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S.E.C. Registration Number

P H I L I P P I N E B A N K O F C O M M U N I C A T I O N S

(Company's Full Name)

P B C O M T O W E R , 6 7 9 5 A Y A L A A V E N U E

C O R N E R V . A . R U F I N O S T R E E T

M A K A T I C I T Y

(Business Address: No. Street City/ Town/ Province)

Angelo Patrick F. Advincula

Contact Person

(02) 830-7062

Company Telephone Number

3rd Tuesday of June

1 2 3 1

Month Day

Fiscal Year

2 0 1 S

Form Type

Month Day

Annual Meeting

Secondary License Type, If
Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

3 9 8

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of the **PHILIPPINE BANK OF COMMUNICATIONS** will be held on **Tuesday, 6 June 2017** at **2:00 p.m.** at the Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City to discuss the following:

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Review and Approval of the Minutes of the Previous Meeting held on 14 June 2016
4. Annual Report of Management and Approval of the Audited Financial Statements for 2016
5. Ratification of Acts of the Board of Directors and Management Since the Last Annual Meeting of Stockholders
6. Election of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

For purposes of the meeting, only stockholders of record as of 12 April 2017 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Registration starts at 1:00 p.m. For your convenience in registering your attendance, please have available some form of identification, such as your driver's license, passport or any government issued ID. For representatives of corporate stockholders, kindly bring a copy of the Board Resolution authorizing you to vote the shares of the company you represent.

Should you be unable to attend the meeting in person, you may want to execute a proxy in favor of a representative. The giving of such proxy will not affect your right to vote in person, should you decide to attend the Annual Meeting.

Copies of the following documents will be available upon request: (i) Minutes of the Annual Meeting of Stockholders held on 14 June 2016; (ii) Information Statement; (iii) Management Report; (iv) Audited Financial Statements for the year 2016.

2 May 2017



ANGELO PATRICK F. ADVINCULA
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE
SECURITIES REGULATION CODE

1. Check the Appropriate box

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter

**PHILIPPINE BANK OF
COMMUNICATIONS**

3. Province, country or other jurisdiction of incorporation or
organization

Philippines

4. SEC Identification Number

PW00000686

5. BIR Tax Identification Number

000-263-340-000

6. Address of Principal Office

**PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street,
Makati City 1226, Philippines**

7. Registrant's telephone number, including area code

(632) 830-7000

8. Date, time and place of meeting of security holders

Date **6 June 2017, Tuesday**

Time **2:00 p.m.**

Place **The Manila Golf and Country Club**

9. Approximate date on which the Information Statement is first to be sent or given to security
holders

16 May 2017

10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA
(information of the number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class

Common Stock

Debt Outstanding

Number of Common Stock Outstanding or

Amount of Debt Outstanding

480,645,163 shares

None

11. Are any or all of the registrant's securities listed on a Stock Exchange?

Yes

✓

No

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, Inc.

Common Shares

INFORMATION STATEMENT

We are not asking you for a proxy and you are requested not to send us a proxy.

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date : 6 June 2017, Tuesday
Time : 2:00 p.m.
Place : Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City

Mailing Address of the Bank

The complete mailing address of the Philippine Bank of Communications (hereinafter, "PBCom", the "Bank" or the "Corporation") is:

PHILIPPINE BANK OF COMMUNICATIONS
PBCom Tower, 6795 Ayala Ave. corner V.A. Rufino St.
Makati City 1226, Philippines

Record Date

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of the Stockholders is **12 April 2017** (the "Record Date").

Approximate Date of First Release of Information Statement

The approximate date on which this Information Statement will be first sent out to the stockholders of the Bank is on 16 May 2017.

Dissenter's Right of Appraisal

In accordance with Title X of the Corporation Code, any stockholder of the Bank has the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
3. In case of merger or consolidation

The procedure for the exercise of such appraisal right by the stockholders is as follows:

1. The stockholder voted against the proposed corporate action.
2. The dissenting stockholder shall make a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair market value of his shares. The failure

of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right.

3. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock within ten (10) days after demanding payment for his shares (Sec. 86), the fair value thereof; and

4. Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the corporation.

To date, there are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Corporation Code.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

There is no matter to be acted upon in which any director or executive officer is involved or had a direct, indirect or substantial interest (except the election of directors).

No director has informed the registrant, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- (a) **Total Number of Shares Outstanding as of the date of this report :** 480,645,163 common shares

Number of Votes per Share: One (1) vote per share.

- (b) **Record Date:** All stockholders of record as of the close of business on **12 April 2017** are entitled to notice of, and to vote at, the Annual Meeting.

- (c) Pursuant to Article II, Section 2 of the Bank's By-laws, a stockholder may vote during the Annual Stockholders' Meeting in person or by proxy.

In accordance with Section 24 of the Corporation Code, a stockholder may vote for the directors of the Bank in any of the following manner:

1. He may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by his shares; or
2. He may distribute them in the same principle among as many candidates as he shall see fit.
3. In any of the foregoing instances, the total number of votes cast by the shareholder should not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners – as of the date of this report

There are no delinquent stocks and the direct and indirect record of beneficial owners of more than five percent (5%) of common shares of the Bank are:

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Ownership and relationship with Record Owner	Citizenship	No. of Shares	% Held
Common	P.G. Holdings, Inc. 900 Romualdez St., Paco, Manila Stockholder	Lucio L. Co – Chairman & President Susan P. Co - Director	Filipino	181,080,608	37.67%
Common	PCD Nominee Corporation Stockholder	Various stockholders	Filipino	157,094,135	32.68%
Common	Eric O. Recto (5/F PBCOM Tower 6795 Ayala Ave. cor. V.A. Rufino St., Makati City) Stockholder	Eric O. Recto – same as record owner	Filipino	52,729,424	10.97%
Common	Ralph C. Nubla, Jr. (c/o 5/F PBCOM Tower 6795 Ayala Ave. cor. V.A. Rufino St., Makati City) Stockholder	Ralph C. Nubla, Jr. – same as record owner	Filipino	51,779,374	10.77%

Except as stated above, the Board of Directors and Management of the Bank have no knowledge of any person who, as of the date of this report, was indirectly or directly the beneficial owner of more than five percent of the Bank's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent of the outstanding shares of common stock. There are no persons holding more than 5% of the Bank's common stocks that are under a voting trust or similar agreement.

Security Ownership of Management

The following are the number of shares of common stock owned of record and beneficially by the directors and executive officers of the Bank and the percentage of shareholdings of each, as of the date of this report:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent
Common	Eric O. Recto	Direct 52,729,424	Filipino	10.97%
Common	Leonardo B. Dayao	Direct 7,001	Filipino	0.00%
Common	Patricia May T. Siy	Direct 100	Filipino	0.00%
Common	Carmen G. Huang	Direct 500	Filipino	0.00%
Common	Bunsit Carlos G. Chung	Direct 550,716	Filipino	0.11%
		Indirect 449,294		0.09%
Common	Lucio L. Co	Direct 1	Filipino	0.00%
		Indirect 91,985,704		19.14%
Common	Susan P. Co	Direct 1	Filipino	0.00%
		Indirect 91,893,719		19.12%
Common	Ralph C. Nubla, Jr.	Direct 51,779,374	Filipino	10.77%
Common	Gregorio T. Yu	Direct 1,432,692	Filipino	0.30%
Common	David L. Balangue	Direct 50	Filipino	0.00%
Common	Jesus S. Jalandoni, Jr.	Direct 10	Filipino	0.00%
Common	Levi B. Labra	Direct 100	Filipino	0.00%
Common	Roberto Z. Lorayes	Direct 500	Filipino	0.00%
Common	Emmanuel Y. Mendoza	Direct 100	Filipino	0.00%
Common	Gilda E. Pico	Direct 100	Filipino	0.00%
Common	Jaime Valentin L. Araneta	N/A 0	Filipino	0.00%
Common	Manuel Andres D. Goseco	N/A 0	Filipino	0.00%
Common	Eriberto Luis S. Elizaga	N/A 0	Filipino	0.00%
Common	John Howard D. Medina	N/A 0	Filipino	0.00%
Common	Angelo Patrick F. Advincula	N/A 0	Filipino	0.00%
Common	Michael Stephen H. Lao	N/A 0	Filipino	0.00%

Except as disclosed above, the Bank has not received from any of the directors or executive officers of the Bank any statement of ownership, whether of record or beneficially, of more than 5% of the Bank's outstanding shares of common stock. As known by the Bank, the aggregate number of common shares owned directly by all key officers and directors as a group as of the date of this report is 106,500,669 common shares.

Changes in Control

There are no voting trust agreements or any other similar agreement that may result in a change in control of the Bank of which the Bank has any knowledge. No change in control of the Bank has occurred since the beginning of its last fiscal year.

Directors and Executive Officers

Pursuant to the Bank's By-Laws, the directors are elected at the annual stockholders' meeting to hold office until next succeeding annual meeting and until their respective successors in interest have been elected and qualified.

The following names have been nominated for election to the Board of Directors for the ensuing year:

Eric O. Recto
Leonardo B. Dayao
Patricia May T. Siy
Lucio L. Co
Susan P. Co
Carmen G. Huang
Bunsit Carlos G. Chung
Levi B. Labra
Ralph C. Nubla, Jr.
Gregorio T. Yu
David L. Balangue – Independent Director
Jesus S. Jalandoni, Jr. – Independent Director
Roberto Z. Lorayes – Independent Director
Emmanuel Y. Mendoza – Independent Director
Gilda E. Pico – Independent Director

The aforementioned list of nominees had been evaluated and confirmed by the Nominations Committee of the Bank.

The nominees for Independent Director have all the qualifications and none the disqualifications of an Independent Director.

The following names were nominated as members of the Executive, Risk Oversight, Governance, Audit, Related Party Transactions (RPT), and Trust Committees for the ensuing year:

Executive Committee

- a. Lucio L. Co (Chairman)
- b. Eric O. Recto (Vice Chairman)
- c. Leonardo B. Dayao (Vice Chairman)
- d. Patricia May T. Siy
- e. Carmen G. Huang
- f. Bunsit Carlos G. Chung
- g. Ralph C. Nubla, Jr.

Risk Oversight Committee

- a. David L. Balangue (Chairman/Independent Director)
- b. Jesus S. Jalandoni, Jr. (Independent Director)
- c. Bunsit Carlos G. Chung
- d. Levi B. Labra
- e. Patricia May T. Siy

Governance Committee

- a. Roberto Z. Lorayes (Chairman/Independent Director)
- b. Eric O. Recto
- c. Leonardo B. Dayao
- d. David L. Balangue (Independent Director)
- e. Gilda E. Pico (Independent Director)

The Governance Committee also serves as the Bank's Nominations Committee, Compensation and Remuneration Committee and Performance Evaluation Committee.

Audit Committee

- a. Emmanuel Y. Mendoza (Chairman/Independent Director)
- b. Bunsit Carlos G. Chung
- c. Levi B. Labra
- d. Gilda E. Pico (Independent Director)

RPT Committee

- a. David L. Balangue (Chairman/Independent Director)
- b. Jesus S. Jalandoni, Jr. (Independent Director)
- c. Gilda E. Pico (Independent Director)
- d. Levi B. Labra

Trust Committee

- a. Eric O. Recto (Chairman)
- b. Patricia May T. Siy
- c. Jesus S. Jalandoni, Jr. (Independent Director)
- d. Roberto Z. Lorayes (Independent Director)

Rules on Nomination and Election of Directors and Independent Directors and Manner of Voting

In compliance with SEC SRC Rule 38, and as a matter of practice, the Bank has adopted the following rules in the nomination and election of directors.

SEC.1. Period. All the nominations for directors and independent directors shall be submitted to the Nominations Committee through any of the members of the committee or the Corporate Secretary at any time before the submission of the Definitive Information Statement to the Securities and Exchange Commission, allowing the Nominations Committee sufficient time to pass upon the qualifications of the nominees.

SEC.2. Form and Contents. All nominations shall be in writing duly signed by a stockholder and accepted and conformed to by the nominees likewise in writing indicating whether a particular nominee/s is/are intended to be an independent director or not. It must contain the nominee's age, educational attainment, work and/or business experience and/or affiliation.

SEC.3. Qualifications. No individual shall be nominated as director or independent director unless he meets the minimum requirements/qualifications prescribed by the regulatory agencies/offices concerned of listed banks.

SEC.4. List of Candidates. The Nominations Committee shall pre-screen the qualifications of the nominees and prepare the final list of candidates, including a summary of all relevant information about them.

Names of Directors and Executive Officers

The following are the names, ages and periods of service of the incumbent directors and executive officers of the Company with a brief description of the business experience during the past five years of each of the directors and executive officers:

Board of Directors

ERIC O. RECTO, Chairman of the Board and Director

Mr. Recto, Filipino, 53 years old, was elected Director and Vice Chairman of the Board on July 26, 2011, appointed Co-Chairman of the Board on January 18, 2012 and Chairman of the Board on May 23, 2012. He is the Chairman and CEO of ISM Communications Corporation, Chairman and President of Bedfordbury Development Corporation; Vice Chairman and President of Atok-Big Wedge Co., Inc., and President and Director of Q-Tech Alliance Holdings, Inc.; a Director of Petron Corporation and a member of the Board of Supervisors of Acentic GmbH. Prior to joining the Bank, Mr. Recto served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both International Finance Group and the Privatization Office. Before his stint with the government, he was Chief Finance Officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University, USA.

LEONARDO B. DAYAO, Vice Chairman and Director

Mr. Dayao, Filipino, 73 years old, was elected Director on September 29, 2014 and Co-Vice Chairman on October 24, 2014. He is the President of Cosco Capital, Inc., a publicly-listed company. He is the Chairman of PSMT Philippines, Inc., Catuiran Hydropower Corporation, Fertuna Holdings Corporation and Vice-Chairman of Union Energy Corporation. Mr. Dayao is also the President of Alcorn Petroleum and Minerals Corporation, Puregold Finance, Inc., Puregold Duty Free (Subic), Inc., San Jose I Power Corporation and NE Pacific Shopping Centers Corporation. Mr. Dayao is a Director of Puregold Price Club, Inc., Entenso Equities, Inc., Puregold Realty Leasing and Management, Inc., Fontana Development Corporation, Fontana Resort and Country Club, Liguiaz Philippines Corporation, Puregold Finance, Inc., Puregold Duty Free (Subic), Inc., Bellagio Holdings, Inc. and VFC Land Resources, Inc. Mr. Dayao was previously connected with Ayala Investment and Development Company as Vice-President from 1980 to 1984 and Bank of the Philippine Islands as Vice President from 1984 to 1994. Mr. Dayao received a Bachelor of Science degree in Commerce from the Far Eastern University. He is a Certified Public Accountant. He has completed Basic Management Program at Asian Institute of Management and earned units in MBA from the University of the Philippines-Cebu.

LUCIO L. CO, Executive Committee Chairman and Director

Mr. Co, Filipino, 62 years old was elected Director on September 29, 2014. He is the Chairman of the Board of Puregold Price Club, Inc., Cosco Capital, Inc. and Da Vinci Capital Holdings Inc., all publicly-listed companies. Mr. Co has been an entrepreneur for the past 40 years.

PATRICIA MAY T. SIY, President and Chief Executive Officer and Director

Ms. Siy, Filipino, 57 years old, was elected Director, President and Chief Executive Officer on June 1, 2015. She was previously connected with Travellers International Hotel as Chief Corporate Planning Officer from 2012 to 2015 and with Rustan's Supercenter Inc. as Chief Finance Officer from 2011 to 2012. Her banking experience spanned 29 years. She was with Security Bank Corporation as Executive Vice President from 2008 to 2011; Senior Vice President, Group Head, Corporate Relationship Group from 2002 to 2008; and Senior Vice President, Group Head, Middle Market Group from 2000 to 2002. Her stint with Standard Chartered were Senior Vice President, Head, Consumer Credit from 1999 to

2000; First Vice President, Regional Consumer Credit from 1998 to 1999; Vice President, Group Special Asset Management from 1997 to 1998; and Vice President, Corporate Banking from 1994 to 1996. Her first bank was Private Development Corporation of the Philippines where he served as Assistant Vice President, Head of Branch Lending from 1990 to 1994; Manager, Head of Cebu and Visayas Lending from 1986 to 1990; and Project Analyst from 1983 to 1986. She graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering.

CARMEN G. HUANG, Executive Director

Ms. Huang, Filipino, 66 years old, was elected Executive Director on April 29, 2015. She obtained both her Bachelor of Arts in Mathematics and Bachelor of Science in Accountancy at St. Scholastica's College Manila, and completed the academic requirements for Master in Business Administration at the Ateneo Professional School. In the past, she held various critical management positions in both government and private financial institutions. Ms. Huang is a Certified Public Accountant.

BUNSI CARLOS G. CHUNG, Director

Mr. Chung, Filipino, 67 years old, was elected Director on June 17, 1997. He is President of Supima Holdings, Inc., and Director of La Suerte Cigar & Cigarette Factory, Century Container Corporation, Bicutan Container Corporation, Tosen Foods Corporation, PBCOM Finance Corporation, State Land, Inc., State Investment, Inc. and State Properties, Inc. He is an Advisory member of the Board of Trustees of Xavier School Inc., and a member of the Board of Trustees of Immaculate Conception Academy (Greenhills) Scholarship Foundation, Tiong Se Academy, Mother Ignacia National Social Apostolate Center, Seng Guan Temple and Kim Siu Ching Family Association. Mr. Chung has a degree in AB (Economics) & Business Administration from De La Salle University as well as an MBA from the University of Southern California.

SUSAN P. CO, Director

Mrs. Co, Filipino, 59 years old was elected Director on September 29, 2014. She is currently Director and Treasurer of Puregold Price Club, Inc. and Cosco Capital, Inc., both publicly-listed companies. She is the Chairman of Cosco Price, Inc. and Star Alliance, Inc., Treasurer of Luis Co Chi Kiat Foundation, Alcorn Petroleum & Minerals Corporation, Union Energy Corporation, Union Equities, Inc., and Bellagio Holdings, Inc. She is also a Director of Kareila Management Corporation, 118 Holdings, Inc., CHMI Hotels and Residences, PPCI-Subic, Inc., Ellimac Prime Holdings, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., Nation Realty, Inc., Illido Management Corporation, PG Holdings, Inc., San Jose City I Power Corp., League One, Inc., Patagonia Holdings Corp., Premier Wine and Spirits, Inc., Pure Petroleum Corp., Forbes Company, KMC Realty Company, Puregold Duty Free, Inc., Puregold Duty Free (Subic), Inc., NE Pacific Shopping Centers Corporation, Puregold Realty Leasing and Management Inc., and Puregold Properties, Inc. Ms. Co received a Bachelor of Science in Commerce from the University of Santo Tomas.

RALPH C. NUBLA, JR., Director

Mr. Nubla, Filipino, 66 years old was elected Director on March 24, 1982. He is a Director of PBCOM Finance Corporation, Director and President of R. Nubla Securities, Echague Realty Corporation and RN Realty Corporation. He was an Executive Director of the Bank in 2004, Senior Vice President in 1982, Vice Chairman in 2000 and Chairman of the Board in 2010. He has more than 30 years of experience in banking. He was also President of CNC Investment Inc. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Commerce.

GREGORIO T. YU, Director

Mr. Yu, Filipino, 58 years old, was elected Director on July 26, 2011. At present, he is Chairman of the Board of Auto Nation Group Inc., CATS Automobile Corporation and American Motorcycles, Inc. and Vice Chairman of the Board and Chairman of the Executive Committee of Sterling Bank of Asia. He is also a Director of Philippine Airlines, CATS Asian Cars, Inc., PhilEquity Management Inc., Vantage Equities Inc., Iremit Inc., Unistar Credit and Finance Corporation, Prople BPO Inc., Glyph Studios, Inc., WSI Corporation, Nexus Technologies and Jupiter Systems Corporation. Mr. Yu is a member of the Board of Trustees of Xavier School Inc., and Chairman, Ways and Means of Xavier School Educational and Trust Fund, a Board Member of Ballet Philippines and The Manila Symphony Orchestra. In the past, he was President & CEO of Belle Corporation, Vice Chairman of APC Group and Philippine Global Communication. He was formerly a director of CATS Motors Inc., International Exchange Bank, PhilEquity Fund Inc., Philippine National Reinsurance Corporation, Filcredit Finance, Yehey Corporation, iRipple, RS Lim & Co., and a Director and Vice President at Chase Manhattan Asia Limited. Mr. Yu was formerly a member of the Board of Trustees of the Government Service Insurance System. He graduated summa cum laude with a degree of Bachelor of Arts in Economics from De La Salle University and holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

LEVI B. LABRA, Director

Mr. Labra, Filipino, 59 years old, was elected Director on October 24, 2014. He is also a Director of Cosco Capital, Inc., a publicly listed company. Mr. Labra obtained his Bachelor of Science degree in Business Administration (Cum Laude) at the University of San Carlos, Cebu City.

DAVID L. BALANGUE, Independent Director

Mr. Balangue, Filipino, 65 years old, was elected Independent Director on April 7, 2014. He is presently Director of The Manufacturers Life Insurance Company (Philippines), Inc., Manulife Financial Plans, Inc., Manulife China Bank Life Assurance Corp., Phinma Energy Corporation, Trans-Asia Power Generation Corporation, Subic One Power Generation Corp., Roxas Holdings, Inc., Holcim Philippines, Inc. Maybank ATR Kim Eng Capital Partners, Inc., ATR Asset Management, Inc., ATRAM Trust Corporation, Unistar Credit & Finance Corporation, and Omnipay, Inc. He is also Chairman of Philippine Financial Reporting Standards Council, Coalition Against Corruption and National Citizens' Movement for Free Elections (NAMFREL), Chairman and President of Makati Commercial Estate Association, Makati Parking Authority, Inc. and Philippine Center for Population and Development, Inc. In the past, he served as Chairman and Managing Partner of Sycip Gorres Velayo & Co. He obtained his Bachelor of Science in Commerce Major in Accounting (Magna Cum Laude) at the Manuel L. Quezon University and his Master in Management (With Distinction) at the Kellogg School of Management, Northwestern University in Evanston, Illinois, USA. Mr. Balangue is a Certified Public Accountant, having placed 2nd in the 1972 CPA Board Examination.

JESUS S. JALANDONI, JR., Independent Director

Mr. Jalandoni, Filipino, 59 years old, was elected Independent Director on January 28, 2013. He is currently the Director of Liberty Flour Mills, Personal Computer Specialists, Inc., as well as Chairman and President of Alegria Development Corporation. He is also the Executive Vice President and Treasurer of Nissan Car Lease Phils. Inc., President of Enterprise Leasing Corporation, LFM Properties Corporation, Valueline Realty & Development Corporation, Buendia Offices Condominium Corporation and Second Midland Corporation and now as the new Treasurer of JM & Co. Inc. He is the Vice President of Kanlaon Development Corporation, Jay Jay Realty Corporation and Kanlaon Farms, Inc., Mr. Jalandoni holds a Bachelor of Science degree in Business Management Major in Economics at Simon Fraser University, Burnaby, British Columbia.

ROBERTO Z. LORAYES, Independent Director

Mr. Lorayes, Filipino, 74 years old, was elected Independent Director on October 24, 2014. He is currently Chairman of the Board of PhilEquity Management, Inc., Director of I-Vantage, Inc., E-biz Corporation, Strategic Equities Corporation and House with No Steps Foundation. Mr. Lorayes obtained

his Bachelor of Science degree in both Commerce and Liberal Arts at De La Salle University and Masters in Business Management at the Ateneo De Manila University.

EMMANUEL Y. MENDOZA, Independent Director

Mr. Mendoza, Filipino, 52 years old, was elected Independent Director on December 19, 2014. He is currently the Managing Partner of Mendoza Querido & Co., (a member firm of Moore Stephens International Limited), President of MQ Agri Unlimited Inc., Treasurer of Two Delta Holdings, Inc. and Pacific Harbour Investment Holding. He is Director of Crossgate Holdings, Pinoyfoods and Beverages Corporation, Leyte Export and Trading Corporation, F. Mendoza Realty Development Corporation. He obtained his Bachelor in Business Administration in Accountancy at the University of the Philippines and a Master in Management at the Asian Institute of Management. Mr. Mendoza is a Certified Public Accountant.

GILDA E. PICO, Independent Director

Ms. Pico, Filipino, 70 years old, was elected Independent Director on February 22, 2017. She was previously connected with Land Bank of the Philippines as President & CEO from November 16, 2006 to July 15, 2016 and Acting President from July 15, 2005 to November 14, 2006. She also served as Director/Chairman in various government and private institutions engaged in leasing, realty, insurance, guarantees, microfinancing, rural and development banking from 1985 to 2016 and Trustee of Landbank Countryside Development Fund from 2005 to 2015. Ms. Pico is presently connected with Mariner Development Corporation as Director/Treasurer, Gilart Holdings Corporation as President and Director/Consultant of Producers Savings Bank. She obtained her Bachelor of Science degree in Commerce in 1966 from College of the Holy Spirit where she graduated Magna Cum Laude and earned units in Masters in Business Administration from the University of the East. Ms. Pico is a Certified Public Accountant.

Independent Director

As approved by the Board of Directors, the procedure for the nomination of independent directors shall be as follows:

The nomination of independent directors shall be conducted by the Nominations Committee prior to the Annual Meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the nominees for election. The Nominations Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.

After the nomination, the Nominations Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required by existing and applicable rules, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the information statement, or in such other reports the Company is required to submit the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relation with the nominee.

Only nominees whose names appear on the final list of candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

All nominees, Messrs. David L. Balangue, Jesus S. Jalandoni, Jr., Roberto Z. Lorayes, Emmanuel Y. Mendoza and Ms. Gilda E. Pico do not have a relationship with the Bank which would interfere with the exercise of independent judgment in carrying out responsibilities of a director. None of them are related to any of the directors or officers of the Company.

The Chairman of the Bank, Mr. Eric O. Recto, has recommended the nominations of Messrs. David L. Balangue, Jesus S. Jalandoni, Jr., Roberto Z. Lorayes, Emmanuel Y. Mendoza and Ms. Gilda E. Pico as independent directors for the ensuing year. Mr. Recto is not related to any of the mentioned nominees.

The Nominations Committee has taken into consideration the qualifications to be an Independent Director. Attached as **Annexes "A", "B", "C", "D", and "E"** are the Certificates of the Qualifications of the Nominees for Independent Directors. The Nominations Committee is composed of Messrs. Roberto Z. Lorayes (Chairman), Eric O. Recto, Leonardo B. Dayao, David L. Balangue and Gilda E. Pico.

OFFICERS

JAIME VALENTIN L. ARANETA, *Executive Vice President – Retail Business Group Head*

Mr. Araneta, 61 years of age, was hired on 01 Dec. 2016. He started his banking career with the Commercial Bank of Manila, later the Boston Bank of the Philippines where he held various positions such as Acting HR Head, Private Banking Head and Branches Credit Review Head. Mr. Araneta also became Finance Head of Pacific Eye, Inc., a post-production house that tied up with Canadian firm Andre Perry. What followed was fulltime Christian ministry for two years with the Christ's Commission Fellowship (CCF). He later returned to banking as AVP-Makati Branch Head of PNB Republic Bank (now Maybank) and then AVP-Private Banking Head of Asiatruster. He was next VP-Head of Sales and Corporate Services of Jardine Pacific Finance which later became CitiFinancial Phil. where he held the positions of FVP-Branch Sales Head, then SVP-Branch Banking Head followed by E-Banking Head of the Phil. Savings Bank (PSBank). He retired from there after 10 years, and then became EVP COO of China Bank Savings for five years. He finished with a degree in AB Philosophy from the Ateneo de Manila University and took Law and MBA units at the Ateneo Professional Schools.

ERIBERTO LUIS S. ELIZAGA, *Executive Vice President – Corporate & Commercial Banking Group*

Mr. Elizaga, 53 years old, was hired on September 14, 2015. Prior to joining PBCom, he was a Senior Relationship and Team Head of Corporate Banking Division of Security Bank Corporation with the rank of Senior Vice President. He likewise had stints in commercial and consumer loans with the same bank. Mr. Elizaga held various managerial positions in the areas of Corporate and Commercial Banking Credit Services, Branch Credit in Standard Chartered Bank, Union Bank of the Philippines and Philippine Commercial and International Bank. He has an AB Economics degree from the Ateneo de Manila University is a candidate for MBA at the Ateneo Graduate School.

MANUEL ANDRES D. GOSECO, *Executive Vice President – Treasurer*

Mr. Goseco, 48 years old, joined PBCom on January 4, 2016. He was formerly SVP and Treasurer of East West Banking Corporation and previously held positions of responsibility in other financial institutions. He was a former Director of the Money Market Association of the Philippines and Director of National Association of Securities Brokers, Inc. Mr. Goseco is a graduate of AB Economics from the Ateneo de Manila and completed his MA in Economics at Fordham University, where he was recipient of a Presidential Scholarship. He earned the Chartered Financial Analyst (CFA) designation in 2004 from the CFA Institute.

JOHN HOWARD D. MEDINA, *Executive Vice President – Chief Operations Officer*

Mr. Medina, 47 years old, joined PBCom on April 17, 2017. He was formerly First Senior Vice President and Head of the Operations & Information Technology Support Sector at the Philippine National Bank. Mr. Medina has been responsible for product, process and technology transformation in banks in the U.S.A., the Philippines and Asia-Pacific. He has a Bachelor of Science degree in Industrial Engineering from the University of the Philippines and an MBA from the Shidler College of Business at the University of Hawai'i at Manoa where he was an East-West Center Degree Fellow and the recipient of a full scholarship. He later received a grant from the Schidler School of Business for additional graduate studies at the Aarhus School of Business in Denmark. He also has Graduate Certificates in

International Management (Pacific Asian Management Institute), Leadership (East-West Center), and European Management (European Summer School for Advanced Management).

ANGELO PATRICK F. ADVINCULA, *Corporate Secretary*

Mr. Advincula, Filipino, 46 years old, was elected Corporate Secretary on October 24, 2014. He is currently a Partner of Zambrano Gruba Caganda and Advincula Law Offices, Director of Da Vinci Capital Holdings, Inc., and ZG Global Advisors Corporation. Mr. Advincula holds a Bachelor of Arts degree in Philosophy and a Bachelor of Laws both from the University of the Philippines. He is a Member of the Philippine Bar.

MICHAEL STEPHEN H. LAO, *Asst. Corporate Secretary and Corporate Information Officer*

Mr. Lao, Filipino, 33 years old, was elected Assistant Corporate Secretary and Corporate Information Officer on November 30, 2014. He is currently an Associate of Zambrano Gruba Caganda and Advincula Law Offices. Mr. Lao holds a Juris Doctor degree from the Ateneo de Manila – Law School and a Bachelor of Science in Business Administration from the College of St. Benilde. He is a Member of the Philippine Bar.

Directorships in Other Reporting Companies

Mr. Eric O. Recto is also a director of ISM Communications Corporation, Atok-Big Wedge Co. Inc., and Petron Corporation.

Mr. Leonardo B. Dayao is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.

Mr. Lucio L. Co is also a Director of Puregold Price Club, Inc., Cosco Capital, Inc., and Da Vinci Capital Holdings, Inc.

Ms. Susan P. Co is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.

Mr. Gregorio T. Yu is also a director of IRemit, Inc. and Vantage Equities, Inc.

Mr. Levi B. Labra is also a Director of Cosco Capital, Inc.

Mr. Jesus S. Jalandoni, Jr. is also a Director of Liberty Flour Mills.

Mr. Roberto Z. Lorayes is also a Director of Vantage Equities, Inc.

Mr. David Balangue is an Independent Director of Roxas Holdings, Inc. and Trans-Asia Oil and Energy Development Corporation.

Mr. Angelo Patrick F. Advincula is also a Director of Da Vinci Holdings, Inc.

Shares of Atok-Big Wedge Co., Inc. (AB), ISM Communications Corporation (ISM), Petron Corporation (PCOR), Puregold Price Club, Inc. (PGOLD), Cosco Capital, Inc. (COSCO), Da Vinci Capital Holdings, Inc. (DAVIN), Liberty Flour Mills (LFM), IRemit, Inc. (I), and Vantage Equities, Inc. (V) are all listed in the Philippine Stock Exchange, Inc.

Significant Employee

There is none to disclose. The Bank currently does not employ any person who is not an executive officer but makes a significant contribution to the business.

Family Relationships

Mr. Lucio L. Co and Ms. Susan P. Co are husband and wife. Other than the foregoing, the persons nominated or chosen by the Bank to become directors or executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

The Bank is not aware of any legal proceeding including without limitation to any (a) bankruptcy petition, (b) conviction by final judgment, (c) order, judgment or decree, or (d) violation of a securities or commodities law, during the last five (5) years up to the date of the filing of this Statement, to which any of its Directors and Executive Officers is a party and which is material to an evaluation of their ability or integrity to act as such.

Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Bank's transactions with related parties include key management personnel, affiliates (i.e. entities which are controlled, significantly influenced by or for which significant voting power is held by the Bank or key management personnel or their close family members and retirement plan for the benefit of the Bank's employee). These transactions are made in the ordinary course of business and on substantially same terms with that of other parties.

The Bank's related party transactions below are also presented and discussed in details in the Audited Financial Statements.

Related Party	Transaction with the Bank
Post-retirement Plan	Investment made in retirement plan is approved by the Bank's Retirement Board. Trust fee income from such service and total deposits maintained with the Bank in 2016 amounted ₱1.98 Million and ₱ 60.01 Million, respectively while interest expenses paid by the Bank to the deposits was ₱0.7 Million.
Provident Fund	Outstanding deposit and interest paid by the Bank as of year-end was ₱37.85 Million and ₱0.57 Million, respectively while trust fees earned from such service amounted to ₱2.48 Million.
Key Management Personnel	Senior Management Team constitutes key management personnel for purposes of PAS 24. Short term benefits and post-employment benefits given to SMT in 2016 amounted to ₱174.87 Million and ₱7.85 Million, respectively. Year-end balance of deposits and interest expenses increased amounted to ₱10.19 Million and ₱0.02 Million respectively.
Affiliate	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱14.8 Million and ₱0.33 Million, respectively. Rental income earned for the year is ₱0.13 Million.
Subsidiaries	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱119.46 Million and ₱2.85 Million, respectively. Rental income earned for the year is ₱0.13Million.
Significant Investors	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱2.6 Billion and ₱8.30 Million, respectively. Rental income and expenses during the year amounted to ₱1.82 Million and ₱17.65 Million.

As required by BSP, the Bank discloses loans transactions with certain directors, officers, shareholders and their related interests ("DOSRI") in the ordinary course of business, under commercial terms and on an arm's length basis observing at all times the legal limits prescribed under current BSP regulations on DOSRI loans. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the lower of the Bank's total unimpaired capital or 15% of the total loan portfolio. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations. As of December 31, 2016 the Bank is in compliance with such regulations.

Compensation of Directors and Executive Officers

Since the Bank obtained an exemption from the SEC to disclose the required detailed compensation information, disclosure of aggregate compensation paid or accrued during the last three fiscal years 2014 to 2016 of the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows:

	2016	2015	2014
CEO and four most highly compensated Executive officers	Patricia May T. Siy President & CEO Eriberto Luis S. Elizaga Executive Vice President Manuel Andres D. Goseco Executive Vice President Salvador R. Serrano Senior Vice President Alan E. Atienza Senior Vice President	Nina D. Aguas President & CEO (Jan –Feb) Henry Y. Uy (Mar – May) Patricia May T. Siy (Jun – Dec) President & CEO Victor Q. Lim Executive Vice President Arlene M. Datu Senior Vice President Maria Teresita R. Dean (Jan – Nov) Senior Vice President Helen G. Oleta (Jan – Oct) Senior Vice President	Nina D. Aguas President & CEO Horatio S. Aycardo Exec. Vice President & COO Victor Q. Lim Exec. Vice President Patrick D. Cheng Executive Vice President Emmanuel S. Santiago Executive Vice President
Salary	₱48,850,000.00	₱26,157,477.50	₱39,649,200.00
Bonus	16,283,333.33	8,290,653.43	13,216,400.00
Other Annual Compensation	-	-	-
TOTALS	₱65,133,333.33	₱34,348,130.93	₱52,865,600.00

All officers and directors as Group Unnamed			
Salary	₱612,155,661.68	₱577,143,844.18	₱364,654,005.96
Bonus	193,137,665.14	177,878,425.66	116,351,335.32
Other Annual Compensation	-	-	-
TOTALS	₱805,293,326.82	₱755,022,269.84	₱481,005,341.28

The following is the estimated annual compensation for year 2017:

	Salary	Bonus	Other Annual Compensation	Total
Total of CEO and Four most highly compensated	₱49,950,000.00	₱16,650,000.00	none	₱66,600,000.00

Executive Officers				
All officers as a group unnamed	₱546,609,397.68	₱182,203,132.56	none	₱728,812,530.24

The director's per diem and other fees amounted to ₱9.0M, ₱13.7M and ₱21.7M, as of December 31, 2016, 2015 and 2014, respectively.

The five (5) independent and one (1) other Director are entitled to a Director's fee for attending Board meetings. The remaining eight (8) Directors have waived their right to receive Director's fees. As stipulated in the By-laws, Directors are also entitled to share in the net profits to be distributed in such manner as the Board may provide but not exceeding four (4) percent.

There are no other terms and conditions with regard to employment contract between PBCom and named Executive Officers or any other more compensatory plans or arrangement except those disclosed above.

There are no Outstanding Warrants or Options held by the Directors, Officers as of December 31, 2016.

The Bank has no record of adjusting or amending the exercise price of stock warrants previously awarded to any of the officers and directors.

Independent Public Accountant

The accounting firm of Sycip, Gorres, Velayo and Co. ("SGV"), with address at SGV Building, 6760 Ayala Avenue, Makati City, has been the Bank's independent public accountants for the past years. The same accounting firm will likely be recommended for re-election at the scheduled annual meeting this year. Ms. Josephine A. Abarca was assigned partner starting in 2014 in compliance with SRC 68(3)(b)(ix).

SGV is expected to be represented in the coming Annual Stockholders' Meeting with an opportunity to make statements, if they so desire, and will be available to respond to appropriate questions.

There is no disagreement with the Bank's accountants on matters of accounting and financial disclosure.

The aggregate external audit fees billed for each of the last three (3) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditors are as follows:

Fiscal Year	Audit Fees	All other fees
2016	₱3,284,007	₱ -
2015	3,127,626	-
2014	3,018,400	1,601,600

The above audit fees are inclusive of the following: (a) Other assurance related services by the External Auditor that are reasonably related to the performance of the audit or review of the Bank's financial statements and (b) All Other Fees. Fees paid to professional partnerships like SGV are not subject to withholding tax.

The Audit Committee is directly responsible in selecting and appointing the independent public accountants. Annually, the Committee recommends that the Board request shareholder ratification of the appointment of the independent public accountants. The Committee is also responsible for setting the compensation of the independent public accountants and periodically reviews the fees charged for all permitted audit-related expenses and other services. It is also their responsibility to evaluate and, when appropriate, to remove the independent public accountants.

At present, the Audit Committee is composed of: Emmanuel Y. Mendoza as Chairman with Bunsit Carlos G. Chung, Levi B. Labra and Gilda E. Pico as Members.

Compensation Plans

No action pertaining to any plan involving the payment or distribution of cash or non-cash compensation will be taken during the Annual Meeting.

Action with Respect to Reports

The approval of the following will be considered and acted upon at the meeting:

1. Review and Approval of the Minutes of the Previous Meeting held on 14 June 2016
2. Annual Report of Management and Approval of the Audited Financial Statements for 2016
3. Ratification of Acts of the Board of Directors and Management Since the Last Annual Meeting of Stockholders
4. Election of Directors
5. Appointment of External Auditor

Minutes of the Annual Meeting held on 14 June 2016 and resolutions of the Board of Directors since the date of the said Annual Stockholders Meeting will be made available for examination during office hours by the Office of the Corporate Secretary.

There are no other items submitted for approval or consideration, other than those required in the ordinary course of business that requires approval or presentation to the shareholders of the Bank.

Other Matters

The following is a summary of the acts of Management since the last Annual Meeting in 2016 to date which will be submitted for ratification to the stockholders during the coming Annual Meeting:

Date of Report	Contents of Report
June 14, 2016	<p>The Bank disclosed the result of the Annual Stockholders' Meeting and the Reorganizational Board Meeting as follows:</p> <p>Members of the Bank's Board of directors for 2016-2017</p> <p style="text-align: center;"> Eric O. Recto Leonardo B. Dayao Patricia May T. Siy Carmen G. Huang Bunsit Carlos G. Chung Lucio L. Co Susan P. Co Ralph C. Nubla, Jr. Gregorio T. Yu David L. Balangue- Independent Director Jesus S. Jalandoni, Jr.- Independent Director Levi B. Labra- Independent Director Roberto Z. Lorayes- Independent Director Emmanuel Y. Mendoza- Independent Director </p> <p>At the Organizational Meeting of Directors of the Company held immediately afterwards, the following were elected corporate officers of the company for 2016-2017:</p>

Chairman of the Board	Eric O. Recto
Vice Chairman	Leonardo B. Dayao
President & CEO	Patricia May T. Siy
Executive Director	Carmen G. Huang
EVP & Treasurer	Manuel A. Goseco
EVP & Corporate and Commercial Banking Segment Head	Eriberto Luis S. Elizaga
EVP & Consumer Finance Segment Head	Victor Q. Lim
SVP & Branch Banking Segment Head	Salvador R. Serrano
SVP & Chief Compliance Officer	Teresita S. Galvadores
SVP & Comptroller	Arlene M. Datu
SVP & Global Operations Segment Head	Daniel M. Yu
SVP & Information Technology Group Head	Jennie F. Lansang
SVP & General Counsel	Jorge Alfonso C. Melo
SVP & Transaction Banking and Client Engagement Group Head	Expedito G. Garcia, Jr.
SVP & Treasury Trading Head	Alan E. Atienza
SVP & Special Assistant to the Excom Chairman	Jane Lim-Laragan
Corporate Secretary	Angelo Patrick F. Advincula
Assistant Corporate Secretary & Corporate Information Officer	Michael Stephen H. Lao

The Board of Directors likewise constituted the following Committees and elected their members as follows:

Executive Committee

- a. Lucio L. Co (Chairman)
- b. Eric O. Recto (Vice Chairman)
- c. Leonardo B. Dayao (Vice Chairman)
- d. Patricia May T. Siy
- e. Carmen C. Huang
- f. Bunsit Carlos G. Chung
- g. Ralph C. Nubla, Jr.

Risk Management Committee

- a. David L. Balangue (Chairman/Independent Director)
- b. Jesus S. Jalandoni, Jr. (Independent Director)
- c. Bunsit Carlos G. Chung
- d. Patricia May T. Siy

Governance Committee

- a. Roberto Z. Lorayes (Chairman/Independent Director)
- b. Eric O. Recto
- c. David L. Balangue (Independent Director)
- d. Leonardo B. Dayao

The Governance Committee also serves as the Bank's Nominations Committee, Compensation and Remuneration Committees, and Performance Evaluation Committee.

Audit Committee

- a. Emmanuel Y. Mendoza (Chairman/Independent Director)
- b. Bunsit Carlos G. Chung
- c. Levi B. Labra (Independent Director)

Trust Committee

- a. Eric O. Recto (Chairman)
- b. Patricia May T. Siy
- c. Jesus Jalandoni, Jr. (Independent Director)
- d. Roberto Z. Lorayes (Independent Director)
- e. Irwin Joseph T. Tychuaco (OIC-Trust Officer)

	<p><u>Related Party Transactions Committee</u></p> <p>a. David L. Balangue (Chairman/Independent Director)</p> <p>b. Jesus S. Jalandoni, Jr. (Independent Director)</p> <p>c. Bunsit Carlos G. Chung</p> <p>d. Patricia May T. Siy</p>
June 15, 2016	The Bank disclosed the Amendments to Articles of Incorporation in compliance with SEC Memorandum Circular No. 6, Series of 2014, which provides that existing corporations whose Articles of Incorporation indicates only as a general address as their principal office address, are directed to file an amended Articles of Incorporation in order to specify their complete address
June 15, 2016	The Bank disclosed the Amendments to By-Laws in compliance with SEC Memorandum Circular No. 6, Series of 2014, which provides that existing corporations whose Articles of Incorporation indicates only as a general address as their principal office address, are directed to file an amended Articles of Incorporation in order to specify their complete address.
September 28, 2016	The Bank disclosed the hiring of Mr. Raymond T. Co as Senior Vice-President effective 03 October 2016.
October 20, 2016	<p>The Bank disclosed that the Board of Directors had accepted the resignation of the following officers:</p> <ol style="list-style-type: none"> 1. Mr. Victor Q. Lim as EVP, Chief Consumer Finance Group, effective 15 October 2016; 2. Ms. Teresita S. Galvadores as SVP, Chief Compliance Officer, effective 15 October 2016
December 21, 2016	The Bank disclosed the hiring of Mr. Jaime Valentin L. Araneta as Retail Business Head, Executive Vice President under the Corporate & Commercial Banking Group.
January 18, 2017	The Bank disclosed the resignation of Mr. Salvador R. Serrano as SVP, Branch Banking Group, effective 1 January 2017.
February 22, 2017	<p>The Bank disclosed the election/designation of the following Directors:</p> <ol style="list-style-type: none"> 1) Ms. Gilda E. Pico, as an Independent Member of the Board of Directors effective 22 February 2017. 2) Dir. Levi B. Labra, as a regular member of the Board of Directors effective 22 February 2017 <p>The Bank also disclosed the new composition of the following Board Committees:</p> <p><u>Audit Committee:</u></p> <ol style="list-style-type: none"> a) Emmanuel Y. Mendoza (Chairman/Independent Director) b) Bunsit Carlos G. Chung c) Levi B. Labra d) Gilda E. Pico (Independent Director) <p><u>Governance Committee:</u></p> <ol style="list-style-type: none"> a) Roberto Z. Lorayes (Chairman/Independent Director) b) Eric O. Recto c) Leonardo B. Dayao d) David L. Balangue (Independent Director) e) Gilda E. Pico (Independent Director) <p><u>Risk Oversight Committee:</u></p> <ol style="list-style-type: none"> a) David L. Balangue (Chairman/Independent Director) b) Jesus S. Jalandoni, Jr. (Independent Director) c) Bunsit Carlos G. Chung d) Levi B. Labra e) Patricia May T. Siy <p><u>Related Party Transactions Committee</u></p> <ol style="list-style-type: none"> a) David L. Balangue (Chairman/Independent Director) b) Jesus S. Jalandoni, Jr. (Independent Director) c) Gilda E. Pico (Independent Director) d) Levi B. Labra
March 29, 2017	The Bank disclosed the hiring of Mr. John Howard D. Medina as Chief Operations

	Officer, Executive Vice President effective 17 April 2017.						
March 29, 2017	The Bank disclosed the schedule of the 2017 Annual Stockholders' Meeting as follows: <table border="1"> <tr> <td>Date and Time</td><td>6 June 2017 (Tuesday) at 2:00 P.M.</td></tr> <tr> <td>Venue</td><td>Manila Golf & Country Club Harvard Road, Forbes Park, Makati City</td></tr> <tr> <td>Record Date</td><td>12 April 2017</td></tr> </table>	Date and Time	6 June 2017 (Tuesday) at 2:00 P.M.	Venue	Manila Golf & Country Club Harvard Road, Forbes Park, Makati City	Record Date	12 April 2017
Date and Time	6 June 2017 (Tuesday) at 2:00 P.M.						
Venue	Manila Golf & Country Club Harvard Road, Forbes Park, Makati City						
Record Date	12 April 2017						
April 20, 2017	The Bank disclosed the List of Stockholders as of 12 April 2017, which are entitled to vote and participate in the Annual Meeting						

Voting Procedures

The vote required for acts requiring stockholders approval is at least a majority of the outstanding capital stock.

In the election of directors, the fifteen (15) nominees with the greatest number of votes will be elected directors.

Every stockholder is entitled to one vote. However, with respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Corporation Code of the Philippines. Method of voting shall be conducted by show of hands unless a shareholder requires a poll to be made on any action. In such case, the method of counting votes shall be done by secret. Counting of votes shall be supervised by the Corporate Secretary with the assistance of representatives from Sycip, Gorres Velayo and Co.

Financial Statements

Copies of the audited financial statements for the period ended December 31, 2016 shall be made available to the stockholders during the Annual Stockholders' Meeting on June 6, 2017.

Item 1. The Company

Philippine Bank of Communications ("PBCom" or the "Bank") was incorporated as one of the earliest non-American foreign banks in the country on August 23, 1939. It received the authority to engage in commercial banking from the then Bureau of Banking of the Department of Finance under the Philippine Commonwealth, with a capitalization of Two Million Pesos. The Bank commenced operations on September 4, 1939. However, its operations were temporarily interrupted during World War II, but were immediately reconstituted in 1945 through the infusion of fresh funds. The Bank started under full Filipino ownership in 1974 when a group of industrialists led by Ralph Nubla Sr. bought majority of the Bank's outstanding shares.

The Bank is a registered government securities dealer, having been granted the license on December 14, 1981. It also has a trust license which was approved on August 24, 1961.

PBCom acquired a license to operate as an expanded commercial bank from the *Bangko Sentral ng Pilipinas* ("Bangko Sentral" or "BSP") on December 24, 1993 and operated as such until the year 2000. In order to focus on its core strengths and maximize utilization of available resources, the Bank applied with the Bangko Sentral for a conversion of the expanded commercial bank license into a regular commercial banking license. The Monetary Board of the BSP (the "Monetary Board") approved in its Resolution No. 508 dated March 31, 2000 the amendment of the Bank's license. PBCom has since opted to capitalize on its core strength by focusing on and pursuing traditional commercial banking operations. In December 2000, the Bank acquired 100% of Consumer Savings Bank as part of its strategy to expand its consumer banking business.

On July 26 2011, the major shareholders of the Bank, namely the Chung, Luy, and Nubla Groups, signed a Memorandum of Agreement (MOA) with a group of investors led by ISM Communications Corporation (the "ISM Group"), involving the sale of their entire stake in the Bank to the ISM Group and the commitment of the Chung and Nubla groups to reinvest the proceeds of the sale of their respective shares amounting to approximately ₱2.8 Billion in the Bank.

On October 13, 2011, the Monetary Board approved the acquisition of PBCom by the ISM Group.

On December 23, 2011, the acquisition by the ISM Group of a controlling interest in the Bank was successfully transacted through the facilities of the Philippine Stock Exchange.

On December 27, 2011, the Chung and Nubla Groups had reinvested ₱2.4 Billion as deposits for future subscription of PBCom shares of stock. Another ₱0.4 Billion was deposited in March 2012 and additional P22 Million in April 2012 to complete their commitment of approximately P2.8 Billion.

On May 31, 2012, the LFM Properties Group deposited ₱0.72 Billion for future subscription to PBCom shares of stock. Another ₱30 Million was deposited by the LFM Properties Group on October 24, 2012.

On February 8, 2013, BSP issued a Certificate of Authority to the Bank for it to register its Amended Articles of Incorporation and Amended By-Laws with the SEC.

On March 8, 2013, the Bank obtained approval from SEC for a quasi-reorganization and an increase in authorized capital stock. The Articles of Incorporation were amended to implement the following:

- a. Reclassification of Bank's existing 120,000,000 preferred shares to common shares
- b. Reduction of the par value of all its common shares from ₱100 per share to ₱25 per share; and
- c. Increase in authorized capital stock to ₱19,000,000,000 divided into 760,000,000 common shares with a par value of ₱25 per share.

The reclassification of the said preferred shares to PBC common shares took effect on March 19, 2013. On December 2013, the Bank received the approval of both the BSP and SEC to apply ₱3.94B in APIC to partially wipe out the bank's outstanding deficit.

On March 26, 2014, the Bank exited from the 10-years Financial Assistance Agreement with PDIC by settling the loan of P7.6 Billion which represents financial assistance by the latter to the Bank in 2004.

The subscription by P.G. Holdings (PGH) to the new PBCom shares amounting to ₱5.975 Billion was approved by BSP on September 23, 2014. The first installment of P1.793 Billion was paid by PGH on September 25, 2014. Subsequently on October 1, 2014, VFC Land Resources Inc. (VFC) bought ₱1.95 Billion PBCOM shares from ISM Communications Corporation. Both PGH and VFC are owned by retail tycoon Lucio Co, bringing his total stake in PBCom to 49.99%.

The Bank received the second and third installment payment amounting to P1.39 Billion each for the subscribed shares of PG Holdings, Inc., on September 22, 2015 and June 29, 2016, respectively.

Business of Registrant

PBCom offers a wide range of products and services to clients. These include basic commercial banking services such as deposit products, treasury and foreign exchange trading, trade-related services, cash management services, credit and loan facilities, and Trust and Investment Management services.

Deposit products and services include peso, dollar and third currency savings, checking and time deposit accounts, ATM accounts, foreign and domestic remittance services, cash management services namely deposit pick-up and cash delivery, payroll and check-writing services. Ancillary services such as safety deposit boxes and manager's checks, demand drafts, acceptance of tax and SSS payments are also available. These products are offered on a retail basis to individuals and to corporate clients as well.

Trade-related services include import LCs, standby LCs, credit bank guaranty and shipside bond, export LC advising, export packing credits & export bills negotiation and collections, trade financing of receivables and payables, domestic LCs and trust receipt financing. These services are financing facilities offered to importers and exporters.

Credit and loan facilities include working capital financing, post-dated check discounting, specialized lending programs such as mortgage and contract-to-sell financing. Structured Products including trade financing were introduced in August 2005. The Bank continues to see the potential of the expanding consumer market. In 2012, the Bank launched home and auto loans while an all-purpose personal loan product was launched in April 2013.

Treasury products include dealership and brokering of government securities and commercial papers, both domestic and international, deposit substitutes like promissory notes and repurchase agreements, foreign exchange proprietary trading and commercial client servicing.

Trust services include investment management services, personal trust funds, escrow agency services, employee benefit trust services and estate planning.

Contribution to revenue

The contribution to sales/revenues from the Bank's products and services is broken down as follow: (1) interest income derived from lending, investment securities and others receivables accounted for 71.40%

of gross revenues while (2) other operating income consisting of trading gains, service charges, fees and commissions, income from trust operations, profit/loss from asset sold, fair value gain/(loss) from investment properties, foreign exchange gain/loss, rental income and miscellaneous income accounted for 28.60% of the Bank's gross income.

The Bank does not maintain any branch or sales office abroad. Hence, all revenues are generated domestically.

Distribution Methods of Products and Services

The Bank's liability and ancillary products and services are distributed primarily through its 82 branches. These branches are supported by a network of 145 automated teller machines deployed in strategic branch sites including 69 off-site/off-branch locations.

Competition

As of end 2016, the Philippine commercial banking industry is composed of 21 commercial banks (KB) of which 5 are private domestic commercial banks and 16 are foreign banks with either established subsidiaries or foreign branch licenses.

Patents, Trademarks, Licenses, Franchises, Concessions, and Royalty

There are no outstanding patents, trademarks, copyrights, franchises, concessions, and royalty agreements held as of December 31, 2016.

Customers

PBCom has nurtured and grown a strong core clientele in the Filipino-Chinese community over the years and this has become a significant market for the Bank. Today, the Filipino-Chinese market continue to be its major customer base despite the Bank's recent success in expanding into other markets where the larger universal banks dominate. The Bank continues to strengthen its presence in the middle market by focusing on the products that will address the needs of these customers.

Subsidiaries and Affiliates

The Bank received BSP approval to acquire almost 100% of the shares of two rural banks: Rural Bank of Nagcarlan Inc. (RBNI) on July 28, 2014 and Banco Dipolog Inc. (BDI) on September 8, 2014.

Banco Dipolog, Inc. (BDI), a Rural Bank, was formally organized under the Corporation Code of the Philippines on October 17, 1957 and the first bank established in Dipolog City and in the Zamboanga Peninsula. It is one of the leading rural banks in Southern Philippines. The Bank is 99.95% owned by PBCom which caters primarily to small entrepreneurs, educators, farmers and government employees. Currently, BDI has 12 branches, 7 microfinance banking offices and 1 extension office located in Mindanao and the Visayas. Another rural bank, Rural Bank of Kabasalan, from an earlier acquisition, is pending for consolidation with BDI."

Rural Bank of Nagcarlan, Inc. (RBNI) is 96.32% owned by PBCom. It was registered with the Securities and Exchange Commission on May 31, 1962 with Registration No. 20816. RBNI was authorized by the Bangko Sentral ng Pilipinas (BSP) on June 2, 1962 to engage in rural banking business. Its head office is located at 692 Jose Coronado St., Nagcarlan, Laguna and has 6 branches located in various municipalities of Laguna.

PBCom Insurance Services Agency, Inc. (PISAI) was incorporated and registered with the Securities and Exchange Commission on May 9, 2014 to engage primarily in the business of soliciting and

promoting insurance products. The company offers a range of insurance agency services specific to life and investment-linked products to meet customers' wealth management and risk protection needs.

PBCom Finance Corporation was incorporated and registered with the SEC on January 9, 1980 to provide, grant, and/or extend credit facilities to any person, business, juridical or otherwise. It is 40% owned by the Bank while the remaining 60% is owned by various individual shareholders. Its principal place of business is located at 7th floor, PBCom Building, 214-216 Juan Luna St. Binondo, Manila.

Transaction with and/ or Dependence on Related Parties

The Bank's related parties include key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members, associates and post-employment benefits for the benefit of the Bank's employee.

As required by BSP, the Bank discloses loan transactions with its associates, affiliates and with certain directors, officers, stockholders and related interests (DOSRI). As of December 31, 2016 the Bank is compliant with DOSRI rules and regulation.

The Bank's related party transactions are presented and discussed in Note 32 of the Audited Financial Statements.

Effect of Existing or Probable Government Regulations

Bangko Sentral ng Pilipinas

The Bank fully complies with the required capitalization for commercial banks without expanded banking licenses (non-unibanks) as prescribed by the BSP. The Bank's consolidated qualifying capital as of end-December 31, 2016 stood at ₱9.6 Billion while its capital to risk assets ratio under the BASEL III reporting standards covering credit, market and operational risks as reported to BSP remained well above the 10% prescribed cap at 14.67%.

Bureau of Internal Revenue

RA No. 9337, An Act Amending the National Internal Revenue Code, provides that starting January 1, 2009, the regular corporate income tax rate (RCIT) shall be 30% while interest expense allowed as a deductible expense is reduced to 33% of interest income subject to final tax.

A Minimum Corporate Income Tax (MCIT) of 2% on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (interest income from loans to residents) is subject to 10% income tax. Income from FCDU transactions, other than offshore and onshore, is subject to the 30% RCIT or 2% MCIT whichever is applicable.

On March 15, 2011, the BIR issued RR 4-2011 which prescribes the attribution and allocation of expenses between the FCDUs/EFCDUs or OBUs and RBU and within RBU.

Research and Development Activities

The bank offers basic commercial banking products and services that require no significant amount to be spent on product research & development.

Employees

As of December 31, 2016 the bank has 1,132 employees with 756 officers and 376 rank and file. All rank and file employees are covered by a 2-year collective bargaining agreement (CBA) signed last June 10, 2016, with effect until December 31, 2017. There had been neither dispute nor occurrence of employees' strike for the past years.

Risk Management

PBCOM applies risk management across the entire organization — from the Board of Directors, Senior Management, Business Segments and Groups, Business Centers, support units, and to individual employees; as well as in specific functions, programs, projects and activities. Implementation of the Framework contributes to strengthening management practices, decision making and resource allocation, and increasing shareholder value; while protecting the interest of its clients, maintaining trust and confidence, and ensuring compliance with regulations.

Enterprise risk management (ERM) is the framework of policies, processes and systems, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

The Risk Oversight Committee (ROC) assists the Board of Directors in the effective discharge of its function in overseeing the enterprise risk management program of the Bank. Its responsibilities include:

- A. Review and recommend for approval by the Board of Directors written enterprise risk management programs to identify, measure, monitor and control risks.
- B. Review reports on risk exposures, recommend necessary actions and communicate enterprise risk management plans to concerned segments and groups to address or reduce the risks;
- C. Report to the Board of Directors significant matters concerning PBCOM's risk exposures including any BSP examination findings on unsafe and unsound banking practices; and actions taken to manage those risks;
- D. Recommend a system of risk limits and authorities for approval by the Board, and any necessary changes to these limits and authorities;
- E. Establish a monitoring system to ensure that limits set are observed and that immediate corrective actions are taken whenever limits are breached;
- F. Evaluate the magnitude, direction and distribution of risks across the Bank and its subsidiary;
- G. Ensure that business units provide for ongoing review and validation of the adequacy and soundness of risk management policies and practices;
- H. Create and promote an enterprise risk culture that requires and encourages the highest standards of ethical behavior by risk managers and risk-taking personnel.

In 2014, the annual review of the ROC charter included an amendment providing for the Risk Oversight Committee to oversee PBCOM's subsidiaries; in view of recently acquired or incorporated companies. The ROC also approved organizational enhancement of the Enterprise Risk Management/ICAAP Group to streamline functions and simplify the structure. The ERMG/ICAAP Group is the ROC's implementing arm in carrying out its functions.

Enterprise Risk Management Control Framework Model

PBCOM built its enterprise risk management system based on the concepts of the COSO Enterprise Risk Management – Integrated Framework as its model. The ERM Framework and related policies, procedures and methods are further refined with regulatory guidelines to ensure compliance to external rules and regulations.

Business Objective and ERM Components

The enterprise risk management framework for PBCOM's goals can be summarized as the Management setting the strategic objectives, selecting the strategy and laying down more specific objectives throughout PBCOM; guided by its mission and vision. The overall objectives can be categorized into:

- *Strategic* – high-level goals, aligned with and supporting its mission
- *Operations* – effective and efficient use of its resources
- *Reporting* – reliability of reporting
- *Compliance* – compliance with applicable laws and regulations.

Governance, Risk and Compliance Control (GRC)

GRC is the general term encompassing PBCOM's approach to corporate governance, enterprise risk management and corporate compliance with applicable laws and regulations.

- *Corporate Governance* – The system whereby shareholders, creditors, and other stakeholders of PBCOM ensure that Management enhances the value of the Bank as it competes in an increasingly global market place. It is the framework of rules, systems and processes in and of PBCOM that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders.
- *Risk Management* – The process, effected by PBCOM's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the Bank, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the Bank's objectives. It also refers to the architecture that is used to manage risk; that includes risk management principles, a risk management framework and a risk management process.
- *Compliance* – Adherence to applicable laws, regulations, directives, rules of professional conduct and related or similar matters.

The interrelated functions primarily involved in the implementation of the PBCOM's Governance, Risk and Control system are Compliance Group, Internal Audit Group and Enterprise Risk Management Group.

Risk Vision Statement

To protect and optimize PBCOM's enterprise value through effective risk management.

Risk Mission Statement

To develop risk awareness and a risk/return consciousness in the Bank in order to protect deposits, preserve capital and ensure adequate return on capital.

ERM Philosophy

PBCOM recognizes that enterprise risk management is fundamental for its safe and sound operation and sustainable growth. It ensures business success through balanced risk and reward, operational excellence and conformance to the highest ethical standards and regulatory requirements.

Enterprise Risk Management in PBCOM is aligned to its business objectives and strategies. It operates at all levels and in all units of PBCOM that continually manage risk in an environment fostered by an appropriate governance structure, a strong "control culture" and a proactive process of identification, understanding, assessment and mitigation of all its material risks.

ERM Objectives

- Identify, measure, manage and control risks inherent in PBCOM's activities or embedded in its portfolio.
- Define and disseminate risk management philosophy and policies.
- Assist risk-taking business and operating units in understanding and measuring risk/return profiles.
- Develop a risk management infrastructure that includes policies and procedures, organization, limits and approval authorities, MIS and reporting, systems and risk models.
- Promote a risk awareness and strong "control culture" in PBCOM.

Capital Management

PBCOM's capital management framework involves providing shareholders optimal returns within the ability of the capital to protect the interests of all the bank's stakeholders. The framework involves monitoring both capital requirements and capital resources to ensure:

- Qualified capital remains above minimum requirements of ten (10) percent of risk weighted assets;
- Quality of capital resources aligns with the risks present or to be taken to achieve growth & return and;
- Prudent balance between the growth and return required of strategic plans and the continuing institutional strength of bank.

PBCOM consistently maintains a ratio of qualified capital to risk weighted assets that are in excess of the ten (10) percent minimum requirements of Philippine Banking Regulations.

The bank in addition conducts an annual Internal Capital Adequacy Assessment Process (ICAAP), along with its strategic planning exercise. The ICAAP provides the bank the opportunity to:

- Articulate its holistic risk appetite, strategic growth and return targets;
- Identify the businesses, products and services the bank will pursue or use to achieve the targets;
- Define and measure the risks each business, product or service will create;
- Consider how the bank will mitigate and manage the identified risks;
- Determine the amount and the quality of the capital resources necessary to sustain financial strength through a risk event;
- Conduct stress tests to aid in identifying break points and vulnerabilities; and
- Develop capital build-up and contingency plans.

The ICAAP is a collaborative effort of the Management and the Board of Directors. PBCOM submits the documentation of the results of its ICAAP to the supervisory review and examination of the Bangko Sentral ng Pilipinas.

The regulatory qualifying capital of the Bank consists of Common Equity Tier 1 and Additional Tier 1 is comprised of paid-up common stock, retained earnings including current year profit and surplus reserves less required deductions such as unsecured credit accommodations to DOSRI, and goodwill. The other component of regulatory capital is Gone-Concern Capital (Tier 2), which includes appraisal increment reserves (as authorized by the Monetary Board) and general loan loss provision.

The Bank's capital charge for credit risk is computed at 10% of credit risk-weighted on- and off-balance sheet assets. Risk weights of on-balance sheet assets are based on third party credit assessment of the individual exposure given by eligible external credit assessment institutions as listed in BSP Circular No. 538. For off-balance sheet assets, the risk weights are calculated by multiplying the notional principal amount by the appropriate credit conversion factor as specified in BSP Circular No. 538.

Market risk capital charge is computed according to the methodology set under BSP Circular No. 360, as amended by BSP Circular No. 538 using the standardized approach. Under this approach, capital for market risk is equivalent to 10% of market risk-weighted assets that cover interest rate, equity and foreign exposures of the bank.

Operational risk capital charge is computed using the Basic Indicator Approach, under which capital for operational risk is equal to 15% of the Bank's average of the previous three years of positive annual gross income.

Market, Liquidity and Interest Rate Risk Management

Market risk arises from adverse fluctuations in the market value of financial instruments in both on- and off-balance sheet items. The Bank employs Value-at-Risk (VaR) using a 99% one-tailed confidence level to measure market risk while a regular back testing program is conducted to ensure an accurate and robust VaR model. Stress Testing is also employed to determine the earnings impact of extreme market movements not captured by VaR calculations. Finally a system of risk limits that reflect the Bank's level of capital, expected returns and the overall risk appetite is used to manage market risk. These limits include the VAR limit, Nominal Position limit, and Stop-loss limit. The Bank also uses Market Risk Assessment Matrix to assess the overall market risk profile of the Bank.

Liquidity risk refers to the possibility that the Bank will be unable to meet its financial obligations in any currency. The Bank employs liquidity ratios, liquidity stress testing, liquidity gapping report, liquidity funding concentration, and Maximum Cumulative Outflow (MCO) limit to manage liquidity risk. Market stress testing results are also applied to the Liquidity Gap report to measure impact on future cashflows. The Bank also uses Liquidity Risk Assessment Matrix to assess the overall liquidity risk profile of the Bank. In managing intraday liquidity, the Bank has an internal buffer fund called "*Secondary Reserve*" for Deposit Liabilities, Deposit Substitutes, and Repurchase Agreements. The buffer fund serves to manage demand and supply of funds for new loans and funding of potential amount of liability outflows. This will allow the Bank to readily support its new business strategies and direction and management of liquidity risk.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Bank follows a prudent policy in managing its assets and liabilities so as to ensure that the exposure to fluctuations in interest rates is kept within acceptable limits. A substantial proportion of the total loan portfolio is for a term of less than one year, and the majority of the balance of its medium-term portfolio is on a floating-rate basis. Floating rate loans are repriced periodically by reference to the transfer pool rate which reflects the Bank's internal cost of funds. As a result of these factors, the Bank's exposure to interest rate fluctuations, and other market risks, is significantly reduced. The Bank, in keeping with banking industry practice, aims to achieve stability and lengthen the term structure of its deposit base, while providing adequate liquidity to cover transactional banking requirements of customers. The Bank uses Earnings-at-Risk (EaR), Economic Value of Equity (EVE), and Interest Rate Repricing Gap reports to measure the possible impact to net interest income and net worth of the Bank under a simulated parallel movement of interest rate. Likewise, a system of risk limits and key risk indicators is also employed by the Bank to manage interest rate risk in the banking book.

Credit Risk Management

Credit Risk Management Process

Credit risk is the primary financial risk in the banking system and exists in all revenue generating activities. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk arises any time when Bank's funds are extended, committed, invested or exposed through actual or implied contractual agreements. Capital depletion through loan losses has been the ultimate cause of most institutions' failures. The Bank's credit risk arises from its lending and trading of securities and foreign exchange activities.

The Credit Risk Management Division (CRMD) is responsible for the overall management of the Bank's credit risk, achieved through various functions embedded within the Group. The Bank, in recognition of the importance of identifying and rating credit risk as the initial step towards its effective management, has put in place a comprehensive set of policies and established underwriting processes, as approved by the Board of Directors. Regular analysis of the ability of potential and existing borrowers to meet interest and capital repayment obligations is made, including amendment of lending limits when appropriate. The Bank is thus able to continually manage credit-related risks in its risk asset portfolio through objective assessments/evaluations of credit proposals prior to presentation to the appropriate approval authority, ensuring the highest standards of credit due diligence and independence. The Bank's approval matrix begins at carefully reviewed and selected individual limit delegations, working its way up to the Executive Committee (EXCOM) and the Board of Directors as appropriate.

Credit Exposure Limits

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual borrowers and groups of borrowers as well as limits on large exposures, industry/geographical concentrations, real estate loan ceilings, and related. Such risks are monitored on a regular basis and subjected to annual or more frequent review, when considered necessary. Limits on large exposures and credit concentrations are approved by the Board of Directors. The exposure to any one borrower is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored regularly.

Other Credit Enhancements

Exposure to credit risk is also managed in part by obtaining collateral, surety ship or guarantees. The amount and type of security required depends on an assessment of the credit risk of the counterparty. In order to minimize credit loss, additional security shall be sought from the borrower when impairment indicators are observed for the relevant individual loans and advances. The Bank implements guidelines on the acceptability and valuation parameters of specific classes of collateral for credit risk mitigation. The main types of collateral obtained are as follows: (i) for securities lending and reverse repurchase transactions: cash or securities; (ii) for commercial lending: mortgages over real estate properties, machineries, inventory and trade receivables; and (iii) for retail lending: mortgages over residential properties and vehicles. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Bank also has in place an independent review of the loan portfolio quality and credit process that allows it to continuously identify and assess the risks on credit exposures and take corrective actions. This function is carried out by the Credit Review Division under the Bank's Credit Risk Management Division (CRMD).

The Bank also measures credit risk exposure in terms of regulatory capital requirement using the standardized approach. Under this method, credit exposures are risk-weighted to reflect third-party credit assessment of the individual exposure from acceptable external credit rating agencies and allow the use of eligible collaterals to mitigate credit risk. All documentation used in the collateralized transactions and for guarantees are binding on all parties and legally enforceable in the relevant jurisdiction.

The management of the credit portfolio is subject to internal and regulatory limits which serve to control the magnitude of credit risk exposures and preserve the quality of the portfolio. CRMG also monitors large exposures and credit risk concentrations in accordance with BSP Circular 414.

Operational Risk Management

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, and systems; or from external events. It includes legal risk, but excludes strategic and reputational risk. The primary tool in controlling operational risk is an effective system of internal controls approved by the Board and participated by each and every employee of the Bank.

Proactively, the Bank has implemented a robust operational risk identification, assessment, monitoring, control and reporting system in each operating unit in the Bank. The principal risk management tools include the Risk Control Self Assessment, Operational Losses and Key Risk Indicators Report, Incident Reports and the Internal Operational Loss Database. Moreover, a system for reporting of operational crimes and losses, and policies on whistle-blowing and handling of administrative cases are in place.

Other than the results of the risk monitoring activities through the above-cited risk management tools periodic reports to the ROC on operational risk exposures include among others the Profile of Complaints, the Legal Case Profile and the Fraud Risk Report.

Aside from securing adequate insurance coverage's over properties owned and acquired, putting up of reserve for self-insurance and setting up allowances for probable losses, operational risk is mitigated through preventive and detective controls which are embedded in operating policies and procedures, approval limits and authorities to govern day-to-day operations.

To instil risk awareness and operational risk control environment, the Bank's ERMG and Compliance Group (CG) are an inherent part of the bank's seminars and trainings, like the orientation for newly-hired employees; with presentations focusing on risk management and regulatory compliance. Both Groups continuously develop and implement risk management and compliance policies, while holding interactive meetings with operating units to address risk issues and implement process enhancements. In the last quarter of 2015, both ERMG and Compliance Group led in the initial implementation of the Bank's Computer-Based Training project. The project is aimed at enabling training content more readily available and accessible; providing training and tests statistics and analytics, and a database for employees' educational achievements. Both ERMG and CG also directly involved banking units in risk and compliance processes through the *Risk Control and Compliance Coordinator* – a function embedded in business lines that serve as a liaison to enterprise activities of ERMG and CG.

The Bank's Technology Risk Management Framework continues to provide strengthened foundation and guidance on how the Bank should effectively manage emerging technology risks. It incorporates the requirements under existing BSP regulations and which takes into account strategic, operational, compliance and reputational risk is periodically reviewed and updated to ensure that all risks in the Bank's technology-enabled products, services, delivery channels and processes are effectively managed and that any gaps are being regularly monitored and addressed.

A comprehensive risk assessment and profiling methodologies for both IT functions and application systems were instituted. Risk identification and assessments over project management were enhanced from project initiation to implementation. Control validation process was incorporated in technology risk assessments to ensure effectiveness of established risk mitigation strategy. The Bank's risk management team continues to play an active role in providing risk insights and assessments during launch of new products, technology and services, development of risk management policies and imbuing a culture of risk aware organization through conduct of trainings and seminars to Bank employees.

The Bank has in place a Business Continuity Management Framework that provides guidance for continuous operations in the event of any disruptions, and proactive mechanisms designed to prevent interruptions to critical business functions and improved Bank's resiliency. It follows a robust business continuity planning process that involves the conduct of a business impact analysis/risk assessment,

periodic review and updating of business continuity plans and conduct of BCP tests and tests evaluation. A Crisis Management and Emergency Preparedness Plan and Pandemic Plan as well were established. These documents detail the step by step procedures to be taken to respond to the threat or impact of a crisis, and how the Bank will respond to emergencies to protect life, property and environment, addressed in timely manner.

To manage risks relative to PBCOM's growing business, the Bank anticipated that added protection must be given to its resources and customers; thus, a Fraud Prevention program was established to:

- Foster a Control Environment
- Establish the Fraud Risk Management Framework
- Perform Fraud Risk Assessment
- Design & Implement Anti-Fraud Control Activities
- Timely capture, analyze, monitor and report fraud risks
- Monitor activities

Information and policies were shared with the enterprise; and fraud databases were also acquired for eventual integration with the various systems. As a result, the Bank ably prevented the use of its facilities for underhanded schemes and saved a significant amount in averted potential losses.

Information Security

The Information Security documentations of the Bank, namely: IS Charter, IS Enterprise Policy and IS Programs were periodically reviewed and updated to conform with the minimum provisions prescribed by the regulatory authorities, government statutes and generally accepted standards. With the advent of cybersecurity attacks in the country there is a compelling need to continuously enhance the safeguard of the Bank's information assets. Information Security played a key role in ensuring protection of data, hence, preserving its confidentiality, integrity and availability, particularly during system migration, new products and services; and other initiatives involving third-party services.

The enhanced Information Security Awareness Program shall sustain the employee security awareness and maturity by way of regularly communicating critical information to all employees through PBCOM On-Boarding for New Employees (P-ONE), the Continuing Education Program through Information Security Office email publication called InFoSec Bytes – that provides information security related matters needing urgent attention of all employees such as but not limited to, dissemination of information security documentation updates, cybersecurity, ATM Skimming, social engineering like phishing, vishing and smishing, and other security related fraudulent activities.

Trust Risk Management

The Trust and Wealth Management Group (TWMG) is exposed to fiduciary risks in managing funds and assets entrusted under its care and custody. Failure of the Group to fulfill its fiduciary responsibilities to the trustor/principal may result to a loss, damage liability, or any undesirable event that can have adverse impact on the Bank. The major risks associated with the fiduciary activities of TWMG are market, credit, liquidity, operational, legal, compliance, strategic and reputation risks. Having account management, , portfolio and trading, trust credit, and operations functions within TWMG, the Bank has also designated personnel performing independent risk management function on fiduciary activities who directly report to the Enterprise Risk management Group (ERMG). The fiduciary risk exposure exists in both discretionary and non-discretionary trust arrangements.

Risks arising in the performance of trust duties and obligations are addressed through the Trust Committee, Risk Oversight Committee (ROC) and ERMG. The Trust Committee performs oversight function on wealth, trust and other fiduciary services including the implementation of the risk management framework ensuring that internal controls are in place relative to the fiduciary activities of the Group. The ROC has the overall responsibility of the development of the risk strategy and implementing principles, risk framework, policies and limits of the Bank, including its Trust business.

ERMG through its Trust Risk Unit spearheads the effective implementation of the risk management process through the following risk tools and controls:

- a. Periodic stress testing of Trust and Wealth portfolio
- b. Key risk indicators (KRIs)
- c. Issue/borrower/counterparty accreditation and utilization
- d. Value-at-Risk (VaR)
- e. Risk and Control Self-Assessments (RCSA)
- f. Risk profile
- g. Risk management dashboard
- h. Loss events
- i. Complaint management
- j. Legal cases
- k. Internal and regulatory limits
- l. Operational losses and key risk indicators report (OLKRIR)
- m. Monthly monitoring of key regulatory requirements
- n. Trust risk management policies

Item 2. Properties

The Bank's Head Office is located at PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City. PBCom currently owns 50% of PBCom Tower which was constructed under a Joint Development Agreement with Filinvest Asia. The Bank has a total of 82 branches as of December 31, 2016. Most of these are located in the metropolitan areas of Luzon, Visayas and Mindanao. These branches are owned and/or leased by the Bank.

All properties owned by the bank are unencumbered.

Item 3. Legal Proceedings

To the best of the knowledge of management, the Bank is not aware of:

- (a) any bankruptcy petition filed by or against any business of which they are incumbent directors or senior officers, was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent directors or executive officers;
- (c) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of the incumbent directors or executive officers in any type of business, securities, commodities or banking activities; and
- (d) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent directors or executive officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

which may have a material effect in the operations and deter, bar or impede the fulfillment of his/ her duties as a director or executive officer of the Bank.

Item 4. Submission of Matters to a Vote of Security Holders

Nothing was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

Market Price and Dividends

A. Dividends History:

Year	Stock Dividend	Cash Dividend
2016	-	-
2015	-	-
2014	-	-
2013	-	-
2012	-	-

The Bank strictly complies with the BSP regulatory requirements under Subsection X136.2 of the Manual of Regulations for Banks which states that "before any declaration of dividends, banks shall comply with the following:

- (a) Clearing account with the Bangko Sentral is not overdrawn;
- (b) Liquidity floor requirement for government funds;
- (c) Minimum capitalization requirement and risk-based capital ratio;
- (d) Prescribed EFCDU/FCDU cover;
- (e) Statutory and liquidity reserves requirement;
- (f) No past due loans or accommodations with the Bangko Sentral or with any institution;
- (g) No net losses from operations in any one (1) of the two (2) fiscal years immediately preceding the date of dividend declaration;
- (h) Has not committed any of the major violations enumerated in Subsection X136.2.h.

The prescribed duration of compliance shall be reckoned from the last eight (8) weeks immediately preceding the date of dividend declaration up to the record date of said dividend.

Common Shares of the Bank are traded in the Philippine Stock Exchange.

B. Stock prices (in PhP per share)

	2017		2016		2015		2014	
	High	Low	High	Low	High	Low	High	Low
First Quarter	26.40	22.00	25.50	22.00	33.00	31.00	66.00	66.00
Second Quarter			36.00	22.00	31.05	27.50	64.50	64.00
Third Quarter			25.80	22.00	28.40	24.00	46.00	46.00
Fourth Quarter			24.70	21.20	25.45	22.45	32.00	32.00

The latest traded price of PBCom shares as of April 25, 2017 was P25.00.

C. Holders

As of 31 March 2017, there are 398 shareholders of the Bank's 480,645,163 issued and outstanding common shares. 15,924,961 or 3.31% of which are owned by foreigners.

The top 20 registered stockholders of the Bank as of 31 March 2017 are as follows:

	Name of Shareholder	No. of Shares	%
1	P.G. Holdings, Inc.	181,080,608	37.67%
2	PCD Nominee Corporation:	157,094,135	32.68%
	Filipino – 157,082,231		
	Non-Filipino – 11,904		
3	Recto, Eric O.	52,405,776	10.90%
4	Nubla, Jr., Ralph C.	51,779,374	10.77%

5	Langford Universal Finance Ltd.	15,263,964	3.18%
6	ISM Communications Corporation	4,806,987	1.00%
7	TTC Development Corporation	4,181,665	0.87%
8	Roxas-Chua, Ray Anthony Go	3,070,724	0.64%
9	Cham, Edison Siy	1,790,853	0.37%
10	KLG International, Inc.	1,790,853	0.37%
11	Gregorio T. Yu	1,432,692	0.30%
12	Chua, Renato C.	814,666	0.17%
13	Chungunco, Edwin Ng (Singaporean)	631,730	0.13%
14	TFC Holdings, Inc.	562,588	0.12%
15	Chung, Patricia Regine K.	261,294	0.05%
16	Chung, Philippe Ryan K.	261,294	0.05%
17	Ching, Winnifred	187,798	0.04%
18	Ching, Jeffrey	175,505	0.04%
19	Chung, Dexter Noel T.	174,196	0.04%
20	Chung, Sidney T.	174,196	0.04%
	Others	2,704,265	
	Total	480,645,163	

Recent Sale of Unregistered Securities

There were no sales of unregistered securities within the fiscal year covered by this report.

The Bank has no registered debt securities. There are no existing or planned stock options. There are no registered securities subject to redemption or call. There are no existing or planned stock warrant offerings.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Management's Discussion of Analysis

Financial Condition & Results of Operations: 2016 (Consolidated)

The Bank registered a net income of ₱399.9 Million for 2016. The bottom line grew by 96.33% or ₱196.2 Million from ₱203.7 Million realized last year which can be attributed to favorable market conditions that resulted to higher revenues from trading and lending activities.

Total interest income for 2016 improved by 10.16% to ₱3.63 Billion from ₱3.3 Billion. The Bank provided credits worth over ₱9.6 Billion to its clients during the year which resulted to increased income on loans and receivable of ₱304.7 Million. Income from trading and Investment Securities increased by 7.48% brought about by better market conditions and portfolio mix while interest on deposit with other bank declined by 39.22% or ₱24.3 Million.

Net Interest Income improved by 11.61% as a result of better performance from the regular income streams of the Bank despite a corresponding increase in interest and finance charges by 6.70%.

As the overall market outlook improved this year, trading activities also picked up which translated to healthy trading gains that grew by ₱239.3 Million from the ₱7.7 Million year-end level in the previous year. Foreign Exchange gain likewise improved by 12.49% or ₱1.3 Million while rental income went up by ₱70.1 Million from last year's level of ₱404.1 Million. This was, however, offset by the lower recognized fair value gain on investment properties that declined by ₱655.3 Million and profit from assets sold and exchange and income from trust operation by ₱4.2 Million and ₱1.4 Million, respectively. Thus, total operating income dropped by 4.32% or ₱183.1 Million.

Meanwhile, total operating expenses declined by 3.60% or ₱127.8 Million from last year's level of ₱3.54 Billion to ₱3.42 Billion of the current year mainly brought about by the decline in compensation and fringe benefits by ₱163.0 Million. Likewise, taxes and licenses and occupancy and equipment-related cost dropped by ₱29.3 Million and ₱33.3 Million, respectively. Meanwhile, various infrastructure and hardware upgrades contributed to increased depreciation and amortization by ₱55.0 Million.

The total resource base of the PBCom Group stood at ₱86.49 Billion while total liabilities and equity amounted to ₱75.72 Billion and ₱10.78 Billion, respectively, as of December 31, 2016. Total liquid assets slightly went up by ₱794.41 Million in spite of Trading and Investment securities dropped by 9.61% as the Bank opted to engage more in lending activities which resulted to a ₱9.6 Billion increase in loans and receivable. This consequently increased the Bank's Non-performing loans (NPL) by ₱250.7 Million. However, the Group's NPL ratio declined from 1.44% in year 2015 to 1.10% in 2016 as the Bank increased the additional provisions for credit/impairment losses as a buffer against normal lending risks increases.

PBCom's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Total property and equipment declined by ₱141.76 Million mainly due to depreciation and amortization. Investment properties marginally improved by 5.73% due to the fair value adjustments on condominium units for lease on leased out and foreclosed properties. Moreover, Other Assets decreased by ₱111.1 Million brought about by the reversal of floats, advance rentals and prepaid expenses.

The Bank's deposit base registered an 8.31% or ₱4.8 Billion increase to ₱63.1 Billion as of year-end 2016 from ₱58.3 Billion during the same period last year brought about by the aggressive marketing strategy of Bank to improve deposit mix focus on low cost. This resulted in favorable reduction in interest expenses on deposits which went down by ₱8.52 Million from the previous year level of ₱869.93 Million in 2015 to ₱861.40 Million of the current reporting year. Likewise, total borrowed funds went up by ₱3.6 Billion mainly coming from deposit substitutes placements and repo resulting increased interest expense of ₱73.7 Million in current year. Year-end level of manager's check and deferred tax liabilities went up by ₱191.47 Million and ₱71.98 Million respectively.

PBCom's capital based at ₱10.8 Billion up by ₱1.9 Billion as of December 31, 2016 from ₱8.9 Billion as of year-end 2015, primarily attributed by 3rd tranche payment of PG Holdings Corporation amounting to ₱1.4 Billion. The Bank's Risk Based Capital Adequacy Ratio of 14.64% under BASEL 3 reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement

Financial Condition & Results of Operations: 2015 (Consolidated)

The Bank's total assets as of December 31, 2015 stood at ₱76.26 Billion, up by ₱4.32 Billion from the 2014 year-end level of ₱71.935 Billion. The expansion was brought about by the ₱908 Million increase in trading and investment securities. A strategic build-up in the inventory of fixed-income securities and dollar bonds was followed in line with the Bank's thrust to actively engage in trading activities. Total loan portfolio of the Bank expanded by ₱2.987 Billion to ₱36.50 Billion from ₱33.51 Billion as of year-end 2015. Though Non-performing loans (NPL), went up by ₱492 Million to ₱2.44 Billion as of year-end 2015, NPL ratio improved to 1.44% from 1.40% in December 2014, as the Bank increase the additional provisions for credit/impairment losses as a buffer against normal lending risks increases.

PBCom's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Total property and equipment declined by ₱100.2 Million mainly due to depreciation and amortization and was partially offset by increase in appraisal value by ₱29.9 Million. Year-on-year level of investment properties improved by 21% or ₱988.6 Million mainly due to the fair value adjustment on condominium units for lease on leased out 18th and 19th floor of PBCom Tower in September 2014 and foreclosed properties. Other assets went improved by ₱165.51 Million mainly due to higher prepaid expense that include software maintenance and business licenses for the year, and creditable tax from BIR.

The Bank's deposit base registered a slight 1.38% or ₱815.7 Million decline to ₱58.30 Billion as of year-end 2015 from ₱59.12 Billion during the same period last year. There was a favorable shift from high cost deposits to cheaper funds as time deposits declined by ₱4.94 Billion while CASA deposits grew by ₱4.12 Million. This resulted in favorable reduction in interest expenses which went down by ₱12.17 Million from ₱882.19 Million in 2014 to ₱869.93 Million in 2015. On the other hand, total borrowed funds a ₱3.056 Billion increase in year-on-year average volume mainly coming from higher deposit substitutes placements, reverse repurchase agreement with BSP to augment the Bank's liquidity stock and address temporary funding gaps corollary to the decline in deposits. Year-end level of Manager's check decreased by ₱102.2 Million from the same period of last year's level of ₱211.130 Million to ₱108.9 Million as the Bank is paying off its obligation. Deferred tax liabilities and other liabilities, likewise grew by ₱292.2 Million and ₱159.75 Million, respectively.

The Bank's capital based at ₱8.92 Billion up by ₱1.705 Billion as of December 31, 2015 from ₱7.218 Billion as of year-end 2014, primarily attributed by 2nd tranche payment of PG Holdings Corporation. Remeasurement losses on defined benefit liability likewise registered improvement that trim its losses by ₱98.5 Million to ₱172.66 Million in 2015. PBCom maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder's value. The Bank's Risk Based Capital Adequacy Ratio of 14.97% under the new BASEL 3 reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement

Amidst the unfavorable market conditions brought about by the global economic slowdown, PBCom maintained its profitable performance posting a net income of ₱203.6 Million in year-end 2015 from the same period of 2014 with level of ₱110.5 Million.

PBCom's net interest income improved by 19.78% or ₱384.02 Million largely attributed by the decrease in interest expense on deposits and bills payable coupled with full year effect of income from subsidiaries (vs one quarter in prior year) and increase in year-on-year average volume of earning/interest bearing assets coming from current loans and trade receivables and deposit with bank/BSP by ₱517.8 Million and ₱34.46 Million, respectively. However, said increase was pulled down by the decline on interest income from trading and investment securities by ₱169.21 Million and Inter-bank/SPURA by ₱10.28 Million.

Non-Interest Income favorably rose by 67.05% to ₱4.23 Billion year on year from ₱3.084 Billion last year primarily attributed to the increase in fair value gain from investment properties amount of ₱561.32 Million. Additional contributors to the increase in non-interest income are the rental income from PBCom Tower on the escalation of rental rates and services charges, fees and commission by ₱90.65 Million and ₱100.09 Million, respectively. However, due to lack of trading opportunities, trading and security gain posted a decrease of ₱53.99 Million from last year's level of ₱61.699 Million to current year's level of ₱7.71 Million.

Operating expenses went up by ₱870.2 Million from 2014 year-end level of ₱2.674 Billion to ₱3.544 Billion of the current year. The increase was largely attributed by the increase on controllable expenses such as management and professional fees by ₱81.800 Million, information and technology by ₱32.10 Million and insurance expense by ₱25.17 Million. Moreover, non-controllable expenses like taxes and licenses, depreciation and provision for impairment losses likewise contributed to the increase of operating expenses by ₱55.65 Million, ₱92.57 Million and ₱638.6 Million respectively. The increase was hold back by the decline in representation expense by ₱18.94 Million and advertising expense by

₱31.24 Million. Manpower cost was posted a marginal decrease of 1.60% or ₱21.87 Million due to current year accrual for retirement expense in accordance with PAS 19 that negated savings generated from the decrease in salaries/wages expense occasioned by the reduced headcount from the continuing streamlining program of the Bank whereby retiring senior officers, and select middle management positions were not replaced.

Financial Condition & Results of Operations: 2014 (Consolidated)

As of end December 2014, the consolidated total resources of the PBCom Group (parent company and subsidiaries) reached at ₱71.934B, while total liabilities and equity amounted to ₱64.713B and ₱7.221B, respectively. Total resources increased by ₱9.336B compared to the December 31, 2013 pre-consolidated level of ₱62.599B. Said increase was brought about by the increase in the level of liquid assets and due from bank accounts amounting to ₱4.996B. Meanwhile, securities declined by ₱6.197B mainly due to lower debt securities carried at HTC. Loans and receivables improved by 34.20% or ₱8.548B as result of renewed sales efforts during the year. Bank's NPL for the period was at 1.68%, versus the previous year's level of 0.60%. As the Bank expands its branch network to 76 branches, property and equipment increased by ₱144.461M from the previous year's level of ₱1.746B to ₱1.891B. Investment properties, likewise, improved by ₱914.995M. Moreover, intangible assets and other assets went up by ₱652.406M and ₱276.479M, respectively. Total liabilities increased by 10.57% from ₱58.525B in 2013 to ₱64.713B in 2014 due largely to the increase in deposit liabilities by ₱11.831B. However, bills payable dropped by 63.78% or ₱6.032B from last year's level of ₱9.458B to ₱3.425B for the current year. This was brought about by the Bank's full payment of the loan extended by the PDIC under its 10-year Financial Assistance Agreement. Outstanding acceptances declined by ₱17.569M while manager's checks and accrued interest, taxes and other expenses likewise increased by ₱37.628M and ₱49.516M, respectively. Deferred tax liability also increased by ₱222.439M mainly due to the fair value adjustment during the year for Investment Properties particularly on PBCom Tower held for lease. Other liabilities went up by 18.28% from last year's level of ₱537.952M to current year's level of ₱636.272.

The Bank's total equity improved by 111.54% or ₱4.544B, due to the following:

- Payment of 30% subscription of PG Holdings, Inc. in 2014 for 181,080,608 common shares amounting to ₱1.79B
- Transition adjustment for adopting PFRS 9 from PAS 39 that resulted to a reversal of net unrealized loss on available-for-sale investment of ₱ 1.25B in 2013.
- Consolidated net income for the year reached ₱111M.

The non-controlling interest (NCI) from the two acquisitions was at ₱ 5.47M as of acquisition dates. The measurement basis for the fair value of NCI is the proportionate interest method, where the net fair value of assets (liabilities) of the acquiree is multiplied by the percentage of ownership held by the minority stockholders.

Conformably, consolidated RBCAR ratio of the Bank for the current year stood at 15.91% and CET 1 ratio of 12.02% based on BASEL III guidelines of BSP Circular 781 that took effect starting January 2014. This covers credit, market and operational risk and is above the minimum requirement of 6% for CET 1 and 10% for qualifying capital.

In terms of profitability, PBCOM posted a consolidated net income of ₱111.512M for the year 2014 compared to ₱1.633B pre-consolidated net income in 2013. Decrease in income was primarily brought about by lower trading and securities gains by 96% or ₱1.479B due to current market conditions and the resulting absence of trading income opportunities. Total Interest Income decreased by ₱214.158M from ₱3.344B in 2013 to ₱3.130B in 2014. Interest income from trading and investment securities declined by ₱457.894M mainly due to maturity of government securities purchased from proceeds of a loan extended by PDIC as part of financial assistance. This however was partially offset from higher interest on loans and receivables that grew by 34.1% on loan outstanding balance as of December 31, 2014.

Consumer loans products increased by 217.7% or ₱2.143B to ₱6.811B in 2014 while commercial loans products increased by 28.7% or ₱5.01B from ₱17.477B in 2013. Overall interest income from loans and receivable increased by 63.45% or ₱809.348M to ₱2.085B of the same period in 2014.

Interest and finance charges dropped by 27.22% or ₱442.649M mainly due to increase on interest on deposit liabilities by ₱193.735M but was offset by the decrease in bills payable and other fees by ₱24.696M and ₱611.688M, respectively. Overall, net interest income improved by 13.30% or ₱228.491M from last year's level of ₱1.718B to ₱1.946B of this year.

Operating income went down by 23.20% or ₱933.024M due to the decline in trading and securities gain coupled by the decrease in gain on assets exchange by ₱44.820M. Meanwhile, rental income and service charges, fees and commissions were up by ₱57.130M and ₱110.986M, respectively. Fair value gain, on the other hand, went up by ₱131.494M.

Operating expenses increased by ₱682.868M from the previous year's level of ₱1.991B to ₱2.675B for the current reporting period. The growth in expenses was mainly due to the increase in compensation and fringe benefits, depreciation and amortization, and occupancy and other equipment-related cost by ₱285.769M, ₱65.186M and ₱79.941M, respectively. In addition, Recovery from impairment losses during the year declined to ₱207.822M from ₱402.675M in 2013. Miscellaneous expenses also increased this year by ₱118.814M from ₱593.502M in 2013 to this year's level of ₱712.316M.

The Bank's Board of Directors approved in principle on May 28, 2014 the early adoption of PFRS 9 which prompted the Bank to conduct an evaluation on the possible financial impact using the latest financial data. The Board of Directors provided final approval on July 30, 2014.

Following are the qualitative and quantitative results of the Bank's impact evaluation:

In accordance with the transition provisions of PFRS 9, the classification of debt financial assets that the Bank held at the date of initial application (i.e. January 1, 2014) was based on the facts and circumstances of the business model in which the financial assets were held at that date and on their contractual cash flow characteristics. The initial application of PFRS 9 has had an impact on the following financial assets of the Bank:

a. The Bank's investments in debt instruments previously classified as AFS investments that met the criteria to be classified as at amortized cost under PFRS 9 were reclassified as such, because the business model is to hold these instruments in order to collect contractual cash flows. The reclassification had no impact on the Bank's surplus as of January 1, 2014.

Investments in debt instruments previously classified as AFS investments that did not meet the criteria to be classified as at amortized cost under PFRS 9 have been classified as financial assets at FVTPL under PFRS 9. The accumulated net unrealized loss on AFS investments as of January 1, 2014 amounting to ₱11.11M was adjusted to opening 'Deficit' as of January 1, 2014.

b. The Bank did not have any financial assets in the statement of financial position that were previously designated at FVPL but are no longer so designated. Neither did it designate any financial asset as at FVTPL on initial application of PFRS 9.

Investments in equity securities previously classified as AFS investments have been classified as financial assets at FVTOCI under PFRS 9. The reclassification had no impact on the Bank's surplus as of January 1, 2014.

The adoption of PFRS 9 has no material impact on the Bank's financial liabilities. As of January 1, 2014, all of the Bank's financial liabilities are classified and measured at amortized cost.

(2) Discussion of various key indicators:

A. Key Performance Indicators

Ratio	December 2016 (Conso)	December 2015 (Conso)	Remarks
Profit Margin (Net income divided by Gross income)	9.87%	4.81%	Net Profit Margin increased by 5.06% due to higher net income which grew by 96.33% compared to last year.
Return on Average Asset (Net income divided by Average assets)	0.49%	0.28%	Increased income for the year and average assets, has resulted to higher ROA versus Dec 2015
Return on Average Equity (Net income divided by Average equity)	4.06%	2.52%	Higher net income and increased average equity resulted to 1.53% improvement in ROE for the year.
Capital Adequacy Ratio (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	14.64%	14.97%	Qualifying capital grew by ₱ 1.3 B due mainly to 3 rd tranche capital infusion while total risk-weighted assets increased by ₱10.2 B mainly from increased loan portfolio by P10 B resulting to lower ratio. It remains however above the 10% minimum CAR required by the BSP.
Basic Earnings per share (Net income divided by average no. of common shares)	1.34	0.68	Higher net income versus 2015, which was primarily driven by increased interest income has resulted to improved earnings per share

B. Financial Soundness

Ratio	December 2016 (Conso)	December 2015 (Conso)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	49.40%	52.14%	The Bank's liquidity ratio slightly declined by 2.74% due to 8.31% increase in deposit liabilities which is higher than increase in liquid assets.
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	87.54%	88.27%	A minimal decrease in the Bank's debt ratio has been observed due to growth in liabilities by 12.75%, particularly in bills payable by ₱3.6 B, and this was outweighed by the increase in total asset by 13.70% for the current period.
Asset to Equity Ratio (Total Asset to Total Equity)	802.27%	852.49%	The Bank's lower leverage was due to 20.82% increase in year-on-year total equity as a result of 3 rd tranche payment of subscribed common stock by investor last June 2016 while total assets managed to grow only by 13.70%.
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	161.10%	170.87%	Interest rate coverage declined by 9.77% due to higher interest expense mainly from bills payable – REPO.
Net Interest Margin Net interest income over Average Earning assets	4.42%	4.32%	NIM increased as result of higher income for the year.

(a) Full Fiscal years

- The Bank does not anticipate any cash flow or liquidity problems in the next 12 months after year-end 2016.
- The Bank does not foresee any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

- There are no 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.
- There are no material commitments for capital expenditures.
- Uncertainties regarding the sustainability of economic growth of the country may pose challenges in the Bank's drive to expand its loan portfolio. Any negative impact of a slower economic growth, however, may be overcome or mitigated at the very least by aggressive spread management initiatives.
- There were no significant elements of the Bank's income in 2016 that did not arise from continuing operations.
- Material Changes from Period to Period

Statement of Condition: December 2016 vs. December 2015 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(300,729)	-22.39%	Higher Cash on Hand
Due from BSP	1,446,301	12.14%	Higher BSP reserve requirement due to increase in deposits
Due from Other Banks	988,236	49.20%	Increase in the balance of settlement accounts maintained with correspondent banks.
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	80,850	35.26%	Higher investment in interbank loans during the period
FA at Fair Value through Profit or Loss	(94,775)	-23.98%	Lower outstanding investment in FVTPL for the comparative periods
Investment Securities at Amortized Cost	(1,332,896)	-9.21%	Decrease was mainly due to sale of HTC arising from the change in the Bank's business model
Equity Securities Carried at FV-OCI	7,425	16.70%	Gain from increase in market value of club shares
Loans and Receivables	9,587,297	26.27%	Increase due to higher loan volume for the period
Property and Equipment	(141,758)	-7.92%	Depreciation recognized for the period
Investment Properties	326,399	5.73%	Increase mainly due to FV gain on PBCOM Tower recognized in 2017
Intangible assets	(43,650)	-5.29%	Lower due to amortization of software during the period partially offset by acquisitions
Deferred tax assets	10,172	20.53%	Recognized deferred tax assets from subsidiary
Other Assets	(111,082)	-17.90%	Mostly due to decrease in Inter-office float items
Demand Deposits	2,940,758	23.48%	Improved deposit mix due to conscious effort to lower cost led to higher low cost deposits
Savings Deposits	1,889,003	37.37%	
Time Deposits	13,867	0.03%	
Bills Payable	3,617,764	55.82%	Mainly due to increase in REPO volume
Outstanding Acceptances	(7,708)	-18.32%	Due to lower bills of exchange accepted by the Bank
Manager's Checks	191,471	175.80%	Increase in un-negotiated MC's as of reporting date
Accrued interest, Taxes and Other Expenses	(124,610)	-23.11%	Decrease was mainly brought about by lower accruals on expenses, adjustment in retirement liability based on latest actuarial report, and lower AIR
Income tax payable	(29,533)	-99.19%	Mainly because of application of DTA on income tax due
Deferred tax liabilities	71,978	6.96%	Recognition of DTL on fair value gains

Statement of Income and Expenses: Jan-Dec 2016 vs Jan-Dec 2015 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
Interest Income on Trading and investment securities	47,053	7.48%	Increase is due to higher average volume and improved yields
Interest Income on Loans and receivable	304,731	11.73%	Increase is mainly due to increase in loan volume vs last year
Interest Income on IBCL & SPURA	7,642	66.85%	Higher income due to increased volume
Interest Income on Deposit with	(24,252)	-39.22%	Mainly from lower investment in SDA

other Banks			
Interest Expense on Bills payable and borrowings	73,713	71.10%	Higher volume of REPO
Gain on reclassification of investment securities	198,700	-	Realized trading gain from the sale of HTC arising from the change in the Bank's business model
Trading and Securities Gain – net	88,804	-219.46%	Higher trading gains mainly from FVTPL
Service Charges, Fees & Commissions	(62,921)	-14.75%	Mainly due to lower TFR fees from lower volume
Gain on disposal of investment securities at amortized cost	(48,174)	-100.00%	Last year's recognized gain on disposal of HTC
Rent Income	70,141	17.36%	Higher rates in renewed contracts and rent extensions
Fair Value Gain	(655,324)	-69.59%	Lower FV gain recognized in 2016
Gain on asset exchanged	8,468	228.74%	Higher gain on asset exchange or foreclosed during the year
Profit from assets sold	(12,651)	-237.13%	Lower gain on sale of assets sold
Foreign Exchange Gain (Loss) – Net	1,274	12.49%	Increase in FX gains during the year
Income from trust operations	(1,436)	-7.85%	Due to lower trust fees earned in 2016 from lower volume of assets under management by 2%
Miscellaneous Other Income	(39,756)	-43.77%	Higher mainly from dividends received in 2016 (PDEX, Bancnet)
Compensation and Fringe Benefits	(162,985)	-12.13%	Lower headcount by 21%
Depreciation & Amortization	55,057	18.95%	Due to acquisition of various IT & office equipment, new IT projects completed
Occupancy and other equipment-related costs	(33,279)	-15.29%	Lower electricity and repairs & maintenance costs
Taxes and Licenses	(29,306)	-6.72%	Lower DST from lower TD volume
Provision for impairment losses	34,166	7.70%	Higher provision recognized during the year as a result of higher loan and receivables
Communications	(9,198)	-13.65%	Lower direct lines, IDD/NDD and cellular phone charges due to Group's effort to reduce costs
Security, clerical, messengerial and janitorial services	(14,583)	-14.65%	Lower security charges from decreased count
Entertainment, amusement and recreation	14,636	23.28%	Lower spend on entertainment costs due to conscious effort of the Bank to reduce costs
Management and professional fees	(11,999)	-7.38%	Lower consultancy fees
Miscellaneous	31,325	10.71%	Higher brokerage fees from trading transactions, higher Mastercard fees from debit prepaid card launched in 2016
Provision for Income Tax	(55,318)	-8.02%	Lower due mainly from recognition of DTA on excess MCIT over RCIT

Interest income on non-discounted loans is recognized based on the accrual method of accounting while unearned discounts are amortized to income over the terms of the loans. As such, there are no seasonal aspects that materially impact on the Bank's interest revenues.

A. Key Performance Indicators

Ratio	December 2015 (Conso)	December 2014 (Conso)	Remarks
Profit Margin (Net income divided by Gross income)	4.81%	3.58%	Net Profit Margin increased by 1.2 percentage points due to higher net income as well as gross income for 2015 on account of improved performance of the parent bank and full year impact of the consolidation of subsidiaries.
Return on Average Asset (Net income divided by Average assets)	0.31%	0.16%	Higher income for the year and increase in Average Assets improved ROA versus 2014
Return on Average Equity (Net income divided by Average equity)	2.52%	1.96%	Higher net income and increased average equity resulted to 0.57% improvement in ROE for the year.
Capital Adequacy Ratio Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	14.97%	15.91%	Qualifying capital grew by P258M but was outweighed by higher total risk-weighted asset (by P4.88 billion) mainly on improved loan portfolio by P3.6 billion resulted to lower ratio. It, however remains above the 10% minimum CAR required by the BSP.
Basic Earnings per share (Net income divided by average)	0.68	0.36	Higher net income versus 2014, which is driven primarily by increased operating income, improved earnings per

no. of common shares)		share
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B. Financial Soundness

Ratio	December 2015 (Conso)	December 2014 (Conso)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	52.14%	51.04%	The Bank's liquidity ratio improved by 1.10% due to higher liquid assets while deposit liabilities contracted by 1.38% or P815 million for the year.
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	88.27%	89.97%	Minimal decrease in the Bank's debt ratio has been observed due to growth in liabilities by 4.04% particularly bills payable by P3 Billion but was outweighed by the increase in total asset by 6.01% for the current period.
Asset to Equity Ratio (Total Asset to Total Equity)	852.49%	996.55%	The Bank's lower leverage was due to 24% increase in equity as a result of 2 nd tranche payment of subscribed common stock by new investor last Sep 2015 while Total assets managed to grow only by 5.7%.
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	170.87%	134.76%	Interest rate coverage grew by 34% mainly due to improved earnings from loans and receivables while interest expense contracted by 18% compared to 2014 level.
Net Interest Margin <i>Net interest income over Average Earning assets</i>	3.56%	3.24%	NIM slightly increased as result of higher average yield in the earning assets by 0.33%.

(b) Full Fiscal years

- The Bank does not anticipate any cash flow or liquidity problems in the next 12 months after year-end 2015.
- The Bank does not foresee any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no 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.
- There are no material commitments for capital expenditures.
- Uncertainties regarding the sustainability of economic growth of the country may pose challenges in the Bank's drive to expand its loan portfolio. Any negative impact of a slower economic growth, however, may be overcome or mitigated at the very least by aggressive spread management initiatives.
- There were no significant elements of the Bank's income in 2015 that did not arise from continuing operations.
- Material Changes from Period to Period

Statement of Condition: December 2015 vs. December 2014 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	161,748	13.69%	Higher Cash on Hand

Due from BSP	(612,839)	-4.89%	Lower investment in BSP-SDA
Due from Other Banks	371,881	22.72%	There has been an increase in the balance of settlement accounts maintained with correspondent banks versus the comparable period.
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	(603,323)	-72.46%	Lower investment in interbank loans during the period
FA at Fair Value through Profit or Loss	(288,961)	-42.23%	Lower investment in FVTPL for the period
Investment Securities at Amortized Cost	1,197,526	9.02%	Higher investment in debt securities for the period
Equity Securities Carried at FV-OCI	1,478	3.44%	Fair value adjustments on club shares for the year.
Loans and Receivables	2,987,183	8.91%	Loan volume increased during the reporting period
Property and Equipment	(100,228)	-5.30%	Depreciation and amortization of fixed assets for the period
Investment Properties	988,582	20.99%	Higher fair value of PBCOM Tower and ROPA.
Other Assets	31,312	5.32%	Higher Creditable Withholding Tax and Prepaid Expenses
Demand Deposits	3,302,446	35.81%	Improved deposit mix due to conscious effort to lower cost led to higher low cost deposits and lower high cost deposits during the period
Savings Deposits	826,505	19.55%	
Time Deposits	(4,944,701)	-10.83%	
Bills Payable	3,056,193	89.22%	Higher due to new REPO product.
Outstanding Acceptances	16,445	64.19%	The higher outstanding acceptances is due to a increase in bills of exchange accepted by the Bank
Manager's Checks	(96,802)	-45.85%	There was an increase in un-negotiated MC's as of report date
Accrued interest, Taxes and Other Expenses	5,012	0.94%	There was an increase in accruals on other expenses and on retirement liability for the year.
Income Tax Payable	4,516	17.88%	Higher tax due for the year
Deferred tax liabilities – net	292,222	39.42%	FV Gain recognized on Tower and ROPA
Other Liabilities	(21,433)	-3.37%	Lower Accounts Payable to Vendors, AP Tax, etc.

Statement of Income and Expenses: Jan-Dec 2015 vs Jan-Dec 2014 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
Interest Income on Trading and investment securities	(169,206)	-21.20%	Lower interest income earned due to the maturity of high yielding government securities in March 2014 as we exit FAA (Financial Assistance Agreement).
Interest Income on Loans and receivable	517,880	24.90%	Higher loan volume and full-year share from interest income of subsidiaries (v.s. 1 quarter only in 2014)
Interest Income on IBCL & SPURA	(10,284)	-47.36%	Lower income due to lower volume
Interest Income on Deposit with other Banks	34,467	125.94%	Higher interest income from Due from BSP as a result of various placements to SDA for the year.
Interest Income on Others	(197,642)	-100.00%	Interest income booked in relation to accretion of unearned income arising from FAA transaction, none in 2015
Interest Expense on Deposit Liabilities	(12,169)	-1.38%	Improved deposit mix due to conscious effort to lower cost led to higher low cost deposits and lower high cost deposits during the period
Interest Expense on Bills payable and borrowings	7,910	8.26%	Higher interest expense mainly due to higher volume from REPO product
Interest Expense on Others	(204,553)	-100.00%	Interest expense booked in relation to amortization of discount on bills payable arising from FAA transaction, none in 2015
Trading and Securities Gain – net	(102,423)	-165.31%	There was a reduction in trading income due to the impact of rising market rates on bond prices.
Gain (loss) on disposal of investment securities at amortized cost	48,432	-18739%	Higher gain on disposal of securities for the year
Service Charges, Fees & Commissions	100,092	30.66%	Higher PBCOM fees and full-year share from fees of subsidiaries (v.s. 1 quarter only in 2014)
Rent Income	90,648	28.92%	The escalation of rental rates in 2015 and the additional floors rented out has generated increased income from rent
Fair Value Gain	561,321	147.56%	Higher FV Gain recognized on Tower and ROPA
Gain on asset exchanged	25,134	-117.27%	2014 loss on foreclosure of Fil Estate
Foreign Exchange Gain (Loss) –Net	(21,604)	-67.93%	A combination of lower revaluation income and lower actual/realized gain from foreign exchange trading has led to a decrease in foreign exchange gains.
Miscellaneous Other Income	69,005	309.59%	Higher ancillary income generated for the period

Compensation and Fringe Benefits	(21,874)	-1.60%	Lower manpower costs due to lower headcount offset by higher subsidiaries costs due to impact of full year share in expenses (vs. 1 quarter only in 2014)
Depreciation & Amortization	92,570	46.64%	Due to branch transformation, new branches and systems upgrade and higher subsidiaries costs due to impact of full year share in expenses (vs. 1 quarter only in 2014)
Occupancy and other equipment- related costs	7,219	3.43%	Mainly due to higher subsidiaries costs because of impact of full year share in expenses (vs. 1 quarter only in 2014)
Taxes and Licenses	55,653	14.64%	Higher documentary stamp taxes due to increase in average time deposits volume and higher subsidiaries costs due to impact of full year share in expenses (vs. 1 quarter only in 2014)
Provision for impairment losses	6,38,655	-327.76%	2014 include reversal of provisions, additional provisions required in 2015 for corporate and retail loans and higher subsidiaries costs due to impact of full year share in expenses (vs. 1 quarter only in 2014)
Insurance	25,175	24.47%	Increase in PDIC Insurance due to higher deposit level in 2015
Security, clerical, messengerial and janitorial services	3,133	3.25%	Mainly due to higher subsidiaries costs because of impact of full year share in expenses (vs. 1 quarter only in 2014) and higher security services rate
Entertainment, amusement and recreation	(18,946)	-23.15%	Lower spend on entertainment costs due to conscious effort of the Bank to reduce costs
Management and professional fees	81,800	101.20%	Higher consultancy fees
Miscellaneous	6,894	2.41%	Mainly due to higher subsidiaries costs because of impact of full year share in expenses (vs. 1 quarter only in 2014)
Provision for Income Tax	186,783	62.35%	Higher FV gain recognized from Tower and ROPA.

Interest income on non-discounted loans is recognized based on the accrual method of accounting while unearned discounts are amortized to income over the terms of the loans. As such, there are no seasonal aspects that materially impact on the Bank's interest revenues.

Financial Condition: March 31, 2017 vs. December 31, 2016

PBCom's earning capacity has remarkably improved year on year because of better marketing strategies, renewed business focus and overall increase in business generating income. PBCom posted a net income of ₱146.6 Million or ₱118.6 Million greater than same period of last year's level of ₱28.1 Million. Net interest income increased by 25.57% or ₱150.9 Million as a result of higher interest income on Investments Securities, Loans and Receivable and Interbank Loans and Receivable and securities purchased under resale agreements by ₱62.3 Million, ₱77.2 Million and ₱13.8 Million, respectively. Meanwhile, total interest expense from deposits declined by 2.17% or ₱5.5 Million mainly from lower interest expense from deposit by ₱23.0 Million but was partially offset by higher interest expense on bills payable, borrowings and others by ₱17.5 Million. However, other operating income went down by 4.13% or ₱11.3 Million. This was attributed by lower trading and securities gain, and service charges, fees and commission.. On the other hand, there were increases on foreign exchange gain by ₱17.3 Million and Profit from assets sold/ exchange by ₱2.6 Million. Rental income likewise improved by 37.46% or ₱38.3 Million from last year's level of ₱102.3 Million to ₱140.6 Million of the current reporting period. Total operating expenses marginally increased by ₱1.4 Million or 0.18% while Provision for impairment losses and Taxes and licenses expense grew by ₱23.0 Million and ₱9.0 Million, respectively. However, these were offset by the decrease in Compensation and fringe benefits and Occupancy and Other equipment – related costs by ₱22.1 Million and ₱14.0 Million, respectively.

The Bank's Total Assets stood at ₱87.18 Billion as of 31 March 2017 while Total Liabilities and Equity amounted to ₱76.32 Billion and ₱10.9 Billion, respectively. Comparing March 2017 against year-end 2016 level, the Bank's Total Resources marginally increased by 0.79% or ₱685.2 Million. Liquid assets such as Cash and Other Cash Items, Due from BSP, From Other Banks and Interbank loans declined by a total of ₱1.6 Billion or 8.86% as we purchase securities which consequently improved the Bank's trading and investment securities by ₱997.7 Million. Improved marketing strategies resulted to a remarkable increase in Loans and Receivable by ₱1.2 Billion from year-end level of ₱46.1 Billion to ₱47.3 Billion. The Group's NPL is at 1.14% from year-end level of 1.10%. Other Assets likewise

increased by ₱127.2 Million due to higher Prepaid Expenses, Chattel Mortgage and Miscellaneous Assets. On the liability side, Bank's Total Liabilities increased by ₱598.5 Million or 0.79%. Increased in Total Liabilities was brought about by the improvement in total Deposits by ₱396.1 Million, Manager's Checks by ₱221.8 Million and Accrued Interest, Taxes and Other Expenses by ₱96.2 Million. On the other hand, Bills Payable dropped by ₱181.9 Million from last year's level of ₱10.09 Billion to ₱9.92 Billion of the current reporting period.

The Bank's capital base went up by ₱86.8 Million from last year's level of ₱10.78 Billion due to improved Bank's operational income resulting to a decline in total deficit by ₱146.8 Million. The Group's consolidated Risk-Based Capital Adequacy Ratio of 14.60% is well above the 10% minimum requirement. The ratio covers credit, market and operational risk for the first quarter of 2017.

On period-to-period basis, Total Assets improved by ₱7.08 Billion compared to same period last year's level of ₱80.10 Billion to ₱87.18 Billion. Total liquid Assets slightly increased by ₱181.8 Million from last year's level of ₱30.44 Billion to ₱30.62 Billion of the current period. Loans and Receivables also increased by ₱6.79 Billion as a result of aggressive marketing strategy of the Bank focusing on secured consumer loans and bankable large and middle market corporates. Compared to same period of last year, Total Liabilities went up by ₱5.17 Billion mainly brought about by the increase in Bills Payable due to higher deposit substitute by ₱3.31 Billion and traditional Deposits by ₱1.55 Billion. Moreover, Outstanding Acceptances and Manager's Checks also grew by ₱21.2 Million and ₱309.3 Million, respectively.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	March 2017	December 2016	Remarks
Net Profit Margin (Net income divided by Gross income)	14.61%	3.25%*	Ratio increased by 11.36% due to higher net income from investment securities and Loans and receivables which grew by 37.33% and 11.67%, respectively while total Operating expenses was at relatively flat to last year.
Return on Average Asset (Net income divided by Average assets)	0.68%	0.49%	Higher annualized net income during the current period and increase in average Assets resulted to higher ROA versus Dec 2016.
Return on Average Equity (Net income divided by Average equity)	5.42%	4.06%	Return on Average Equity increased due to combination of higher annualized net income and Average Equity by 47% and 10%, respectively.
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	14.60%	14.67%	CAR declined by 0.07% due to higher Total Risk-weighted assets which increased by ₱658.7 Million. Operational risk-weighted assets expanded by ₱745.1 Million due to improved operating income in prior years.
Basic Earnings per share (Net income divided by average no. of common shares)	1.96	0.38*	A result of increased net income for the current period.

* As of March 2016

B. Financial Soundness (consolidated)

Ratio	March 2017	December 2016	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total deposit refers to the total of peso and foreign currency deposits.</i>	48.19%	49.40%	Ratio slightly declined by 1.21%, resulting from shift of liquid assets to Loans and receivable that grew by ₱1.2 Billion or 2.55% while deposit base remain same level at ₱63 Billion.
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	87.53%	87.54%	Debt ratio is relatively flat vs Dec 2016.

Asset to Equity Ratio (Total Asset to Total Equity)	802.17%	802.27%	Slightly lower ratio resulted from P86 Million increase in Equity slightly offset by improved asset base of P685 Million
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	189.97%	133.52%*	The Bank's interest rate coverage improved as a result higher interest income registered in 2017.
Net Interest Margin Net interest income over Average Earning assets	4.65%	4.42%	Ratio improved by 0.23% as a result of higher interest income in the current period.

* As of March 2016

3. Discussion and Analysis of Material Event/s and Uncertainties

- a. The Bank does not foresee any event that will trigger direct or contingent financial obligation that is material to the company.
- b. The Bank does not have 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.
- c. As of March 31, 2017, unspent amount of 2017 approved capital expenditures budget on technology enhancement, realignment and facility improvement is P410.7 Million.
- d. There are no known trends, events or uncertainties that are expected to have a material impact on net sales or revenues of the Bank in the near future.
- e. There was no recorded significant income or losses during the quarter that did not come from the Bank's regular operations.
- f. Interest income on non-discounted loan was recognized based on the accrual method of accounting while unearned discounts were amortized to income over the term of the loans. As such, there is no seasonal aspect that has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are largely dependent on market dynamics and economic trends rather than on seasonal factors.

Compliance with Leading Practices on Good Governance

The Board of Directors and Management of the Bank recognize that good corporate governance is key to achieving the Bank's objective of maximizing shareholder value. The institution of the Code on Corporate Governance seeks to provide the process and structure by which the business and affairs of the Company are directed and managed, in order to enhance long-term shareholder value through the enhancement of corporate performance and accountability.

Compliance with the Code of Corporate Governance is ensured by the Corporate Compliance Officer in coordination with the Chairman and President of the Bank. Regular meetings are made between Management and the Board of Directors, to review and evaluate the Bank's performance and address key policy matters. The Board is provided with timely and complete information for each meeting. Each director has direct access to the advice and services of management and the corporate secretary, and in appropriate circumstances, seek independent professional advice concerning the Company's affairs.

All directors are required to submit themselves for re-election every year. In consideration for their re-election, the nomination committee reviews and presents attendance and participation in meetings of the Bank.

All directors are briefed by Management on the Bank's business operations.

The audit committee first reviews the Bank's audited financials, who then recommends approval from the board of directors before they are presented to the stockholders of the Bank. It is also the audit committee, which ensures independence and objectivity of the external auditors.

The Bank is continually seeking measures of improving its corporate governance to further enhance corporate performance and accountability. The Directors and Management have been encouraged to regularly attend corporate governance seminars and corporate governance consultants on methods by which it can enhance its corporate performance and accountability.

No deviation from the Bank's Manual Code of Corporate Governance has been noted. The Company's Manual on Corporate Governance was amended on April 17, 2017..

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE BANK WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE BANK'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

All requests may be sent to the following address:

PHILIPPINE BANK OF COMMUNICATIONS
5th Floor PBCOM Tower
6795 Ayala Avenue cor. V.A. Rufino St.
Makati City, 1226

Attention: **ANGELO PATRICK F. ADVINCULA**
Corporate Secretary

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 2, 2017.

PHILIPPINE BANK OF COMMUNICATIONS
Issuer

By:



ANGELO PATRICK F. ADVINCULA
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DAVID L. BALANGUE**, Filipino, of legal age, and a resident of No. 32 Limasawa Street, Magallanes Village, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Philippine Bank of Communications and have been its Independent Director since April 7, 2014.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Broadband Everywhere Corporation.	Independent Director	2017 to present
Halcyon TCMers, Inc. (a family corporation)	Chairman/President	2003 to present
Ayala Land, Inc.	Consultant	2010 to present
Phinma Energy Corporation	Independent Director	2010 to present
Trans-Asia Power Generation Corporation	Independent Director	2013 to present
Subic One Power Generation Corporation	Independent Director	2015 to present
Roxas Holdings, Inc.	Independent Director	2012 to present
Holcim Philippines, Inc.	Independent Director	2015 to present
Maybank ATR Kim Eng Capital Partners, Inc.	Independent Director	2013 to present
ATR Asset Management, Inc.	Independent Director	2014 to present
ATRAM Trust Corporation	Independent Director	
Unistar Credit & Finance Corporation	Independent Director	2011 to present
Omnipay, Inc.	Independent Director	2014 to present
Philippine Financial Reporting Standards Council	Chairman	2010 to present
Coalition Against Corruption	Chairman	
National Citizen's Movement for Free Elections (NAMFREL)	Chairman	2015 to present
Makati Commercial Estate Association	Chairman & President	2010 to present
Makati Parking Authority	Chairman & President	2011 to present
Philippine Council for Population and Development	Chairman & President	2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Bank of Communications as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philippine Bank of Communications and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 10 2017 Makati City.


DAVID L. BALANGUE
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2017 at Makati City, affiant exhibited to me his TIN 123-304-967.

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BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-28-16 Roll No. 31206
500-A Madrigal Bldg., Ayalala Ave. Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR


I, **JESUS S. JALANDONI, JR.**, Filipino, of legal age, and a resident of No. 153 Sarangani Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Philippine Bank of Communications and have been its independent director since January 28, 2013.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Liberty Flour Mills	Director	1990 to present
JM & Co., Inc.	Treasurer	1990 to present
Personal Computer Specialist, Inc.	Director	1992 to present
Alegria Development Corporation	Chairman and President	2012 to present
Enterprise Leasing Corporation	President	2007 to present
LFM Properties Corporation	President	1997 to present
Valueline Realty & Development Corporation	President	1985 to present
Buendia Offices Condominium Corporation	President	2011 to present
Second Midland Corporation	President	
Kanlaon Development Corporation	Vice-President	1982 to present
Kanlaon Farms, Inc.	Vice President	1983 to present
Jay Jay Realty Corporation	Vice President	
Nissan Car Lease Phils. Inc.	EVP & Treasurer	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Bank of Communications as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances;
4. I am not related to any director/officer/substantial shareholder of Philippine Bank of Communications and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Philippine Bank of Communications of any changes in the abovementioned information within five days from its occurrence.

Done this ____ day of MAY 10 2017 at Makati City.


JESUS S. JALANDONI, JR.
Affiant

SUBSCRIBED AND SWORN to before me this
exhibited to me his TIN 108-130-694.

MAY 10 2017 at Makati City, affiant

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BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-26-16 Roll No. 31206
500-A Maorigel Bldg., Ayala Ave. Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERTO Z. LORAYES**, Filipino, of legal age, and a resident of No. 9 Planet St., Bel-Air Village 3, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Philippine Bank of Communications and have been its independent director since October 24, 2014.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Philequity Management, Inc.	Chairman of the Board	1994 to present
I-Vantage, Inc.	Director	1994 to present
E-biz Corporation	Director	1994 to present
Strategic Equities Corporation	Director	1993 to present
House with No Steps Foundation	Director	2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Bank of Communications as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philippine Bank of Communications and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done this ____ day of _____ at Makati City.


ROBERTO Z. LORAYES
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2017 at Makati City, affiant
exhibited to me his TIN 110-129-863.

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BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-28-16 Roll No. 31206
500-A Madrigal Bldg., Ayala Ave, Makati City



CERTIFICATION OF INDEPENDENT DIRECTOR


I, **EMMANUEL Y. MENDOZA**, Filipino, of legal age, and a resident of No. 149 Swallow Drive, Greenmeadows Subdivision, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Philippine Bank of Communications and have been its Independent Director since December 19, 2014.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Mendoza Querido & Co.	Managing Partner	2004 to present
MQ Agri Unlimited Inc.	President	2010 to present
Two Delta Holdings, Inc.	Treasurer	2013 to present
Pacific Harbour Investment Holding	Treasurer	2012 to present
Crossgate Holdings Inc.	Director	2013 to present
Pinoyfoods and Beverages Corporation	Director	2008 to present
Leyte Export and Trading Corporation	Director	2005 to present
F. Mendoza Realty Development Corp.	Director	2005 to present
Aermac Construction & Development Corp.	Director	2012 to present
Marinaside Holdings, Inc.	Treasurer/Director	2015 to present
M.Y. Mendoza Realty Development Corp.	Director	2015 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Bank of Communications as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philippine Bank of Communications and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Philippine Bank of Communications of any changes in the abovementioned information within five days from its occurrence.

Done this _____ at Makati City


EMMANUEL Y. MENDOZA
 Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2017 at Makati City, affiant
exhibited to me his TIN 102-092-096.

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BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-28-16 Roll No. 31206
500-A Madrigal Bldg., Ayala Ave. Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GILDA E. PICO** Filipino, of legal age, and a resident of No. 23 Winchester St., Hillsborough Subdivision, Alabang, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the **Philippine Bank of Communications** and have been its independent director since February 22, 2017.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Marinor Development Corporation	Director/Treasurer	1980-present
Gilart Holdings Corporation	President	June 2006 –present
Producers Savings Bank	Director/Consultant	September 2016-present
Rural Bank of Bustos	Director	February 2017 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Bank of Communications as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other issuances.
4. I am not related to any director/officer/substantial shareholder of Philippine Bank of Communications and its subsidiaries and affiliates as provided under Rule 38.2.3 of the implementing rules of the securities regulation code.
5. I disclose that, as far as I can remember, I am the subject of the following criminal/administrative investigation or proceeding:

Offense Charged/Investigated	Tribunal or Agency Involved	Status
Section 3(g) of R.A. No. 3019	Office of the Ombudsman	Pending resolution of the Joint Partial Motion for Reconsideration of the Resolution dated 21 October 2015, filed by the undersigned.
<i>Administrative:</i> Grave Misconduct and Conduct Prejudicial to the Best Interest of the Service	Supreme Court	The Office of the Ombudsman filed a Petition for Review of the Decision of the CA finding the undersigned not guilty of the offense charged. Still awaiting Supreme Court resolution on the said pending petition.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary Philippine Bank of Communications of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 10 2017 at Makati City.


GILDA E. PICO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2017 at Makati City, affiant exhibited to me her TIN 112-411-729.

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Book No. 27
Series of 2017.


BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-28-16 Roll No. 31206
500-A Madrigal Bldg., Ayala Ave, Makati City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

SECRETARY'S CERTIFICATE

I, MICHAEL STEPHEN H. LAO, of legal age, Filipino and with office address at PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the Assistant Corporate Secretary of the PHILIPPINE BANK OF COMMUNICATIONS (the "Bank"), a corporation organized under Philippine laws, with office address at 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, Metro Manila.
2. That the following directors and officers of the Bank are not presently connected with any government agency:

Directors:

Eric O. Recto
Leonardo B. Dayao
Patricia May T. Siy
Lucio L. Co
Carmen G. Huang
Susan P. Co
Bunsit Carlos G. Chung
Levi B. Labra
Ralph C. Nubla, Jr.
Gregorio T. Yu
David L. Balangue
Jesus S. Jalandoni, Jr.
Roberto Z. Lorayes
Emmanuel Y. Mendoza
Gilda E. Pico

Officers:

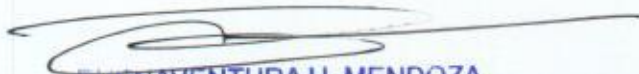
Jaime Valentin L. Araneta
Manuel Andres D. Goseco
Eriberto Luis S. Elizaga
John Howard D. Medina
Angelo Patrick F. Advincula
Michael Stephen H. Lao

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 11 2017 at Makati City, Philippines.


MICHAEL STEPHEN H. LAO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 11 2017, affiant exhibiting to me his Philippine Passport No. EC4190009 issued by the Department of Foreign Affairs, Manila on 17 May 2015 and valid until 16 May 2020.

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Book No. 27
Series of 2017.


BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-28-16 Roll No. 31208
500-A Madrigal Bldg., Ayala Ave., Makati City