



PBCOM

PHILIPPINE BANK OF COMMUNICATIONS

菲律賓交通銀行

ANNUAL REPORT | 2015

Building a Solid Foundation for Growth

ABOUT THE COVER

At PBCOM, we believe that building a grand structure always starts with putting a good and solid foundation. This dictates how high, and how strong the whole structure can be.

The entry of Mr. Lucio Co as an investor strengthens our foundation as this presents an exciting opportunity to further grow PBCOM. With our Chairman Mr. Eric Recto, and our President & CEO Ms. Patricia May Siy at the helm, we have started the bank's rebuilding process, putting in place a foundation for long term and sustainable growth.

The cover features the pillars of our head office branch in PBCOM Tower, Makati. They signify the new people, systems and processes that we have put in place to deliver products and services relevant to our customers and stakeholders. This is ultimately the core of PBCOM's vision: putting our customers and stakeholders first:

We will be the bank of choice in every market we serve and most admired for customer care.

We are meaningful and relevant to our communities and are the employer of choice.

We consistently deliver profitable and sustainable growth.

With a good and strong foundation built, we are now ready to face the challenges of today, working together to realize our vision.

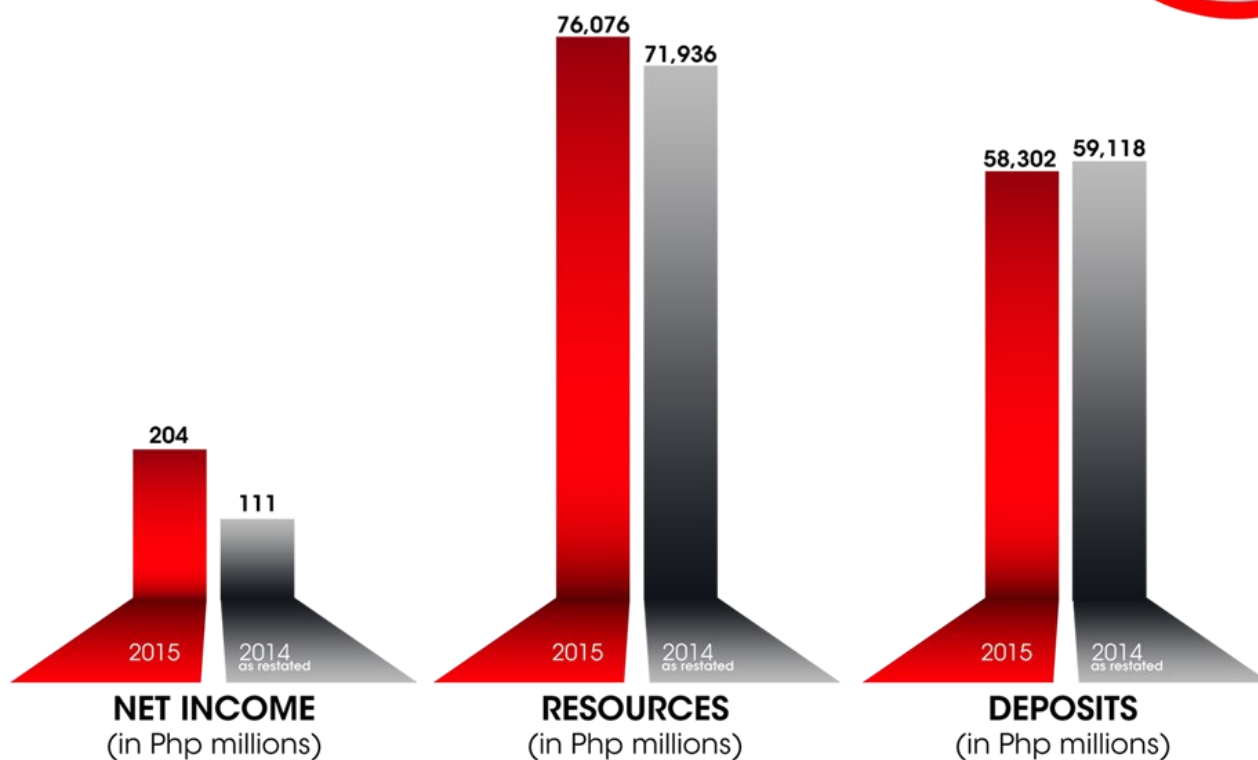


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Financial Highlights

(Consolidated)



OPERATING RESULTS

Total Income
Total Expenses
Net Income
Earnings Per Share (Basic)

BALANCE SHEET

Total Resources
Loans and Receivables
Deposits
Capital Funds

RATIOS

ROA
ROE

2015
In Php thousands

4,234,865
3,544,847
203,682
0.68

76,076,316
36,502,141
58,302,353
8,924,023

0.28%
2.52%

2014
In Php thousands
(As restated)

3,084,669
2,674,569
110,547
0.37

71,935,784
33,514,958
59,118,103
7,218,479

0.16%
1.95%



Message from the Chairman



A warm greeting to all of you my fellow shareholders.

Let me begin by reiterating PBCOM's Vision: "We will be the bank of choice in every market we serve and most admired for customer care. We are meaningful and relevant to our communities and are the employer of choice. We consistently deliver profitable and sustainable growth." I have often said that the core of this vision is our desire to become the Bank that our customers will recognize for the level of service and attention that they deserve. I say this again in order to remind our constituents - you the shareholder, our depositors, our borrowers, and our employees - that we have yet to achieve this but we certainly are well on our way. It has been a tedious but worthy process of reorganizing ourselves and I am pleased to note that compared to where we were a year ago, we have made substantial progress. Our investments in technology are starting to pay off given the successful migration of our core banking system which will now allow us to roll out a suite of new products and services more attuned to the needs of our clients. We have also continued to upgrade the skills of our people which when coupled with the hiring of a slew of senior bankers led by our president Ms. May Siy, gives me much confidence that we are now well prepared to achieve the vision that we have set out above.

INVESTMENTS IN TECHNOLOGY

Today, your Bank is focused on building capabilities through investing in technology to keep up with the changing lifestyle and needs of its clients. Innovation is vital to a strong foundation since what might be the best solution in the past may no longer be relevant today. With this in mind, we make sure to continuously enhance and improve existing products, as well as developing new ones to serve the market's requirements of today. The formation of the Transaction Banking Group is a testament to this promise. The group was created to focus on highly specialized products and services which are both innovative and bold, ensuring that the needs of the modern banking clientele is served.

INVESTMENTS IN PEOPLE AND PROCESSES

The strengthening of products and services should be widely supported by people and processes. We have started Project Leap in 2015: a one-year project that aims to help the Bank achieve greater success through increased efficiency and effectiveness of the sales processes in Branch Banking, Corporate Finance, and Consumer Finance.

Along with this, we are reinvigorating the core businesses and putting industry pioneers in key positions to lead the team to bring in a culture of best practices, appropriate skill and unique talent to help develop the people and make the company objectives achievable.

I would again like to extend my gratitude to the shareholders, my fellow directors, our customers, and to the entire PBCOM team.

2015 was a good year for us but I expect that 2016 will be even better. All of the hard work is now starting to pay off and I am certain I will have even better news for you this time next year.

A stylized, handwritten signature in black ink.

ERIC O. RECTO
Chairman



The President Speaks

Not often do you see a bank with more than 75 years of history in helping ventures grow. This would not have happened if not for the company's continued commitment to service, trust and integrity. Another key to PBCOM's rich legacy is the capability of the organization to adapt to the ever changing landscape of the banking industry while still retaining the best of its core values.

Change is constant. Change is good. Change can be interpreted in a lot of ways: it can mean that something has to be replaced, to move forward, or simply improve on what is already there. But one thing is for sure, without change, one will become stagnant, and time will pass you by without seeing progress.

2015 has been a year of change for PBCOM. It marked the start of PBCOM's rebuilding process to strengthen the foundation for long-term and sustainable growth. We invest continuously in Technology, People, Products and Processes to keep abreast of the needs of our customers.

The Bank and our subsidiaries remain focused on growing our core businesses and keeping the momentum of our various initiatives to manage resources while delivering optimum value to our stakeholders. The additional capital from our major shareholder expected in 2016 and 2017 will further strengthen our financial capability to service the needs of our customer and deepen our participation in the growing Philippine economy.

FINANCIAL HIGHLIGHTS

In 2015, PBCOM reported a consolidated full year Net Income of P203.6 Million, an increase of 84.3% year-on-year on the back of higher Net Interest and Non-Interest Income.

Net Interest Income for the period expanded by 19.8% to P2.33 Billion primarily due to growth in Loans and Receivables and improvement in the Bank's customer funding mix resulting to a lower Interest Expense.

The Non-Interest Income ended at P1.91 Billion attributable to the gain in fair market value of the Bank's investment properties, increase in Fees and Commission, and Rental Income. Operating Income stood at P4.23 Billion, up by P1.15 Billion or 37.3% versus previous year.

The Bank continues its investment in technology upgrades partly offset by cost management initiatives to prepare the

franchise for its expansion activities, hence, an 8.1% growth in Operating Expense excluding provisions; total provision for losses was at P443.8 Million.

The Bank reported a steady growth in its Balance Sheet, with Total Assets expanding 6.0% to P76.08 Billion, driven mainly by the increase in the Bank's Investment and Loan portfolios. Total Liabilities ended at P67.15 Billion led by the increase in deposit substitutes and growth in Demand and Savings deposits which offset the decline in Time deposits.

The partnership with major shareholder, Mr. Lucio Co and his retail enterprise places PBCOM in a unique and strong position for growth. The initial commitment of PG Holdings, Inc. in PBCOM of increased capital covered risk taking and expansionary activities with capital at P8.92 Billion, up from the P7.22 Billion reported last year (as of Dec. 31, 2015).

It is only after building a strong base that we can move on to building the rest of the structure to become as high as we want it to be. As in PBCOM, only upon having constructed a solid foundation will we be able to move onwards and upwards. We have already started building this foundation in 2015, and I enjoin everyone to continue strengthening our very core to become fully prepared for the future.

In closing, I would like to thank the Board of Directors for their guidance in the strategic direction of the bank, and the rest of the PBCOM stakeholders, for the collective efforts making 2015 a success. I am confident that we are now ready to meet 2016 with a renewed fervor to fulfill our vision and mission.

Patricia May T. Siy
Patricia May T. Siy
President & CEO





from L to R: Mr. Levi B. Labra, Ms. Susan P. Co, Mr. Lucio L. Co, Ms. Patricia May T. Siy, Mr. Eric O. Recto, Ms. Carmen G. Huang, Mr. Leonardo B. Dayao

ERIC O. RECTO

Chairman of the Board and Director

Mr. Recto, Filipino, 52 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 also the Chairman and CEO of ISM Communications Corporation; Chairman and President of Bedfordbury Development Corporation; Vice Chairman 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. Mr. Recto was also recently appointed Chairman of Tabacalera, Inc. and Co-chairman of Rogue Media, Inc. 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 Johnson School, Cornell University, USA.

Management, Inc., Fontana Development Corporation, Fontana Resort and Country Club, Liquigaz Philippines Corporation, Puregold Finance, Inc., Puregold Duty Free (Subic), Inc., Bellagio Holdings, Inc., 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 University of the Philippines-Cebu.

LUCIO L. CO

Director and Executive Committee Chairman

Mr. Co, Filipino, 61 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.

LEONARDO B. DAYAO

Vice Chairman and Director

Mr. Dayao, Filipino, 72 years old, was elected Director on September 29, 2014 and Co-Vice Chairman on October 24, 2014. He held various leadership positions in different organizations, namely: President: Cosco Capital, Inc., Alcorn Petroleum and Minerals Corporation, Puregold Finance, Inc., Puregold Duty Free (Subic), Inc., San Jose I Power Corporation, NE Pacific Shopping Centers Corporation; Chairman: PSMT Philippines, Inc., Catuiran Hydropower Corporation, Fertuna Holdings Corporation; Vice Chairman: Union Energy Corporation; and Director: Puregold Price Club, Inc., Entenso Equities, Inc., Puregold Realty Leasing and

PATRICIA MAY T. SIY

President and CEO

Ms. Siy, Filipino, 56 years old, was elected President and CEO 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 27 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 stints

Board of Directors



from L to R: Mr. Roberto Z. Lorayes, Mr. Bunsit Carlos G. Chung, Mr. Ralph C. Nubla Jr., Mr. Gregorio T. Yu, Mr. Emmanuel Y. Mendoza, Mr. Jesus S. Jalandoni Jr., Mr. David L. Balangue

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 she 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 Engineering minor in Chemical Engineering.

CARMEN G. HUANG Executive Director

Ms. Huang, 65 years old was elected Director on April 29, 2015. She obtained both her Bachelor of Arts in Mathematics and Bachelor of Science in Accountancy at the 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. Carlos Chung, Filipino, 65 years old, was elected Director of Philippine Bank of Communications (PBCOM) on June 17, 1997. He is the President of Supima Holdings, Inc., and Director of La Suerte Cigar & Cigarette Factory, Century Container Corporation, Bicutan Container Corporation, Toson 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 School Apostolate Center, Seng Guan Temple and Kim Siu Ching Family Association. Mr. Chung has a degree in Economics from De La Salle University as well as an MBA from the University of Southern California.

SUSAN P. CO Director

Mrs. Co, Filipino, 58 years old was elected Director on September 29, 2014. She is currently Director 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., and 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, 64 years old was elected Director on March 24, 1982. He is a Director of PBCOM Finance Corporation, and 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, 57 years old, was elected Director on July 26, 2011. At present, he is Chairman of the Board of the Auto Nation Group, CATS Automobile Corporation, American Motorcycles, Inc. and CATS Motors, Inc.; Vice Chairman of the Board & Chairman of the Executive Committee of Sterling Bank of Asia; and a member of the Board of Trustees of the Government Service Insurance System. He is Director of the Philippine National Reinsurance Corporation, iRemit, Inc., Philequity Management, Inc., Vantage Equities Inc, Prople BPO, Inc. (formerly Summersault, Inc.), Jupiter Systems, Inc., CATS Asian Cars, Inc., Philippine Airlines, Inc., Unistar Credit and Finance Corporation, GlyphStudios, Inc., Nexus Technologies, Inc., Wordtext Systems, Inc., Yehey, Inc., Domestic Satellite Corporation of the Philippines, Lucky Star Network Communications Corporation, Trustee of Xavier School, Inc., Chairman of Xavier School Educational and Trust Fund, Inc., Board Member of Ballet Philippines and Manila Symphony Orchestra as well as Director & Treasurer of CMB Partners, Inc. In the past, he was President and CEO of Belle Corporation, Pacific Online Systems Corporation, and Sinophil Corporation, Vice Chairman of APC Group, Inc.; and Director of The International Exchange Bank, Cebu Holding, Philequity Fund Inc., R.S. Lim and Co., Inc. and iRipple. He was also the Director and Vice President at Chase Manhattan Asia Limited. Mr. Yu 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.

DAVID L. BALANGUE

Independent Director

Mr. Balangue, Filipino, 64 years old, was elected Independent Director on April 7, 2014. He is presently Director of Manufacturer's Life Insurance (Philippines), Inc., Manulife Financial Plans, Inc., Trans-Asia Oil and Energy Development Corporation, Trans-Asia Power Generation Corporation, One Subic Power Generation Corporation, Roxas Holdings, Inc., Holcim Philippines, Inc., Maybank ATR Kim Eng Capital Partners, Inc., ATR Asset Management, Inc., Unistar Credit & Finance Corporation, Halycon TCMERS Inc., and Omnipay, Inc., and Director and Trustee of Habitat for Humanity (Philippines) Foundation. He is also Chairman of Philippine Financial Reporting Standards Council and Coalition Against Corruption, Chairman of National Movement for Free Elections (NAMFREL), Chairman and President of Makati Commercial Estate Association and Philippine Center for Population and Development, Inc., and President of Makati Parking Authority, Inc. In the past, he served as the 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 CPA Board Exams.

JESUS S. JALANDONI, JR.

Independent Director

Mr. Jalandoni, Filipino, 58 years old, was elected Independent Director on January 28, 2013. He is currently Director of Liberty Flour

Mills, JM & Co., Inc., Personal Computer Specialist, Inc. as well as Managing Director of Alegria Development Corporation. He is also Executive Vice President of Enterprise Leasing Corporation, President of LFM Properties Corporation, Valueline Realty & Development Corporation, Buendia Offices Condominium Corporation and Second Midland Corporation. He is Vice President of Kanlaon Development 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.

LEVI B. LABRA

Independent Director

Mr. Labra, Filipino, 58 years old, was elected Independent Director on October 24, 2014.

He is also Director of Cosco Capital, Inc. Mr. Labra obtained his Bachelor of Science degree in Business Administration (Cum Laude) at the University of San Carlos, Cebu City.

ROBERTO Z. LORAYES

Independent Director

Mr. Lorayes, Filipino, 73 years old, was elected director on October 24, 2014. He is Director and Chairman of the Board of PhilEquity Management, Inc., Director of I-Vantage Corporation, E-biz Corporation, Strategic Equities Corporation, House with No Steps Foundation. Mr. Lorayes obtained a Bachelor of Science degree in both Commerce and Liberal Arts at the De La Salle University and a Master in Business Management at the Ateneo de Manila University.

EMMANUEL Y. MENDOZA

Independent Director

Mr. Mendoza, Filipino, 51 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.

ANGELO PATRICK F. ADVINCULA

Corporate Secretary

Mr. Advincula was elected Corporate Secretary on October 24, 2014. He is currently a partner of Zambrano and Gruba 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

Assistant Corporate Secretary and Corporate Information Officer

Mr. Lao was elected Assistant Corporate Secretary on November 17, 2014. He is currently an associate of Zambrano and Gruba Law Offices. He 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.



Senior Management Team



from left to right

Manuel Andres D. Goseco, EVP
Treasury*

Salvador R. Serrano, SVP
Branch Banking**

Patricia May T. Siy
President and CEO

Victor Q. Lim, EVP
Consumer Finance

Eriberto Luis S. Elizaga, EVP
Corporate & Commercial Banking

*Effective Jan 04, 2016

**Effective Feb 01, 2016



from left to right

Alan E. Atienza, SVP
Treasury*

Irwin Joseph T. Tychuaco, AVP
Trust & Wealth Management (OIC)

Expedito G. Garcia Jr., SVP
Transaction Banking & Client Engagement

*Effective Jan 04, 2016



from left to right

Teresita S. Galvadores, SVP
Compliance*

Evelyn D. Vinluan, FVP
Enterprise Risk Management

Arlene S. Viernes, FVP
Credit Risk Management

Jeruel N. Lobien, FVP
Internal Audit

Rose Margaret T. Cuatiko, VP
Compliance**

*Effective May 02, 2016

**Resigned May 13, 2016



seated

Joan Iris T. Leon, VP
Performance and Project Management

standing from left to right

Atty. Jorge Alfonso C. Melo, SVP
Legal Services*

Belle Rosamond D. Justiniani, AVP
Marketing

Mina F. Martinez, FVP
Human Resources

Arlene M. Datu, SVP
Finance

Daniel M. Yu, SVP
Global Operations

Jennie F. Lansang, SVP
Information Systems**

*Effective March 01, 2016

**Effective May 16, 2016





Business Segments

BRANCH BANKING

The Branch Banking Group serves the Bank's retail customers, handles branch sales, distribution, and operations nationwide. It is responsible for the overall growth and development of the PBCOM branch franchise network. The group consists of Branch Managers and Relationship Managers who are responsible for deposit growth, cross-selling and customer relationship management, as well as Operations personnel who handle day-to-day branch transactions, deposits management, and customer sales support. The group also acts as the sales distribution channel of other products and services offered by the Bank.

CONSUMER FINANCE

Consumer Finance Group provides loan solutions for individual clients' financial needs through personalized account management with an emphasis on excellent client service. The group works closely with Branch Banking Group and Corporate & Commercial Banking Group to provide retail financing for individual branch clients and employees of corporate clients.

CORPORATE & COMMERCIAL BANKING

Corporate and Commercial Banking Group serves large institutional clients, small and medium-sized enterprises offering products and services that meet the needs of the corporations. The group offers clients corporate lending facilities and cash management solutions, and ensures that their banking requirements are adequately met.

TRANSACTION BANKING & CLIENT ENGAGEMENT

Transaction Banking & Client Engagement is responsible for managing the Bank's client-facing digital infrastructure and developing a roadmap for technology driven products and services that supports the business needs and growth of the Bank. The segment serves both retail and institutional clients; offering cash management solutions and other products and services that extend the clients' capability to perform banking transactions across alternative channels.

TREASURY

Treasury Group manages the asset and liability position of the Bank ensuring overall adequate liquidity and funding to the Retail, Corporate and Consumer Banking Segments. It also exercises prudent and strategic management in the deployment of liquid assets used in its trading operations and accrual businesses. Likewise, Treasury provides products and services to the Bank's clients in the form of purchase and sale of a wide variety of fixed income securities, foreign exchange products, and derivatives for hedging.

TRUST & WEALTH MANAGEMENT

Trust & Wealth Management Group acts as agent or trustee in behalf of individual and institutional clients for the purpose of prudent administration, management and the eventual transfer of assets to a beneficiary of the assets brought into trust. The Trust & Wealth Management Group's range of products & services include Investment Management, Escrow Accounts, Provident and Retirement Funds, Personal Living Trust and Unit Investment Trust Fund (UITF) products.

Products and Services

DEPOSITS

Dollar Plus Time Deposit (2, 3 & 5 Years)
Dollar Savings Account
Dollar Time Deposit
Euro Savings Account
Euro Time Deposit
IntegrALL Account
Maxi Dollar Time Deposit
Passbook Time Deposit
Quick Cash Account
Regular Checking Account
Regular Savings Account
Regular Time Deposit
Value Check Account

CONSUMER LOANS

Auto Loan
Home Loan
Personal Loan
Salary Loan

CREDIT & TRADE FACILITIES

Domestic Bills Purchase
Export Bills Purchase
Export Packing Credit
Foreign and Domestic Standby Letter of Credit
Foreign Currency Loan
Import and Domestic Letters of Credit
Project Finance Loan
Real Estate Development Loan
Short Term Working Capital Loan
Term Loan
Trade Check Discounting
Trade Finance Receivable
Trust Receipt

TRANSACTION BANKING

Corporate Check Printing
Debit Cards

- ATM Cards
- Cash Cards

Deposit Pick-up and Cash Delivery Service
Facilities via BancNet for Business Accounts

- BIR eFPS
- POS Solution
- POS Cash Back Solution
- SSS via eGov Facility
- Bills Payment Services
- e-Merchant Services

TRANSACTION BANKING (Cont'd)

Managers Check Printing
Payroll Service
Payroll Software Solution
Post Dated Check Warehousing Solution

TREASURY

Deposit Substitutes

- Promissory Notes
- Repurchase Agreements

Fixed Income

- Commercial Papers
- Corporate Bonds
- Fixed Rate Treasury Notes
- International Governments
- Republic of the Philippines International Bonds
- Retail Treasury Bonds
- Treasury Bills
- US Treasuries

Foreign Exchange

- FX Forward Contracts
- FX Spot
- FX Swap Contracts

TRUST

Investment Management Accounts
Escrow Accounts
Provident and Retirement Fund
Personal Living Trusts
Unit Investment Trust Funds (UITFs)

- Best Balanced Fund
- Signature Trust Fund
- Value Equity Fund

REMITTANCES

Domestic Peso Transfer (RTGS)
Domestic US Dollar Transfer (PDDTS)
Incoming OFW Transfer (Philpass Remit)
Incoming Telegraphic Transfer
Outgoing Telegraphic Transfer

ANCILLARY SERVICES

Acceptance of BIR payments, SSS contributions and Bureau of Customs payments
Demand Draft
Gift Checks
Manager's Checks
Purchase and Sale of Foreign Currency
Safe Deposit Boxes





Branch Directory

METRO MANILA REGION

ANNAPOLIS

Unit 101 Victoria Plaza Condominium
41 Annapolis St., Greenhills, San Juan
(02) 723-4856, (02) 662-8461
(02) 830-7000 loc. 2290, 2291, 8461

AYALA - ALABANG

Unit 101 ALPAP II Bldg. Trade cor.
Investment Drive, Madrigal Business Park
Alabang, Muntinlupa City
(02) 809-4538, (02) 662-8502
(02) 830-7000 loc. 2380, 2381, 8502

BMA

64 Web-Jet Bldg. Quezon Ave. BMA St.
Brgy. Tatalon, Quezon City
(02) 712-3505, (02) 662-8453
(02) 830-7000 loc. 2250, 2251, 8453

BINONDO BANKING CENTER

214-216 Juan Luna St., Binondo, Manila
(02) 242-1851, (02) 242-8711
(02) 662-8486, (02) 830-7221
(02) 830-7000 loc. 7811, 7812, 7982, 8486, 7211

CAINTA

LGF 04 & 05, CK Square Bldg.
Ortigas Ave. Ext. cor. Sunset Drive, Cainta, Rizal
(02) 470-4985, (02) 662-8508
(02) 830-7000 loc. 2440, 2441, 8508

CALOOCAN

298 Rizal Ave. Ext., bef. 5th and 6th Ave.
Grace Park, Caloocan City
(02) 361-3653, (02) 662-8495
(02) 830-7000 loc. 2130, 2131, 8495

CONGRESSIONAL

8 Congressional Ave.
Barangay Bahay Toro, Quezon City
(02) 925-9850, (02) 662-8452
(02) 830-7000 loc. 2510, 2511, 8452

CORINTHIAN GARDENS

Sanso St., Corinthian Gardens, Quezon City
(02) 687-7087, (02) 662-8468
(02) 830-7000 loc. 2420, 2421, 8468

CUBAO

2F, The Spark Place, P. Tuazon cor.
10th Ave., Cubao, Quezon City
(02) 913-4912, (02) 662-8512
(02) 830-7000 loc. 2191, 2192, 8512

ECHAGUE

88-90 Carlos Palanca cor.
Isla de Romero St., Quiapo, Manila
(02) 736-0124, (02) 662-8414
(02) 830-7000 loc. 2330, 2331, 8414

ELCANO

SHC Tower, 613 Elcano St.
San Nicolas, Manila
(02) 242-3591, (02) 662-8429
(02) 830-7000 loc. 2162, 2160, 8429

F1 BONIFACIO GLOBAL CITY

G/F, F1 Hotel Building Lane A cor.
Lane Q, Bonifacio Global City, Taguig
(02) 519-8401, (02) 662-8525
(02) 830-7000 loc. 8410, 9100, 8525

GREENHILLS

Quadstar Bldg., Ortigas Ave., Greenhills
San Juan, Metro Manila
(02) 722-7060, (02) 662-8463
(02) 830-7000 loc. 2150, 2151, 8463

J.P. RIZAL

G/F, Santini Corporation Bldg.
No. 519 J.P. Rizal Ave.
Brgy. Olympia, Makati City
(02) 831-1092, (02) 662-8583
(02) 830-7000 loc. 2490, 2491, 8583

LEGASPI VILLAGE

G/F, Vernida 1 Condominium, 120 Amorsolo St.
Legaspi Village, Makati City
(02) 813-2506, (02) 662-8515
(02) 830-7000 loc. 2322, 2321, 8515

MAKATI BANKING CENTER

PBCOM Tower, 6795 Ayala Ave. cor.
V.A. Rufino St., 1226 Makati City
(02) 662-8520, (02) 830-7210
(02) 830-7000 loc. 8520, 7131, 7210, 7153

MAKATI PLACE

GF Unit C-15, Alphaland, Makati Place
Ayala Ave. cor. Malugay St., Makati City
(02) 525-2440, (02) 662-8539
(02) 830-7000 loc. 9103, 9104, 8539

MALABON

Unit Nos. 1 & 2 G/F Robinsons Town Mall
#5 Governor Pascual Ave. cor.
Crispin St., Tinajeros, Malabon City
(02) 2886899, (02) 662-8489
(02) 830-7000 loc. 2411, 2413, 8489

MARIKINA

36 J.P. Rizal St., Calumpang, Marikina City
(02) 645-2637, (02) 662-8507
(02) 830-7000 loc. 2270, 2271, 8507

MASANGKAY

1004-1006 G. Masangkay St., Binondo, Manila
(02) 244-8751, (02) 662-8415
(02) 830-7000 loc. 2172, 2170, 8415

MERALCO AVENUE

C-1 Horizon Condominium Meralco Ave., Pasig City
(02) 637-2858, (02) 662-8471
(02) 830-7000 loc. 2280, 2281, 8471

M. DE SANTOS - DIVISORIA

G/F LCCB Bldg., M. De Santos St., cor.
Tabora St., Divisoria, Manila
(02) 3101287, (02) 6628538,
(02) 662-8474, (02) 662-8475
(02) 830-7000 loc. 8538, 8473, 8474, 8475

ONGPIN

796 Ongpin St. cor. S. Padilla St.
Sta. Cruz, Manila
(02) 733-1165, (02) 662-8413
(02) 830-7000 loc. 2183, 2180, 8413

PADRE RADA

G/F, 951 Juan Luna St., Tondo, Manila
(02) 245-2354, (02) 662-8448
(02) 830-7000 loc. 2210, 2211, 8448

PARAÑAQUE

Stall Nos. 3 & 4 Kingsland Bldg.
Dr. A. Santos Ave., Sucat, Parañaque City
(02) 829-2424, (02) 662-8503
(02) 830-7000 loc. 2310, 2311, 8503

PASAY

2492 Taft Ave. Ext., Pasay City
(02) 831-0878, (02) 662-8497
(02) 830-7000 loc. 2140, 2144, 8497

PIONEER

G/F, RFM Corp. Center, Pioneer cor.
Sheridan St., Mandaluyong City
(02) 631-9213, (02) 662-8481
(02) 830-7000 loc. 2500, 2501, 8481

QUEZON AVENUE

APC Bldg., 1186 Quezon Ave., Quezon City
(02) 371-2941, (02) 662-8460
(02) 830-7000 loc. 2350, 2351, 8460

SALCEDO VILLAGE

G/F Unit Nos. 7 & 8, V Corporate Centre
LP Leviste St., Salcedo Village, Makati City
(02) 869-2154, (02) 662-8517
(02) 830-7000 loc. 7976, 7977, 8517

SAN MIGUEL AVENUE

G/F, 101 One Magnificent Mile (OMM)
Citra Condominium, San Miguel Ave.
Pasig City
(02) 637-1719, (02) 662-8478
(02) 830-7000 loc. 2340, 2341, 8478

SEN. GIL PUYAT AVENUE

G/F, Oppen Bldg., 349 Sen. Gil Puyat Ave.
Makati City
(02) 843-9287, (02) 662-8523
(02) 830-7000 loc. 2110, 2111, 8523

SHAW BLVD.

146 Shaw Blvd. cor. San Roque St., Pasig City
(02) 634-1433, (02) 662-8479
(02) 830-7000 loc. 2300, 2301, 8479

SOLER

G/F, R and S Tower, 943 Soler St.
Binondo, Manila
(02) 244-9326, (02) 662-8573, (02) 662-8443
(02) 830-7000 loc. 8573, 2220, 8443

SOUTHGATE MALL

3/F, Alphaland Southgate Mall 2258
Chino Roces St., cor. EDSA, Makati City
(02) 822-7573, (02) 662-8541
(02) 830-7000 loc. 2430, 2431, 8541

STA. MESA

440-A G. Araneta Ave. cor. Bayani St.
Sta. Mesa, Quezon City
(02) 781-4948, (02) 662-8406
(02) 830-7000 loc. 2267, 2261, 8406

STO. CRISTO

565-567 Sto. Cristo St., Binondo, Manila
(02) 245-6570, (02) 662-8438
(02) 830-7000 loc. 2120, 2121, 8438

T. ALONZO

G/F, Tan Kiang Bldg. 665 T. Alonzo St.
Sta. Cruz, Manila
(02) 733-1520, (02) 662-8419
(02) 830-7000 loc. 2363, 2360, 8419

TIMOG

G/F, Gil-Preciosa Building 2
No. 75 Timog Ave., Quezon City
(02) 351-2441, (02) 662-8402
(02) 830-7000 loc. 2530, 2531, 8402

TOMAS MORATO

Unit 2 #12-B, G/F Atherton Place
Tomas Morato cor. Don A. Chino Roces Ave.
Quezon City
(02) 351-8701, (02) 662-8403
(02) 830-7000 loc. 2540, 2541, 8403

TUTUBAN

Unit No. PL-LS07 & PL-LS08, Tutuban Center
Prime Block, C. M. Recto Ave., Tondo, Manila
(02) 252-4997, (02) 662-8499
(02) 830-7000 loc. 2373, 2371, 8499

U.N. AVENUE

G/F, Unit 101 & 102, Don Alfonso Sycip
Condominium, 1108 M.H. Del Pilar St.
cor. U.N. Ave. & Guerrero St., Ermita, Manila
(02) 523-0568, (02) 662-8496
(02) 830-7000 loc. 2200, 2201, 8496

VALENZUELA

246 McArthur Highway
Karuhatan, Valenzuela City
(02) 291-5253, (02) 662-8488
(02) 830-7000 loc. 2230, 2331, 8488

LUZON REGION

ANGELES

G/F MLT Centre Bldg., McArthur Highway
Brgy. Ninoy Aquino, Angeles City
(045) 625-8712, (045) 888-9650
(02) 830-7000 loc. 2702, 2703, 2704, 2705

BAGUIO

GF Unit 105, 106 & 106-B Baguio Holiday Villas
10 Legarda Road, Baguio City
(074) 637-5993, (074) 637-5979
(02) 830-7000 loc. 2603, 2606, 2607, 2604

BATANGAS

Diego Silang St., Batangas City, Batangas
(043) 723-7801, (043) 723-4208
(02) 830-7000 loc. 2753, 2754, 2755

CABANATUAN

G/F SAM Building, Along Maharlika Highway
Cabanatuan City
(044) 464-7674, (044) 464-7368
(02) 830-7000 loc. 2630, 2631, 2632

CALAMBA

G/F Walter Mart, National Highway cor.
Real St., Calamba, Laguna
(049) 530-3430, (049) 530-3393
(02) 830-7000 loc. 2645, 2646, 2643

CAUAYAN

Mateo-Patricia Bldg, along Rizal Ave. Ext.
Cauayan, Isabela
(078) 652-0557, (078) 652-0553
(02) 830-7000 loc. 2621, 2622, 2623

DAGUPAN

Balingit Bldg., M.H. Del Pilar St., Dagupan City
(075) 523-6862, (075) 523-6954
(02) 830-7000 loc. 2825, 2822, 2823, 2826

DASMARIÑAS

EVY Bldg., Molino-Paliparan Road Salawag
Dasmariñas, Cavite
(046) 481-7250, (046) 481-5268
(02) 830-7000 loc. 2782, 2783, 2784

IMUS

P. Nueño St., cor. Gaerlan St., Imus, Cavite
(046) 471-3368, (046) 471-4349
(02) 830-7000 loc. 2392, 2393, 2395

LA UNION

G/F, CJ Arch Bldg., Quezon Ave.
San Fernando City, La Union
(072) 888-2044, (072) 888-2740
(02) 830-7000 loc. 2613, 2614, 2615

LEGAZPI - ALBAY

G/F Delos Santos Commercial Building
Landco Business Park, Legazpi City
(052) 480-4329, (052) 481-3645
(02) 830-7000 loc. 2416, 2417, 2418

LIPA

G/F, ATDRMAM Laguna Corp. Bldg.
Ayala Highway Matalas na Lupa
Lipa City, Batangas
(043) 757-3258, (043) 757-3261
(02) 830-7000 loc. 2792, 2793, 2794, 2795

LUCENA

G/F, VCII Bldg., Merchan St. Lucena City
Quezon Province
(042) 373-6465, (042) 373-6464
(02) 830-7000 loc. 2744, 2743, 2742, 2745

MALOLOS

Malolos Shopping Arcade, Paseo Del
Congreso Brgy. San Agustin, Malolos, Bulacan
(044) 790-6536 (02) 830-7000 loc. 2722, 2723, 2724

MEYCAUAYAN

Mancon Bldg., McArthur Highway
Barrio Calvario, Meycauayan, Bulacan
(044) 815-2501, (044) 815-2502, (044) 840-4496
(02) 830-7000 loc. 2462, 2463, 2464

NAGA

G/F Rodriguez Bldg., 956 Panganiban St. cor. Balintawak
St., Naga City
(054) 881-1126, (054) 881-2427
(02) 830-7000 loc. 2650, 2651, 2652, 2653

OLONGAPO

GF, YBC Centre Mall
Rizal Ave. Ext., Olongapo City
(047) 222-3480, (047) 222-3479
(02) 830-7000 loc. 2560, 2561, 2562, 7598

SAN FERNANDO - PAMPANGA

McArthur Highway, Dolores
San Fernando City, Pampanga
(045) 963-6784, (045) 963-6785
(02) 830-7000 loc. 2710, 2713, 2717

SAN PABLO

65 Rizal Ave., Poblacion, San Pablo, Laguna
(049) 561-1187, (049) 561-1188
(02) 830-7000 loc. 2683, 2682, 2684

SAN PEDRO - PACITA COMPLEX

Unit 20 & 21 Bldg. 2, Centro Pacita
Pacita Complex Phase 2, San Pedro, Laguna
(02) 808-6081, (02) 808-6082
(02) 830-7000 loc. 2690, 2691, 2692

STA. ROSA

Unit No. 2, Paseo 5, Phase 2
Paseo de Sta. Rosa, Greenfield City
Sta. Rosa, Laguna
(049) 502-6693, (049) 508-0266
(02) 830-7000 loc. 2673, 2676, 2678
7430, 2677, 2674

VISAYAS REGION**BACOLOD**

Units A-E, G, Sorrento Bldg.,
Lacson St., Bacolod City
(034) 433-0404, (034) 435-0690, (034) 433-0402
(02) 830-7000 loc. 2963, 2964, 2965

CEBU BUSINESS PARK

Unit 1, GF, Creativo 2 Bldg., Mindanao Ave.
Cebu Business Park, Cebu City
(032) 260-8913, (032) 266-0924
(02) 830-7000 loc. 2862, 2866

CEBU - MAGALLANES

Magallanes near cor. Manalili St., Cebu City
(032) 253-2761, (032) 253-2740
(02) 830-7000 loc. 2904, 2906, 2908

CEBU - MANDAUE

National Highway, Mandaue, Cebu City
(032) 346-5110, (032) 344-1078
(02) 830-7000 loc. 2942, 2943

CEBU - MANDAUE-BASAK

Co Tiao King Bldg. Cebu North Road
Basak, Mandaue City
(032) 346-2709
(02) 830-7000 loc. 2803, 2802

CEBU - MANGO

General Maxillom Mango Ave., Cebu City
(032) 253-1419, (032) 253-2326
(02) 830-7000 loc. 2953, 2952

ILOILO

Ledesma cor. Valeria St., Iloilo City
(033) 337-3668, (033) 336-9899, (033) 508-0420
(02) 830-7000 loc. 2936, 2935, 2937

DUMAGUETE

Unit No. 6, Yala Bldg.
Calindagan, Dumaguete City
(035) 522-0401, (035) 522-0650, (035) 522-0516
(02) 830-7000 loc. 2591, 2593, 2594

TAGBILARAN

G/F LTS Building, No. 20 C.P. Garcia Ave.
Tagbilaran City, Bohol
(038) 411-1097, (038) 411-1176
(02) 830-7000 loc. 2580, 2581

MINDANAO REGION**CAGAYAN DE ORO**

Tiano Bros. cor. Hayes St., Cagayan De Oro City
(088) 857-1558, (088) 857-1559
(02) 830-7000 loc. 2922, 2926, 2924

DAVAO - MONTEVERDE

42 Monteverde Ave., Davao City
(082) 221-2140, (082) 221-2141
(02) 830-7000 loc. 2917, 2918

DAVAO - BAJADA

G/F, RAQ Building, J.P. Laurel Ave.
Bajada, Davao City
(082) 222-0060, (082) 222-0061
(02) 830-7000 loc. 2812, 2813

DAVAO - QUIRINO

111 E. Quirino Ave., Davao City, Davao Del Sur
(082) 222-4161, (082) 222-4160
(02) 830-7000 loc. 2886, 2887, 2888

GENERAL SANTOS

Santiago Blvd., General Santos City
(083) 552-8167, (083) 301-8445
(02) 830-7000 loc. 2982, 2983

ILIGAN

M.H. Del Pilar cor. M. Badelles St.
J. Luna St., Iligan City
(063) 223-2702, (063) 223-2703
(02) 830-7000 loc. 2842, 2843

KORONADAL

General Santos Drive
Koronadal South, Cotabato
(083) 228-3917, (083) 228-3919
(02) 830-7000 loc. 2892, 2893

TAGUM

Pioneer, Tagum, Davao Del Norte
(084) 655-7185, (084) 655-9550
(02) 830-7000 loc. 2972, 2973

ZAMBOANGA - VALDEROSA

G/F, Interco Bldg., N. S. Valderosa St.
Zamboanga City
(062) 992-6437, (062) 992-6435
(02) 830-7000 loc. 2853, 2854

ZAMBOANGA - VETERANS

BSC Tower (formerly Zamsulu Bldg.)
GF, Door 5-7, Veterans Ave. Zamboanga City
(062) 991-1865, (062) 991-6162, (062) 991-6194
(02) 830-7000 loc. 2872, 2873, 2874, 2875



ALBION

Corporate Governance



Everyone's Responsibility.

The Board of Directors and Management, employees and shareholders, believe that Corporate Governance is a necessary component of what constitutes sound strategic business management. Thus, the Bank has undertaken every effort necessary to create awareness for this within its organization. All Directors and personnel are required to attend its annual continuing education program on Corporate Governance and Risk awareness.

The Board, Senior Management and all employees conduct themselves with utmost honesty and integrity in the discharge of their duties, functions and responsibilities, thus nurturing the continuing success of the Bank and securing its competitiveness in the best interest of the Bank, its shareholders and other stakeholders.

Bank Officers promote the good governance practices within the Bank by ensuring that policies on governance are consistently adopted across the organization, with measurable standards, initiatives and specific responsibilities and accountabilities for each personnel.

Consistent with global best practice good Corporate Governance, the Bank's overriding commitment to a culture of good governance is seen through the following underlying principles:

1. It is the Bank's objective to enhance shareholders' value by making the most efficient use of resources. Its human capital strategy is one of its vital focus areas, as it is a principal indicator for the company's success.
2. The Bank's Governance Committee, through its Nominations Sub-Committee, ensures the quality of its leadership, consistent with its "fit and proper" rule when selecting its Directors and Senior Management Team.
3. Its Board Committees, namely Governance, Audit and Risk Management Committees are all chaired by Independent Directors and with at least one other Independent Director as member; all of whom have a good understanding of the business.
4. Transparency in its Annual Reports is ensured and reflects true and fair accounting information prepared in accordance with applicable standards; disclose and discuss all material risks; and disclose and explain the rationale for all material estimates. Disclosures are all completed in a timely manner.
5. To ensure that all act in the best interest of the Bank, full disclosure by its Directors, Officers and Employees on any actual or expected conflict of interest is required.
6. The Bank's Code of Ethics and Code of Conduct clearly states Management's philosophy and compliance standards.

PBCOM is among the Philippines' top 50 in ASEAN Corporate Governance Scorecard

The Philippine Bank of Communications (PBCOM) ranked among the 50 highest-scoring Philippine companies in the ASEAN Corporate Governance Scorecard, according to a 2014 Asian Development Bank (ADB) report. The Bank was evaluated against 252 publicly listed companies in the country.

At PBCOM, a strong culture of governance is a necessary component of sound business management. The Bank's commitment to corporate governance reflects its recognition of the responsibility it has to shareholders and stakeholders. This is a responsibility that is shared by every member of the organization, and it is of primary importance that everyone in PBCOM conducts himself or herself with utmost honesty and integrity.

The scorecard was established in 2004 by the ASEAN Capital Market Forum (ACMF) in hopes of raising corporate governance standards of publicly listed companies in the region, as well as

increasing their credibility and visibility to foreign investors and external fund managers.

The scorecard examines corporate governance in six ASEAN countries—Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam—and evaluates publicly listed companies based on five categories: Rights of the Shareholders; Equitable Treatment of Shareholders; Role of Stakeholders; Disclosure and Transparency; and Responsibility of the Board.

Companies are assessed primarily on information from annual reports and company websites. Domestic ranking bodies are appointed to apply the scorecard to rank companies in each country. Recently, a peer-evaluation component was added to the assessment methodology, creating a check-and-balance process that improves the accuracy of results.

The ADB report lists the 50 highest-scoring companies in each country. PBCOM finds itself in good company, along with the Philippines' most respected blue chip corporations.

EXECUTIVE COMMITTEE

The Executive Committee is composed of seven (7) members chosen from among the members of the Board of Directors. The Board may also appoint such number of alternate members (from among the remaining members of the Board) as it may desire. The Committee has the power to exercise functions and prerogatives of the Board of Directors during intervals between Board meetings except for matters the Board has specifically reserved for itself by law or under the By-laws. The Committee has its own rules and procedures. Minutes of all meetings of the Executive Committee are kept and carefully preserved as a record of business transacted. They are also submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.

A quorum at any meeting of the Executive Committee consists of a majority of all members thereof. A majority of members present (provided there is a quorum) can decide any question that may come before the meeting. The Secretary of the Board also acts as Secretary of the Executive.

TRUST COMMITTEE

The Trust Committee is composed of five members: three members of the Board of Directors, two of whom are Independent Directors; the President/CEO; and the Trust Officer. The Trust Committee acts within the authorities and powers delegated by the Board of Directors, and in compliance with the requirements under the BSP Manual of Regulations for Banks for the practices on Investment Management Activities, Trust and Other Fiduciary Business. The Trust Committee shall be responsible for the oversight of all Trust activities. Further, the Committee also ensures that Trust policies and procedures remain relevant to ensure that proper risk management and internal controls are enforceable for the prudent administration and management of Trust activities.

AUDIT COMMITTEE

The Audit Committee is composed of three members of the Board of Directors, two of whom are Independent Directors.

The Audit Committee has a written charter, which includes its purpose, objectives, duties and responsibilities, duly approved by the Board. The Committee assists the Board of Directors in fulfilling its statutory and fiduciary responsibilities with respect to internal controls, including financial reporting practices, information technology security, accounting policies, and auditing.

RISK OVERSIGHT COMMITTEE

The Risk Oversight Committee is composed of four members of the Board of Directors who possess adequate knowledge of the Bank's risk exposures. The Chairman of the Committee is an independent director, while the Secretary of the Committee is the Chief Risk Officer. It assists the Board of Directors in the

execution of its function in overseeing the risk management program of the Bank. An effective risk management program is a critical component of financially sound Bank operations. It is a key element in achieving PBCOM's goal and objectives, optimizing growth and capital while minimizing losses to the Bank.

GOVERNANCE COMMITTEE

The Governance Committee acts as the primary arm of the Board of Directors in determining the structure, charter, policies and practices of the Board and its Committees. The Committee is currently composed of four members of the Board of Directors, two of whom are Independent Directors, and under the chairmanship of an Independent Director.

Its mandate covers the organization of the Board of Directors, screening of new members, assessing the propriety of business strategies and determining how the corporation operates, makes decisions and builds its relationships with shareholders and the public at large.

The Corporate Governance function ensures that accountability is enforced at all levels and that the Bank always acts in the best interest of the company, its shareholders and stakeholders.

The Committee ensures that such purposes are met by creating a climate of transparency in the Bank where shareholders are fully informed of business decisions and long-term business plans.

One of the primary responsibilities of the Committee is to evaluate and recommend amendments to the Articles of Incorporation and by-laws, as well as to set up Corporate Governance guidelines including, but not limited to:

- Size (number of members) of the Board
- Criteria for membership (e.g. Qualifications, Stock Ownership, Diversity)
- Mix of management and Independent Directors
- Prevention of conflicts of interest
- Compensation and benefits program of managing and non-managing members of the Board and Senior Management
- Structure and Charter of Board Committees
- Rotation of Committee members and chairs
- Performance evaluation of CEO and members of the Board
- Succession Planning and Development Program for Senior Management and Directors

The Governance Committee oversees the programs of the following sub-committees:

Nomination Sub-Committee

The Nomination Sub-Committee identifies, evaluates and recommends individuals qualified to become Directors of the Bank based on factors such as probity of character, extent of business experience and expertise and maturity or judgment. The Sub-Committee also exercises oversight functions in the selection, nomination and appointment of members of Senior Management.

Compensation and Remuneration Sub-Committee

This Committee oversees the implementation of the compensation and benefits program for Directors and Senior Management to attract and retain the best talents by benchmarking against other leading financial institutions.

Performance Evaluation Sub-Committee

The Sub-Committee oversees the implementation of performance management program for Senior Management and the members of the Board.

2015 ATTENDANCE

BOARD COMMITTEE

ATTENDANCE

Eric O. Recto, Chairman	13/13
Leonardo B. Dayao, Vice chairman	13/13
Lucio L. Co, Director & Executive Committee Chairman	13/13
Patricia May T. Siy, President & CEO	8/8
Carmen G. Huang, Executive Director	10/10
Bunsit Carlos G. Chung, Director	13/13
Susan P. Co, Director	11/13
Ralph C. Nubla, Jr., Director	11/13
Gregorio T. Yu, Director	10/13
David L. Balangue, Independent Director	11/13
Jesus S. Jalandoni, Jr., Independent Director	10/13
Levi B. Labra, Independent Director	12/13
Roberto Z. Lorayes, Independent Director	13/13
Emmanuel Y. Mendoza, Independent Director	13/13

EXECUTIVE COMMITTEE

ATTENDANCE

Lucio L. Co, Chairman	33/40
Eric O. Recto, Vice Chairman	31/40
Leonardo B. Dayao, Vice Chairman	31/40
Carmen G. Huang ¹	29/31
Patricia May T. Siy ²	28/28
Ralph C. Nubla Jr.	30/40
Bunsit Carlos G. Chung	38/40

¹Effective May 2015

²Effective June 2015

TRUST COMMITTEE

ATTENDANCE

Eric O. Recto, Chairman	3/4
Henry Y. Uy ¹	0/1
Patricia May T. Siy ²	2/3
Ralph C. Nubla Jr. ³	1/1
Roberto Z. Lorayes ⁴	3/3
Jesus S. Jalandoni Jr.	2/4
Filemon A. Cabungcal ⁵	2/2
Angelyn Claire Chua Caedo-Liao ⁶	1/1
Irwin Joseph T. Tychuaco ⁷	1/1

¹Up to June 2015

²Effective June 2015

³Up to June 2015

⁴Effective June 2015

⁵Up to August 2015

⁶Effective August 2015; Up to September 2015

⁷Effective October 2015

AUDIT COMMITTEE

ATTENDANCE

Emmanuel Y. Mendoza, Chairman	13/13
Levi B. Labra	11/13
Bunsit Carlos G. Chung	10/13

RISK OVERSIGHT COMMITTEE

ATTENDANCE

David L. Balangue, Chairman	13/13
Jesus S. Jalandoni Jr.	9/13
Henry Y. Uy	12/13
Ralph C. Nubla Jr.	6/6
Nina D. Aguas ¹	2/2
Bunsit Carlos G. Chung	6/7
Patricia May T. Siy	7/7

¹Up to February 2015

GOVERNANCE COMMITTEE

ATTENDANCE

Roberto Z. Lorayes, Chairman	12/12
Eric O. Recto	9/12
Ralph C. Nubla, Jr. ¹	4/4
David L. Balangue	11/12
Leonardo B. Dayao	12/12

¹Up to April 2015



BASEL COMPLIANCE FRAMEWORK

PBCOM's strategic plans and corporate governance incorporate the three pillars of the Basel Capital Accord. These pillars include:

- **Pillar One** that involves computing for the amount of capital the Bank will need to carry to cover minimum requirements set by regulators through weighting of the bank's assets for credit risk, market risk and operational risk;
- **Pillar Two** that involves assessment of what is necessary to sustain the Bank's growth and return targets through an analysis of the relationship between the risks attendant to the Bank's business strategy and the changes in business direction and business environment that may affect either the Bank's available capital or the Bank's requirements for capital and;
- **Pillar Three** that involves communication of the profile of the risks the Bank has taken to achieve its growth and return as well as the process by which the Bank mitigates, manages and absorbs these risks in order to provide depositors, creditors and shareholders information on the ability of the bank to continue supporting its strategic business objectives.

All figures presented are in millions of Philippine Pesos excepting those in percentage.

RISK MANAGEMENT OVERVIEW

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. 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 (ERM) 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 ERM 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.

Risk & Capital Management

GOVERNANCE, RISK AND COMPLIANCE (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 conducts business in an increasingly competitive global marketplace. It is the framework of rules, systems and processes in and of PBCOM that governs the performance by the Board of Directors and Management in conducting 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. The process is also designed to manage risk to be within the Bank's risk appetite in order 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 and Risk & 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 FRAMEWORK

PBCOM's capital management framework involves providing shareholders optimal returns through strategic capital allocation and at the same time ensuring adequacy of 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 the 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 also conducts an annual Internal Capital Adequacy Assessment Process (ICAAP), alongside its strategic planning exercise. The ICAAP provides the bank the opportunity to:

- Articulate its 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 Board of Directors and Management. PBCOM submits the documentation of the results of its ICAAP to the supervisory review and examination of the Bangko Sentral ng Pilipinas.

DEVELOPMENT AFFECTING CAPITAL MANAGEMENT

The Bank recognizes that the conclusion arrived in

the ICAAP and its identified most material risk could be open to some degree of challenges. This is particularly prevalent when the Bank executes its business plan and strategies. To ensure that the findings as identified in the ICAAP of the Bank would remain effective, the following will form part of Bank's ICAAP framework "Monitoring & Controls" on which the Bank will provide assessment studies of its impact and the risk it could pose to the identified major challenges to the 2016 ICAAP outcomes.

CAPITAL STRUCTURE AND ADEQUACY REPORTING

Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Group's "qualifying capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies which may differ from PFRS in some respects e.g., measurement of investment properties.

The BSP, under BSP Circular No. 538 dated August 4, 2006, issued the prescribed guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel II recommendations. The new BSP guidelines took effect on July 1, 2007. Below is a summary of risk weights and selected exposure types:

Risk Weight	Exposure/Asset Type*
0%	Cash on hand; claims collateralized by securities issued by the national government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation.
20%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75%	Direct loans of defined Small Medium Enterprise (SME) and microfinance loans portfolio; non-performing housing loans fully secured by first mortgage
100%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred income tax)
150%	All non-performing loans (except non-performing housing loans fully secured by first mortgage) and all non-performing debt securities

*Not all inclusive



On January 15, 2013, the BSP issued Circular No. 781 on Basel III Implementing Guidelines on Minimum Capital Requirements, which provided that the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The circular went into effect on January 1, 2014.

The Circular defines in greater detail, the quality capital a bank must maintain to cover its risks. These include:

- **Tier One capital** - comprises the Group's and the Parent Company's core capital resources that are immediately available to sustain the financial stability of the group. Components of tier one capital include:
 - **Core-Equity Tier One or CET-1** includes paid-in shares of common stock, retained earnings and accumulated other comprehensive income. CET-1 must be the predominant form of Tier One Capital.

CET-1 absorbs all deductions to capital mandated by regulation. These deductions include capital invested in affiliates, net deferred tax assets, intangible assets and goodwill items.

- **Alternative Tier One or AT-1** includes other equity type claims on a bank's balance sheet that are sufficiently subordinate to the claims of depositors and senior creditors and whose cash flow distributions are not committed and cancellable at the option of the bank.
- **Tier Two capital** - includes auxiliary items, such as the general loan loss provision and appraisal increment reserves on investment property, that supplement Tier One Capital in sustaining the financial stability of the bank.

Banks must maintain CET-1 capital equivalent to 6.00%, Total Tier One capital equivalent to 7.5 percent and Total capital equivalent to 10 percent of regulatory risk weighted assets at all times. At the end of 2015 and 2014, the Group and the Parent Company reported ratios in excess of the regulatory requirements.

The Group's and the Parent Company's RBCAR as reported to BSP as of December 31, 2015 and 2014 are shown in the table below (amounts in millions):

CAPITAL RESOURCES	Consolidated		Parent	
	2015	2014	2015	2014
CORE EQUITY - TIER ONE	6,353	6,032	6,062	5,781
Total Paid-in Common Shares	11,490	10,095	11,490	10,095
Retained Surplus (Deficit)	(4,218)	(3,455)	(4,173)	(3,432)
Accumulated Other Comprehensive Income	47	13	47	13
Minority interest	(8)	0	-	-
Less: Regulatory Adjustments to CET-1				
Unsecured loans and other credit accommodations granted to subsidiaries and affiliate	-	-	(7)	-
Investments in Subsidiaries	(15)	(13)	(874)	(741)
Investments in Affiliate	(12)	(12)	(12)	(12)
Intangible Assets	(676)	(334)	(307)	(71)
Goodwill	(255)	(263)	(102)	(71)
ALTERNATIVE TIER ONE CAPITAL				
TIER TWO CAPITAL	1,890	1,953	1,859	1,943
Valuation Increment Reserves on PBCom Tower	1,580	1,553	1,568	1,553
General Loan Loss Provision	310	399	291	390
QUALIFIED CAPITAL	8,243	7,984	7,921	7,724
Tier One	6,353	6,032	6,062	5,781
Core Equity	6,353	6,032	6,062	5,781
Alternative Tier One	-	-	-	-
Tier Two	1,890	1,953	1,859	1,943
Risk Weighted Assets	55,067	50,179	52,761	48,172
Credit Risk-Weighted Assets	49,731	45,175	47,465	43,168
Market Risk-Weighted Assets	615	917	615	917
Operational Risk-Weighted Assets	4,720	4,087	4,681	4,087
Core-Equity, Tier One Ratio <i>(Adjusted CET-1 Capital/Total Risk Weighted Assets)</i>	11.54%	12.02%	11.49%	12.00%
Tier One Ratio <i>(Adjusted Tier One Capital/Total Risk Weighted Assets)</i>	11.54%	12.02%	11.49%	12.00%
Capital Adequacy Ratio <i>(Total Capital/Total Risk Weighted Assets)</i>	14.97%	15.91%	15.01%	16.03%
Capital Conservation Buffer <i>(Excess Adjusted CET-1/Total Risk Weighted Assets)</i>	4.04%	5.91%	3.99%	4.50%

The table below shows reconciliation between Philippine Financial Reporting Standards (PFRS) capital, capital under Philippine Regulatory Accounting Principles and Qualifying Capital under Basel III:

RECONCILIATION OF REPORTED CAPITAL RESOURCES	Consolidated		Parent	
	2015	2014	2015	2014
PFRS Capital	8,924	7,221	8,858	7,224
Differences in Accounting Principles Recycled to P&L & Retained as Earnings	(1,579)	(613)	(1,454)	(600)
Differences in Comprehensive Income (Loss) on FX Forwards used as Hedge	(0)	-	(0)	-
Differences in Comprehensive Income (Loss) on Equity Securities	(1)	0	(1)	0
Differences in Appraisal Increment Reserves	1,300	1,306	1,288	1,306
Differences in Cumulative Translation Adjustment	75	16	70	30
Actuarial loss on Post-Retirement Benefits <i>(PAS 19R)</i>	173	271	171	270
Differences in Minority interest	(1)	6	-	-
RAP Capital	8,891	8,208	8,931	8,230
Unsecured loans and other accommodations granted to subsidiaries and affiliate	-	-	(7)	-
General Loan Loss Provision	310	399	291	390
Investment in Subsidiaries and Affiliate	(27)	(25)	(886)	(753)
Intangible Assets and Goodwill	(931)	(597)	(409)	(142)
Qualified Capital for Minimum Adequacy Compliance under Basel III	8,243	7,984	7,921	7,724

CAPITAL REQUIREMENTS BY QUALITY AND BY CLASS OF RISK

Minimum Capital Requirements

Minimum capital requirements of Philippine Banking Regulations for each level of capital are:

- **Core Equity Tier One** – Six percent
- **Tier One Capital** – Seven and a half percent
- **Total Capital** – Ten percent

Classes of Risk

Minimum capital requirements apply to these three classes of risk that regulators determine as the major components of a bank's risk profile:

- **Credit risk** is the risk on a financial instrument where one party may fail to discharge an obligation and cause the other party to incur a financial loss.
- **Market risk** is the risk of loss with respect to future earnings, fair value, or future cash flows which may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market conditions.
- **Operational risk** includes all risks involving the conduct of personnel, the soundness and the strength of technology, events external to the bank or any residual risk factor causing financial losses.

Details of risk-weighted assets and capital requirements:

December 31, 2015	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
On-Balance Sheet	47,769	45,503				
Off-Balance Sheet Commitments to Lend	1,952	1,952				
Counterparty Risk-Weighted assets in the Banking book	10	10				
Counterparty Risk-Weighted assets in the Trading book	-	-				
Interest Rate Risk on the Trading Books			581	581		
Foreign Exchange Risk			34	34		
Basic Indicator Approach					4,720	4,681
Total	49,731	47,465	615	615	4,720	4,681
Capital Requirements	4,973	4,747	62	62	472	468

December 31, 2014	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
On-Balance Sheet	43,793	41,787				
Off-Balance Sheet Commitments to Lend	1,382	1,382				
Counterparty Risk-Weighted assets in the Banking book	-	-				
Counterparty Risk-Weighted assets in the Trading book	-	-				
Interest Rate Risk on the Trading Books			895	895		
Foreign Exchange Risk			22	22		
Basic Indicator Approach					4,087	4,087
Total	45,175	43,168	917	917	4,087	4,087
Capital Requirements	4,518	4,317	92	92	409	409

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

The ICAAP methodology of the Parent Company was based on the minimum regulatory capital requirement under BSP Circular No. 639 which involved, first, an assessment of whether the risks covered by the Framework are fully captured; and second, an assessment of other risks the Parent Company is exposed to which are not fully captured and covered under the Framework, and an assessment of whether and how much capital to allocate against these other risks. The ICAAP Document is scheduled to be presented by the Parent Company to the BSP on March 31, 2016.

The ICAAP, which included the discussion on the 2016 Holistic Risk Appetite and Components as well as the ranges of capital that the Parent Company should sustain to support the three year Business Plan under going-concern and stress scenarios, was deliberated upon by the ICAAP Steering Committee, ROC and endorsed to the BOD for approval.

Salient points of the 2016 ICAAP include:

- The Parent Company's total Qualifying Capital for December 31, 2015 fully covers the capital requirement for risks under BSP Circular Nos. 538 and 639 (Pillar 1 and Pillar 2 risks).
- The 3-year plan indicates that the Parent Company's capital base is more than adequate to support and sustain the strategy and projected balance sheet growth for 2016 to 2018 and is sufficient to cover Pillar 1 and Pillar 2 risks.
- The Parent Company's statement for Materiality of Risk refers to any factors that could significantly affect the on-going viability of the Parent Company. It is considered the overriding concern of the organization after the capital assessment of the eight (8) risks under the ICAAP as approved by the ICAAP Steering Committee, Risk Oversight Committee, and the BOD.

CAPITAL CONSERVATION BUFFER

Banking regulations recommend that banks accumulate and hold capital resources in addition to minimum requirements. The recommendation places constraints on the ability of a bank to transfer or return capital and encourages banks to accumulate and retain earnings during normal market conditions. This added buffer helps conserve a bank's capital and extend compliance with minimum capital requirements during periods of market-wide shock.

Philippine regulations recommend that banks retain earnings to sustain a buffer that is equivalent to two and a half percent of risk weighted assets. This buffer must be in the form of Core-Equity Tier One Capital.

A bank that sustains full coverage of the capital conservation enjoys unrestricted transfer of capital while remaining above compliance.

conservation enjoys unrestricted transfer of capital while remaining above compliance. Those that maintain buffers between one-and-a-quarter to two and a half percent of risk weighted assets must retain fifty percent of after-tax income until the bank reaches full coverage of the buffer. Those that maintain buffers below one-and-a-quarter percent of risk weighted assets must retain all after tax income.

PBCOM, its subsidiaries and affiliate collectively carry sufficient capital resources to cover the required buffer at the consolidated level. PBCOM also carries sufficient capital resources on a solo basis to cover the required buffer required as a single entity.

CREDIT RISK

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 the 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 Group (CRMG) 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 Management Credit Committee (MCC), the Executive Committee (EXCOM) and the Board of Directors as appropriate.

Banking regulations mandate the implementation of an internal credit risk rating system that is consistent with global ratings standards, compliant with Basel II requirements and appropriate to a bank's nature, complexity and scale of activities. For purposes of measuring credit risk for every exposure in a consistent and accurate manner for purposes of business and financial decision making, the Bank acquired several solutions systems in 2013. In May 2013, the Bank replaced the in-house-developed risk rating system with Moody's Analytics Risk Origins, a robust, enterprise-wide browser-based credit risk management system that collects, analyzes and stores financial and non-financial information, providing a comprehensive solution for managing and analyzing corporate loan accounts. For consumer loan accounts, the Bank acquired in April 2013, the INDUS Loans Originations System, a loan applications processing solution covering the entire process from submission of applications to disbursements. Also, the Bank acquired in

December 2013, FICO's Expert Origination Model for decision-making purposes. The foregoing risk rating systems shall be monitored for their predictive capability and model performance.

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, maturity, industry / geographical concentrations, real estate loan ceilings, secured / unsecured exposures, related exposures and mandatory lending to agricultural / agrarian entities as well as small and medium-sized enterprises. 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. The Bank likewise makes use of a comprehensive Management Information System (MIS) to monitor the performance of its loan products against business goals, including validation of risk criteria and policies.

Collateral and Other Credit Enhancements

Exposure to credit risk is also managed in part by obtaining collateral, suretyship 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 wherein 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 Group (CRMG).

The Bank also measures credit risk exposure in terms of regulatory capital requirement using a 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.

While CMG manages credit risks at individual credit or transaction levels, the Credit Risk Management Unit (CRMU) under Enterprise Risk Management Group (ERMG) manages credit risk at both strategic and portfolio levels. Regular reporting and stress-testing is conducted by CRMU to ensure that Senior Management and the ROC are properly informed of the various aspects with regards to the Bank's loan portfolio.

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.

The ERMG credit risk management function also involves the identification of inherent risks related to transactions or processes executed with respect to all lending-related activities. In line with this function, the Risk and Control Self-Assessment (RCSA) and Key Risk Indicators Report (KRIR) serve as tools in monitoring the risk profile of the Bank's business units (e.g. lending and support groups) and establishing internal loss and key risk indicator databases.

CREDIT RATINGS BY ASSET CLASS

Loans and Receivables

Description of the internal credit risk ratings (ICRR) used by the Bank to classify corporate loan accounts are as follows:

■ High Grade (ICRR 1 to 7)

Under this category, the borrower has the apparent

ability to satisfy its obligations in full and therefore, no loss in ultimate collection is anticipated. These loans or portions thereof are secured by hold-outs on deposits/deposit substitute, margin deposits or government-supported securities, other readily marketable collateral or are supported by sufficient credit and financial information of favorable nature to assure repayment as agreed.

■ Standard Grade (ICRR 8 to 10)

Under this category are accounts not considered adversely classified but require close supervision / monitoring due to some warning signals such as start-up business, substantial changes in the business affecting operation or management, three continuous years of substantial decline in income (exclusive of extraordinary income / losses).

■ Substandard Grade (ICRR 11 to 14)

Under this category are loans which exhibit unfavorable record or unsatisfactory characteristics, or where existing facts, conditions and values, make collection or liquidation in full improbable. Positive and vigorous management action is required to avert or minimize loss. These risk ratings are mapped to the following BSP loan classifications: (i) Loans Especially Mentioned (loans that have potential weaknesses that deserve management's close attention, with such weaknesses, if left uncorrected, may affect the repayment of the loan and thus increase the credit risk of the Bank); (ii) Substandard (loans which appear to involve a substantial degree of risk to the Bank because of unfavorable record or unsatisfactory characteristics, exhibiting well-defined weaknesses which may include adverse trends or development of a financial, managerial, economic or political nature, or a significant deterioration in collateral); (iii) Doubtful (loans which have the weaknesses similar to those of the substandard classification with added characteristics that existing facts, conditions, and values make collection or liquidation in full highly improbable and substantial loss is probable); and (iv) Loss (loans considered uncollectible and of such little value that their continuance as bankable assets is not warranted although the loans may have some recovery or salvage value).

Due From Other Banks, Interbank Receivables and Government Securities

The Bank follows an internally developed risk rating system for local banks and external risk ratings (i.e.

Standard and Poor's for foreign banks and government securities).

■ **Local Banks**

Description of the risk ratings for local banks is as follows:

High Grade (Tier 1)

Tier 1 - Banks categorized under this tier are capable of withstanding very difficult market conditions for two to three years without deteriorating to a substandard credit classification by virtue of their size, reputation and ranking in the industry.

Standard Grade (Tier 2 to Tier 3)

These are accounts that have potential weaknesses that deserve management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the financial instrument thus increase credit risk to the Bank.

Tier 2 - Banks categorized under this tier may deteriorate to substandard within one to two years under very difficult market conditions.

Tier 3 - Banks categorized under this tier may deteriorate to substandard within one year under very difficult market conditions. These are banks, which fall short relative to size, in view of perceived concern of uncertainty about their portfolio, earnings, or market condition. Banks with total net worth of PHP3 billion to less than PHP4.5 billion and net income of PHP200 million to less than PHP400 million are included in this category.

Substandard Grade (Tier 4)

Tier 4 - These are banks, which fall short relative to size, in view of perceived concern of uncertainty about their portfolio, earnings, or market condition. Banks with total net worth of PHP1.50 billion to less than PHP3 billion and net income of PHP70 million to less than PHP200 million are included in this category.

■ **Foreign Banks and Other Government Securities**

Description of the risk ratings for government securities, foreign banks and foreign corporate investment outlets:

AAA - Obligor's capacity to meet its financial commitment is extremely strong.

AA - Obligor's capacity to meet its financial commitment is very strong. It differs from the highest-rated obligors at a minimal degree.

A - Obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors rated in higher-rated categories.

BBB - Obligation rated 'BBB' has adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB - Obligation is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which

could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B - Obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC - Obligation is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC - Obligation is currently highly vulnerable to nonpayment.

C - Obligations are currently highly vulnerable to nonpayment, payment arrearages allowed by the terms of the documents, and subject of a bankruptcy petition or similar action which have not experienced a payment default. Among others, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been suspended in accordance with the instrument's terms or when preferred stock is the subject of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

D - Obligation is in payment default. Payments on an obligation are not made on the date due even if the applicable grace period has not expired. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on an obligation are jeopardized. An obligation's rating is lowered to 'D' upon completion of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

Loan classification and credit risk ratings are an integral part of the Bank's management of credit risk. On an annual basis, loans are reviewed, classified and rated based on internal and external factors that affect its performance. On a quarterly basis, loan classifications of impaired accounts are assessed and the results are used as basis for the review of loan loss provisions. For consumer loan accounts, the INDUS Collections System was acquired in September 2013 to serve as an automated platform for streamlining and recording the consumer collections process.

COUNTERPARTY CREDIT RISK

PBCOM engages in bilateral transactions to acquire or dispose of assets or to purchase or sell foreign exchange from counterparties. These transactions give rise to a risk that the

The national government of the Philippines and the Bangko Sentral ng Pilipinas receive a credit risk weight equivalent to that of an AAA borrower in exposures denominated in Philippine Pesos.

	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	Below B-	Unrated
Sovereigns	0%	0%	20%	50%	100%	100%	150%	100%
Banks (Except Interbank Call Loans)	20%	20%	50%	50%	100%	100%	150%	100%
Interbank Call Loans	20%							
Corporate Borrowers	20%	20%	50%	50%	100%	100%	150%	100%
Housing Loans, First Mortgage Occupied by Borrower								50%
Consumer Credit (Other than First Mortgage)								100%
ROPA								150%
Other Assets								100%

counterparty may default on its obligations to the Bank.

The Bank does not calculate capital charges for counterparties for transactions that settle in any of the following cases:

■ Interest Rate Transactions

Any transaction that settles the regular way or within the normal settlement cycle for similar transactions in the capital market where the manner of settlement is delivery-versus-payment

■ Foreign Exchange Transactions

Spot foreign exchange transactions that settle by the next business day for USD-PHP transactions or the second business day following trade date for other currency pairs; and

Forward foreign exchange contracts that involve any currency pair whose original settlement date was within fourteen calendar days from the trade date.

MINIMUM CAPITAL REQUIREMENTS TO COVER CREDIT RISK EXPOSURES

PBCOM computes for capital requirements to cover credit risk exposures using the standardized approach.

The Bank applies risk weights to credit exposures based on ratings made available by External Credit Rating Institutions (ECAIs). ECAIs whose ratings have received accreditation for use in establishing requirements for capital coverage include: Standard & Poor's Financial Services, LLC; Moody's Investor Services; and Fitch Ratings, Inc.

The national government of the Philippines and the Bangko Sentral ng Pilipinas receive a credit risk weight equivalent to that of an AAA borrower in exposures denominated in Philippine Pesos.

Credit risk exposures requiring capital coverage are the product of the carrying value appearing on the on and off balance sheet and the risk weight applicable to the exposure.

December 31, 2015	Consolidated Risk weight							Parent Risk weight						
	0%	20%	50%	75%	100%	150%	Total	0%	20%	50%	75%	100%	150%	Total
On-Balance Sheet														
Cash and Other Clearing Items	1,299	4					1,303	1,271						1,271
Due from Bangko Sentral ng Pilipinas	12,415						12,415	12,345						12,345
Due from Banks		251	1,409		497		2,157		251	1,409		268		1,929
Securities Portfolio (Excluding Trading Books Positions)	10,894		2,164		2,015		15,074	10,894		2,164		2,015		15,074
Loan Portfolio (Net of Specific Provisions for Loss)	689		1,662	74	33,009	446	35,880	624		1,662		31,310	421	34,017
Sales Contracts Receivable					151	31	182					145	26	171
Real & Other Properties Acquired						534	534						466	466
Other Assets					7,857		7,857					7,728		7,728
Off-Balance Sheet Commitments to Lend	6,483	964			1,760		9,207	6,483	964			1,760		9,207
Counterparty Risk-Weighted assets in the Banking book			19		0		19			19		0		19
Counterparty Risk-Weighted assets in the Trading book														
Total Credit exposure	31,780	1,219	5,255	74	45,289	1,010	84,628	31,617	1,215	5,255	-	43,226	913	82,226
Total Risk-Weighted On-Balance Sheet assets	-	51	2,618	56	43,529	1,516	47,769	-	50	2,618	-	41,466	1,369	45,503
Total Risk-Weighted Off-Balance Sheet assets	-	193	-	-	1,760	-	1,952	-	193	-	-	1,760	-	1,952
Total Counterparty Risk-Weighted assets in the Banking book	-	-	10	-	0	-	10	-	-	10	-	0	-	10
Total Counterparty Risk-Weighted assets in the Trading book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Credit Risk-Weighted Assets	-	244	2,627	56	45,289	1,516	49,731	-	243	2,627	-	43,226	1,369	47,465

December 31, 2014

December 31, 2014	Consolidated						Parent									
	Risk weight						Risk weight									
	0%	20%	50%	75%	100%	150%	Total	0%	20%	50%	75%	100%	150%	Total		
On-Balance Sheet																
Cash and Other Clearing Items		1,186					1,186		1,158					1,158		
Due from Bangko Sentral ng Pilipinas		12,567					12,567		12,508					12,508		
Due from Banks			499	1,204		703	2,406		499	1,204		215		1,919		
Securities Portfolio (Excluding Trading Books Positions)		10,770		3,116		43	13,929		10,739		3,116	43		13,898		
Loan Portfolio (Net of Specific Provisions for Loss)		671	200	1,439		33,686	36,145		671	200	1,439	29,554	454	32,318		
Sales Contracts Receivable					184	33	217					177	26	203		
Real & Other Properties Acquired						546	546						424	424		
Other Assets					5,065		5,065					7,422		7,422		
Off-Balance Sheet Commitments to Lend		6,158	1,290			1,124	8,571		6,611	1,290		1,124		9,025		
Counterparty Risk-Weighted assets in the Banking book							-							-		
Counterparty Risk-Weighted assets in the Trading book							-							-		
Total Credit exposure		31,352	1,989	5,759	-	40,804	729	80,633		31,686	1,989	5,759	-	38,535	904	78,873
Total Risk-Weighted On-Balance Sheet assets		-	140	2,880	-	39,681	1,093	43,793		-	140	2,880	-	37,411	1,356	41,787
Total Risk-Weighted Off-Balance Sheet assets		-	258	-	-	1,124	-	1,382		-	258	-	-	1,124	-	1,382
Total Counterparty Risk-Weighted assets in the Banking book		-	-	-	-	-	-	-		-	-	-	-	-	-	-
Total Counterparty Risk-Weighted assets in the Trading book		-	-	-	-	-	-	-		-	-	-	-	-	-	-
Total Credit Risk-Weighted Assets		-	398	2,880	-	40,804	1,093	45,175		-	398	2,880	-	38,535	1,356	43,168

The capital requirement under the RBCAR framework from the 10% of the amount of Credit Risk Weighted Assets as of December 2015 is more than sufficient to cover the amount of internal capital requirement as assessed by the Parent Bank to cover credit risk.

MARKET RISK ON THE TRADING BOOK

Managing Market Risk on the Trading Book

The trading business of the Bank centers on exposures to interest rates from the portfolio of debt securities and from the currency mismatches on and off the balance sheet.

Market risk on the trading book proceeds from the potential impact of adverse movements in market conditions either eroding asset values or increasing liabilities resulting in financial losses. These principally include:

- Changes in prevailing interest rates eroding the values of securities and foreign exchange contracts and;
- Changes in prices affecting the values of positions in foreign currency.

Management of market risk in the trading book begins at the level of the portfolio managers in Treasury that execute trading strategies. These portfolio managers are responsible for the results of their execution, including financial performance, adherence to limits and compliance with regulation. The Treasurer discusses the condition and performance of trading books exposures at the meetings of the

Bank's Asset and Liability Committee (ALCO).

Risk control functions ensure that the exposures taken on the trading books remain consistent with those approved by and acceptable to the Board of Directors.

- The market risk management function sets the risk framework and conducts an independent revaluation of all risk exposures to ensure adherence to the limits approved by the Board. They report their findings in each of the monthly meetings of the Board's Risk Oversight Committee.
- Financial control and operations ensure that all exposures are recognized, reported and re-measured according to proper financial reporting standards. The Chief Executive Officer reports the financial condition and performance to Senior Management and the Board of Directors.
- Compliance ensures that both risk-taking and risk management actions remain consistent with the requirements of regulations. They report any issues to the Board's Corporate Governance Committee.

The Internal Audit (IA) function conducts reviews of the effectiveness of the governance and risk infrastructure supporting the trading business and recommends solutions to further strengthen the

ability of the whole business to properly achieve its objectives. Independent reviews of the market risk measurement system also cover assessments of the assumptions, parameters, and methodologies used. IA reports their findings to the Board's Audit Committee.

Valuation

PBCOM carries and reports all of its trading books exposures at fair value. The Bank revalues all exposures at the end of each business day to reflect their market values. All changes in the values of the exposures form part of current operating performance.

The fair value of financial instruments traded in active markets at the statement of financial position date is based on their quoted market prices or dealer price quotations (bid price for long positions and asking price for short positions), without any deduction for transaction costs. Where the current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by

using valuation techniques, which includes discounted cash flow technique and comparison to similar instruments for which observable market prices exist.

Accumulated losses in the market value of trading positions are subject to Board approved Loss Alert Levels and Stop Loss Limits. Risk managers investigate any observed excesses in exposure over the limit or any unusual changes to exposure and escalate these for proper disposition.

Value-at-Risk

PBCOM internally monitors its market risk exposures proceeding from financial instruments using Value-at-Risk (VaR).

VaR is a statistical measure of the probable loss an exposure may incur under prevailing market conditions. PBCOM measures its VaR using statistical parameters reflective of current market conditions over a ten-day period with ninety-nine percent confidence. The resulting measure reflects a level of loss that has a one percent chance of being exceeded under prevailing market conditions.

A summary of the VaR position of USD Fixed Income exposures of the Parent Company to changes in market conditions is as follows:

	USD Bonds 2015 (In Peso MM)	USD ROP from February to December 2014 (in Peso MM)	USD ROP for January 2014 (In USD MM)
31 December	14.73	128.66	
Average Daily	32.80	116.45	2.22
Highest	58.69	151.15	2.45
Lowest	2.94	84.42	1.95

A summary of the VaR position of Peso government securities exposures of the Parent Company to changes in market conditions is as follows:

	Peso GS 2015 (In Peso MM)	Peso GS 2014 (in Peso MM)
31 December	0.00	404.05
Average Daily	32.72	495.42
Highest	50.39	679.09
Lowest	5.25	370.44

Since VaR is designed to describe risk in normal market conditions (i.e. 99.00 percent of the time) it may not capture potential losses in the extreme that occur following movements outside the prevailing market trend. The Bank conducts simulation and scenario stress tests to analyze the potential impact of a severe movement in market prices on the Bank's financial condition.

The Bank also conducts stress tests that model the impact of severe adverse movements on the financial condition of the Bank. The Bank reports the results of these tests to the Board's Risk Oversight Committee.

PBCOM does not use the internal VaR as basis for setting up capital requirements to comply with Pillar One requirements.

Market Risk Limit Framework for the Trading Books

The risks on the trading book originate from the exposure of the bank and are affected by the changes in market conditions. These exposures may include:

■ Interest Rates

(a) Specific risk in relationship to interest rate exposures arises from a probable deterioration in the value of a financial instrument due to circumstances unique to the issuer or principal.

(b) General market risk in relationship to interest rate exposures arises from a probable deterioration in the value of a financial instrument due to changes in interest rates.

■ Foreign Exchange Rates

(c) Foreign exchange risk arising from mismatches in currencies between assets and liabilities.

PBCOM puts in place a system of limits whose objectives are to constrain the exposures to market risk within the willingness of the bank to incur such risk. These limits include:

- Nominal Position Limits which constrain the size of the exposure the Bank may take;

- Stop-Loss Limits which prescribe maximum tolerable deterioration in the value of an asset or liability in the trading books at which point the bank will cut its losses and end the exposure and;
- VaR that sets a limit to the size of the statistical potential loss that the Bank may carry at any point in time.

PBCOM calibrates its risk limits based on levels which can sustain the objectives of its trading business. The Board's Risk Oversight Committee reviews and approves all limits and endorses for confirmation of the Board of Directors. Utilization of these limits forms part of the regular discussions at the meetings of the Bank's Asset and Liability Committee.

Minimum Capital Requirements to Cover Market Risk Exposures on the Trading Book

PBCOM computes for capital requirements to cover market risk exposures using standardized approaches for each market risk exposure. The table below shows the different market risk-weighted assets using the standardized approach in accordance with BSP Circular No. 538:

	Consolidated		Parent Company	
Type of Market Risk Exposure	2015	2014	2015	2014
Interest rate exposures	₱580,535	₱895,447	₱580,535	₱895,447
Foreign exchange exposures	34,476	21,911	34,476	21,911
	₱615,011	₱917,358	₱615,011	₱917,358

The Parent Bank assessed that the market risk capital requirement under the Standardized Method is more than sufficient as compared against the capital requirement using Internal Models Approach as of December 31, 2015.

Interest Rate Exposures – Specific Risk

The bank applies risk weights to specific risk exposures based on ratings made available by External Credit Rating Institutions (ECAIs). ECAIs whose ratings have received accreditation for use in establishing requirements for capital coverage include: Standard & Poor's Financial Services, LLC; Moody's Investor Services; and Fitch Ratings Inc.

The national government of the Philippines and the Bangko Sentral ng Pilipinas receive a credit risk weight equivalent to that of an AAA borrower in exposures denominated in Philippine Pesos.

Sovereigns	Corporates	Unadjusted Weight
AAA through AA-		0.00%
A+ through BBB-	AAA through BBB-	
Residual Maturity less than 6 Mos	Residual Maturity less than 6 Mos	0.25%
Residual Maturity of 6 Mos to 2 Yrs	Residual Maturity of 6 Mos to 2 Yrs	1.00%
Residual Maturity more than 2 Yrs	Residual Maturity more than 2 Yrs	1.60%
Other Exposures	Other Exposures	8.00%

PBCOM at the end of 2014 had no specific risk exposures that required capital coverage.

Interest Rate Exposures – General Market Risk

The Bank applies risk weights to exposures to general market risk based on their remaining term to maturity to arrive at the capital charge for general market risk.

Foreign Exchange Exposures

The Bank applies an eight percent risk weight to the sum of its net open positions to foreign exchange movements (expressed in Philippine Pesos) to maturity to arrive at the capital charge for foreign exchange risk.

Philippine Banking Regulations apply a capital coverage requirement that is 1.25 times higher than other regulators resulting in Philippine banks having to adjust capital charges for market risk by a factor of 1.25.

The equivalent risk weighted asset is ten times the adjusted capital charge.

MARKET RISK ON THE BANKING BOOK

Managing Market Risk on the Banking Book

The banking business of the Bank centers on its core business to source funding and extend credit. Exposures in the banking book arise from mismatches in the structure of its transactions that result in assets and liabilities repricing at differing times

The risks on the banking book originate from the structure of both the balance sheet and other obligations to pay and are affected by changes in market conditions. Risks from exposures may include:

- Spread compression risk when assets and liabilities reprice at different times leading either to the yield of assets dropping or the cost of liabilities rising resulting in compression of interest rate spreads;
- Yield-curve risks where sudden changes in the relative spreads between short-term and long-term interest rates may erode the profitability of the funding strategies of the Bank;
- Basis risks where the repricing characteristics of assets and liabilities do not perfectly correlate resulting in adverse changes to interest spreads;
- Foreign exchange risk that occurs when adverse changes in exchange rates erode the Philippine Peso value of interest income in foreign currency generated by the Bank and;
- Price risk when adverse changes in interest rates erode the values of marketable securities resulting in the total return on the investment (interest plus fair value gain) falling below the cost of the funds dedicated.

PBCOM structures its balance sheet and prices its funds to maximize the interest rate spreads between assets and liabilities. The structure of the



24/7 Cash Withdrawals
Fast Cash
Balance Inquiries
Fund Transfers
Checkbook Reorders
Bills Payment

Risk control functions ensure that the exposures taken on the banking books remain consistent with those approved by and acceptable to the Board of Directors.

- The market risk management function sets the risk framework and conducts an independent measurement of all risk exposures to ensure adherence to the limits approved by the Board.
- Financial control and operations ensure that all exposures are recognized, reported and remeasured according to proper financial reporting standards.
- Compliance ensures that both risk-taking and risk management remains consistent with the requirements of regulation.

The internal audit function conducts reviews of the effectiveness of the governance and risk infrastructure supporting the business and recommends solutions to further strengthen the ability of the whole business to properly achieve its objectives.

Valuation

PBCOM generally carries and reports all of its banking books exposures at their fair amortized costs.

The Bank may occasionally store liquidity in a portfolio of marketable debt securities. The Bank carries these securities at their fair value and reports changes to these values by marking these exposures to market at the end of each business day.

Market Risk Measurement Framework

The Bank's management of market risk on its banking books centers on interest rate repricing gap reports. The liquidity risk management

function prepares these reports, one per currency, reflecting the interest rate sensitive assets and liabilities of the bank in each of a series of time bands that begin at one week and stretch out to non-maturity. The assumptions used to position the assets and liabilities in the time band are:

- Actual or contractual maturity when there is a definite schedule in payment of interest and principal where the stipulated interest will not change through maturity
- Repricing date when there is a definite schedule in payment of interest and principal where the stipulated interest is subject to periodic reprice or change
- Behavioral when there is no specified timing of payment. Designation of time bands depends on the earliest time the interest could possibly change

The Bank measures risk exposure to interest rates on the banking book using the following models:

- Earnings at Risk (EaR) that is a statistical measure of the probable loss in net interest income under prevailing market conditions should the spread between yield on assets and cost of liabilities compress. The resulting measure reflects a level of loss in net interest income for the year that has a one percent chance of being exceeded under prevailing market conditions.
- Economic Value of Equity (EVE) that is a financial measure of the value of the bank's equity reflected as the difference between the present value of all of the bank's assets and the present value of the Bank's liabilities. The resulting measure reflects how changes in interest rates will affect the value of the Bank's equity.

The Bank's parent company determined its exposures to be as follows:

Asset-Liability Gap 2015 *

amounts in millions PHP

	Up to 1 Month	More than 1 Month to 3 Months	More than 3 to 12 Months	More than 1 Year but less than 2 Years	Beyond 2 Years	Total
December 31, 2015						
Total Assets	6,327	5,813	6,261	1,479	31,628	51,508
Total Liabilities	42,471	13,024	3,554	130	3,674	62,853
Asset-liability Gap	(36,144)	(7,211)	2,707	1,349	27,954	(11,345)
December 31, 2014						
Total Assets	5,892	5,844	5,632	2,960	28,128	48,456
Total Liabilities	38,325	15,520	3,112	1,005	3,216	61,178
Asset-liability Gap	(32,433)	(9,676)	2,520	1,955	24,912	(12,722)

* Please refer to Note 5 - Interest Rate Risk Management of 2015 Notes to Audited Financial Statement of the Annual Report for details of Asset-Liability Gap

Amounts in millions and in PHP for RBU and in US\$ for FCDU	2015		2014	
	RBU	FCDU	RBU	FCDU
Earnings-at-Risk				
at +25bps	(43.19)	(0.22)	(56.82)	(0.22)
at +50bps	(86.37)	(0.45)	(113.65)	(0.44)
at +100bps	(172.75)	(0.90)	(227.30)	(0.89)
at +300bps	(518.24)	(2.69)	(681.89)	(2.66)
at +400bps	(690.98)	(3.59)	(909.18)	(3.55)
at +500bps	(863.73)	(4.49)	(1,136.48)	(4.44)
EVE sensitivity				
at +25bps	(2.67)	(0.04)	(2.01)	(0.02)
at +100bps	(10.69)	(0.16)	(8.06)	(0.07)
at +300bps	(32.06)	(0.49)	(24.17)	(0.21)
at +500bps	(42.75)	(0.81)	(40.28)	(0.35)
Duration Adjusted Gap	0.3568	0.6617	0.3852	0.6543

The Bank also employs stress testing particular to market risk on the banking books and relates the result to the capital and to current and target net interest income to assess the impact of changes in net interest income on the ability of the Bank to sustain both profitability and adequate capital cover.

Market Risk Limit Framework for the Banking Books

In addition, the Bank puts in place a system of limits whose objectives are to constrain the exposures to market risk within the willingness of the Bank to incur such risk. These limits include:

- Maximum Cumulative Outflows that constrain the size of excess projected pay-outs of funds over expected cash receipts
- Earnings-at-Risk limits that that prescribe maximum tolerable compression of spread between the cost of funds and the return on assets

PBCOM calibrates its risk limits based at levels that can sustain the objectives of its lending business. The Board's Risk Oversight Committee reviews and approves all limits and endorses for confirmation of the Board of Directors.

OPERATIONAL RISK

Managing Operational Risk

All business lines have a role in executing PBCOM's strategy; thus, operational risk pervades in every unit in the Bank in varying scales. To ensure operational

support for strategies, all employees are educated on risk management. On their first day in PBCOM, personnel are introduced to the Bank's risk management philosophies, policies and tools to achieve a consistent enterprise-wide "balanced-risk" attitude through the PBCOM Onboarding of New Employees (P-ONE). As an ongoing effort to ensure all employees adhere to and are and updated on the prescribed risk management philosophies, policies and tools, the risk culture is sustained through the Continuing Education Program that focuses on Compliance and Risk Management. In effect, possible risks between human resource and attainment of company objectives are addressed by instilling how risk management can contribute to their daily work.

In February 2014, the Bank transitioned to its new Core Banking System and ATM System in line with its objective to implement a Core Banking Platform. This enables the use of new technologies needed to support PBCOM's business transformation initiatives, such as:

- Reduction of go-to-market timeline of new products and services;
- Re-engineering of operations with Straight-Through Processing to improve turnaround time and achieve efficiencies;
- Implementation of system support for new technologies that will enable our clients to bank anytime, anywhere.

In terms of risk management, the Bank continued to: review and streamline procedures; examine processes in business centers (including on-site verification) to identify transaction bottlenecks; negate inefficiencies and improve internal controls; and evaluate new product and service specifications prior to launch. These activities contributed to upgrading the quality levels with respect to client transaction processing as well as improved operational controls. The Bank also conducted its Risk and Control Self-Assessment and risk aggregation to ensure appropriate management of enterprise residual risks.

The quantitative component of operational risk management is based on the assessment of historical data on internal events captured in the Internal Operational Loss Database and used as input for operational risk capital calculation.

Operational risk exposures are reported to the ROC on a periodic basis through the Internal Operational Loss Database Report, Profile of

Complaints, the Legal Case Profile and the Fraud Report.

Minimum Capital Requirements to Cover Operational Risk Exposures

PBCOM computes for capital requirements to cover operational risk exposures using the basic indicator approach.

Under this approach to operational risk, banks must maintain fifteen percent of average positive gross income over the previous three years as capital buffer for losses due to operations. Philippine Banking Regulations apply a capital coverage requirement that is 1.25 times higher than other regulators resulting in Philippine banks having to carry 18.75 percent of previous three years as capital buffer for losses due to operations.

The equivalent risk weighted asset is ten times the capital charge. The Group uses the Basic Indicator Approach in computing Operational Risk in accordance with BSP Circular No. 538 (amounts in millions):

	Consolidated		Parent Company	
	2015	2014	2015	2014
Average Gross Income (Previous 3 Years)	₱2,518	₱2,181	₱2,496	₱2,181
Capital Charge (Average Gross Income times 18.75% ^(a))	472	409	468	409
Risk Weighted Asset (Capital Charge times 10)	₱4,720	₱4,090	₱4,680	₱4,090

(a) Equivalent to adjusted capital charge of 15% of 125% to be consistent with required minimum Capital Adequacy Ratio of 10%

Capital requirement under the RBCAR framework as of December 2015 is more than sufficient to cover the amount of internal capital requirement by the Parent Bank to cover operational risk.

FRAUD PREVENTION

The Bank has assigned a dedicated fraud risk officer focused on fraud related issues and concerns to holistically provide the necessary fraud risk investigations and assessment with the objective of maintaining the integrity and reputation of the Bank.

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 and implement anti-fraud Control activities
- Timely capture, analyze, monitor and report fraud risks
- Monitor activities

Under the Fraud Prevention Program, information and policies were shared within 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. Bank ably prevented the use of its facilities for underhanded schemes and saved a significant amount in averted potential losses.

Capacity building within the Fraud Risk Management Unit was established to facilitate and provide consolidated support in aide of institutionalizing risk mitigating initiatives to all products and services across the Bank. Since its inception in 2013, the Unit has initiated proactive detection and identification of probable sources of fraud to the Bank and its clients and provides immediate resolution concerning fraud risks. Holistically, Fraud Risk Management Unit’s functionalities are in sync with the overall risk governance culture of the Bank promoted by Enterprise Risk, Information Security, Operational Risk, Internal Audit, Legal and Compliance.

Relevant programs of the Fraud Risk Management Unit were manifested in the following accomplished initiatives:

■ Prevention Strategy

Established the following fraud database/MIS and are shared with stakeholders of the Bank:

- (a) Fraud Applications database
- (b) ATM Cardholder Fraud database
- (c) Company Watchlist/Blacklist database
- (d) List of Disaffiliated Direct Sales Agents/Agency
- (e) List of Negative Addresses/Telephone numbers
- (f) List of identified Point of Compromise ATM Terminals

■ Detection Strategy

Established key process improvements on the following:

- (a) Fraud Referrals of high risk applications
- (b) Legitimacy of submitted Financial Statements
- (c) Strengthened the KYC process
 - (i) Methods of validating KYC ID's

■ Investigation

Established process for handling of customer disputes through the following:

- (a) Fraud validations
- (b) Customer challenge
- (c.) Network with industry colleagues in the timely identification of Point of Compromise ATM terminals/locations and information sharing of suspicious applications (corporate and individual)

■ Deterrence

1. The Unit facilitated training across the various business units (in coordination with the CISO, HR Training, Branch Operations via its Training Academy, Audit and Compliance) with focus on Fraud and Operations Risk Training (FORT), Branch Operations, ATM Fraud Trends and Credit Fraud and Risk Management. The training modules are concentrated on bank fraud mitigation processes, KYC and Customer Due Diligence, Credit Investigations and Fraud Risk Management. Signature Verification and Counterfeit Detection were likewise added to the list of mandatory trainings facilitated by the Unit most recently.

2. The Unit established a network and nominated a liaison with local Anti-Fraud forums and symposia (i.e., Mastercard Security, Anti-Fraud Committee-Bancnet, and Credit Card Association of the Philippines) to facilitate active participation and sharing of best industry practices.

3. The Unit has initiated the establishment of an informal forum of Anti-Fraud Managers of the different banks known as Anti-Fraud Working Group (AFWG) which aims to form an alliance and enhancements of fighting capabilities against fraud in the industry.

4. The unit facilitated an internal credit forum to enhance awareness and knowledge of key credit officers who handle credit investigation functions.

5. The unit has supported the Bank's initiative to provide customer awareness on the general subject of fraud which encompasses the traditional crimes to the evolution of financial crimes in view of recent

innovations in technologies whereby cyber is used as vehicle for faceless cybercrimes and white collar crimes. Several roadshow presentations in different branches were attended by clients and non-clients of the Bank.

Technology Transformation

In 2014, the Bank implemented significant technology improvements to support its revenue generating initiatives and further enhance its position in the market. Throughout the year, it further developed its resiliency and business center connectivity, increased its personnel mobility and productivity, and strengthened its security infrastructure.

In view of these developments, the Bank's Technology Risk Management Framework continues to provide a strengthened foundation and guidance on how the Bank should effectively manage emerging technology risks. A more frequent and comprehensive risk assessment and profiling methodologies for both IT functions and application systems were instituted to identify, monitor and control technology risks. Risk identification and assessments over project management were enhanced from project initiation to implementation. A control validation process was incorporated in technology risk assessments to ensure effectiveness of established risk mitigation strategy. New risk management policies were also developed to provide additional risk mitigants on new initiatives. 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.

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 security 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 level of 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.

The Bank's Chief Information Security Officer (CISO) spearheads adherence to regulatory requirements and ensure resolution to noted issues by both internal and external reviewers.

Business Continuity Management

The Bank has a Business Continuity Management Framework in place that provides guidance for continuous operations in the event of any disruptions, and proactive mechanisms designed to prevent interruptions to critical business functions and improve the Bank's resiliency. Benchmarked with industry best practices, the Bank's business continuity planning process follows the four-step industry approach of business impact analysis, risk assessment, risk management and risk reporting. In line with this, the Bank conducted the annual review, testing and update of its Business Continuity Plan (BCP) and related procedures (e.g. general guidelines, testing program, outage impact analysis and call tree mechanism) to ensure appropriate assessments and responses, are made in the event of contingencies. Technology investments were initiated to provide a more resilient disaster recovery infrastructure and a more robust environment for business continuity. Business continuity seminars were held for bank personnel to imbibe a culture of awareness and preparedness in times of emergency.

TRUST RISK MANAGEMENT

The Trust and Wealth Management Group adopted the components and standards of the new Trust Rating System of BSP in conducting its own risk assessment of pertinent fiduciary activities. It is intended to complement the risk-focused supervision of the BSP and to comprehensively evaluate the administration of Trust Group's fiduciary activities. The results of the exercise will determine effectiveness of the Group's risk management practices and capability to handle its fiduciary dealings.

It is the Group's policy that their fiduciary activities and risk management practices are in accordance with the Basic Standards and Risk Management Guidelines for Trust, other fiduciary and investment management activities. To ensure it identifies, measures, monitors the various risks that may arise in its operations, the Group adopted and observe the Bank's policy on risk management process, monitoring and reporting system. The primary objective is to ensure that exposures are within the Group's capacity to manage risks and consistent with the approved risk tolerance levels.





Statement of Management's Responsibility

The management of the Philippine Bank of Communications (the Group) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with the prescribed Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the Stockholders.

Sycip, Gorres, Velayo and Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippines Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



ERIC O. RECTO
Chairman of the Board



PATRICIA MAY T. SIY
President & CEO



MANUEL ANDRES D. GOSECO
Treasurer



ARLENE M. DATU
Comptroller

Independent Auditor's Report



SyCip Gorres Velayo & Co.
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Philippines

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

THE STOCKHOLDERS AND THE BOARD OF DIRECTORS PHILIPPINE BANK OF COMMUNICATIONS

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Philippine Bank of Communications and subsidiaries (the Group) and the parent company financial statements of Philippine Bank of Communications (the Parent Company), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Company as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 37 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

SYCIP GORRES VELAYO & CO.

Josephine Adrienne A. Abarca
Josephine Adrienne A. Abarca

Partner

CPA Certificate No. 92126

SEC Accreditation No. 0466-AR-3 (Group A),

February 9, 2016, valid until February 8, 2019

Tax Identification No. 163-257-145

BIR Accreditation No. 08-001998-61-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 5321601, January 4, 2016, Makati City

March 30, 2016

Statements of Financial Position

	Consolidated	Parent Company		
	December 31			
	2014			
	(As restated -			
	Note 7)			
	2015	2015	2014	2014
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	₱1,343,340	₱1,181,592	₱1,311,615	₱1,153,418
Due from Bangko Sentral ng Pilipinas				
(Notes 19 and 20)	11,909,774	12,522,613	11,839,461	12,463,067
Due from Other Banks	2,008,522	1,636,641	1,786,592	1,375,645
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements				
(Note 9)	229,281	832,604	229,281	832,604
Financial Assets at Fair Value through Profit or				
Loss (Note 10)	395,258	684,219	395,258	684,219
Equity Securities at Fair Value through Other				
Comprehensive Income (Note 11)	44,452	42,975	44,452	42,975
Investment Securities at Amortized Cost				
(Note 12)	14,468,390	13,270,864	14,468,390	13,256,310
Loans and Receivables (Note 13)	36,502,141	33,514,958	34,629,214	32,306,710
Investments in Subsidiaries and an Associate				
(Note 8)	12,113	11,645	854,841	854,841
Property and Equipment (Note 14)				
At cost	1,271,792	1,401,991	1,199,503	1,320,698
At appraised value	519,010	489,039	470,113	441,307
Investment Properties (Note 15)				
Condominium units for lease	4,799,635	3,959,178	4,799,635	3,959,178
Foreclosed properties	880,234	751,250	681,408	566,058
Office units for lease	19,142	—	19,142	—
Goodwill (Note 7)	178,456	178,456	—	—
Intangible Assets (Note 16)	824,816	823,392	558,066	554,742
Deferred Tax Assets - net (Note 31)	49,545	45,266	—	—
Other Assets (Note 17)	620,415	589,101	603,767	579,546
TOTAL ASSETS	₱76,076,316	₱71,935,784	₱73,890,738	₱70,391,318

(Forward)



	Consolidated		Parent Company	
		December 31		
		2014		
		(As restated -		
	2015	Note 7)	2015	2014
		(Amounts in Thousands)		
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 19 and 32)				
Demand	₱12,523,472	₱9,221,026	₱12,610,784	₱9,450,291
Savings	5,054,764	4,228,259	4,507,544	3,487,510
Time	40,724,117	45,668,818	39,437,185	44,818,420
	58,302,353	59,118,103	56,555,513	57,756,221
Bills Payable (Note 20)	6,481,620	3,425,427	6,296,862	3,421,652
Outstanding Acceptances	42,065	25,620	42,065	25,620
Manager's Checks	108,914	211,130	108,914	211,130
Accrued Interest, Taxes and Other Expenses (Note 21)	539,185	534,173	501,415	521,673
Income Tax Payable	29,774	25,258	10,241	8,770
Deferred Tax Liabilities - net (Note 31)	1,033,544	741,322	911,399	621,893
Other Liabilities (Note 22)	614,838	636,272	606,433	600,824
TOTAL LIABILITIES	67,152,293	64,717,305	65,032,842	63,167,783
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Common stock (Note 24)	₱7,489,114	₱7,489,114	₱7,489,114	₱7,489,114
Subscribed common stock - net (Note 24)	3,187,019	1,792,698	3,187,019	1,792,698
Additional paid-in capital	813,601	813,601	813,601	813,601
Surplus reserves (Note 24)	105,772	105,772	105,772	105,772
Deficit (Note 24)	(2,745,295)	(2,948,596)	(2,819,842)	(2,951,928)
Unrealized gain on equity securities carried at fair value through other comprehensive income (Note 11)	25,831	24,354	25,831	24,354
Revaluation increment on land, office units and condominium properties (Notes 14 and 15)	280,228	247,743	279,442	247,743
Cumulative translation adjustment	(52,394)	(27,392)	(52,394)	(27,392)
Remeasurement losses on defined benefit liability (Note 28)	(172,665)	(271,235)	(170,647)	(270,427)
	8,931,211	7,226,059	8,857,896	7,223,535
NON-CONTROLLING INTERESTS	(7,188)	(7,580)	—	—
TOTAL EQUITY	8,924,023	7,218,479	8,857,896	7,223,535
TOTAL LIABILITIES AND EQUITY	₱76,076,316	₱71,935,784	₱73,890,738	₱70,391,318

See accompanying Notes to Financial Statements.



Statements of Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014 (As restated - Note 7)	2013	2015	2014	2013
	(Amounts in Thousands, Except Earnings per Share)					
INTEREST INCOME						
Loans and receivables (Notes 13 and 32)	P2,597,337	P2,079,458	P1,275,529	P2,299,675	P2,036,406	P1,275,529
Investment securities (Note 27)	628,963	798,169	1,256,063	628,963	798,154	1,256,063
Deposits with other banks	61,835	27,368	27,703	61,296	27,397	27,703
Interbank loans receivable and securities purchased under resale agreements (Notes 9 and 32)	11,431	21,715	10,076	19,033	21,715	10,076
Others (Note 22)	—	197,642	774,557	—	197,642	774,557
	3,299,566	3,124,352	3,343,928	3,008,967	3,081,314	3,343,928
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 19 and 32)	869,926	882,095	689,479	825,398	871,840	689,479
Bills payable, borrowings and others (Note 20)	103,672	300,315	936,699	99,321	299,919	936,699
	973,598	1,182,410	1,626,178	924,719	1,171,759	1,626,178
NET INTEREST INCOME	2,325,968	1,941,942	1,717,750	2,084,248	1,909,555	1,717,750
Fair value gain from investment properties (Note 15)	941,728	380,407	248,914	929,751	380,407	248,914
Service charges, fees and commissions	426,556	326,464	215,477	377,997	297,601	215,477
Rent income (Notes 29 and 32)	404,072	313,424	256,294	403,948	313,350	256,294
Gain (loss) on disposal of investment securities at amortized cost (Note 12)	48,174	(258)	—	48,174	(258)	—
Income from trust operations (Notes 26 and 28)	18,300	19,055	22,481	18,300	19,055	22,481
Foreign exchange gain (loss) - net	10,200	31,805	(17,767)	10,200	31,805	(17,767)
Profit from assets sold (Notes 14, 15 and 17)	5,335	9,019	10,703	4,608	8,865	10,703
Gain (loss) on assets exchange - net (Note 15)	3,702	(21,435)	23,385	(215)	(21,539)	23,385
Trading and securities gain (loss) - net (Note 27)	(40,465)	61,957	1,540,600	(40,465)	61,957	1,540,600
Miscellaneous	91,295	22,289	3,795	30,355	19,631	2,533
TOTAL OPERATING INCOME	4,234,865	3,084,669	4,021,632	3,866,901	3,020,429	4,020,370
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 28 and 32)	P1,344,158	P1,366,032	P1,080,179	P1,240,970	P1,345,892	P1,080,179
Provision for (reversal of) credit and impairment losses - net (Note 18)	443,802	(194,853)	(402,675)	391,493	(198,541)	(402,675)
Taxes and licenses (Note 31)	435,777	380,124	456,926	409,648	375,008	456,926
Depreciation and amortization (Note 14)	290,531	197,961	133,239	270,192	192,927	133,239
Occupancy and other equipment-related costs (Notes 29 and 32)	217,691	210,472	130,531	202,716	207,097	130,531
Management and professional fees	162,627	80,827	172,824	158,643	78,266	172,824
Insurance	128,052	102,877	38,594	122,735	100,913	38,594
Security, clerical, messengerial and janitorial services	99,563	96,430	60,220	91,548	94,712	60,220
Communications	67,378	67,379	45,268	60,889	66,612	45,268
Entertainment, amusement and recreation	62,879	81,825	67,665	62,715	81,756	67,665
Miscellaneous (Note 30)	292,389	285,495	208,931	267,105	269,929	208,931
TOTAL OPERATING EXPENSES	3,544,847	2,674,569	1,991,702	3,278,654	2,614,571	1,991,702
INCOME BEFORE INCOME TAX	690,018	410,100	2,029,930	588,247	405,858	2,028,668
PROVISION FOR INCOME TAX (Note 31)	486,336	299,553	397,046	456,161	288,949	397,046
NET INCOME (See Note 15, page 91)	P203,682	P110,547	P1,632,884	P132,086	P116,909	P1,631,622
Attributable to:						
Equity holders of the Parent Company	P203,301	P110,957	P1,632,884			
Non-controlling interests	381	(410)	—			
	P203,682	P110,547	P1,632,884			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 33)	P0.68	P0.37	P5.87			

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income



	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014 (As restated - Note 7)	2013	2015	2014	2013
	(Amounts in Thousands, Except Earnings per Share)					
NET INCOME FOR THE YEAR	P203,682	P110,547	P1,632,884	P132,086	P116,909	P1,631,622
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR						
Items that may be reclassified to profit or loss in subsequent periods:						
Net movement in cumulative translation adjustment	(25,002)	(15,781)	(6,725)	(25,002)	(15,781)	(6,725)
Net unrealized loss on available-for-sale investments	—	—	(1,892,202)	—	—	(1,892,202)
	(25,002)	(15,781)	(1,898,927)	(25,002)	(15,781)	(1,898,927)
Items that may not be reclassified to profit or loss in subsequent periods:						
Change in remeasurement gains (losses) on defined benefit liability (Note 28)	98,235	(34,151)	(33,800)	99,780	(33,067)	(33,800)
Net movement in revaluation increment on land, office units and condominium properties (Notes 14 and 15)	46,450	54,567	32,367	45,285	54,567	32,367
Unrealized gain on equity securities carried at fair value through other comprehensive income (Note 11)	1,477	197	—	1,477	197	—
Income tax relating to components of other comprehensive income	(13,619)	(16,102)	(9,710)	(13,586)	(16,370)	(9,710)
	132,543	4,511	(11,143)	132,956	5,327	(11,143)
	107,541	(11,270)	(1,910,070)	107,954	(10,454)	(1,910,070)
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAX	P311,223	P99,277	(P277,186)	P240,040	P106,455	(P278,448)
Attributable to:						
Equity holders of the Parent Company	P310,831	P99,695	(P277,186)			
Non-controlling interests	392	(418)	—			
TOTAL COMPREHENSIVE INCOME (LOSS)	P311,223	P99,277	(P277,186)			

See accompanying Notes to Financial Statements.



Statements of Changes in Equity

Consolidated Years Ended December 31, 2015, 2014 and 2013													
Equity Attributable to Equity Holders of the Parent Company													
	Preferred Stock	Common Stock (Note 24)	Subscribed Common Stock - net (Note 24)	Deposit for Future Subscription	Additional Paid-in Capital	Surplus Reserves (Note 24)	Deficit	Net Unrealized Gain (Loss) on Available-for-Sale Investments	Unrealized Gain on Equity Securities at Fair Value Through Other Comprehensive Income (Note 11)	Revaluation Increment on Land, Office Units and Condominium Properties (Notes 14 and 15)	Cumulative Translation Adjustment	Remeasurement Losses on Defined Benefit Liability (Note 28)	Total
													Non-Controlling Interests
													Total Equity
Balances at January 1, 2015, as restated	P=	P7,489,114	P1,792,698	P=	P813,601	P105,772	(P2,948,596)	P=	P24,354	P247,743	(P27,392)	(P271,235)	P7,226,059
Subscription of common stock	-	-	1,394,321	-	-	-	-	-	-	-	-	-	1,394,321
Total comprehensive income (loss) for the year	-	-	-	-	-	-	203,301	-	1,477	32,485	(25,002)	98,570	310,831
Balances at December 31, 2015	P=	P7,489,114	P3,187,019	P=	P813,601	P105,772	(P2,745,295)	P=	P25,831	P280,228	(P52,394)	(P172,665)	P8,931,211
Balances at January 1, 2014	P=	P7,489,114	P=	P=	P813,601	P105,772	(P3,076,034)	(P1,219,413)	P=	P209,546	(P11,611)	(P237,360)	P4,073,615
Effect of early adoption of PFRS 9 (Note 2)	-	-	-	-	-	-	16,481	1,219,413	24,157	-	-	-	1,260,051
Effect of business combination (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	(5,050)
Subscription of common stock	-	-	1,792,698	-	-	-	-	-	-	-	-	-	1,792,698
Effect of finalization of business combination (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	(2,112)
Total comprehensive income (loss) for the year, as previously stated	-	-	-	-	-	-	111,930	-	197	38,197	(15,781)	(33,992)	100,551
Effect of finalization of business combination (Note 7)	-	-	-	-	-	-	(973)	-	-	-	-	117	(856)
Total comprehensive income (loss) for the year, as restated	-	-	-	-	-	-	110,957	-	197	38,197	(15,781)	(33,875)	99,695
Balances at December 31, 2014, as restated	P=	P7,489,114	P1,792,698	P=	P813,601	P105,772	(P2,948,596)	P=	P24,354	P247,743	(P27,392)	(P271,235)	P7,226,059
Balances at January 1, 2013	P3,000,000	P5,259,897	P=	P3,552,598	P476,012	P105,772	(P8,653,840)	P672,789	P=	P186,889	(P4,886)	(P203,560)	P4,391,671
Conversion of preferred stock to common stock	(3,000,000)	3,000,000	-	-	-	-	-	-	-	-	-	-	-
Reduction of par value of common stock	-	(3,944,922)	-	-	3,944,922	-	-	-	-	-	-	-	-
Issuance of additional common stock	-	3,174,139	-	(3,552,598)	337,589	-	-	-	-	-	-	-	(40,870)
Application of additional paid-in capital against deficit	-	-	-	-	(3,944,922)	-	3,944,922	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	1,632,884	(1,892,202)	-	22,657	(6,725)	(33,800)	(277,186)
Balances at December 31, 2013	P=	P7,489,114	P=	P=	P813,601	P105,772	(P3,076,034)	(P1,219,413)	P=	P209,546	(P11,611)	(P237,360)	P4,073,615

See accompanying Notes to Financial Statements.

Parent Company												
Years Ended December 31, 2015, 2014 and 2013												
	Preferred Stock	Common Stock (Note 24)	Subscribed Common Stock - net (Note 24)	Additional Paid-in Capital	Surplus Reserves (Note 24)	Deficit	Net Unrealized Gain (Loss) on Available-for-Sale Investments	Unrealized Gain on Equity Securities at Fair Value Through Other Comprehensive Income (Note 11)	Revaluation Increment on Land, Office Units and Condominium Properties (Notes 14 and 15)	Cumulative Translation Adjustment	Remeasurement Losses on Defined Benefit Liability (Note 28)	Total Equity
(Amounts in Thousands)												
Balances at January 1, 2015	P=	P7,489,114	P1,792,698	P813,601	P105,772	(P2,951,928)	P=	P24,354	P247,743	(P27,392)	(P270,427)	P7,223,535
Collection of subscription receivable	-	-	1,394,321	-	-	-	-	-	-	-	-	1,394,321
Total comprehensive income (loss) for the year	-	-	-	-	-	132,086	-	1,477	31,699	(25,002)	99,780	240,040
Balances at December 31, 2015	P=	P7,489,114	P3,187,019	P813,601	P105,772	(P2,819,842)	P=	P25,831	P279,442	(P52,394)	(P170,647)	P8,857,896
Balances at January 1, 2014	P=	P7,489,114	P=	P813,601	P105,772	(P3,085,318)	(P1,219,413)	P=	P209,546	(P11,611)	(P237,360)	P4,064,331
Effect of early adoption of PFRS 9 (Note 2)	-	-	-	-	-	16,481	1,219,413	24,157	-	-	-	1,260,051
Subscription of common stock	-	-	1,792,698	-	-	-	-	-	-	-	-	1,792,698
Total comprehensive income (loss) for the year	-	-	-	-	-	116,909	-	197	38,197	(15,781)	(33,067)	106,455
Balances at December 31, 2014	P=	P7,489,114	P1,792,698	P813,601	P105,772	(P2,951,928)	P=	P24,354	P247,743	(P27,392)	(P270,427)	P7,223,535
Balances at January 1, 2013	P3,000,000	P5,259,897	P3,552,598	P476,012	P105,772	(P8,661,862)	P672,789	P=	P186,889	(P4,886)	(P203,560)	P4,383,649
Conversion of preferred stock to common stock	(3,000,000)	3,000,000	-	-	-	-	-	-	-	-	-	-
Reduction of par value of common stock	-	(3,944,922)	-	3,944,922	-	-	-	-	-	-	-	-
Issuance of additional common stock	-	3,174,139	(3,552,598)	337,589	-	-	-	-	-	-	-	(40,870)
Application of additional paid-in capital against deficit	-	-	-	(3,944,922)	-	3,944,922	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	1,631,622	(1,892,202)	-	22,657	(6,725)	(33,800)	(278,448)
Balances at December 31, 2013	P=	P7,489,114	P=	P813,601	P105,772	(P3,085,318)	(P1,219,413)	P=	P209,546	(P11,611)	(P237,360)	P4,064,331

See accompanying Notes to Financial Statements.



PBCOM

PHILIPPINE BANK OF COMMUNICATIONS

BANKING HOURS
9:00 AM - 4:00 PM
MONDAY TO FRIDAY

Statements of Cash Flow

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014 (As restated - Note 7)	2013	2015	2014	2013
	(Amounts in Thousands)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱690,018	₱410,100	₱2,029,930	₱588,247	₱405,858	₱2,028,668
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:						
Fair value gain on investment properties (Note 15)	(941,728)	(380,407)	(248,914)	(929,751)	(380,407)	(248,914)
Provision for (reversal of) credit and impairment losses (Note 18)	443,802	(194,853)	(402,675)	391,493	(198,541)	(402,675)
Depreciation and amortization (Notes 14 and 16)	290,531	197,961	133,239	270,192	192,927	133,239
Accretion of interest on unquoted debt securities (Note 13)	(182,628)	(262,937)	(262,920)	(182,628)	(262,937)	(262,920)
Loss (gain) from sale of investment securities at amortized cost (Note 12)	(48,174)	258	—	(48,174)	258	—
Profits from assets sold (Note 15)	(5,335)	(9,019)	(10,703)	(4,608)	(8,865)	(10,703)
Loss (gain) on assets exchanged (Note 15)	(3,702)	21,435	(23,385)	215	21,539	(23,385)
Unrealized loss on financial assets at FVTPL	3,136	5,509	—	3,136	5,509	—
Share in net income of associate (Note 8)	(468)	(361)	(1,262)	—	—	—
Accretion of interest on bills payable (Note 20)	—	210,893	802,373	—	210,893	802,373
Amortization of unearned income credited to interest income - others (Note 22)	—	(197,642)	(774,557)	—	(197,642)	(774,557)
Gain from sale of available-for-sale investments (Note 27)	—	—	(1,520,583)	—	—	(1,520,583)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at FVTPL	285,825	1,422,921	(104,909)	285,825	1,422,921	(104,909)
Loans and receivables	(3,268,639)	(7,352,754)	(8,461,923)	(2,563,072)	(7,112,505)	(8,461,923)
Other assets	(14,474)	(222,188)	(169,104)	(6,328)	(224,642)	(169,104)
Increase (decrease) in the amounts of:						
Deposit liabilities	(817,263)	10,281,808	15,924,183	(1,202,221)	10,475,724	15,924,183
Manager's checks	(102,216)	37,629	106,451	(102,216)	37,629	106,451
Accrued interest, taxes and other expenses	5,012	(9,743)	63,356	(20,258)	(18,939)	63,356
Other liabilities	77,854	260,134	(2,217)	105,389	260,514	(2,217)
Net cash generated from (used for) operations	(3,588,449)	4,218,744	7,076,380	(3,414,759)	4,629,294	7,076,380
Income taxes paid	(207,496)	(196,222)	(302,412)	(178,770)	(198,772)	(302,412)
Net cash provided by (used in) operating activities	(3,795,945)	4,022,522	6,773,968	(3,593,529)	4,430,522	6,773,968
CASH FLOWS FROM INVESTING ACTIVITIES						
Decrease (increase) in interbank loans receivable	89,440	(44,769)	(3,422)	89,440	(44,769)	(3,422)
Acquisitions of:						
Investment securities at amortized cost	(2,009,366)	(1,026,686)	—	(2,009,366)	(1,016,670)	—
Property and equipment (Note 14)	(146,276)	(512,523)	(409,340)	(136,840)	(509,729)	(409,340)
Chattel mortgage	(45,471)	(19,978)	—	(45,471)	(19,978)	—
Software cost (Note 16)	(56,435)	(150,255)	(301,659)	(56,435)	(150,255)	(301,659)
Investment properties (Notes 14 and 15)	(8,632)	(1,133)	(20,479)	(8,632)	(1,133)	(20,479)
Subsidiaries (Notes 7 and 8)	—	(43,599)	—	—	(852,841)	—
Available-for-sale investments	—	—	(63,878,979)	—	—	(63,878,979)
Proceeds from:						
Investment securities at amortized cost	845,460	496,837	—	845,460	496,836	—
Disposals of property and equipment (Note 14)	49,402	24,720	17,815	49,399	23,551	17,815

(Forward)



	Consolidated		Parent Company			
	Years Ended December 31					
	2015	2014 (As restated - Note 7)	2013	2015	2014	2013
	(Amounts in Thousands)					
Disposals of investment properties (Note 15)	₱25,184	₱172,157	₱62,379	₱19,064	₱171,507	₱62,379
Disposal of chattel mortgage	16,076	900	—	16,076	900	—
Matured investment securities	—	6,562,880	—	—	6,562,880	—
Sale of available-for-sale investments	—	—	60,196,080	—	—	60,196,080
Net cash provided by (used in) investing activities	(1,240,618)	5,458,551	(4,337,605)	(1,237,305)	4,660,299	(4,337,605)
CASH FLOWS FROM FINANCING ACTIVITIES						
Availments of:						
Bills payable	39,069,117	25,647,949	14,045,317	38,783,769	25,647,949	14,045,317
Outstanding acceptances	567,502	1,248,917	2,825,687	567,502	1,248,917	2,825,687
Marginal deposits	37,913	7,602	269,007	37,913	(7,602)	269,007
Settlements of:						
Bills payable	(36,012,924)	(31,936,967)	(13,212,961)	(35,908,558)	(31,895,431)	(13,212,961)
Outstanding acceptances	(551,056)	(1,266,485)	(2,814,821)	(551,056)	(1,266,485)	(2,814,821)
Marginal deposits	(36,401)	(7,602)	(270,252)	(36,401)	7,602	(270,252)
Proceeds from shares subscription (Note 24)	1,394,321	1,792,698	—	1,394,321	1,792,698	—
Transaction cost on shares issuance (Note 24)	—	—	(40,869)	—	—	(40,869)
Net cash provided by (used in) financing activities	4,468,472	(4,513,888)	801,108	4,287,490	(4,472,352)	801,108
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(25,002)	(15,781)	(6,726)	(25,002)	(15,781)	(6,726)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(593,093)	4,951,404	3,230,745	(568,346)	4,602,688	3,230,745
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	1,181,592	740,012	551,097	1,153,418	740,012	551,097
Due from Bangko Sentral ng Pilipinas	12,522,613	9,573,407	5,511,067	12,463,067	9,573,408	5,511,067
Due from other banks	1,636,641	661,308	887,143	1,375,646	661,308	887,143
Interbank loans receivable and securities purchased under resale agreements (Note 34)	743,164	157,879	952,555	743,164	157,879	952,555
	16,084,010	11,132,606	7,901,862	15,735,295	11,132,607	7,901,862
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	1,343,340	1,181,592	740,012	1,311,615	1,153,418	740,012
Due from Bangko Sentral ng Pilipinas	11,909,774	12,522,613	9,573,408	11,839,461	12,463,067	9,573,408
Due from other banks	2,008,522	1,636,641	661,308	1,786,592	1,375,646	661,308
Interbank loans receivable and securities purchased under resale agreements (Note 34)	229,281	743,164	157,879	229,281	743,164	157,879
	₱15,490,917	₱16,084,010	₱11,132,607	₱15,166,949	₱15,735,295	₱11,132,607

OPERATIONAL CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	2015	2014	2013
	(Amounts in Thousands)					
Interest paid	₱974,872	₱986,131	₱809,982	₱932,702	₱979,207	₱809,982
Interest received	3,131,233	3,026,918	2,184,973	2,799,462	2,996,212	2,184,973

See accompanying Notes to Financial Statements.

PBCOM Subsidiaries

Founded in 1962, the Rural Bank of Nagcarlan Inc. currently operates as a subsidiary of the Philippine Bank of Communications that engages in rural banking business providing commercial and personal banking services through 6 branches located in Nagcarlan (Head Office), Calamba, San Pablo, Los Baños, Cabuyao, Biñan in Laguna and 1 extension office, the "Money Shop", strategically located at Nagcarlan's Business Center. The Bank's products and services are traditional deposits such as savings deposits, time deposits, special savings deposits and demand deposit, as well as various types of loans such as commercial and agricultural loans, and Salary or Teacher's loans.

With over 58 years in business, Banco Dipolog Inc., formerly Rural Bank of Dipolog Inc. is Zamboanga Del Norte's first bank that currently operates with 12 branches, 7 micro-banking offices and 1 extension office located in the Visayas and Mindanao regions to offer loans and deposit products and services. In 2004, Banco Dipolog entered into a Memorandum of Agreement (MOA) with the Philippine Bank of Communications (PBCOM) to acquire at least 90% of the outstanding ordinary shares of the Bank. The acquisition allowed PBCOM to hold 99.80% equity interest in the Bank.



PBCOM Insurance Services Agency Inc. (PISAI), established in 2014, is a wholly owned subsidiary of PBCOM that engages in the business of soliciting and promoting insurance products in partnership with British life insurer, Pru Life UK to offer a comprehensive array of life, health and protection products to PBCOM's network of customers in the Philippines.

PBCOM Finance Corporation, owned by the Philippine Bank of Communications and various individual shareholders was incorporated and registered with the Securities and Exchange Commission in 1980 primarily to provide, grant and extend credit facilities to any person or business enterprise, judicial or otherwise.



PBCOM

PHILIPPINE BANK OF COMMUNICATIONS

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