

**PHILIPPINE NATIONAL BANK AND SUBSIDIARIES**  
**STATEMENTS OF CONDITION**  
(In Thousand Pesos)

	Consolidated		Parent Company	
	December 31			
	2006	2005	2006	2005
<b>ASSETS</b>				
Cash and Other Cash Items (Note 17)	<b>₱4,820,155</b>	₱5,670,002	<b>₱4,753,539</b>	₱5,333,783
Due from Bangko Sentral ng Pilipinas (Note 17)	<b>12,566,759</b>	3,719,362	<b>12,566,759</b>	3,719,362
Due from Other Banks	<b>3,555,603</b>	5,494,793	<b>2,314,288</b>	4,897,004
Interbank Loans Receivable (Note 34)	<b>22,412,817</b>	16,914,045	<b>22,093,537</b>	16,881,081
Securities Held Under Agreements to Resell (Note 17)	<b>15,700,000</b>	12,300,000	<b>15,700,000</b>	12,300,000
Securities at Fair Value Through Profit or Loss (Note 8)	<b>1,137,835</b>	1,323,591	<b>1,109,137</b>	1,297,213
Loans and Receivables (Note 9)	<b>83,592,219</b>	80,072,004	<b>81,465,282</b>	77,895,771
Receivables from Special Purpose Vehicle (Note 10)	<b>1,361,074</b>	–	<b>1,361,074</b>	–
Available-for-Sale Investments (Notes 11 and 17)	<b>42,824,810</b>	40,242,135	<b>40,822,339</b>	38,084,187
Held-to-Maturity Investments (Note 11)	<b>1,554,368</b>	5,266,817	<b>1,420,044</b>	5,091,685
Property and Equipment				
At cost (Note 12)	<b>730,181</b>	788,877	<b>663,916</b>	700,345
At appraised value (Notes 12)	<b>15,846,819</b>	14,540,365	<b>15,846,819</b>	14,536,391
Investments in Subsidiaries and an Associate (Notes 2 and 13)	<b>801,838</b>	684,171	<b>5,439,520</b>	5,500,591
Investment Properties (Notes 2, 14 and 24)	<b>24,882,076</b>	26,847,767	<b>24,803,748</b>	26,765,021
Other Assets (Note 15)	<b>11,684,511</b>	8,794,321	<b>11,294,193</b>	8,442,814
<b>TOTAL ASSETS</b>	<b>₱243,471,065</b>	₱222,658,250	<b>₱241,654,195</b>	₱221,445,248
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Deposit Liabilities (Note 17)</b>				
Demand	<b>₱17,867,651</b>	₱15,849,762	<b>₱17,823,367</b>	₱15,698,886
Savings	<b>140,233,120</b>	127,672,738	<b>140,085,759</b>	127,657,683
Time	<b>23,566,921</b>	24,304,277	<b>25,823,838</b>	26,739,311
	<b>181,667,692</b>	167,826,777	<b>183,732,964</b>	170,095,880
Bills and Acceptances Payable (Notes 2 and 18)	<b>10,955,948</b>	13,145,874	<b>10,361,715</b>	12,443,283
Accrued Taxes, Interest and Other Expenses (Note 19)	<b>4,899,427</b>	4,734,667	<b>4,823,811</b>	4,590,616
Subordinated Debt (Note 20)	<b>8,389,297</b>	2,958,437	<b>8,389,297</b>	2,958,437
Other Liabilities (Note 21)	<b>12,802,426</b>	11,083,223	<b>11,081,837</b>	10,062,154
<b>TOTAL LIABILITIES</b>	<b>218,714,790</b>	199,748,978	<b>218,389,624</b>	200,150,370

(Forward)



	Consolidated		Parent Company	
	December 31			
	2006	2005	2006	2005
<b>EQUITY ATTRIBUTABLE TO EQUITY</b>				
<b>HOLDERS OF THE PARENT COMPANY</b>				
Capital stock (Notes 2 and 22)	₱22,929,837	₱22,929,837	₱22,929,837	₱22,929,837
Capital paid in excess of par value (Note 2)	545,745	545,745	545,745	545,745
Surplus reserves (Notes 2 and 27)	512,204	495,118	512,204	495,118
Deficit (Notes 2, 3 and 9)	(2,603,474)	(3,657,870)	(3,980,989)	(4,926,731)
Revaluation increment on land and buildings (Notes 2 and 12)	2,471,113	1,480,301	2,471,113	1,480,301
Accumulated translation adjustment (Notes 2 and 13)	(114,869)	217,479	-	-
Net unrealized gain on available-for-sale investments (Note 11)	832,490	810,619	786,661	770,608
Share in equity adjustments of an associate (Note 13)	89,592	-	-	-
Parent company shares held by a subsidiary	(5,323)	(5,323)	-	-
	<b>24,657,315</b>	22,815,906	<b>23,264,571</b>	21,294,878
<b>MINORITY INTEREST</b>	<b>98,960</b>	93,366	-	-
<b>TOTAL EQUITY</b>	<b>24,756,275</b>	22,909,272	<b>23,264,571</b>	21,294,878
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱243,471,065</b>	₱222,658,250	<b>₱241,654,195</b>	₱221,445,248

*See accompanying Notes to Financial Statements.*



# PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

## STATEMENTS OF INCOME

(In Thousand Pesos, Except Earnings Per Share Amounts)

	Consolidated			Parent Company		
	Years Ended December 31					
	2006	2005	2004	2006	2005	2004
<b>INTEREST INCOME ON</b>						
Loans and receivables (Notes 9 and 28)	₱7,147,512	₱6,340,391	₱4,753,299	₱6,962,022	₱6,118,239	₱4,552,212
Investment securities (Note 11)	4,148,546	4,145,956	4,015,209	4,053,146	4,064,096	3,900,620
Deposits with banks and others	761,144	600,435	468,401	640,566	530,918	387,745
	<b>12,057,202</b>	<b>11,086,782</b>	<b>9,236,909</b>	<b>11,655,734</b>	<b>10,713,253</b>	<b>8,840,577</b>
<b>INTEREST EXPENSE ON</b>						
Deposit liabilities (Note 17)	5,158,476	4,728,664	4,845,233	5,259,545	4,789,760	4,863,293
Bills payable and other borrowings (Notes 18 and 20)	1,554,215	1,124,366	1,156,612	1,505,089	1,097,448	1,125,620
	<b>6,712,691</b>	<b>5,853,030</b>	<b>6,001,845</b>	<b>6,764,634</b>	<b>5,887,208</b>	<b>5,988,913</b>
<b>NET INTEREST INCOME</b>	<b>5,344,511</b>	<b>5,233,752</b>	<b>3,235,064</b>	<b>4,891,100</b>	<b>4,826,045</b>	<b>2,851,664</b>
Service fees and commission income	2,767,462	2,914,431	3,164,095	1,796,203	2,008,182	2,302,374
Service fees and commission expense	102,479	222,273	206,521	92,280	198,523	188,972
<b>NET SERVICE FEES AND COMMISSION INCOME</b>	<b>2,664,983</b>	<b>2,692,158</b>	<b>2,957,574</b>	<b>1,703,923</b>	<b>1,809,659</b>	<b>2,113,402</b>
<b>OTHER EXPENSES</b>						
Trading and investment securities gains - net (Note 8)	2,071,623	1,085,737	417,898	2,047,021	1,067,980	412,336
Foreign exchange gains - net	1,076,607	1,085,548	1,346,674	630,806	576,223	845,131
Miscellaneous (Notes 24 and 26)	2,153,786	1,328,321	1,711,392	2,250,650	1,148,531	1,582,377
<b>TOTAL OPERATING INCOME</b>	<b>13,311,510</b>	<b>11,425,516</b>	<b>9,668,602</b>	<b>11,523,500</b>	<b>9,428,438</b>	<b>7,804,910</b>
<b>OTHER EXPENSES</b>						
Compensation and fringe benefits (Notes 23 and 28)	3,201,890	3,150,000	3,333,362	2,480,783	2,485,397	2,701,819
Provision for impairment and credit losses (Note 16)	2,802,283	504,213	964,335	2,734,736	502,855	932,395
Taxes and licenses (Note 25)	1,123,155	1,001,462	868,844	1,099,523	973,867	841,498
Depreciation and amortization (Notes 12 and 14)	1,111,364	800,452	763,447	1,066,999	769,078	722,788
Occupancy and equipment-related costs (Note 24)	832,172	857,259	759,212	672,435	699,450	625,031
Miscellaneous (Notes 25 and 26)	2,534,237	2,642,531	2,032,943	2,004,369	2,015,035	1,463,837
<b>TOTAL OPERATING EXPENSES</b>	<b>11,605,101</b>	<b>8,955,917</b>	<b>8,722,143</b>	<b>10,058,845</b>	<b>7,445,682</b>	<b>7,287,368</b>
<b>INCOME BEFORE SHARE IN NET INCOME OF AN ASSOCIATE AND INCOME TAX</b>	<b>1,706,409</b>	<b>2,469,599</b>	<b>946,459</b>	<b>1,464,655</b>	<b>1,982,756</b>	<b>517,542</b>
<b>SHARE IN NET INCOME OF AN ASSOCIATE</b> (Note 13)	<b>46,299</b>	<b>49,665</b>	<b>30,219</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>INCOME BEFORE INCOME TAX AND PROVISION FOR INCOME TAX</b>	<b>1,752,708</b>	<b>2,519,264</b>	<b>976,678</b>	<b>1,464,655</b>	<b>1,982,756</b>	<b>517,542</b>
(Note 25)	932,679	1,891,726	618,142	758,874	1,731,778	478,793
<b>NET INCOME</b>	<b>₱820,029</b>	<b>₱627,538</b>	<b>₱358,536</b>	<b>₱705,781</b>	<b>₱250,978</b>	<b>₱38,749</b>
<b>ATTRIBUTABLE TO:</b>						
<b>Equity Holders of the Parent</b>						
Company (Note 31)	₱814,435	₱620,921	₱351,917			
Minority Interest	5,594	6,617	6,619			
	<b>₱820,029</b>	<b>₱627,538</b>	<b>₱358,536</b>			
<b>Basic/Diluted Earnings Per Share</b>						
Attributable to Equity Holders of the Parent Company (Note 31)						
	<b>₱1.42</b>	<b>₱1.08</b>	<b>₱0.61</b>			

See accompanying Notes to Financial Statements.



**PHILIPPINE NATIONAL BANK AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
(In Thousand Pesos)

For the Year Ended December 31, 2006

	Consolidated											
	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Notes 2 and 22)	Capital Paid in Excess of Par Value (Note 2)	Surplus Reserves (Notes 2 and 27)	Deficit (Notes 2, 3 and 9)	Revaluation Increment on Land and Buildings (Notes 2 and 12)	Accumulated Translation Adjustment (Notes 2 and 13)	Net Unrealized Gain on AFS Investments (Note 11)	Share in Equity Adjustments of an Associate (Note 13)	Parent Company Shares held by a Subsidiary	Minority Interest	Total Equity	
<b>Balance at January 1, 2006</b>	₱22,929,837	₱545,745	₱495,118	(₱3,657,870)	₱1,480,301	₱217,479	₱810,619	₱—	(₱5,323)	₱22,815,906	₱93,366	₱22,909,272
Net movement in unrealized gain on available-for-sale (AFS) investments	—	—	—	—	—	—	21,871	51,840	—	73,711	—	73,711
Net addition to revaluation increment	—	—	—	—	990,812	—	—	33,438	—	1,024,250	—	1,024,250
Amortization of deferred losses (Note 9)	—	—	—	(267,942)	—	—	—	—	—	(267,942)	—	(267,942)
Reversal of other deferred credits and unrealized profit on assets sold (Note 9)	—	—	—	524,989	—	—	—	—	—	524,989	—	524,989
Translation adjustment during the year	—	—	—	—	—	(332,348)	—	4,314	—	(328,034)	—	(328,034)
Total income and expenses recognized directly in equity	—	—	—	257,047	990,812	(332,348)	21,871	89,592	—	1,026,974	—	1,026,974
Net income for the year	—	—	—	814,435	—	—	—	—	—	814,435	5,594	820,029
Total income and expenses for the year	—	—	—	1,071,482	990,812	(332,348)	21,871	89,592	—	1,841,409	5,594	1,847,003
Transfer to surplus reserves (Note 27)	—	—	17,086	(17,086)	—	—	—	—	—	—	—	—
<b>Balance at December 31, 2006</b>	₱22,929,837	₱545,745	₱512,204	(₱2,603,474)	₱2,471,113	(₱114,869)	₱832,490	₱89,592	(₱5,323)	₱24,657,315	₱98,960	₱24,756,275

	Parent Company									
	Revaluation Increment on Land and Buildings (Notes 2 and 12)									
	Capital Stock (Notes 2 and 22)	Capital Paid in Excess of Par Value (Note 2)	Surplus Reserves (Notes 2 and 27)	Deficit (Notes 2, 3 and 9)	Revaluation Increment on Land and Buildings (Notes 2 and 12)	Net Unrealized Gain on AFS Investments (Note 11)	Total Equity			
<b>Balance at January 1, 2006</b>	₱22,929,837	₱545,745	₱495,118	(₱4,926,731)	₱1,480,301	₱770,608	₱21,294,878			
Net movement in unrealized gain on AFS investments	—	—	—	—	—	16,053	16,053			
Amortization of deferred losses (Note 9)	—	—	—	(267,942)	—	—	(267,942)			
Reversal of other deferred credits and unrealized profit on assets sold (Note 9)	—	—	—	524,989	—	—	524,989			
Addition to revaluation increment	—	—	—	—	990,812	—	990,812			
Total income and expenses recognized directly in equity	—	—	—	257,047	990,812	16,053	1,263,912			
Net income for the year	—	—	—	705,781	—	—	705,781			
Total income and expenses for the year	—	—	—	962,828	990,812	16,053	1,969,693			
Transfer to surplus reserves (Note 27)	—	—	17,086	(17,086)	—	—	—			
<b>Balance at December 31, 2006</b>	₱22,929,837	₱545,745	₱512,204	(₱3,980,989)	₱2,471,113	₱786,661	₱23,264,571			



For the Year Ended December 31, 2005

	Attributable to Equity Holders of the Parent Company							Total Equity			
	Capital Stock (Notes 2 and 22)	Capital Paid in Excess of Par Value (Note 2)	Surplus Reserves (Notes 2 and 27)	Deficit (Notes 2, 3 and 9)	Revaluation Increment on Land and Buildings (Notes 2 and 12)	Accumulated Translation Adjustment (Notes 2 and 13)	Net Unrealized Gain (Loss) on AFS Investments (Note 11)		Parent Company Shares held by a Subsidiary		
<b>Balance at December 31, 2004</b>	₱22,929,837	₱545,745	₱481,694	(₱267,142)	₱1,443,486	₱496,817	(₱142,456)	(₱5,323)	₱25,482,658	₱86,749	₱25,569,407
Cumulative effect of change in accounting for financial instruments - Philippine Accounting Standards (PAS) 39 (Note 3)	—	—	—	(2,075,890)	—	—	19,865	—	(2,056,025)	—	(2,056,025)
<b>Balance at January 1, 2005</b>	22,929,837	545,745	481,694	(2,343,032)	1,443,486	496,817	(122,591)	(5,323)	23,426,633	86,749	23,513,382
Net movement in unrealized gain on AFS investments	—	—	—	—	36,815	—	933,210	—	933,210	—	933,210
Net addition to revaluation increment	—	—	—	—	—	(279,338)	—	—	36,815	—	36,815
Translation adjustment during the year	—	—	—	—	—	—	—	—	(279,338)	—	(279,338)
Valuation loss on special purpose vehicle (SPV) subordinated notes (Note 9)	—	—	—	(1,868,299)	—	—	—	—	(1,868,299)	—	(1,868,299)
Amortization of deferred losses (Note 9)	—	—	—	(54,036)	—	—	—	—	(54,036)	—	(54,036)
Total income and expenses recognized directly in equity	—	—	—	(1,922,335)	36,815	(279,338)	933,210	—	(1,231,648)	—	(1,231,648)
Net income for the year	—	—	—	620,921	—	—	—	—	620,921	6,617	627,538
Total income and expenses for the year	—	—	—	(1,301,414)	36,815	(279,338)	933,210	—	(10,727)	6,617	(10,727)
Transfer to surplus reserves (Note 27)	—	—	13,424	(13,424)	—	—	—	—	—	—	—
<b>Balance at December 31, 2005</b>	₱22,929,837	₱545,745	₱495,118	(₱3,657,870)	₱1,480,301	₱217,479	₱810,619	(₱5,323)	₱22,815,906	₱93,366	₱22,909,272

	Parent Company					Total Equity
	Capital Stock (Notes 2 and 22)	Capital Paid in Excess of Par Value (Note 2)	Surplus Reserves (Notes 2 and 27)	Deficit (Notes 2, 3 and 9)	Revaluation Increment on Land and Buildings (Notes 2 and 12)	
<b>Balance at December 31, 2004</b>	₱2,929,837	₱545,745	₱481,694	(₱1,173,317)	₱1,439,328	₱24,084,459
Cumulative effect of change in accounting for financial instruments - PAS 39 (Note 3)	—	—	—	(2,068,633)	—	(2,048,772)
<b>Balance at January 1, 2005</b>	2,929,837	545,745	481,694	(3,241,950)	1,439,328	22,035,687
Net movement in unrealized gain on AFS investments	—	—	—	—	889,575	889,575
Net addition to revaluation increment	—	—	—	—	40,973	40,973
Valuation loss on SPV subordinated notes (Note 9)	—	—	—	(1,868,299)	—	(1,868,299)
Amortization of deferred losses (Note 9)	—	—	—	(54,036)	—	(54,036)
Total income and expenses recognized directly in equity	—	—	—	(1,922,335)	40,973	(991,787)
Net income for the year	—	—	—	250,978	—	250,978
Total income and expenses for the year	—	—	—	(1,671,351)	40,973	(740,809)
Transfer to surplus reserves (Note 27)	—	—	13,424	(13,424)	—	—
<b>Balance at December 31, 2005</b>	₱2,929,837	₱545,745	₱495,118	(₱4,926,731)	₱1,480,301	₱21,294,878



For the Year Ended December 31, 2004

	Consolidated									
	Attributable to Equity Holders of the Parent Company									
	Capital Stock (Notes 2 and 22)	Capital Paid in Excess of Par Value (Note 2)	Surplus Reserves (Notes 2 and 27)	Deficit (Notes 2, 3 and 9)	Revaluation Increment on Land and Buildings (Notes 2 and 12)	Accumulated Translation Adjustment (Notes 2 and 13)	Net Unrealized Gain (Loss) on AFS Investments (Note 11)	Parent Company Shares Held by a Subsidiary (P5,323)	Minority Interest P80,130	Total Equity P25,421,646 (3,376)
<b>Balance at January 1, 2004</b>	P22,929,837	P545,745	P445,146	(P582,511)	P1,446,862 (3,376)	P433,702	P128,058	—	—	P25,341,516 (3,376)
Net deduction from revaluation increment investments	—	—	—	—	—	—	(270,514)	—	—	(270,514)
Translation adjustment during the year	—	—	—	—	—	63,115	—	—	—	63,115
Total income and expenses recognized directly in equity	—	—	—	—	(3,376)	63,115	(270,514)	—	—	(210,775)
Net income for the year	—	—	—	351,917	—	—	—	—	—	351,917
Total income and expenses for the year	—	—	—	351,917	(3,376)	63,115	(270,514)	—	—	141,142
Transfer to surplus reserves (Note 27)	—	—	36,548	(36,548)	—	—	—	—	—	—
<b>Balance at December 31, 2004</b>	P22,929,837	P545,745	P481,694	(P267,142)	P1,443,486	P496,817	(P142,456)	(P5,323)	—	P25,482,658 (P5,323)

	Parent Company									
	Capital Stock (Notes 2 and 22)	Capital Paid in Excess of Par Value (Note 2)	Surplus Reserves (Notes 2 and 27)	Deficit (Notes 2, 3 and 9)	Revaluation Increment on Land and Buildings (Notes 2 and 12)	Accumulated Translation Adjustment (Notes 2 and 13)	Net Unrealized Gain (Loss) on AFS Investments (Note 11)	Parent Company Shares Held by a Subsidiary (P5,323)	Minority Interest P80,130	Total Equity P25,421,646 (3,376)
<b>Balance at January 1, 2004</b>	P22,929,837	P545,745	P445,146	(P1,175,518)	P1,440,462 (1,134)	P131,599	P24,317,271 (1,134)	—	—	P24,317,271 (1,134)
Net deduction from revaluation increment investments	—	—	—	—	—	—	(270,427)	—	—	(270,427)
Total income and expenses recognized directly in equity	—	—	—	—	(1,134)	(270,427)	(271,561)	—	—	(542,985)
Net income for the year	—	—	—	38,749	—	—	—	—	—	38,749
Total income and expenses for the year	—	—	—	38,749	(1,134)	(270,427)	(232,812)	—	—	(232,812)
Transfer to surplus reserves (Note 27)	—	—	36,548	(36,548)	—	—	—	—	—	—
<b>Balance at December 31, 2004</b>	P22,929,837	P545,745	P481,694	(P1,173,317)	P1,439,328	(P138,828)	(P24,084,459)	—	—	P24,084,459 (P138,828)

See accompanying Notes to Financial Statements.



# PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2006	2005	2004	2006	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income before income tax	<b>₱1,752,708</b>	₱2,519,264	₱976,678	<b>₱1,464,655</b>	₱1,982,756	₱517,542
Adjustments for:						
Provision for impairment and credit losses (Note 16)	<b>2,802,283</b>	504,213	964,335	<b>2,734,736</b>	502,855	932,395
Depreciation and amortization (Notes 12 and 14)	<b>1,111,364</b>	800,452	763,447	<b>1,066,999</b>	769,078	722,788
Realized trading gain	<b>(1,036,763)</b>	–	–	<b>(1,024,476)</b>	–	–
Net gain on sale or exchange of investment properties (Note 26)	<b>(1,317,083)</b>	(372,542)	(638,612)	<b>(1,317,083)</b>	(372,542)	(635,130)
Amortization of premium (discount)	<b>(13,205)</b>	–	–	<b>13,096</b>	–	–
Share in net income of an associate (Note 13)	<b>(46,299)</b>	(49,665)	(30,219)	–	–	–
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Securities at fair value through profit or loss (Note 8)	<b>185,756</b>	210,619	247,752	<b>188,076</b>	(584,984)	253,670
Loans and receivables	<b>(9,400,615)</b>	(5,594,019)	(1,172,583)	<b>(9,295,614)</b>	(5,770,616)	(826,079)
Other assets	<b>(4,841,311)</b>	4,652,339	2,017,794	<b>(4,803,022)</b>	5,422,119	2,466,412
Increase (decrease) in amounts of:						
Deposit liabilities (Note 17)	<b>13,840,915</b>	6,817,724	15,093,865	<b>13,637,084</b>	7,116,037	14,688,745
Accrued taxes, interest and other expenses (Note 19)	<b>181,986</b>	(1,404,823)	(2,496,435)	<b>233,195</b>	(1,490,972)	(2,449,613)
Other liabilities	<b>1,138,920</b>	2,088,545	2,393,571	<b>785,851</b>	2,396,976	2,228,541
Net cash generated from operations	<b>4,358,656</b>	10,172,107	18,119,593	<b>3,683,497</b>	9,970,707	17,899,271
Income taxes paid	<b>(949,905)</b>	(1,860,334)	(480,314)	<b>(772,981)</b>	(1,693,840)	(342,010)
Dividends received (Note 13)	<b>9,012</b>	9,212	7,210	<b>7,147</b>	9,212	7,210
Net cash provided by operating activities	<b>3,417,763</b>	8,320,985	17,646,489	<b>2,917,663</b>	8,286,079	17,564,471
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of:						
Available-for-sale investments	<b>147,467,060</b>	–	851,109	<b>145,161,445</b>	–	851,022
Investment properties	<b>6,316,502</b>	2,123,987	2,139,734	<b>6,315,196</b>	2,022,742	2,136,251
Property and equipment	<b>339,912</b>	–	–	<b>333,833</b>	–	–
Collection of interbank loans receivables (Note 34)	<b>420,276,297</b>	2,346,334	–	<b>420,276,297</b>	2,346,334	–
Disposal of investments in subsidiaries	–	–	43,031	–	–	111,499
Proceeds from maturity of held-to-maturity investments	<b>3,763,003</b>	8,670,327	–	<b>3,658,545</b>	6,697,986	–
Acquisition of:						
Available-for-sale investments	<b>(149,101,658)</b>	(11,193,332)	–	<b>(146,971,081)</b>	(9,033,469)	–
Held-to-maturity investments	<b>(37,350)</b>	–	(16,605,981)	–	–	(16,830,998)
Property and equipment (Note 12)	<b>(518,174)</b>	(515,890)	(343,604)	<b>(496,642)</b>	(472,812)	(320,003)
Additional interbank loans receivables (Note 34)	<b>(423,428,258)</b>	–	(2,346,334)	<b>(423,428,258)</b>	–	(2,346,334)
Additional investments in subsidiaries	–	–	–	<b>(40,498)</b>	–	–
Net cash provided by (used in) investing activities	<b>5,077,334</b>	1,431,426	(16,262,045)	<b>4,808,837</b>	1,560,781	(16,398,563)

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2006	2005	2004	2006	2005	2004
<b>CASH FLOWS FROM FINANCING</b>						
<b>ACTIVITIES</b>						
Proceeds from:						
Bills and acceptances payable (Note 18)	₱12,356,184	₱-	₱984,730	₱11,381,465	₱-	₱965,359
Subordinated debt (Note 20)	5,500,000	-	3,000,000	5,500,000	-	3,000,000
Settlement of bills and acceptances payable	(14,546,110)	(388,784)	-	(13,463,033)	(452,190)	-
Net cash provided by (used in) financing activities	3,310,074	(388,784)	3,984,730	3,418,432	(452,190)	3,965,359
<b>NET INCREASE IN CASH AND</b>						
<b>CASH EQUIVALENTS</b>						
	11,805,171	9,363,627	5,369,174	11,144,932	9,394,670	5,131,267
<b>CASH AND CASH EQUIVALENTS</b>						
<b>AT BEGINNING OF YEAR</b>						
Cash and other cash items	5,670,002	3,342,672	3,257,207	5,333,783	3,342,466	3,205,026
Due from Bangko Sentral ng Pilipinas	3,719,362	3,765,737	1,115,502	3,719,362	3,765,737	1,115,502
Due from other banks	5,494,793	7,051,470	5,807,556	4,897,004	6,092,449	5,142,524
Interbank loans receivable (Note 34)	16,914,045	16,574,696	13,785,136	16,881,081	16,535,908	13,742,241
Securities held under agreements to resell	12,300,000	4,000,000	5,400,000	12,300,000	4,000,000	5,400,000
	44,098,202	34,734,575	29,365,401	43,131,230	33,736,560	28,605,293
<b>CASH AND CASH EQUIVALENTS</b>						
<b>AT END OF YEAR</b>						
Cash and other cash items	4,820,155	5,670,002	3,342,672	4,753,539	5,333,783	3,342,466
Due from Bangko Sentral ng Pilipinas	12,566,759	3,719,362	3,765,737	12,566,759	3,719,362	3,765,737
Due from other banks	3,555,603	5,494,793	7,051,470	2,314,288	4,897,004	6,092,449
Interbank loans receivable (Note 34)	19,260,856	16,914,045	16,574,696	18,941,576	16,881,081	16,535,908
Securities held under agreements to resell	15,700,000	12,300,000	4,000,000	15,700,000	12,300,000	4,000,000
	55,903,373	₱44,098,202	₱34,734,575	54,276,162	₱43,131,230	₱33,736,560
<b>OPERATIONAL CASH FLOWS</b>						
<b>FROM INTEREST AND</b>						
<b>DIVIDENDS</b>						
Interest paid	₱7,109,859	₱7,116,769	₱8,777,495	₱7,148,539	₱7,159,482	₱8,761,868
Interest received	12,118,812	11,954,116	9,089,781	11,705,491	11,592,474	8,678,797
Dividends received	9,012	9,212	7,210	191,949	18,203	25,627

See accompanying Notes to Financial Statements.

