

SEC Number 5223
File Number _____

EQUITABLE PCI BANK
(Company's Full Name)

Equitable PCI Bank Tower I, Makati Ave. cor. H.V. de la Costa St., Makati City
(Company's Address)

(632) 840-7000
(Telephone No.)

September 30, 2005
(Quarter Ending)
(month & day)

SEC FORM 17-Q (QUARTERLY REPORT)
(Form Type)

Amendment Designation (If applicable)

SEPTEMBER 30, 2005
(Period Ended Date)

(Secondary License Type and File Number)

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See attached.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

See attached.

PART II – OTHER INFORMATION

none

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.

(Original signed)

RICARDO V. MARTIN
EVP & CHIEF FINANCIAL OFFICER

Republic of the Philippines) s.s.
City of Makati

Subscribed and sworn to before me this ___14___ day of ___November___, 2005, affiant exhibiting to me his /her /their residence certificate no. CCI 14646159, issued at Makati City on January 12, 2005 and residence certificate no. CCI 02177321 issued at Makati City on January 13, 2005.

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Book No. XVII
Series of 2005

(Original signed)

RENE J. BUENAVENTURA
PRESIDENT & CEO

(Original signed)

BENJAMIN B. MATA
Notary Public
Until Dec. 31, 2005
PTR O.R.NO.M0535187
Dtd. 03 JANUARY 2005



CONSOLIDATED STATEMENTS OF CONDITION
SEPTEMBER 30, 2005 and SEPTEMBER 30, 2004
(In Thousand Pesos)

	UNAUDITED	UNAUDITED
	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
RESOURCES		
Cash and Other Cash Items	P 3,959,005	P 4,109,023
Due from Bangko Sentral ng Pilipinas	10,420,687	1,904,793
Due from Other Banks	5,934,128	7,146,131
Interbank Loans Receivable	18,945,274	30,988,657
Trading Account Securities, net	9,704,955	10,242,402
Available-for-Sale Securities	30,184,294	3,240,869
Investment in Bonds and Other Debt Instruments, net	36,050,325	49,239,654
Receivable from Customers, net	137,887,431	120,622,520
Bank Premises, Furniture, Fixtures & Equipment, net	13,003,995	13,213,693
Equity Investments, net	1,021,892	3,085,457
Other Resources	59,987,128	59,067,874
	-----	-----
TOTAL RESOURCES	P 327,099,114	P 302,861,073
	=====	=====
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	P 12,418,423	P 10,574,309
Savings Deposits	140,225,897	118,669,932
Time Deposits	53,456,382	58,504,724
Sub-total	-----	-----
	206,100,702	187,748,965
Bills, Bonds and Acceptances Payable	34,650,758	29,518,931
Due to Bangko Sentral ng Pilipinas	107,140	92,513
Manager' s Checks	1,520,301	1,709,346
Accrued Taxes, Interests and Other Expenses	2,544,881	1,842,357
Deferred Credits and Other Liabilities	27,455,403	26,385,754
TOTAL LIABILITIES	-----	-----
	272,379,185	247,297,866
	-----	-----
Subordinated Debt *	11,175,439	11,229,260
	-----	-----
Minority Interest in Subsidiaries	911,234	842,338
	-----	-----
CAPITAL FUNDS	42,633,256	43,491,609
	-----	-----
	P 327,099,114	P 302,861,073
	=====	=====
CONTINGENT ACCOUNTS		
Unused Commercial Letters of Credit	P 11,608,611	P 14,363,746
Trust Department Accounts	92,282,909	101,681,518
Other Contingent Accounts	33,613,443	40,768,211
	-----	-----
	P 137,504,963	P 156,813,475
	=====	=====

*USD200 million



CONSOLIDATED STATEMENTS OF CONDITION
SEPTEMBER 30, 2005 and DECEMBER 31, 2004
(In Thousand Pesos)

	UNAUDITED	AUDITED
	SEPTEMBER 30, 2005	DECEMBER 31, 2004
RESOURCES		
Cash and Other Cash Items	P 3,959,005	P 7,545,361
Due from Bangko Sentral ng Pilipinas	10,420,687	2,316,093
Due from Other Banks	5,934,128	7,701,330
Interbank Loans Receivable	18,945,274	17,364,767
Trading Account Securities, net	9,704,955	2,982,531
Available-for-Sale Securities	30,184,294	5,564,330
Investment in Bonds and Other Debt Instruments, net	36,050,325	52,058,189
Receivable from Customers, net	137,887,431	137,825,503
Bank Premises, Furniture, Fixtures & Equipment, net	13,003,995	13,363,973
Equity Investments, net	1,021,892	2,281,688
Other Resources	59,987,128	60,970,323
	-----	-----
TOTAL RESOURCES	P 327,099,114	P 309,974,088
	=====	=====
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	P 12,418,423	P 10,783,280
Savings Deposits	140,225,897	128,852,508
Time Deposits	53,456,382	53,884,551
Sub-total	----- 206,100,702	----- 193,520,339
Bills and Acceptances Payable	34,650,758	31,602,172
Due to Bangko Sentral ng Pilipinas	107,140	131,400
Manager' s Checks	1,520,301	882,145
Accrued Taxes, Interests and Other Expenses	2,544,881	1,967,217
Deferred Credits and Other Liabilities	27,455,403	28,284,519
TOTAL LIABILITIES	----- 272,379,185	----- 256,387,792
	-----	-----
Subordinated Debt *	11,175,439	11,243,700
Minority Interest in Subsidiaries	911,234	984,374
CAPITAL FUNDS	42,633,256	41,358,222
	-----	-----
	P 327,099,114	P 309,974,088
	=====	=====
CONTINGENT ACCOUNTS		
Unused Commercial Letters of Credit	P 11,608,611	P 11,544,496
Trust Department Accounts	92,282,909	103,507,352
Other Contingent Accounts	33,613,443	37,199,813
	-----	-----
	P 137,504,963	P 152,251,661
	=====	=====



STATEMENTS OF CHANGES IN CAPITAL FUNDS

(Amount in Thousands)

		(UNAUDITED) SEPTEMBER 2005		(UNAUDITED) SEPTEMBER 2004
COMMON STOCK – P10 Par Value	P	7,270,033	P	7,270,033
CAPITAL PAID IN EXCESS OF PAR VALUE		37,395,672		37,395,672
SURPLUS RESERVE		510,356		451,977
SURPLUS				
Balance at beginning of year		2,374,702		2,720,837
Net Income		1,765,983		1,203,498
Bank's prior year adjustments		(2,516)		
Cash Dividend		(436,202)		
Balance at end of year		3,701,967		3,924,335
PARENT COMPANY SHARES HELD BY A SUBSIDIARY		(7,466,950)		(7,466,950)
NET UNREALIZED LOSS ON AVAILABLE- FOR-SALE SECURITIES		(82,974)		15,542
EQUITY IN NET UNREALIZED LOSS ON AVAILABLE-FOR-SALE SECURITIES OF A SUBSIDIARY		(23,817)		(58,940)
EQUITY IN REVALUATION INCREMENT ON LAND OF A SUBSIDIARY		17,914		15,663
REVALUATION INCREMENT ON PROPERTY		1,311,055		1,944,277
	P	42,633,256	P	43,491,609



STATEMENTS OF CHANGES IN CAPITAL FUNDS
(Amount in Thousands)

		(UNAUDITED) SEPTEMBER 2005		(AUDITED) DECEMBER 2004
COMMON STOCK - P10 par value	P	7,270,033	P	7,270,033
CAPITAL PAID IN EXCESS OF PAR VALUE		37,395,672		37,395,672
SURPLUS SERVE				
Balance at beginning of year		510,356		451,977
Transfer from surplus				58,379
Balance at end of year		510,356		510,356
SURPLUS				
Balance at beginning of year		2,374,702		2,720,837
Effect of change in accounting for:				
Leases				(206,558)
Income Taxes				(1,907,898)
Balance at beginning of year		2,374,702		606,381
Net income		1,765,983		1,810,446
Transfer from revaluation increment				11,053
Deferred tax liability on revaluation increment				5,201
Transfer to surplus reserves				(58,379)
Bank's prior year adjustments		(2,516)		
Cash Dividend		(436,202)		
Balance at end of year		3,701,967		2,374,702
PARENT COMPANY SHARES HELD BY A SUBSIDIARY		(7,466,950)		(7,466,950)
NET UNREALIZED LOSS ON AVAILABLE- FOR-SALE SECURITIES		(82,974)		(5,979)
EQUITY IN NET UNREALIZED LOSS ON AVAILABLE-FOR-SALE SECURITIES OF A SUBSIDIARY		(23,817)		(48,581)
EQUITY IN REVALUATION INCREMENT ON LAND OF A SUBSIDIARY				
Balance at beginning of year		17,914		19,779
Effect of change in accounting for income taxes				(6,329)
Balance at beginning of year		17,914		13,450
Additional revaluation increment				4,464
Balance at end of year		17,914		17,914
REVALUATION INCREMENT ON PROPERTY				
Balance at beginning of year		1,311,055		1,942,858
Effect of change in accounting for income taxes				(621,715)
Balance at beginning of year		1,311,055		1,321,143
Additional revaluation increment on land				965
Transfer to surplus				(11,053)
Balance at end of year		1,311,055		1,311,055
	P	42,633,256	P	41,358,222

CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos)

	(Unaudited) QUARTER ENDING SEPTEMBER 30, 2005	(Unaudited) QUARTER ENDING SEPTEMBER 30, 2004
INTEREST INCOME		
Interest on:		
Receivables from customers	P 3,037,378 P	2,572,753
Investment securities, interbank loans, deposits with banks and others	1,867,631	1,539,040
	4,905,009	4,111,793
INTEREST EXPENSE		
Interest on deposit liabilities, interbank loans, bills payable and others	2,159,559	1,873,784
NET INTEREST INCOME	2,745,450	2,238,009
PROVISION FOR PROBABLE LOSSES	431,417	309,617
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	2,314,033	1,928,392
OTHER INCOME		
Service charges, fees and commissions	1,260,386	1,140,265
Trading gains and exchange profits	326,012	217,905
Miscellaneous	440,616	335,088
	2,027,014	1,693,258
OTHER EXPENSES		
Compensation and fringe benefits	996,087	803,314
Occupancy and equipment expenses	681,973	716,234
Taxes and licenses	358,685	298,412
Miscellaneous	1,131,107	1,031,663
	3,167,852	2,849,623
INCOME BEFORE INCOME TAX	1,173,195	772,027
PROVISION FOR (BENEFIT FROM) INCOME TAX	521,250	228,635
INCOME BEFORE MINORITY INTEREST IN NET INCOME	651,945	543,392
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	26,671	22,320
NET INCOME / (LOSS)	P 625,274 P	521,072

CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos)

	(Unaudited) YEAR TO DATE SEPTEMBER 30, 2005	(Unaudited) YEAR TO DATE SEPTEMBER 30, 2004
INTEREST INCOME		
Interest on:		
Receivables from customers	P 8,964,234 P	7,661,482
Investment securities, interbank loans, deposits with banks and others	5,417,675	4,341,699
	14,381,909	12,003,181
INTEREST EXPENSE		
Interest on deposit liabilities, interbank loans, bills payable and others	6,342,396	5,801,558
NET INTEREST INCOME	8,039,513	6,201,623
PROVISION FOR PROBABLE LOSSES	1,135,340	1,118,315
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	6,904,173	5,083,308
OTHER INCOME		
Service charges, fees and commissions	3,572,067	3,153,366
Trading gains and exchange profits	959,541	677,281
Miscellaneous	1,220,534	1,290,688
	5,752,142	5,121,335
OTHER EXPENSES		
Compensation and fringe benefits	2,885,658	2,444,400
Occupancy and equipment expenses	2,151,043	2,121,614
Taxes and licenses	1,050,226	797,560
Miscellaneous	3,154,169	2,902,419
	9,241,096	8,265,993
INCOME BEFORE INCOME TAX	3,415,219	1,938,650
PROVISION FOR (BENEFIT FROM) INCOME TAX	1,571,748	677,105
INCOME BEFORE MINORITY INTEREST IN NET INCOME	1,843,471	1,261,545
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	77,488	58,047
NET INCOME / (LOSS)	P 1,765,983 P	1,203,498
EARNINGS PER SHARE:		
Earnings per share amounts were computed as follows:		
Net Income	P 1,765,983 P	1,203,498
Weighted average number of outstanding common shares	648,196	648,192
Earnings Per Share	P 3.64 P	2.48



STATEMENT OF CHANGES IN FINANCIAL POSITION

FUNDS WERE PROVIDED FROM:	Quarter Ending September 30, 2005		Quarter Ending September 30, 2004	
OPERATIONS				
Net Income for the Quarter	P	625,274,000	P	521,071,852
Items not involving the Use of Funds				
During the Quarter:				
Depreciation and Amortization Expenses	P	437,965,215	P	416,075,845
Bad Debts Expense		98,920		0
Provision for Probable Losses		429,078,870		503,508,400
		<u>867,143,005</u>		<u>919,584,245</u>
	P	<u>1,492,417,005</u>	P	<u>1,440,656,097</u>
DECREASE IN				
Cash and Other Cash Items		626,113,000		748,663,512
Due from Bangko Sentral ng Pilipinas		0		2,735,155,946
Trading Account Securities		3,738,182,020		0
Receivables from Customers – Net		8,867,655,045		0
Investment in Bonds & Other Debt Instruments-Net		0		2,602,198,819
Equity Investments - Net		117,751,000		0
Real and Other Properties Owned or Acquired		1,112,769,000		0
Other Resources		0		423,513,414
		<u>14,462,470,065</u>		<u>6,509,531,691</u>
INCREASE IN				
Deposit Liabilities		475,837,000		2,361,858,403
Due to Bangko Sentral ng Pilipinas		38,027,000		36,215,729
Manager's Checks		251,944,000		555,051,481
Marginal Deposits		0		31,833,454
Outstanding Acceptances		0		300,749,526
Accrued Taxes, Interest & other expenses		0		38,998,112
Other Liabilities		0		6,446,937,197
Subordinated Debt		0		21,541,276
Minority Interest in Consolidated Subsidiary		26,625,000		21,786,993
Capital Accounts		17,698,000		22,703,389
		<u>810,131,000</u>		<u>9,837,675,560</u>
TOTAL FUNDS PROVIDED	P	<u>16,765,018,070</u>	P	<u>17,787,863,348</u>
FUNDS WERE APPLIED TO :				
ADDITIONS TO BANK PREMISES, FURNITURES, FIXTURES & EQUIPMENT	P	463,965,068	P	161,052,370
INCREASE IN				
Due from Bangko Sentral ng Pilipinas		1,745,134,000		0
Due from Other Banks		291,378,000		1,077,278,086
Interbank Loans Receivables		934,029,000		7,518,603,440
Trading Account Securities		0		2,650,242,936
Available-for-Sale Securities		2,625,493,000		0
Investment in Bonds & Other Debt Instruments-Net		787,866,000		0
Receivables from Customers-Net		0		4,396,581,990
Equity Investments – Net		0		180,659,696
Real and Other Properties Owned or Acquired		0		82,792,981
Other Resources		1,956,782,002		0
		<u>8,340,682,002</u>		<u>15,906,159,129</u>
DECREASE IN				
Bills Payable		3,173,363,000		1,719,986,928
Due to other banks		0		664,921
Marginal Deposits		16,282,000		0
Outstanding Acceptances		123,197,000		0
Accrued Taxes, Interest & Other Expenses		287,949,000		0
Other Liabilities		4,294,016,000		0
Subordinated Debt		38,463,000		0
Capital Accounts		27,101,000		0
		<u>7,960,371,000</u>		<u>1,720,651,849</u>
TOTAL FUNDS APPLIED	P	<u>16,765,018,070</u>	P	<u>17,787,863,348</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

FUNDS WERE PROVIDED FROM:	Year to Date September 30, 2005	Year to Date September 30, 2004
OPERATIONS		
Net Income for the year	P 1,765,983,000	P 1,203,498,002
Items not involving the Use of Funds		
During the Quarter:		
Depreciation and Amortization Expenses	P 1,181,485,984	P 1,248,325,980
Bad Debts Expense	5,379,583	0
Provision for Probable Losses	<u>1,127,609,128</u>	<u>1,309,277,042</u>
	P <u>4,080,457,695</u>	P <u>3,761,101,024</u>
DECREASE IN		
Cash and Other Cash Items	3,586,356,000	3,391,810,068
Due from Bangko Sentral ng Pilipinas	0	3,381,899,467
Due from Other Banks	1,767,202,000	1,417,092,395
Investment in Bonds & Other Debt Instruments-Net	16,007,864,000	0
Receivables from Customers - Net	0	0
Real and Other Properties Owned or Acquired	1,366,415,000	0
Equity Investments – Net	1,259,796,000	0
Other Resources	<u>0</u>	<u>1,373,061,584</u>
	23,987,633,000	9,563,863,514
INCREASE IN		
Deposit Liabilities	12,580,363,000	2,326,807,832
Bills Payable	9,468,562,000	0
Due to Other Banks	0	0
Manager's Checks	638,156,000	776,219,593
Outstanding Acceptances	0	4,024,721,496
Accrued Taxes, Interest & other expenses	577,664,000	115,728,042
Other Liabilities	0	7,128,713,808
Subordinated Debt	0	141,903,028
Capital Accounts	<u>0</u>	<u>22,760,320</u>
	23,264,745,000	14,536,854,119
TOTAL FUNDS PROVIDED	P <u>51,332,835,695</u>	P <u>27,861,818,657</u>
FUNDS WERE APPLIED TO :		
ADDITIONS TO BANK PREMISES, FURNITURES, FIXTURES & EQUIPMENT	P 538,129,328	P 596,628,700
INCREASE IN		
Due from Bangko Sentral ng Pilipinas	8,104,594,000	0
Interbank Loans Receivables	1,580,507,000	8,009,719,931
Trading Account Securities	6,721,916,980	10,180,187,942
Available-for-Sale Securities	24,619,964,000	0
Investment in Bonds & Other Debt Instruments-Net	0	2,244,177,482
Receivables from Customers-Net	775,293,949	2,029,199,690
Equity Investments - Net	0	572,299,600
Real and Other Properties Owned or Acquired	0	934,153,479
Other Resources	<u>1,086,728,438</u>	<u>0</u>
	42,889,004,367	23,969,738,124
DECREASE IN		
Deposit Liabilities	0	3,222,491,222
Due to Bangko Sentral ng Pilipinas	24,260,000	18,538,407
Due to other banks	0	623,651
Marginal Deposits	24,459,000	39,182,338
Outstanding Acceptances	6,419,976,000	0
Other Liabilities	804,657,000	0
Minority Interest in Consolidated Subsidiary	73,140,000	14,616,210
Subordinated Debt	68,261,000	0
Capital Accounts	<u>490,949,000</u>	<u>5</u>
	7,905,702,000	3,295,451,833
TOTAL FUNDS APPLIED	P <u>51,332,835,695</u>	P <u>27,861,818,657</u>



EQUITABLE PCI BANK
Aging of Accounts Receivable (Parent only)
As of September 30, 2005
(In thousand pesos)

Below 30 days	P	661.3
Over 30 days		<u>2,009.6</u>
TOTAL	P	<u><u>2,670.9</u></u>



SEGMENT INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of services provided and the different markets served with a segment representing a strategic business unit. The Group's business segments are as follows:

Consumer and Retail Banking

Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and funds transfer facilities;

Commercial Banking

Principally handling commercial customers' deposits, and providing products and services to its commercial middle market customers, mainly small-medium-sized enterprises;

Corporate Banking

Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;

Investment Banking

Principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and

Treasury

Principally providing money market, trading and treasury services, as well as the management of the Parent Company's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise the operations and financial control groups. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged or credited to business segments based on a pool rate, which approximates the marginal cost of funds.



Segment Information for the period September 30, 2005 are as follows:
(in thousand pesos)

	Consumer and Retail Banking	Commercial Banking	Corporate Banking	Investment Banking	Treasury	Others	Total
Gross Income	P 5,155,259	P 3,947,438	P 2,744,833	P 350,019	P 5,601,667	P 2,334,835	P 20,134,051
	25.60%	19.61%	13.63%	1.74%	27.82%	11.60%	
Segment Result	2,082,075	1,117,313	764,941	196,217	1,832,286	465,066	6,457,898
Unallocated Costs	32.24%	17.30%	11.85%	3.04%	28.37%	7.20%	<u>2,996,472</u>
Profit from Operations							3,461,427
Equity in net losses of associates							<u>(46,207)</u>
Income Before Tax							3,415,219
Benefit from income tax							<u>(1,571,748)</u>
Minority interest							<u>(77,488)</u>
Net profit for the year							P 1,765,983
Other information							
Segment assets	P 53,906,136	P65,994,387	P49,646,324	P 2,923,140	P92,468,216	P32,591,465	P297,529,667
	18.12%	22.18%	16.69%	0.98%	31.08%	10.95%	
Intra-segment assets							3,964,600
Investments in associates							19,286
Unallocated assets							<u>25,585,561</u>
Total assets							P327,099,114
Segment Liabilities	P 56,687,018	P59,996,349	P39,099,694	P 2,360,153	P93,462,887	P31,948,523	283,554,624
Unallocated liabilities	19.99%	21.16%	13.79%	0.83%	32.96%	11.27%	--
Total Liabilities							P283,554,624
Other Segment Information							
Depreciation	P 506,784	P 18,048	P 5,598	P 3,849	P 43,390	P 305,959	P 883,628
	57.35%	2.04%	0.63%	0.44%	4.91%	34.63%	



Segment Information for the year December 31, 2004 are as follows:
(in thousand pesos)

	Consumer and Retail Banking	Commercial Banking	Corporate Banking	Investment Banking	Treasury	Others	Total
Gross Income	P 7,922,418	P 4,895,093	P 2,923,139	P 500,796	P 4,552,659	P 3,331,122	P 24,125,227
Segment Result	1,737,527	1,152,074	557,852	262,597	1,598,324	1,139,043	6,447,417
Unallocated Costs							5,593,065
Profit from Operations							854,352
Equity in net losses of associates							(21,748)
Income Before Tax							832,604
Benefit from income tax							1,081,627
Minority interest							(103,785)
Net profit for the year							P 1,810,446
Other information							
Segment assets	P 52,813,190	P58,585,980	P56,602,288	P 1,798,903	P74,226,071	P33,985,504	P278,011,936
Intra-segment assets							2,387,584
Investments in associates							4,660,552
Unallocated assets							24,914,016
Total assets							P309,974,088
Segment Liabilities	P 50,947,836	P55,207,016	P45,866,038	P 1,747,288	P81,342,695	P32,520,619	267,631,492
Unallocated liabilities							--
Total Liabilities							P267,631,492
Other Segment Information							
Depreciation	P 571,570	P 12,533	P 6,966	P 5,212	P 57,748	P 558,363	P 1,212,392



FINANCIAL INFORMATION

Securities and Exchange Commission
SEC Building EDSA, Greenhills,
Mandaluyong, Metro Manila

The financial statements for the period ended September 30, 2005 have been prepared in conformity with the generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgement of Management with an appropriate consideration to materiality. The Bank maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. In addition, Management represents that:

- a. No changes were made on accounting policies and methods of computation and estimates compared with the 2004 audited financial statements except for the following revised standards which were already adopted as of March 2005.
 - i. Philippine Accounting Standard (PAS) No. 19, Employees Benefits, provides for the accounting for long-term and other employee benefits. The standard requires the projected unit credit method in determining the retirement benefits of the employees and a change in the manner of computing benefit expense relating to past service cost and actuarial gains and losses. It requires the group to determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the statement of condition date.

The effect in adopting PAS No. 19 resulted to an increase of P164.3 million on Bank's Contribution to Retirement Fund for the 3rd quarter on account of a higher annual contribution from P205 million to 424 million per actuarial report as of December 2005.

- ii. Philippine Financial Reporting Standards (PFRS) No. 3, Business Combination, which will result in the cessation of the amortization of goodwill and a requirement for an annual test for goodwill impairment. Any resulting negative goodwill after performing reassessment will be credited to income. Moreover, pooling of interests in accounting for business combination will no longer be permitted. The effect of adopting this standard will not result in retroactive adjustment of prior years' consolidated financial statements but will affect prospective consolidated financial statements as a result of nonamortization of goodwill.

- iii. Philippine Accounting Standard (PAS) No. 38, Intangible Assets, requires discontinuance of amortization of intangible asset with an indefinite useful life. The effect of adopting this standard will not result in retroactive adjustment of prior years' financial statements but will effect prospective financial statements as a result of nonamortization of goodwill.

The effect of adopting PFRS No. 3 and PAS No. 38 resulted to a decrease of P329.70 million on expenses as of September 30, 2005 in the absence of goodwill amortization. On an annual basis, reduction in expense will amount to P439.6 million.

Philippine Accounting Standard (PAS) No. 39, Financial Instruments: Recognition and Measurement, establishes the accounting and reporting standards for recognizing and measuring the financial assets and financial liabilities. The standard requires a financial asset or financial liability to be recognized initially at fair value. Subsequent to initial recognition, the Bank should continue to measure financial assets at their fair values, except for loans and receivables and held-to-maturity investments, which are measured at cost or amortized cost using the effective interest rate method. Financial liabilities are subsequently or measured at cost or amortized cost, except for liabilities classified as "at fair value through profit and loss" and derivatives, which are subsequently measured at fair value.

PAS 39 also covers the accounting for derivative instruments. This standard has expanded the definition of a derivative instrument to include derivatives (and derivative-like provisions) embedded in non-derivative contracts. Under the standard, every derivative instrument is recorded in the balance sheet as either an asset or liability measured at its fair value. Derivatives that do not qualify as a hedge are adjusted to fair value through income. If a derivative is designated and qualify as a hedge, depending on the nature of the hedging relationship, changes in the fair value of the derivative are either offset against the changes in fair value of the hedged assets, liabilities, and firm commitments through earnings, or recognized in capital funds until the hedged item is recognized in earnings. The Bank must formally document, designate and assess the hedge effectiveness of derivative transactions that receive hedge accounting treatment.

The Bank has established a task force that will implement the provisions of PAS 32 and PAS 39 and assess the implications of these standards to the Bank's financial statements. The Bank has not yet determined the impact to the financial statements due to the following reasons:

- The Bank is still in the process of establishing policies, procedures and necessary systems related to the adoption of these standards.

- The system which will incorporate the requirements of PAS 32 and PAS 39 has not yet been implemented. The Bangko Sentral ng Pilipinas (BSP), through its Monetary Board (MB) Resolution No. 1869 dated December 23, 2004, has given the banks and financial institutions until December 31, 2005 to ready their infrastructures to be PAS 32 and PAS 39 compliant. Interim reports that will be submitted to the BSP for 2005 need not be in compliance with the provisions of the said standards.

With respect to account classification and related measurement, the Bank has already submitted to the BSP the proposed reclassification of its trading and investment securities portfolio. The effect of the reclassification will likely result in a retroactive downward adjustment to surplus as of December 31, 2004. The impact of the reclassification will only be quantified after the detailed PAS 39 implementation has been substantially completed.

The effect of adopting the effective interest rate method in measuring amortized cost for loans and HTM has not yet been quantified since the existing systems of the Bank have not yet been reconfigured to adopt effective interest rate method of amortization. Due to the volume of transactions, it is impracticable to compute for the financial impact manually. The Bank will report the financial implications as soon as the information becomes available.

PAS 39 requires that if there is objective evidence that an impairment on loans and other financial assets carried at amortized cost are incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of future cash flows. The effect of adopting this provision may be material to the financial assets and liabilities of the Bank, particularly for the impairment of loans and other receivables. Currently, the adequacy of allowance for probable losses on loans and other receivables is determined based on management criteria and BSP requirements. The existing systems of the Bank have not yet been programmed to adopt the discounted cash flow method. Due to the volume of transactions, it is impracticable to compute for the financial impact manually. The Bank will report the financial implications as soon as the information becomes available.

The Bank is considering additional procedures to identify any derivative embedded in both financial and non-financial contracts that are required to be separately accounted for at fair value under PAS 39.

In general, the effect of adopting these standards will not result in a restatement of prior years financial statements as allowed by the Securities and Exchange Commission (SEC). Any cumulative effect of adopting the standards, however, will be charged against beginning surplus (January 1, 2005).

- b. Seasonality or cyclicity of business condition during interim operations does not apply.
- c. There are no unusual items as to nature, size or incidents affecting assets, liabilities, equity net income or cash flows.
- d. There are no changes in accounting estimates effected in this interim period reported on.
- e. No material issuances, repurchases and repayments of debt and equity securities compared with the most recent 2004 annual financial statement.
- f. On January 18, 2005, the bank's BOD approved the declaration of cash dividend at the rate of sixty centavos (P0.60) per share or P436.20 million. Such declaration was approved by BSP on April 1, 2005 and were issued on May 2005.
- g. There are no material events subsequent to the end of the interim period.
- h. There are no material changes in the composition of the issuer during the interim period including business combinations, acquisitions and disposals of long-term investments, restructuring and discontinuing operations.
- i. No material change in the contingent liabilities or assets since last annual balance sheet date.
- j. There are no contingencies and any other events or transactions that are material to an understanding of the current interim period.



SEC FORM 17-Q

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

I. FINANCIAL CONDITION

Balance Sheet – September 2005 vs. December 2004

Equitable PCI Bank continued its growth as total resources grew by P17.1 billion or 6% to P327.1 billion as of September 30, 2005 from the end-2004 level of P310 billion. The growth in total assets is seen mainly in the 350% growth in Due from Bangko Sentral ng Pilipinas (BSP) and the 25% rise in the investment securities portfolio as the Bank took advantage of market opportunities to beef up its investment portfolio.

The Bank's portfolio of investment securities aggregated to P75.9 billion at the end of September 2005, higher than the P60.6 billion volume at the end of 2004. The Bank continues to review and rebalance its investment portfolio with the higher liquidity reserve requirement (LRR) imposed last July 2005 and new regulatory and accounting standards on investment securities in place since the start of the year. Trading Account Securities (TAS) amounted to P9.7 billion, P6.7 billion or 225% higher than the end-2004 figure. Available for Sale Securities (ASS) expanded 442% to P30.2 billion from P5.6 billion in December 2004. In contrast, Investment in Bonds and Other Debt Instruments (IBODI) went down by P16 billion or 31% to P36 billion from the December 2004 figure of P52 billion.

Net Receivables from Customers were nearly unchanged at P137.9 billion as of end-September, up by just P62 million from end-December 2004. Lending to the middle market and the consumer sectors remained robust. However, these were offset by the reduction in the loan portfolio following the conclusion of the sale of an additional P4.9 billion in non-performing assets in the third quarter of 2005 to take advantage of the Special Purpose Vehicle (SPV) law.

Cash and Cash Items were reduced by 48% to P4.0 billion, while Due from Other Banks was lower by 23% at P5.9 billion. Due from BSP reached P10.4 billion, up by 350% from the end-2004 level, while Interbank Loans Receivable went up 9% to P18.9 billion.

Equity Investments dropped 55% to P1 billion in September 2005 from P2.3 billion in December 2004. This resulted from the reclassification of some equity investments to Available for Sale Securities under IAS 39.

On the liabilities side of the balance sheet, deposits held by the Bank amounted to P206.1 billion at end-September, up by 7% from the December 2004 level of P193.5 billion. Demand Deposits showed a growth of 15% to P12.4 billion, while Savings Deposits expanded by 9% to P140.2 billion. Time deposits were nearly flat at P53.5 billion as the Bank continued to focus on generating low-cost deposits. Consequently, the ratio of time deposits to total deposits dipped to 26% from 28%, savings deposits had a higher percentage 68% from 67%, while demand deposits were stable at 6%.

Bills, Bonds and Acceptances Payable were 10% higher at P34.7 billion in September. The growth stemmed mainly from the proceeds of the Bank's US\$100 million senior debt issued in February 2005.

Manager's Checks and Demand Drafts Outstanding went up by 72% at the end of September to P1.5 billion, while Due to BSP went down by 18% from P131 million to P107.1 million. Accrued Taxes, Interest and Other Expenses rose 29% to P2.5 billion, mainly from the accrual of interest payable on the Bank's senior debt issued in February 2005. Deferred Credits and Other Liabilities dipped 3% to P27.5 billion.

Capital funds stood at P42.6 billion at the end of September 2005, up by 3% or P1.3 billion from the December 2004 level. The Bank's earnings were mainly retained in the Bank even after the payment of P436 million in cash dividends in May this year.

Contingent Accounts dropped by nearly 10% to P137.5 billion mainly due to the decline in Trust Department Accounts, which went down 11% to P92.3 billion with the shift to Unit Investment Trust Funds (UITF) from Common Trust Funds (CTFs). Other Contingent Accounts receded 10% to P33.6 billion, while Unused Commercial Letters of Credit were nearly unchanged at P11.6 billion.



Balance Sheet – September 2005 vs. September 2004

Equitable PCI Bank's total assets increased 8% year-on-year to P327.1 billion as of September 30, 2005. Net loan portfolio went up 14% to P137.9 billion, even after the bulk sale of approximately P15.5 billion in non-performing assets (NPA), as the Bank focused lending on the robust middle market and consumer banking segments.

The aggregate investment portfolio likewise rose 21% to P75.9 billion as the Bank positioned to take advantage of market opportunities and given the higher liquidity reserve requirements imposed since July 2005. TAS was 5% less than a year-ago at P9.7 billion, while IBODI dropped 27% to P36.0 billion. ASS ballooned to P30.2 billion from P3.2 billion in September last year. These movements likewise stemmed from the reclassification of securities in compliance with IAS 39.

Cash and Other Cash Items dipped 4% to P4.0 billion, while Due From Other Banks declined 17% to P5.9 billion. Interbank Loans Receivable also dropped 39% to P19 billion. Due from Bangko Sentral ng Pilipinas (BSP), meanwhile, grew by 447% to P10.4 billion.

Equity Investments receded by 67% to P1.0 billion from P3.1 billion a year-ago. This was a result of the reclassification of some equity investments to ASS under the new accounting standards.

Total deposits expanded 10% to P206.1 billion as of September 2005 from P187.7 billion as of September 2004. Demand Deposits reached P12.4 billion, while Savings Deposits amounted to P140.2 billion, showing year-on-year growths of 17% and 18% respectively. In contrast, time deposits dipped 9% to P53.5 billion as marketing efforts were geared more towards generating low-cost deposits. Consequently, the ratio of time deposits to total deposits dipped to 26% from 31%, savings deposits had a much higher percentage of 68% from 63% a year ago, while demand deposits were stable at 6%.

Bills, Bonds and Acceptances Payable were up 17% year-on-year at P34.7 billion. The Bank issued \$100 million in senior debt in February 2005, which was the main contributor to the growth of this account.

Due to BSP was higher by 16% year-on-year at P107 million, while Manager's Checks and Demand Drafts Outstanding dipped by 11% year-on-year to P1.5 billion.



Accrued Taxes, Interest and Other Expenses grew by 38% year-on-year to P2.5 billion from P1.8 billion, while Deferred Credits and Other Liabilities rose by 4% to P27.5 billion from P26.4 billion.

Minority Interest in Subsidiaries went up 8% to P911 million from the September 2004 level of P842 million.

Capital Funds were 2% lower than the September 2004 level at P43.5 billion. This was largely the result of the adoption of new accounting standards as well as the payment of dividends in May 2005.

Contingent Accounts dipped 12% to P137.5 billion year-on-year. While the entire contingent accounts showed drops compared to September 2004 levels, the biggest nominal decline was the reduction in Trust Department Accounts by 9% due mainly to the shift to UITF from CTFs. Unused Commercial Letters of Credit declined 19% to P11.6 billion, while Other Contingent Accounts decreased 18% to P33.6 billion.

II. RESULTS OF OPERATION

For the Quarters ended September 30, 2005 and 2004

Equitable PCI Bank booked profits of P625 million for the third quarter of 2005, 20% higher than the P521 million income for the same quarter in 2004. The increase in the bottom line was due mainly to improvement in net interest income on the back of increased lending activity and lower cost of funds, as well as higher Other Income.

Interest income grew 19% to P4.9 billion as interest on receivables from customers hit P3 billion, 18% or P465 million more than the year-ago figure. Interest on investment securities, interbank loans and deposits with banks grew 21% or P329 million to P1.9 billion.

Interest expenses, meanwhile, grew by only 15% to P2.2 billion, as the Bank was able to grow its low-cost funds more. This, net interest income grew 23% to P2.7 billion.



Provision for probable losses were 39% higher at P431 million in the third quarter of 2005 compared to the same quarter in 2004, despite the significant improvement in the Bank's asset quality as seen in the single-digit NPL ratio stemming from enhanced credit processes, aggressive collection efforts and the bulk sale of NPAs under the Special Purpose Vehicle (SPV) law.

Other Income also contributed to income growth and expanded 20% to P2.0 billion. Service Charges, Fees and Commissions increased by P120 million or 11% to P1.3 billion. Trading Gains and Exchange Profits showed a 50% growth to P326 million, while Miscellaneous Income gained P106 million or 31% to P441 million.

Growth in operating expenses was contained at 11% to P3.2 billion. Compensation and Fringe benefits grew 24% to P996 million, largely due to the effects of higher minimum wages, the 2004 CBA with the Bank employees union, merit increases and promotions, and additional contributions to the retirement fund in compliance with new accounting standards.

Taxes and Licenses grew 20% to P359 million. The hike resulted mainly from higher gross receipts tax (GRT) with the increase in GRT-based income and also as more deposits are now subjected to documentary stamp tax (DST).

Provision for income tax for the July to September 2005 period at P521 million is 128% higher than the P229 million provision for the same period last year because of a bigger taxable income and as the Bank wrote off some deferred tax assets.

Minority interest in net income of consolidated subsidiaries rose 19% to P27 million for the third quarter of 2005. This is P4 million more than the P22 million figure for the third quarter of 2004.

For the Nine-Months ended September 30, 2005 and 2004

Equitable PCI Bank's unaudited net income for the nine-month period ending September 2005 grew to P1.8 billion, up by 47% from the P1.2 billion net profit earned in the comparable period in 2004. Continuing to drive bottom-line growth was the Bank's move to expand earning assets, manage funding costs and boost non-interest income.



Interest on receivables from customers went up 17% to P9 billion, while interest on investment securities, interbank loans, deposits with banks and others grew 25% to P5.4 billion. Despite upward pressure arising from a tighter monetary policy stance, the Bank managed its funding costs by generating additional low-cost funding sources. Interest expenses therefore increased by only 9% to P6.3 billion with net interest income rising 30%.

The Bank has set aside provisions of P1.1 billion for probable losses for the January to September 2005 period. The provisions were 2% higher than for the same period in 2004 even with the significant improvement in the Bank's NPL ratio to a single-digit level due to enhanced credit processes, aggressive collection efforts and the bulk sale of NPAs under the Special Purpose Vehicle (SPV) law.

Other income surged 12% to P5.8 billion, with service charges, fee and commissions up 13% to P3.6 billion and the Bank booking trading and exchange profits of P960 million for the period, 42% more than a year-ago. Miscellaneous income, meanwhile, dipped by 5% or P70 million to P1.2 billion.

Operating Expenses were higher by 12% at P9.2 billion as Compensation and fringe benefits grew 18% to P2.9 billion. Manpower expenses grew mainly from the effects of higher minimum wages, the 2004 CBA with the employees union, merit increases and promotions, and additional contributions to the retirement fund in compliance with new accounting standards.

Taxes and Licenses grew 32% to P1.05 billion. Higher documentary stamp tax combined with gross receipts tax accounted for much of the growth.

Provisions for income tax for the first 9-months of 2005 surged 132% year-on-year to P1.6 billion from P677 million in the same period in 2004. The Bank set aside a higher provision for income tax because of a bigger taxable income and as it wrote-off some deferred tax assets.

Minority interest in net income of consolidated subsidiaries went up 33% to P77 million for January to September 2005 from the comparable figure of P58 million in 2004.

Overall, the Bank's performance continued to show much improvement from last year and reflected gains from the Bank's efforts to strengthen its balance sheet, increase margins, improve efficiencies and concentrate on profitable market segments.

Key Performance Indicators

The following ratios measure the financial performance of the Equitable PCI Bank Group:

	YTD September 30, 2005	YTD September 30, 2004
Return on Equity (%) ¹	9.29%	8.42%
Return on Assets (%) ¹	0.78%	0.73%
Net Interest Margin (%)	4.53%	3.84%
Efficiency Ratio (%) ²	67.00%	70.08%
NPL Ratio (5) ³	4.66%	8.98%

1/without appraisal increment and goodwill

2/without goodwill amortization

3/based on BSP definition, net of fully-provided loss accounts

The Group's Return on Equity (ROE), the ratio of annualized net income to average equity excluding goodwill and appraisal increment, rose to 9.29% for the period ended September 30, 2005 from 8.42% for the same period in 2004, indicating more optimal use of shareholders' funds to generate income.

Return on Assets (ROA), the ratio of annualized net income to average assets excluding goodwill and appraisal increment, rose to 0.78% for the first nine-months to September 2005 compared to 0.73% for the same period last year.

Net Interest Margin (NIM), the ratio of net interest income to average earning assets was up by 69 basis points to 4.53% as of September this year from 3.84% in September 2004. The NIM rose as a result of better yields on loans and investments against a relatively stable cost of money.

Efficiency ratio, the ratio of other expenses excluding goodwill amortization to the sum of net interest income and other income, has improved at 67% as of September 2005 from 70.08% as of September 2004.

The Bank's non-performing loan (NPL) ratio improved to 4.66% as of September 2005 due to enhanced credit processes, aggressive collection efforts and the closing of the second tranche NPA sale worth P5.3 billion in the third quarter of the year. In comparison, NPL ratio stood at 8.98% in September 2004. The NPL ratio is net of fully provisioned accounts following the BSP formula.

Material Events and Uncertainties

On 30th December 2003, the Social Security System (SSS) announced that it intended to sell its entire 25.83% shareholding in the Bank to BDO Capital and Investment Corporation (BDO), the investment arm of Banco de Oro, another universal bank in the Philippines. Following opposition to the proposed sale, the SSS announced that it would offer its shareholdings by way of an auction process under which BDO would be given the right to match the highest price submitted for the shareholding. However, certain Senators petitioned the Supreme Court to stop the auction process on the basis that it violated public policy in the disposition of public assets. The Supreme Court is currently considering the petition and no date has been fixed for judicial hearings or final determination of the petition. No assurance can be given as to the outcome of the petition or in respect of the ultimate ownership of the 25.83% shareholding in the Bank.

On 11th August 2005, the Go family's approximately 25% stake in Equitable PCI Bank and 10% stake in Equitable Card Network Inc. (ECNI) were sold to the Sy family's SM-BDO group. The sale of the Bank's shares was consummated through a cross sale at the Philippine Stock Exchange (PSE). The sale is seen to benefit the Bank in terms of potential synergies, which can be derived through working relationships with the SM-BDO group, which now occupies four (4) out of the Bank's 15 board seats.

On 21st October 2005, the Monetary Board (MB) affirmed its earlier decision which compels EBC Investment, Inc. (EBCII) to immediately sell its 10.84% equity holdings on its parent bank, Equitable PCI Bank. The MB directed EBCII to sell the shareholdings or unwind the transactions in both EPCIB and EBCII books within thirty (30) days from receipt of the BSP advice. To adhere to the MB ruling, a decision, in principle, has already been made by Equitable PCI Bank's board to retire the shares which are presently held by EBCII although this is still subject to compliance with all applicable and pertinent legal requirements

Other than those enumerated above, Equitable PCI Bank has nothing to report on the following:

1. Any known trends or demand, commitments, events or uncertainties that will have material impact on its liquidity.
2. Any event that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.

3. Material off-balance sheet transactions, arrangements, obligations, (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created during the reporting period.
4. Any material commitment for capital expenditure.
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. Any significant elements of income or loss that did not arise from continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

III. Plans and Prospects for the Future

The Bank's vision is to become the client's Bank of Choice. Its strategy is to be the dominant bank in the middle market and retail segments while serving the corporate market. The Bank is now undertaking initiatives that will further strengthen its position as the 3rd largest private domestic bank in the country and result in greater profitability.

The Bank plans to continue placing a strong drive on deposit growth and improving leverage especially on low-cost deposits by emphasizing quality of service delivery and by continuing a more focused approach towards customers, products, and channels. The Bank will also launch a marketing and communications program and implement product level advertising and sales promotion programs for the major products distributed by its retail banking segment. Automation projects will also be pursued to support a seamless or end-to-end processing in remittance, consumer finance, and branches and expand or update the retail customer database to support customer segmentation initiatives. In line with this, the Bank will continue instituting an effective sales management process in the branches.

The Bank will increase its consumer loan portfolio and intensify cross-selling initiatives by leveraging on its wide branch network and good banking relationships with clients. Offering of incentive programs for consumer loans will also be continued. Strong control will be exercised over the current level of asset quality through early recognition and continued tight monitoring of problem accounts. As a major part of its priorities, the Bank is aggressively undertaking its own sale of real estate assets even after selling an aggregate P15.8 billion NPAs.



Treasury will continue to be a major contributor to the Bank' s income. This effort will be greatly enhanced by its strong market presence, through treasury money centers, that are located not only in the major commercial areas of Metro Manila but in the prime regional hubs of the Visayas and Mindanao as well. This market reach will remain to be a competitive advantage as it enables the Bank to bring treasury products, like fixed income securities and foreign exchange, within closer reach of clients in these growth areas.

For the fee-based business, credit cards, trust banking, remittance, branch transactions and bancassurance are expected to be the main growth areas for the Bank. The Bank will strive to reinforce its leadership in the credit card segment by further broadening its cardholder and merchant base and launching new products to address all market segments. The Bank' s status as the country' s third largest asset manager will also be solidified with the recent launch of its three new Unit Investment Trust Fund (UITF) trust products. The Bank will also add and strengthen remittance tie-ups to extend market reach and enhance service delivery, while the introduction of new fee-based retail banking products will widen the Bank' s menu of products and services. Finally, the Bank' s joint venture with Philamlife will enable it to become a major player in the field of bancassurance, consistent with its goal to offer customers an expanded range of financial products and be responsive to their needs.

The Bank, likewise, intend to further enhance fee income through its investment banking arm—where it intends to be an active participant in the recently established fixed income exchange. It intends to channel the lower margin corporate banking portfolio to the capital markets to keep the relationship and generate fee income as well.