

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

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(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/NELIA T. RESOL

Contact Person

636-6060 LOC 256/406

Company Telephone Number

0 3

Month

3 1

Day

S E C 1 7 - Q

Form Type

0 5

Month

2 6

Day

Annual Meeting

[Empty box] Secondary License type, if applicable

C F D

Dept. Requiring this Doc.

[Empty box] Amended Articles Number/Section

1,891

Total No. of Stockholders

Total Amount of Borrowings

[Empty grid]

Domestic

[Empty grid]

Foreign

To be Accomplished by SEC Personnel concerned

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File Number

LCU

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Cashier

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Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND BRC RULES 17 (2) (b) THEREUNDER

1. For the quarter ended **March 31, 2005**.
2. Commission identification number **34001** 3. BIR Tax Identification No. **000-708-174-000**

BANCO DE ORO UNIVERSAL BANK

4. Exact name of issuer as specified in its charter
- Mandaluyong City, Philippines**
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code (For SEC Use Only)

12 ADB Ave. Ortigas Center, Mandaluyong City

7. Address of issuer's principal office Postal Code
- 636-60-60 Loc. 256 & 406**
8. Issuer's Telephone number, including area code

NA

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Section 8 and 12 of the Code of Section 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding	Amount of Debt Outstanding
Common stock	908,189,550	
Preferred stock	25,000,000	

11. Are any or all of the securities listed on a stock exchange?
Yes No. []
If yes, state the name of such stock exchange and the class/es of securities listed therein: Philippine Stock Exchange -Common Stock

12. Indicate by check mark whether the registrant:
a. has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA 11 (a)-1 thereunder, and Section 26 and 141 of the Corporations Code of the Philippines, during the preceding twelve (12) months or such shorter period the registrant was required to file such reports.

Yes No. []

- b. has been subject to such filing requirements for the last ninety (90) days
Yes No. []

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/COMPTRROLLER

Date..... **May 11, 2005**

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

Signature and Title.....
SVP/COMPTRROLLER

Date..... **May 11, 2005**

Note: Original signed

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)

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

SUBSCRIBED AND SWORN TO before me this _____ day of May, 2005, 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

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

* 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

Note: Original signed

SECRETARY'S CERTIFICATE

I HEREBY CERTIFY, in my capacity as Corporate Secretary of **BANCO DE ORO UNIVERSAL BANK (the "Bank")** to the following:

- 1.) That the Bank's report on SEC Form 17-Q for the quarter ending March 31, 2005 in hard and soft copies are one and the same.

- 2.) That this Certification is in compliance with the revised policy of the Philippine Stock Exchange on Electronic Release of SEC Forms and List of Stockholders.

IN TESTIMONY WHEREOF, I have hereunto signed this certification and affixed the seal of the Bank at **Mandaluyong** on **May _____ 2005**.

Atty. Antonio C. Pacis

Corporate Secretary

SUBSCRIBED AND SWORN TO before me this _____ day of May, 2005, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

Name

CEI

Atty Antonio C. Pacis Tax Identification No. 100-244-492

Doc. No. _____ ;

Page No. _____ ;

Book No. _____ ;

Series of _____

Note: Original signed

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

CONDENSED STATEMENT OF CONDITION
(In Thousand Pesos)

	As of Mar 31, 2005	Audited As of Dec 31, 2004
RESOURCES		
Cash and other cash items	P 2,780,839	P 5,626,974
Due from Bangko Sentral	3,815,622	1,971,323
Due from other banks	3,575,426	4,240,866
Interbank call loans receivable	11,398,950	10,253,376
Trading accounts securities-net	59,355,474	21,199,470
Investments in bonds and other debt instruments-net	42,317,690	56,394,989
Receivable from customers-net	61,504,438	60,022,423
Bank premises, furniture, fixtures and equipment-net	1,159,591	1,169,193
Equity investments-net	1,575,411	1,608,530
Real and other properties owned or acquired-net	5,387,108	5,349,804
Other resources-net	<u>10,917,817</u>	<u>11,309,962</u>
TOTAL RESOURCES	<u>203,788,366</u>	<u>179,146,910</u>
LIABILITIES AND EQUITY		
Deposit liabilities		
Demand	2,942,654	3,620,563
Savings	90,595,988	77,673,044
Time	<u>47,367,874</u>	<u>46,758,096</u>
TOTAL DEPOSIT LIABILITIES	<u>140,906,516</u>	<u>128,051,703</u>
Bills payable	35,046,700	24,424,524
Accrued interest, taxes and other expenses payable	1,908,270	1,440,559
Other liabilities	<u>5,712,685</u>	<u>5,953,548</u>
TOTAL LIABILITIES	<u>183,574,171</u>	<u>159,870,334</u>
Minority interest	<u>-37,328</u>	<u>-18,404</u>
Equity	<u>20,251,523</u>	<u>19,294,980</u>
TOTAL LIABILITIES AND EQUITY	<u>203,788,366</u>	<u>179,146,910</u>
CONTINGENT ACCOUNTS		
Trust department accounts	85,063,150	88,466,004
Spot/futures exchange bought	24,225,636	24,235,119
Spot/futures exchange sold	21,550,342	21,230,875
Unused commercial letters of credit	7,779,575	5,812,902
Bills for collection	1,166,569	886,813
Other contingent accounts	<u>14,882,177</u>	<u>14,957,246</u>
TOTAL CONTINGENT ACCOUNTS	<u>154,667,449</u>	<u>155,588,959</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
(In Thousand Pesos)

	<u>Quarter ending</u> <u>Mar 31, 2005</u>	<u>Quarter ending</u> <u>Mar 31, 2004</u>
Interest Income		
Receivable from customers	P 1,431,610	P 1,204,552
Trading account securities and investments	1,639,739	1,046,792
Interbank loans receivable	178,548	272,797
Due from other banks	43,321	33,285
Total Interest Income	<u>3,293,218</u>	<u>2,557,426</u>
Interest Expenses		
Deposit liabilities	1,383,457	1,140,266
Bills payable and other borrowings	361,798	315,256
Total Interest Expenses	<u>1,745,255</u>	<u>1,455,522</u>
Net Interest Income	<u>1,547,963</u>	<u>1,101,904</u>
Provision for Probable Losses	347,599	139,885
Net Interest Income after Provision for Probable Losses	<u>1,200,364</u>	<u>962,019</u>
Other Income		
Trading Gain	249,139	248,142
Service charges and fees	294,970	195,846
Trust income/loss	104,570	83,374
Other income	153,764	39,135
Total Other Income	<u>802,443</u>	<u>566,497</u>
Other Expenses		
Compensation and fringe benefits	382,745	308,953
Occupancy, premises and equipment related expenses	156,271	145,101
Taxes and licenses	131,034	142,420
Insurance	68,490	55,358
Security, clerical and messengerial	59,142	38,774
Litigation/asset acquired	43,249	46,508
Other expenses	575,484	381,460
Total Other Expenses	<u>1,416,415</u>	<u>1,118,574</u>
Income before Income Tax	586,392	409,942
Provision for Income Tax	15,410	6,897
Net Income	<u>570,982</u>	<u>403,045</u>
Average common stock	908,190	908,190
Earnings per share (See annex A)		
Basic	0.58	0.44
Diluted	0.59	0.44

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

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
COMPARATIVE QUARTERS ENDED March 31, 2005 & 2004
(In Thousand Pesos)

	<u>Mar 31, 2005</u>	<u>Mar 31, 2004</u>
Capital Stock		
Beginning Balance	9,331,895	9,081,895
Issuance of additional shares of stock		
Balance end of Qtr. March	<u>9,331,895</u>	<u>9,081,895</u>
Add'l Paid In Capital		
Balance beginning	4,418,063	1,850,013
IPO Related Expenses	569	569
Balance end of Qtr. March	<u>4,418,632</u>	<u>1,850,582</u>
Surplus Reserves		
Balance beginning	66,511	40,042
Transfer from Surplus Free	0	0
Balance end of Qtr. March	<u>66,511</u>	<u>40,042</u>
Treasury Shares – At Cost		
Balance Beginning	0	0
Increase in value in investment on BDO shares	0	0
Balance end of Qtr. March	<u>0</u>	<u>0</u>
Surplus Free		
Balance beginning	5,458,993	3,934,970
Net Income	570,982	403,045
Declaration of Cash Dividends	0	0
Shares on Prior year Income/Loss from Subsidiary	0	0
Auditor's adjusting entries	7,329	2,371
Balance end of Qtr. March	<u>6,037,304</u>	<u>4,340,386</u>
Unrealized Decline in value of		
Balance ending	390,645	-30,035
Gain/(Loss) on Market decline	390,645	-30,035
Equity Share in reserve for foreign exchange fluctuation	<u>6,536</u>	<u>4,418</u>
Total Equity	<u>20,251,523</u>	<u>15,287,288</u>

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
STATEMENT OF CASH FLOWS
As of March 31, 2005 and March 31, 2004
(In Thousand Pesos)

	Mar 31, 2005	Mar 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Income after tax	570,982	403,045
Prior Year Adjustment		
Decrease (Increase In)		
Receivable from customers	-1,482,015	-1,292,278
Trading account securities	-38,156,004	-426,696
Interbank term loan receivable	-1,145,574	1,566,570
Due from other banks	665,440	1,440,545
Net unrealized Gain/(loss) on ASS	415,215	3,629
Real and other properties owned or acquired	-37,304	-33,463
Due from BSP	-1,844,299	-747,731
Other assets	392,145	-514,441
Investment in bonds and other debt instruments	14,077,299	-6,856,884
	-27,115,097	-6,860,749
Increase (Decrease) in:		
Deposit Liabilities	12,854,813	807,812
Accrued Interest, taxes & other expenses payable	467,711	123,068
Other Liabilities	-240,863	-403,871
	13,081,661	527,009
Net cash used in operating activities	-13,462,454	-5,930,695
Cash flows from investing activities:		
Equity Investment	33,119	93,307
Bank Property & Equipment	9,602	-26,988
Net cash used in investing activities	42,721	66,319
Cash flows from financing activities:		
Surplus	-29,654	-23,529
Bills Payable	10,622,176	4,772,823
Net Cash from financing activities	10,592,522	4,749,294
Minority Interest	-18,924	-272,996
Net increase in cash and cash equivalent	-2,846,135	-1,388,078
Cash and cash equivalents at beginning of the year	5,626,974	3,249,916
Cash and cash equivalent at the end of March 31, 2005	2,780,839	1,861,838

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

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

AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2005
(In Thousand Pesos)

Type of Accounts	Current	61 – 180 Days	181 - 360 Days	Over 360 Days	Items in Litigation	Total
A. Interbank Call Loans	11,398,950	0	0	0	0	11,398,950
Interbank Call Loan Receivable-Local (Secured)						0
Interbank Call Loan Receivable-Local (Unsecured)						0
Interbank Call Loan Receivable-Local Banks	4,000					4,000
Interbank Call Loan Receivable-Fx. Regular	1,535,653					1,535,653
Interbank Call Loan Receivable Fcdu(Fx Banks-Abroad)	9,859,297					9,859,297
B. Receivable from Customers	61,118,425	732,040	262,495	2,383,494	1,075,166	65,571,620
Loans & Discounts	48,110,831	399,230	157,393	1,597,822	998,024	51,263,300
Agra-Agri Loans	3,053,918	89,180	44,350	86,124		3,273,572
Development Incentive Loans	165,669					165,669
Bills Purchases	1,798,324			12,396		1,810,720
Customers Liability on draft under LC/TR	7,080,138	71,313	15,693	180,553	59,557	7,407,254
Customers Liability for this bank's acceptances	397,797					397,797
Restructured Loans	511,748	172,317	45,059	506,599	17,585	1,253,308
Other Loan Receivables						0
C. Accounts Receivable	239,112	88,593	120,826	824,551	0	1,273,082
Accounts Receivable-Suppliers	250	80	20,018	1,880		22,228
Accounts Receivable-Subsidiaries	687	-16		740		1,411
Accounts Receivable-Others-(ENF, UTP, EN on 2)	-5,859					-5,859
Accounts Receivable-Loans Client-Domestic						0
Accounts Receivable-Trust	55,831	56,665	80,670	13,844		207,010
Accounts Receivable-Others	188,203	31,864	20,138	808,087		1,048,292
Lending RBU						0
TOTAL	72,756,487	820,633	383,321	3,208,045	1,075,166	78,243,652

BANCO DE ORO UNIVERSAL BANK & SUBSIDIARIES
Computation of Weighted Number of Common Shares
(In Thousands)

No. of Shares-Common As of March	Balance of Common Shares	Average Number of Common Shares
January 2004	908,190	
February 2004	908,190	
March 2004	908,190	
Weighted Average		908,190
Net Income for the quarter March 2004 Divided by Weighted Average Capital		403,045 908,190
Basic Earnings per share		0.44
January 2005	908,190	
February 2005	908,190	
March 2005	908,190	
Weighted Average		908,190
Basic Earnings per share		
Consolidated Net Income for the quarter March 2005		570,982
Less: Dividends in arrears on Preferred Shares		
(25,000,000 shares @ \$2)	\$50,000	
(\$50M x 6.5% x 90/360)	\$812.50	
Multiply by PDS rate	54.793	44,519
		526,463
Divided by the weighted average number of outstanding common shares		908,190
Basic Earnings per share		0.58
Diluted Earnings Per Share		
		2005
Consolidated Net Income for the quarter March 31, 2005		570,982
Add: Interest Expense from Jan. 1 to Mar. 31 paid to IFC	8,012	
Less: Tax benefits from Interest Expense	2,564	5,448
Total Consolidated net income for DEPS computation		576,430
Number of shares of stock (basic)	908,190	908,190
Add: Convertible loans from IFC		
Peso book value of loan as of Mar. 31, 2005	1,094,940	
Conversion price	16.70	
Number of shares to be issued upon conversion		65,565
Total number of share for DEPS computation		973,755
Diluted Earnings Per Share		0.59

CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIVERSAL BANK

For the Quarter ended: March 31, 2005

FINANCIAL INFORMATION

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 The nature and amount of changes in estimates of amounts reported in prior interim 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 had the following maturities of Long Term Promissory Notes (LTPN) on February 2, 2005, which were not renewed:

- 1. P600M of peso-denominated LTPN**
- 2. USD10M of dollar-denominated LTPN**

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

Remarks: NONE

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 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.

The Bank signed a memorandum of agreement last May 6, 2005 to assume the deposit liabilities and operations of United Overseas Bank-Philippines' (UOBP) branch network for P600M. This will cover 66 branches of UOBP with approximately P11B of deposits. The transaction is still subject to regulatory approvals.

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.

Remarks: NONE

7.j Changes in contingent liabilities or contingent assets from December 2004.

• Total Contingent accounts declined by 0.6% or P922M as compared to last December 31, 2004 brought about by the following:

- Trust Accounts dropped by 3.8% or P3.403B due to the transfer of custody accounts to financial advisory services in compliance to the BSP circular on third-party custodians.
- Spot/forward exchange Bought went down by 0.04% or P9M from lower levels of swap transactions in BDO.
- Other contingent accounts decreased by 0.5% or P75 M, mainly from the decline in the volume of late

deposits/payments received and interest rate swap receivable/payable.

- **Unused commercial letters of credit increased by 34% or P1.967B on account of increased trade transactions.**
- **Bills for collection was up by 32% or P280M due to the increase in volume of outward bills sent for collection.**
- **Spot/forward exchange Sold grew by 2% or P319 M from increased levels of swap transactions in BDO Private Bank.**

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – March 2005 vs. December 2004

- **Total Resources improved by 14% to P203.788B, primarily due to growth in deposits, borrowings and increased investments.**
- **Cash & Other Cash Items decreased by 51% to P2.781B as the Bank optimized the composition of its reserve assets resulting in the Due from BSP account increasing by 94% to P3.816B.**
- **Due from Other Banks declined by 16% to P3.575B, which was, however, offset by the growth in Interbank Loans Receivable by 11% to P11.399B.**
- **Investment in Bonds and Other Debt Instruments (IBODI) dropped by 25% to P42.318B as the Bank reclassified a portion of its investment portfolio to Trading Account Securities in anticipation of the BSP Circular 476 on accounting for investments in securities.**
- **Trading Account Securities (TAS) rose by 180% to P59.355B from the reclassification of IBODI and growth in funding.**
- **Deposit Liabilities increased by 10% to P140.906B, due to growth in branch-generated funding.**
- **Bills payable increased by 43% to P35.047B, as borrowings were utilized as an alternative funding source.**
- **Accrued Interest, Taxes & Other Expenses Payable grew by 32% to P1.908B on account of increased levels of liabilities and operating expenses.**

- **Minority Interest deteriorated by 103% to (P37M) due to the increased share in the net losses of BDO Card Corporation.**
- **Equity grew by 5% to P20.251 B caused by increase in net income and revaluation of Available for Sale Securities (AFS).**

II. Balance Sheet – March 2005 vs. March 2004

- **Resources increased by 32% or P49.378B from last year's level of P154.410B, mainly from growth in deposits, borrowings and equity.**
- **Cash & Other Cash Items increased by 49%, in line with the growth in deposit levels and branch network.**
- **Due from BSP account grew by 39% on account of increased levels of reserves consistent with the growth in deposits.**
- **Due from Other Banks grew by 65%, primarily foreign currency denominated placements and working balances with foreign banks.**
- **Interbank Loans Receivable decreased by 13%, as funds were channeled to investments, which provided better returns.**
- **Trading Account Securities grew by 528% due to the reclassification of IBODI in anticipation of BSP Circular 476 as well as the growth in the Bank's funding.**
- **Investment in Bonds & Other Debt Instruments declined by 16% after the reclassification to TAS as mentioned above.**
- **Receivables from Customers increased by 7% as a result of increased corporate and consumer loans.**
- **Bank premises & FFE grew by 16% due to the growth in the consumer and transaction banking business lines as well as the branch network.**
- **Real & Other Properties Owned or Acquired (ROPOA) rose by 16% on account of the reclassification of real estate properties from Dao Heng Bank, Inc (DHBI), which were previously classified as miscellaneous assets, and additional foreclosures on non-performing loans.**
- **Other resources grew by 11%, mainly miscellaneous assets and credit card receivables.**
- **Deposit Liabilities increased by 36% or P37.173B, due to growth in branch-generated funding.**
- **Bills payable rose by 22%, primarily from increased borrowings of BDO Private Bank to fund investments in fixed income securities.**

- **Accrued Interest, Taxes & Other Expenses payable rose by 25% on account of increased levels of liabilities and operating expenses.**
- **Other Liabilities went up by 13% mainly due to higher levels of sundry credits, accounts payable and manager's checks outstanding.**
- **Minority Interest declined by 448% due to continued losses from BDO Card Corporation.**
- **Equity grew by 32% caused by the increase in net income and the issuance of USD50 M preferred shares last October 2004.**

III. Income Statement – March 2005 vs March 2004

- **Net Income for the quarter reached P571M, an increase of P168M or 42% over the comparable result last year**
- **Interest Income increased by 29% to P3.293B, brought about by higher loan and investments levels.**
- **Interest Expense was up by 20% to P1.745B, from increased deposit & borrowing volumes,**
- **As a result of higher volumes of earning assets, Net Interest Income increased by 40% to P1.548B**
- **The Bank set aside P348M as Provisions for Probable Losses, which is higher than the amount provided for the comparable period last year by 148%.**
- **Other Income items:**
 - **Service Charges & Fees were up by 51%, primarily from branches' deposit-related transactions**
 - **Trust Income grew by 25% on account of higher volume of funds managed by the unit**
 - **Other Income was better by 293% mainly due to foreign exchange gains.**
- **Operating Expenses were up by 27%, as follows:**
 - **Compensation Cost increased by 24%, due to a higher manpower count brought about by business expansion**
 - **Occupancy, premises & equipment-related expenses increased by 8% due to the increase in the branch network. BDO now has 184 branches nationwide.**
 - **Taxes & Licenses declined by 8% brought about by lower Gross Receipts Taxes.**

- Insurance went up by 24% due to higher fixed asset levels.
- Security, Clerical & Messengerial rose by 52% on account of business expansion and increase in the branch network.
- Litigation/Assets Acquired dropped by 7% due to the decline in the Bank's non-performing loans.
- Other expenses grew by 51% primarily from business expansion.

Provision for Income Taxes increased by 123% due to higher levels of FCDU assets.

2. 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.

1.) Return on Average Equity (Annualized) Mar-05 Mar-04 Inc/(Dec)

Net Income / Average Total Capital Account

570,982	/	19,773,251	11.55%		
403,045	/	15,095,716		10.68%	0.87%

2.) Return on Average Assets (Annualized)

Net income / Average total asset

570,982	/	191,467,638	1.19%		
403,045	/	151,705,340		1.06%	0.13%

3.) Net Interest Margin (Annualized)

Net interest income / Average earning asset

1,547,963	/	167,156,746	3.70%		
1,101,904	/	130,919,274		3.37%	0.33%

4.) Capital adequacy ratio

Total qualifying capital / Total Risk weighted Assets (In MM Php)

19,900	/	80,612	24.7%		
16,066	/	73,881		21.7%	3.0%

5.) Earning per share

Net income / Average Common Stock

526,463	/	908,190	0.58		
403,045	/	908,190		0.44	0.14

- 1. Return on average equity (ROE) increased from 10.68% last year to 11.55% this year as a result of higher volumes and margins.**
- 2. Return on Average Assets (ROA) increased from 1.06% last year to 1.19% this year due to increased efficiency in the utilization of resources.**
- 3. Net interest margin went up from 3.37% last year to 3.70% this year as a result of higher interest rates and increase in low-cost funds.**
- 4. Capital adequacy ratio improved from 21.7% a year ago to 24.7% this year due to the increase in capital from the USD50M preferred shares issuance last October 2004.**
- 5. Earnings per share increased from ₱0.44 to ₱0.58 caused by the improvement in Net Income.**

- 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 – March 2005 vs. December 2004

- **IBODI to Total Resources went down from 31.5% to 20.8% due to the reclassification of IBODI to TAS in anticipation of BSP Circular 476.**
- **TAS to Total Resources correspondingly increased from 11.8% to 29.1% from the reclassification mentioned above.**

II. Balance Sheet – March 2005 vs. March 2004

- **IBODI to Total Resources declined from 32.8% to 20.8% due to the reclassification of IBODI to TAS in anticipation of BSP Circular 476.**
- **TAS to Total Resources thus grew from 6.1% to 29.1% from the reclassification mentioned above.**
- **Receivables from Customers to Total Resources went down from 37.2% to 30.2% as resources (specifically liquid assets) grew at a much faster rate than loans.**

III. Income Statement – March 2005 vs March 2004

- **Interest Income on Trading Account Securities and Investments as a percentage of Total Interest Income improved from 40.9% to 49.8% from higher investment levels.**
- **Interest Income on Interbank Loan Receivable as a percentage of Total Interest Income contracted from 10.7% to 5.4% as funds were channeled to TAS and investments, which provided better returns.**
- **The proportion of Trading Income to Total Other Income went down from 43.8% to 31.0% as trading gain was flat year on year while other sources of fee income registered growth.**
- **Other Income as a percentage of Total Other Income improved from 6.9% to 19.2% due to the increase in foreign exchange gain.**

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

Remarks: NONE