net	1,900,149	1,723,771
EQUITY INVESTMENTS - net	3,502,122	3,551,936
REAL AND OTHER PROPERTIES ACQUIRED		
Non-Current Assets Held for Sale	3,616,287	3,454,997
Investment Properties	1,329,184	1,396,305
OTHER RESOURCES - net	<u>18,286,884</u>	<u>15,431,501</u>
TOTAL RESOURCES	P <u>290,351,381</u>	P <u>233,764,786</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>		
DEPOSIT LIABILITIES		
Demand	P 6,473,309	P 4,726,836
Savings	127,419,821	99,283,098
Time	<u>70,495,018</u>	<u>55,656,189</u>
Total Deposit Liabilities	204,388,148	159,666,123
BILLS PAYABLE	52,346,990	45,845,351
DERIVATIVE LIABILITIES	1,208,045	1,158,317
OTHER LIABILITIES	<u>9,053,221</u>	<u>6,860,690</u>
Total Liabilities	<u>266,996,404</u>	<u>213,530,481</u>
CAPITAL FUNDS	<u>23,354,977</u>	<u>20,234,305</u>
TOTAL LIABILITIES AND CAPITAL FUNDS	P <u>290,351,381</u>	P <u>233,764,786</u>
<u>CONTINGENT</u>		
Trust department accounts	P 88,988,179	P 111,783,142
Unused commercial letters of credit	7,634,124	6,576,081
Outstanding guarantees issued	1,069,841	849,335
Bills for collection	1,079,411	1,669,243
Late deposits/payment received	988,069	501,330
Others	<u>99,984,196</u>	<u>55,937,126</u>
TOTAL CONTINGENT ACCOUNTS	P <u>199,743,820</u>	P <u>177,316,257</u>

Note: This Financial Statement is in accordance with generally accepted accounting principle (GAAP)

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ADB Ave. Ortigas Center, Mandaluyong City

CONDENSED STATEMENT OF INCOME & EXPENSES
(Amounts in Thousands of Pesos Except Per Share Data)

	For the nine-month Period ended <u>Sep 30, 2006</u>	For the nine-month Period ended <u>Sep 30, 2005</u>	For the Quarter ending <u>Sep 30, 2006</u>	For the Quarter ending <u>Sep 30, 2005</u>
INTEREST INCOME ON				
Loans and Receivables	P 6,448,279	P 5,085,560	P 2,048,146	P 1,795,163
Investment Securities	6,504,870	5,309,883	2,401,274	1,690,957
Due from Other Banks	270,181	178,025	100,513	73,587
Others	<u>376,897</u>	<u>30,988</u>	<u>150,489</u>	<u>10,559</u>
Total Interest Income	<u>13,600,227</u>	<u>10,604,456</u>	<u>4,700,422</u>	<u>3,570,266</u>
INTEREST EXPENSE ON				
Deposit liabilities	5,996,727	4,321,640	2,204,829	1,479,650
Bills Payable and Others	<u>1,788,712</u>	<u>1,325,064</u>	<u>499,850</u>	<u>465,754</u>
Total Interest Expense	<u>7,785,439</u>	<u>5,646,704</u>	<u>2,704,679</u>	<u>1,945,404</u>
NET INTEREST INCOME	5,814,788	4,957,752	1,995,743	1,624,862
IMPAIRMENT LOSSES	<u>752,587</u>	<u>742,696</u>	<u>418,549</u>	<u>47,338</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>5,062,201</u>	<u>4,215,056</u>	<u>1,577,194</u>	<u>1,577,524</u>
OTHER INCOME				
Trading Gain	1,973,946	845,828	1,257,510	169,476
Service charges and fees	1,132,889	1,047,196	402,323	328,591
Trust Fees	401,803	310,010	37,359	98,885
Foreign Exchange Gain – net	127,544	193,469	122,333	78,422
Miscellaneous – net	<u>35,706</u>	<u>101,033</u>	<u>41,007</u>	<u>26,412</u>
Total Other Income	<u>3,671,888</u>	<u>2,497,536</u>	<u>1,860,532</u>	<u>701,786</u>
OTHER EXPENSES				
Employee Benefits	1,837,134	1,408,254	607,765	456,069
Occupancy	805,633	506,604	292,227	184,170
Taxes and licenses	812,885	515,850	313,401	191,245
Insurance	261,574	204,168	93,700	74,133
Documentary Stamps Used	263,666	187,848	91,469	66,004
Security, Clerical, Messengerial and Janitorial	288,448	173,358	102,908	58,598
Litigation/Assets Acquired	190,820	175,822	36,185	52,244
Information Technology	103,398	126,023	31,481	36,143
Others	<u>1,834,995</u>	<u>1,505,070</u>	<u>824,280</u>	<u>474,025</u>
Total Other Expenses	<u>6,398,553</u>	<u>4,802,997</u>	<u>2,393,416</u>	<u>1,592,631</u>
INCOME BEFORE TAX	2,335,536	1,909,595	1,044,310	686,679
TAX EXPENSE (INCOME)	41,689	49,909	14,648	15,037
NET INCOME AFTER TAX	P <u>2,293,847</u>	P <u>1,859,686</u>	P <u>1,029,662</u>	P <u>671,642</u>
AVERAGE COMMON STOCK	955,614	923,949	955,614	923,949
INCOME PER SHARE (See annex A)				
Basic	2.40	2.01	1.08	0.72
Diluted	2.34	1.96	1.04	0.70

Note: This financial statement is in accordance with generally accepted accounting principle (GAAP).

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ADB Ave. Ortigas Center, Mandaluyong City

STATEMENT OF CASH FLOWS
As of September 30, 2006 and September 30, 2005
(Amounts in Thousands of Pesos)

	Sep 30, 2006	Sep 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income after tax	2,293,847	1,859,686
Prior Year Adjustment		
Decrease (Increase In)		
Due from BSP	-12,080,628	-6,016,072
Due from Other Banks	778,230	-947,328
Financial Assets at Fair Value Through Profit or Loss	-2,381	5,505,417
Available-for-Sale Securities	-6,791,012	9,043,788
Held- to-Maturity	-18,849,903	-23,655,241
Loans and Other Receivables	-19,651,984	-19,791,131
Non Current Assets Held for Sale	-161,290	-4,986,095
Investment Property	67,121	4,970,114
Other Resources	-2,855,383	396,205
	-59,547,230	-35,480,343
 Increase (Decrease) in:		
Deposit Liabilities	44,722,025	20,397,377
Derivatives	49,728	95,753
Other Liabilities	2,192,531	1,344,791
Net Unrealized (G/L) on AFS	-62,667	336,704
	46,901,617	22,174,625
 Net cash used in operating activities	-10,351,766	-11,446,032
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Equity Investment	49,814	-1,996,464
Bank Property & Equipment	-176,378	-176,057
Net cash used in investing activities	-126,564	-2,172,521
 CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Stock	224,302	319,143
Surplus	665,190	-367,064
Bills Payable	6,501,639	10,396,461
Net Cash from financing activities	7,391,131	10,348,540
 NET INCREASE IN CASH AND OTHER CASH ITEMS	-3,087,199	-3,270,013
CASH AND OTHER CASH ITEMS AT BEGINNING OF YEAR	6,621,220	5,627,066
 CASH AND CASH EQUIVALENT AT THE END OF QUARTER	3,534,021	2,357,053

Note: This financial statement is in accordance with generally accepted accounting principle (GAAP)

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ADB Ave. Ortigas Center, Mandaluyong City

STATEMENT OF CHANGES IN EQUITY
COMPARATIVE QUARTERS ENDED September 30, 2006 & 2005
(Amounts in Thousands of Pesos)

	<u>Sep 30, 2006</u>	<u>Sep 30, 2005</u>
CAPITAL STOCK		
Beginning Balance	P 9,395,934	P 9,081,897
Issuance of Common Shares	224,299	314,036
Balance end of Qtr. September	P <u>9,620,233</u>	P <u>9,395,933</u>
Treasury Shares – At Cost		
Balance end of Qtr. September	P <u>-42,604</u>	P <u>-45,945</u>
ADDITIONAL PAID IN CAPITAL		
Balance beginning	P 2,064,277	P 1,850,013
Additional Paid in Capital on Common Stock issued during the year	375,701	0
Other Equity Instruments	0	0
IPO Related Expenses	0	569
Equity component of IFC convertible loan	13,634	208,834
Balance end of Qtr. September	P <u>2,453,612</u>	P <u>2,059,416</u>
SURPLUS RESERVES		
Balance beginning	P 104,062	P 66,511
Transfer from Surplus Free	31,662	37,551
Balance end of Qtr. September	P <u>135,724</u>	P <u>104,062</u>
SURPLUS FREE		
Balance beginning	P 7,256,062	P 5,355,758
Net Income	2,293,847	1,859,686
Transfer to Surplus Reserves	-31,662	-37,551
Declaration of Cash Dividends	0	-610,735
Auditor's adjusting entries	265,423	144,463
Balance end of Qtr. September	P <u>9,783,670</u>	P <u>6,711,621</u>
UNREALIZED DECLINE IN VALUE OF ASS		
Balance end of Qtr. September	P <u>1,404,342</u>	P <u>645,302</u>
MINORITY INTEREST		
	P <u>0</u>	P <u>-63,750</u>
TOTAL EQUITY		
	P <u>23,354,977</u>	P <u>18,806,639</u>

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ABD Ave. Ortigas Center, Mandaluyong City

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of September 30, 2006
(Amounts in Thousands of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK CALL LOANS RECEIVABLES	P 23,336,670	P 0	P 0	P 0	P 0	23,336,670
Interbank Call Loan Receivable-Local Banks	135,300					135,300
Interbank Call Loan Receivable Fcdu(Fx Banks-Abroad)	23,201,370					23,201,370
B. LOANS AND RECEIVABLES	P 99,907,428	P 759,052	P 1,003,869	P 2,487,983	P 791,214	104,949,546
Loans & Discounts	65,821,273	494,280	446,863	1,619,605	707,587	69,089,608
Agra-Agri Loans	5,569,126		319,654	85,168		5,973,948
Development Incentive Loans	74,372					74,372
Bills Purchases	446,562			12,396		458,958
Customers Liability on draft under LC/TR	9,241,948	72,907	105,554	191,169	59,557	9,671,135
Customers Liability for this bank's acceptances	298,211					298,211
Credit Card Receivables	1,942,008	86,639	95,032			2,123,679
Restructured Loans	501,076	95,652	20,977	458,627	12,415	1,088,747
Other Loan & Receivables	3,512,852	9,574	15,789	121,018	11,655	3,670,888
Reverse Repurchase Agreement	12,500,000					12,500,000
C. ACCOUNTS RECEIVABLE	P 1,454,186	P 4,273	P 1,504	P 178,679	P 0	1,638,642
TOTAL	P 124,698,284	P 763,325	P 1,005,373	P 2,666,662	P 791,214	129,924,858

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
12 ABD Ave. Ortigas Center, Mandaluyong City

COMPUTATION OF WEIGHTED NUMBER OF COMMON SHARES
(Amounts in Thousands of Pesos Except Per Share Data)

NO. OF SHARES – COMMON	Balance of		Average Number of
As of September	Common Shares		Common Shares
January 2005	908,190		
February 2005	908,190		
March 2005	908,190		
April 2005	908,190	136 days	452,432
May 2005	939,593		
June 2005	939,593		
July 2005	939,593		
August 2005	939,593		
September 2005	939,593	137 days	471,517
Weighted Average			<u><u>923,949</u></u>
Basic Earnings per share			
Consolidated Net Income			1,859,686
Divided by the weighted average number of outstanding common shares			<u><u>923,949</u></u>
Basic Earnings per share			<u><u>2.01</u></u>
Diluted Earnings Per Share			<u><u>1.96</u></u>
January 2006	939,593		
February 2006	939,593	78 days	268,455
March 2006	962,023		
April 2006	962,023		
May 2006	962,023		
June 2006	962,023		
July 2006	962,023		
August 2006	962,023		
September 2006	962,023	195 days	687,159
Weighted Average			<u><u>955,614</u></u>
Basic Earnings per share			
Consolidated Net Income for the nine-months period ending September 2006			2,293,847
Divided by the weighted average number of outstanding common shares			<u><u>955,614</u></u>
Basic Earnings per share			<u><u>2.40</u></u>
Diluted Earnings Per Share			
Consolidated Net Income for the quarter September 30, 2006			2,293,847
Add: Interest Expense on convertible loan	24,099		
Less: Tax benefits from Interest Expense	<u>8,435</u>		<u>15,664</u>
Total Consolidated net income for DEPS computation			<u><u>2,309,511</u></u>
Weighted Average number of outstanding common shares	955,614		955,614
Add: Convertible loans from IFC			
Peso book value of loan as of September 30, 2006	498,016		
Conversion price	<u>16.70</u>		
Potential Common Shares from assumed conversion of convertible loans			<u>29,821</u>
Total weighted average Common Shares after conversion			<u><u>985,435</u></u>
Diluted Earnings Per Share			<u><u>2.34</u></u>

CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIVERSAL BANK

For the nine months ended: September 30, 2006

FINANCIAL INFORMATION

- 6. Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles.**

The Bank's interim financial statements is in compliance with generally accepted accounting principles (GAAP).

- 7.a A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.**

The Bank's interim financial statements have been prepared using the same accounting policies and methods of computation as compared with the most recent annual financial statements.

- 7.b Explanatory comments about the seasonality or cyclicity of interim operations.**

Remarks: There is no seasonality or cyclicity in the Bank's operations.

- 7.c The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.**

Remarks: NONE

- 7.d periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.**

Remarks: NONE

- 7.e Issuances, repurchases, and repayments of debt and equity securities.**

The Bank issued 22,429,906 shares to United Overseas Bank Limited (UOBL) amounting to P600.0M last March 20, 2006 as part of the Memorandum of Agreement between the two banks whereby BDO acquired United Overseas Bank Philippines' (UOBP) 66 branches.

- 7.f Dividends paid (aggregate or per share) separately for ordinary shares and other shares**

The Bank's Board of Directors approved the declaration of a P0.80 per share cash dividends last May 6, 2006. Record and payment dates are still subject to BSP approval.

7.g Segment revenue and segment result for business segments or geographical segments whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).

Remarks: NONE. The Bank does not yet report quarterly revenues and expenses by business segment.

7.h Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Remarks: NONE

7.i The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

BDO's credit card business (through its subsidiary BDO Credit Card Corp.) was consolidated with the Bank for operational efficiencies and funding flexibility.

7.j Changes in contingent liabilities or contingent assets from December 31,2005.

- **Total Contingent Accounts increased by 13% to P199.744B due to the following:**
 - **Unused Commercial Letters of Credit and Outstanding Guarantees Issued grew by 16% to P7.634B and 26% to P1.070B, respectively, owing to a higher level of trade transactions.**
 - **Late Deposit / Payments Received increased by 97% or P988M as more transactions were received from clients after clearing cut-off time.**
 - **Other Contingent Accounts grew by 79% to P99.984B on account of increased levels of swap and forward exchange transactions.**
 - **Trust Accounts decreased by 20% to P88.988B owing to a shift by UITF investors to the more traditional deposit products of the Bank.**
 - **Bills for Collection went down by 35% to P1.079B due to a decrease in volume of bills, drafts and checks sent for collection.**

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – September 2006 vs. December 2005

- Total Resources grew by 24% to P290.351B, from an increase in earning assets funded by growth in deposits, borrowings and capital.
- Cash and Other Cash Items was reduced by 47% to P3.534B to maximize the earnings on reserve assets. The year-end 2005 level was also unusually high owing to cash deposits by clients, from sales generated during the Christmas season.
- Due from BSP account accordingly surged by 283% to P16.352B, coming from the Bank's cash account as well as additional reserves from a higher level of deposits.
- Due from Other Banks dropped by 15% to P4.356B owing to lower foreign currency denominated placements.
- Held-to-Maturity Securities and Available for Sale Securities expanded by 61% and 14%, respectively, as deposit growth outpaced loan expansion.
- Loans and Other Receivables grew by 19% to P123.767B on account of higher receivables from customers, interbank loans as well as securities purchased under reverse repurchase agreements.
- Bank Premises increased by 10% to P1.9B owing to the expansion of the Bank's branch network as well as continued growth in the various business lines.
- Real and Other Properties Acquired was slightly up by 2% to P4.945B, from an increase in non-current assets held for sale.
- Deposit Liabilities grew by 28% to P204.388B, owing to deposit marketing efforts as well as a partial shift in UITF investments to more traditional deposit products of the Bank.
- Bills Payable increased by 14% to P52.347B due to a higher level of interbank borrowings to support earning assets growth.
- Other Liabilities increased by 32% to P9.053B from higher level of unearned income and accruals consistent with an increased level of assets, liabilities and operating expenses.
- Capital Funds rose by 15% or P3.121 billion to P23.355B, originating from the reported P2.294B Net Income for the three quarters of the year, with the excess accounted for by revaluation gains on Available for Sale Securities and issuance to UOBL.

II. Balance Sheet – September 2006 vs. September 2005

- Total Resources expanded by 36% or P76.344B from the previous year's level of P214.007B, owing to a growth in earning assets.
- Cash and Other Cash Items increased by 50% due to the growth in deposit levels and branch network.
- Due from BSP went up by 105% from a higher level of reserves consistent with the deposit growth.
- Due from Other Banks declined by 16% primarily due to lower foreign currency denominated placements.
- Financial Assets at Fair Value Through Profit or Loss decreased by 11% to P7.505B upon reclassification to Available for Sale Securities, which moved up by 100% to P56.311B.
- Loans and Other Receivables grew by 28% from increased customer loans, interbank loans and securities purchased under reverse repurchase agreements.
- Bank Premises was up by 41% due to branch expansion and continued growth in various business lines.

- Real and Other Properties Acquired contracted by 4% or P181 million from sales of foreclosed assets.
- Other Resources widened by 223% to P18.287B primarily owing to the assets held for sale by the Bank's subsidiary, Onshore Strategic Assets, Inc. and the goodwill booked in relation to the acquisition of the UOBP branches.
- Deposit Liabilities grew by 37% from effective deposit marketing as well as a partial shift in UITF investments to the more traditional deposit products.
- Bills Payable was up by 34% due to higher levels of interbank borrowings and other treasury activities.
- Derivative Liabilities increased by 70% to P1.208B owing to the higher level of Treasury's investment products with embedded derivatives.
- Other Liabilities grew by 41% coming from a year-on-year rise in unearned income and accruals consistent with the increase in size and operations of the Bank.
- Capital Funds went up by 24% on the profitable operations of the Bank as well as the issuance of P600M common shares to UOBL last March 2006.

III. Income Statement – September 2006 vs. September 2005

- Net Income of P2.294B for the nine months of the year represents a 23% growth from bottomline profits of P1.86B for the same period last year.
- Interest Income increased by 28% to P13.6B following an expansion in the Bank's securities and loan portfolios.
- Interest Expense was up by 38% to P7.785B owing to the growth in deposits and other borrowings.
- Net Interest Income rose by 17% to P5.815B due to higher volumes of earning assets.
- The Bank set aside P753M as Impairment Loss, slightly up by 1%, as non-performing assets have been growing at a minimal pace.
- Other Income grew by 47% to P3.672B owing to the following:
 - Trading Gain surged by 133% to P1.974B as the Bank took profits from its trading portfolio.
 - Service Charges and Fees were up by 8% to P1.133B brought about by increased business from credit cards, transaction banking, insurance and OFW remittances.
 - Trust Fees increased by 30% to P402M from an increase in assets managed.
 - Foreign Exchange Gain dropped by 34% owing to increased volumes of interbank swap transactions.
 - Miscellaneous Income dropped by 65% mainly due to non-recurring investment banking income.
- Operating Expenses grew by 33% to P6.399B on account of the following:
 - Employee Benefits increased by 30% brought about by a higher manpower count owing to business expansion.
 - Occupancy and equipment-related expenses went up by 59% following the expansion of the Bank's branch network and various business lines.
 - Insurance expenses as well as Security, Clerical, Messengerial & Janitorial expenditures rose by 28% and 66%, respectively, owing to the growth in branches and other fixed assets.
 - Taxes and Licenses as well as Documentary Stamps Used grew by 58% and 40%, respectively, due to increased business volume.
 - Litigation/Assets Acquired was up by 9% considering higher expenses incurred related to ROPA disposal.

- Information Technology expense dropped by 18% after considerable IT expenditures last year.
- Other Expenses grew by 22% from increased business volume.
- Tax Expense was 17% down due to a higher increase in operating expenses relative to taxable income.

1. Discussion of the company's and its majority-owned subsidiaries' top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis.

	3Q2006	3Q2005	Inc/(Dec)
1.) Return on Average Equity (Annualized)			
Net Income / Average Total Capital Account			
2,293,847 / 21,794,641	14.03%		
1,859,686 / 17,732,404		13.98%	0.05%
2.) Return on Average Assets (Annualized)			
Net Income / Average Total Assets			
2,293,847 / 262,058,084	1.17%		
1,859,686 / 196,815,526		1.26%	(0.09%)
3.) Net Interest Margin (Annualized)			
Net Interest Income / Average Earning Assets			
5,814,787 / 225,613,934	3.44%		
4,957,752 / 172,805,043		3.83%	(0.39%)
4.) Capital Adequacy Ratio (with market risk)			
Total Qualifying Capital / Total Risk Weighted Assets (in MM PhP)			
22,564 / 130,288	17.32%		
17,938 / 113,446		15.81%	1.51%
5.) Earnings per share			
Net Income / Average Common Stock			
2,293,847 / 955,614	2.40		
1,859,686 / 923,949		2.01	0.39

1. Annualized return on average equity (ROE) increased by 0.05% owing to higher net interest income and non-interest income levels.
2. Annualized return on average assets (ROA) was slightly down by 0.09% as resources expanded faster than bottomline profits.

3. Annualized Net Interest Margin decreased by 0.39% brought about by a generally lower interest rate environment this year.
4. Capital Adequacy Ratio was up by 1.51% to 17.32%, as increase in capital outpaced the growth in risk-weighted assets.
5. Earnings per Share increased by P0.39 to P2.40 owing to the increase in bottomline profits.

3.a Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Remarks: NONE

3.b Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Remarks: NONE

3.c Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Remarks: NONE

3.d Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

Remarks: NONE

3.e Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

Remarks: NONE

3.f Any significant elements of income or loss that did not arise from the issuer's continuing operations.

Remarks: NONE

3.g The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item;

The term "material" in this section shall refer to changes of items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Vertical Analysis-Material Changes

I. Balance Sheet – September 2006 vs. December 2005

Remarks: NONE

II. Balance Sheet – September 2006 vs. September 2005

- **Held-to-Maturity Investments (HTM) as a percentage of Total Resources dropped from 23.3% to 17.2% owing to asset re-allocation to Available-for-Sale Securities (AFS).**
- **AFS consequently increased from 13.1% to 19.4% of Total Resources.**

III. Income Statement – September 2006 vs. September 2005

- **Trading Gain to Other Income increased from 33.9% to 53.8% as the Bank took profits from its trading portfolio.**
- **Service Charges and Fees as a percentage of Other Income from 41.9% to 30.9% as its growth was outpaced by the surge in Trading Gains.**

3.h Any seasonal aspects that had a material effect on the financial condition or results of operations.

Remarks: NONE