

SEC Number **PW-686**
Company TIN **000-263-340**

PHILIPPINE BANK OF COMMUNICATIONS
(Company's Full Name)

PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
(Company's Address: No. Street City/Town/Province)

830-7000
(Company's Telephone Number)

December 31
(Fiscal Year Ending)
(Month & Day)

3rd Tuesday of June
Annual Meeting

SEC Form 17-Q
(Quarterly Report Pursuant to Section 17 of the Securities
Regulation Code and SRC Rule 17(2)(b) Thereunder)
(FORM TYPE)

N/A
Amendment Designation (If Applicable)

None
(Secondary License Type. If any)

Atty. Rodolfo Ma. A. Ponferrada
(Company Representative)

215-793-472
(TIN)

December 26, 1976
(Birth Date)

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Cashier

File Number

Central Receiving Unit

Document ID

LCU

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2012.
2. Commission identification number PW-686 3. BIR Tax Identification No. 000-263-340.
4. Exact name of issuer as specified in its charter
Philippine Bank of Communications.
5. Province, country or other jurisdiction of incorporation or organization Philippines.
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office PBCOM Tower 6795 Ayala Ave., Cor. V.A. Rufino St., Makati City Postal Code 1226.
8. Issuer's telephone number, including area code
(632) 830-7000.
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>PBCom Common Shares</u>	<u>52,598,965 shares</u>
<u>PBCom Preferred Shares</u>	<u>120,000,000 shares</u>

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

Yes [X] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common Stock
Philippine Stock Exchange Preferred Stock

12. Indicate by check mark whether the registrant:

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

Yes [/] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached

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

Please see attached

PART II--OTHER INFORMATION


The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

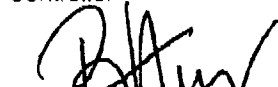
PHILIPPINE BANK OF COMMUNICATIONS

By:



SUZANNE B. MONDONEDO, FVP

Controller



RICHARD O. ARVISU, AVP

Financial Systems and Reports Division

May 14, 2012

PHILIPPINE BANK OF COMMUNICATIONS
COMPARATIVE STATEMENTS OF CONDITION
(In Thousands)

	March 2012 Interim	DECEMBER 2011 Audited
ASSETS		
Cash and Other Cash Items	365,982	369,164
Due from Bangko Sentral ng Pilipinas	3,993,386	6,040,783
Due from Other Banks	797,992	514,812
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	2,927,541	2,830,082
Derivative Assets	-	-
Available-For-Sale Investments	18,493,846	16,143,745
Held-to-Maturity Investments	-	0
Loans and Receivables	10,355,374	10,521,538
Investment in an Associate	11,806	11,710
Property and Equipment	960,642	952,068
Investment Properties		
Condominium units for lease	3,472,283	3,466,408
Foreclosed properties	430,656	432,234
Other Assets	158,318	138,490
	41,967,826	41,421,034
LIABILITIES AND EQUITY		
Demand	4,860,129	4,883,897
Savings	2,310,860	2,424,175
Time	20,810,499	20,509,819
Deposit Liabilities	27,981,488	27,817,892
Bills Payable	7,528,428	7,355,846
Outstanding Acceptances	40,796	57,006
Manager's checks	79,280	33,800
Accrued interest, taxes and other expenses	245,216	275,087
Deferred Tax Liabilities - Net	428,223	428,223
Other Liabilities	1,853,242	2,019,950
	38,156,675	37,987,805
Equity		
Preferred Stock	3,000,000	3,000,000
Common stock	5,259,897	5,259,897
Deposit for future stock subscription	2,780,876	2,373,033
Additional paid-in capital	476,012	476,012
Surplus reserves	105,772	105,772
Deficit	(9,162,223)	(9,655,255)
Unrealized gain on available-for-sale investments	1,204,659	1,723,163
Revaluation increment on land	173,261	173,261
Gain/(Loss) on FV adj of Hedging Instrument	449	-
Cumulative translation adjustment	(27,552)	(22,653)
	3,811,151	3,433,229
	41,967,826	41,421,034

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF INCOME & EXPENSE
FOR THE QUARTER ENDED MARCH 31
(In Thousands)

	2012	2011
INTEREST INCOME		
Trading and investment securities	347,943	321,487
Loans and receivables	199,857	246,733
Interbank loans receivable and securities purchased under resale agreements	12,923	5,072
Deposits with other banks and others	10,731	8,156
Others	6,946	-
	578,400	581,448
INTEREST AND FINANCE CHARGES		
Deposit liabilities	208,372	188,579
Bills payable, borrowings	34,292	38,008
	242,664	226,586
NET INTEREST INCOME		
	335,736	354,861
Trading and securities gain - net	489,031	26,502
Rent Income	69,124	68,553
Service charges, fees and commissions	30,398	36,623
Foreign exchange gain (loss) - net	8,572	(10,034)
Profit/(Loss) from Assets Sold/Exchanged	625	24,120
Income from Trust Operations	4,421	4,598
Miscellaneous	442	1,780
TOTAL OPERATING INCOME	938,350	507,004
Compensation and fringe benefits	153,296	142,211
Taxes and licenses	102,883	70,836
Depreciation and amortization	14,920	31,000
Occupancy and other equipment - related costs	19,456	18,713
Provision for impairment losses	-	53,034
Miscellaneous	80,373	59,858
TOTAL OPERATING EXPENSES	370,928	375,650
NET INCOME BEFORE TAX	567,422	131,354
PROVISION FOR INCOME TAX	74,390	60,274
NET INCOME (a)	493,032	71,080
BASIC EARNINGS PER SHARE (a/b)	2.86	0.41
NO. OF COMMON/PREFERRED SHARES (b)	172,598,965	172,598,965
DILUTED EARNINGS PER SHARE (a/c)	2.86	0.41
NO. OF DILUTIVE POTENTIAL COMMON/PREFERRED SHARES (c)	172,598,965	172,598,965

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31
(In Thousands)

	2012	2011
NET INCOME	493,032	71,080
OTHER COMPREHENSIVE INCOME:		
Changes in net unrealized gain (loss) on available- for-sale investments	(518,504)	217,306
Net movement in revaluation increment	-	-
Net movement in cumulative translation adjustment	(4,899)	7,949
Net movement of Gain/(Loss) on FV adj of Hedging Instrument	449	
OTHER COMPREHENSIVE INCOME (LOSS)	(522,954)	225,255
TOTAL COMPREHENSIVE INCOME (LOSS)	(29,922)	296,335

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED MARCH 31
(In Thousands)

	2012	2011
CAPITAL STOCK		
Balance, beginning	5,259,897	5,259,897
Subscriptions during the year-Preferred shares	3,000,000	3,000,000
Balance, end	8,259,897	8,259,897
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning	476,012	476,012
Stock issuance expenses	-	-
Balance, end	476,012	476,012
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS		
Balance, beginning	2,373,033	-
Additions	407,843	-
Balance, end	2,780,876	-
SURPLUS RESERVES		
Balance, beginning	105,772	105,772
Transfer from surplus	-	-
Self insurance	-	-
Balance, end	105,772	105,772
SURPLUS		
Balance, beginning	(9,655,255)	(10,451,614)
Prior year adjusting entries		
Net income	493,032	71,080
Transfer to surplus reserves	-	-
Balance, end	(9,162,223)	(10,380,534)
UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE		
SECURITIES	1,204,659	1,983,126
Gain/(Loss) on FV adj of Hedging Instrument	449	
REVALUATION INCREMENT IN LAND		
Balance, beginning	192,512	112,935
Additions/(Deductions)	(19,252)	79,577
Transfer to surplus	-	-
Balance, end	173,260	192,512
CUMULATIVE TRANSLATION ADJUSTMENT		
	(27,552)	32,746
	3,811,151	669,531

PHILIPPINE BANK OF COMMUNICATIONS
COMPARATIVE STATEMENT OF CASH FLOW
AS OF MARCH 31
(In Thousands)

	2012	2011
CASH: BEGINNING OF YEAR	<u>369,164</u>	<u>379,604</u>
ADD: CASH RECEIPTS		
1. RECEIPTS FROM OPERATIONS	863,960	446,730
2. DEPOSIT LIABILITIES	78,458,089	65,064,188
3. DEPOSIT SUBSTITUTES	3,014,292	3,837,040
4. BILLS PAYABLE	297,177	321,100
5. OTHER SOURCES	2,667,334	3,049,293
DUE FROM BANGKO SENTRAL NG PILIPINAS	2,047,398	1,737,574
DUE FROM OTHER BANKS		10,188
AVAILABLE-FOR-SALE INVESTMENTS		955,807
LOANS & RECEIVABLES	166,164	
DERIVATIVE ASSETS		1,882
INTANGIBLE ASSETS		2,944
PROPERTY AND EQUIPMENT		5,766
INVESTMENT PROPERTIES		43,115
OTHER ASSETS		289,959
MANAGER'S CHECKS	45,480	2,058
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	407,843	
GAIN/(LOSS) ON FV ADJUSTMENT OF HEDGING INSTRUM	449	
TOTAL RECEIPTS	<u>85,300,852</u>	<u>72,718,351</u>
LESS: CASH DISBURSEMENT		
1. OPERATING EXPENSES	370,928	375,650
2. DEPOSIT LIABILITIES	78,294,493	66,572,336
3. DEPOSIT SUBSTITUTE LIABILITIES	2,887,742	3,783,885
4. BILLS PAYABLE	251,145	295,329
5. OTHERS	3,499,725	1,741,253
DUE FROM BANGKO SENTRAL NG PILIPINAS		
DUE FROM OTHER BANK'S	283,180	
INTERBANK LOANS RECEIVABLE AND		
SECURITIES PURCHASED UNDER RESALE AGREEMEN	97,459	877,331
HELD-TO-MATURITY INVESTMENTS		2,599
MANAGER'S CHECK		
AVAILABLE-FOR-SALE INVESTMENTS	2,350,101	
LOANS & RECEIVABLES - NET		109,667
INVESTMENT IN AN ASSOCIATE	96	57
PROPERTY AND EQUIPMENT	8,574	
INVESTMENT PROPERTIES	4,297	
OTHER ASSETS	19,828	
OUTSTANDING ACCEPTANCES	16,210	30,252
ACCRUED INTEREST, TAXES & OTHER EXPENSES	29,870	27,959
INCOME TAX PAYABLE		60
OTHER LIABILITIES	166,707	174,162
CUMMULATIVE TRANSLATION ADJUSTMENT	4,900	
NET UNREALIZED GAIN ON AFS INVESTMENT	518,503	257,976
SURPLUS		261,190
REVALUATION INCREMENT LAND		
TOTAL DISBURSEMENT	<u>85,304,034</u>	<u>72,768,453</u>
CASH: END OF QUARTER	<u>365,982</u>	<u>329,502</u>

PHILIPPINE BANK OF COMMUNICATIONS
AGING OF LOANS & SELECTED RECEIVABLES
As of March 31, 2012

TYPE OF LOAN/PARTICULARS	OUTSTANDING BALANCE	CURRENT	P A S T D U E F O R			
			90 DAYS OR LESS	91 TO 180 DAYS	181 DAYS-1 YR.	MORE THAN 1 YR.
Interbank Loans Receivable	171,680,000.00	171,680,000.00				
Loans and Discounts	4,399,356,965.32	4,084,435,814.52	7,589,883.26	204,963.51	473,524.63	306,652,779.40
Agrarian Reform/Other Agricultural Credit Loans	699,079,792.49	650,579,095.19	-	-	-	48,500,697.30
Bills Purchased	560,844,700.27	560,287,525.30	-	-	-	557,174.97
Customers' Liability on Drafts under LC/TR	1,962,232,798.14	1,485,616,622.96	-	-	-	476,616,175.18
Customers' Liab. for this Bank's Acceptances	40,796,357.56	40,796,357.56	-	-	-	-
Trading Account Securities - Loans	2,500,000,000.00	2,500,000,000.00	0.00	0.00	0.00	0.00
Underwriting Accounts - Loans	-	-	-	-	-	-
Restructured Loans	271,481,037.55	270,369,684.86	5,536.06	-	1,105,815.63	1.00
Items in Litigation	433,401,353.71	-	-	-	-	433,401,353.71
SUB TOTAL	11,038,873,005.04	9,763,765,100.39	7,595,419.32	204,963.51	1,579,340.26	1,265,728,181.56
Accounts Receivable	874,434,888.61	18,819,001.05	469,808.55	425,949,976.26	34,835,381.99	394,360,720.76
Accrued Interest Receivable	1,068,318,251.38	147,510,577.83	20,225.94	243.97	7,123.01	920,780,080.63
GRAND TOTAL	12,981,626,145.03	9,930,094,679.27	8,085,453.81	426,155,183.74	36,421,845.26	2,580,868,982.95

**PHILIPPINE BANK OF COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH, 2012**

1. The Bank's Interim Financial Statements have been prepared on a historical cost basis except for derivatives instruments, available-for-sale (AFS) investments and investment properties that are measured at fair value and land, classified as 'Property and equipment', that is measured at appraised value.

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

2. The same accounting policies and methods of computation are followed in the Interim Financial Statements as compared with the most recent Annual Financial Statements.
3. In July 26 2011, the major shareholders of the Bank, namely the Chung, Luy, and Nubla Groups, signed a Memorandum of Agreement (MOA) with a group of investors led by ISM Communications Corporation (the "ISM Group"), involving the sale of their entire stake in the Bank to the ISM Group and the commitment of the Chung and Nubla groups to reinvest the proceeds of the sale of their respective shares amounting to approximately ₱2.8 Billion in the Bank.

In October 13 2011, the Monetary Board approved the PBCom acquisition.

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

In December 28, 2011, the Chung and Nubla Groups had reinvested ₱2.37 Billion as advance subscription to PBCom capital with the balance of ₱0.4 Billion paid in March of 2012.

4. There are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
5. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that had a material effect in the current interim period.
6. There were no dividends paid as of March 31, 2012.

7. Financial Information by Segment (In Thousand Pesos)

PHILIPPINE BANK OF COMMUNICATIONS						
SEGMENT INFORMATION						
AS OF MARCH 31, 2012						
(In Thousands)						
	Branch Banking	IBS	Treasury	Unallocated	Elimination & Adjustment	Total
Revenue						
Third party	-	-	-	-	-	-
Inter Segment	103,012	51,816	303,597	478,661	1,264	938,350
Total Operating Income	103,012	51,816	303,597	478,661	1,264	938,350
Compensation and fringe benefits	59,838	10,532	5,237	77,689	-	153,296
Taxes and licenses	23,248	7,292	59,480	15,245	(2,382)	102,883
Occupancy and Other equipment-related costs	26,438	686	362	(8,031)	-	19,456
Depreciation and amortization	8,668	770	252	440,144	(434,914)	14,920
Bad Debts	-	-	-	-	-	-
Other operating expense	34,592	1,887	11,155	34,044	(1,305)	80,373
Net Operating Income	(49,773)	30,649	227,110	(80,429)	439,865	567,422
Results						
Net Interest Income	89,818	31,054	10,263	197,656	6,946	335,736
Trading and securities gain-net	0	-	295,166	193,866	-	489,031
Rent income	-	-	-	73,778	(4,653)	69,124
Service charges, fees and commissions	9,829	19,206	6	1,358	-	30,398
Foreign Exchange gain (loss) - net	571	1,181	(1,837)	8,658	-	8,572
Profit /loss) from Asset Sold/Exchange	94	657	-	109,155	-	109,906
Income from Trust Operations	943	13	-	3,466	-	4,421
Miscellaneous	1,758	(294)	(0)	(109,274)	(1,029)	(108,839)
Total Operating Income	103,012	51,816	303,597	478,661	1,264	938,350
Compensation and Fringe benefits	59,838	10,532	5,237	77,689	-	153,296
Taxes and licenses	23,248	7,292	59,480	15,245	(2,382)	102,883
Occupancy and Other equipment-related costs	26,438	686	362	(8,031)	-	19,456
Depreciation and amortization	8,668	770	252	440,144	(434,914)	14,920
Bad Debts	-	-	-	-	-	-
Other operating expense	34,592	1,887	11,155	34,044	(1,305)	80,373
Total Operating Expense	152,785	21,167	76,487	559,091	(438,601)	370,928
Segment profit (loss)	(49,773)	30,649	227,110	(80,429)	439,865	567,422
Prov. For income Tax	119	585	21,032	52,654	-	74,390
Net Income	(49,892)	30,064	206,078	(133,083)	439,865	493,032
Assets						
Segment Assets-other	-	-	-	-	-	-
Investment in an associate	-	-	-	-	-	-
Property and equipment	220,642	-	-	765,152	(2,750)	983,044
Investment properties	-	-	-	3,735	-	3,735
Unallocated assets	4,809,713	6,783,249	14,286,726	20,080,889	(4,979,530)	40,981,047
Total Assets	5,030,355	6,783,249	14,286,726	20,849,775	(4,982,280)	41,967,826
Total Liabilities	27,034,858	71,907	2,485,672	9,426,513	(862,276)	38,156,675

8. There are no changes in the composition of the bank in terms of business combinations, acquisition or disposal of subsidiaries, restructurings and discontinuing operations. As to long-term investments, the bank continues to maintain holdings on marketable long-term bonds.

9. The following is a comparative summary of the Bank's commitments and contingent liabilities at their equivalent peso amounts (In Thousand Pesos):

	Mar, 2012	Dec, 2011
Trust department accounts	5,045,278	5,672,863
Forward exchange bought		
Forward exchange sold	407,740	306,880
Outstanding Shipping Guarantees	25,435	10,428
Unused commercial letters of credit	1,017,985	637,371
Spot exchange bought	171,680	65,760

Spot exchange sold	171,680	65,760
Outward bills for collection	1,735	3,607
Late deposits/payment received	6,033	3,919
Inward bills for collection	3,906	10,722
Traveler's checks unsold		
Items held for safekeeping	8,682	8,067
Others	36,487	36,487

The above changes are part of the regular operations of the Bank.

10. There are no contingencies and any other events or transactions that are material to an understanding of the current interim period.

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

PBCom posted a 594% growth in net earnings for the first quarter of 2012 to P493M from P71M during the same period in last year. The increase in net profits came mainly from securities trading gains which contributed P489M to the Bank's income, up by P1745% from the P26M earned in 2011.

Total operating income improved by 85% from P507M in 2011 to P938M this year. Total operating expenses which includes provision for credit and impairment losses, was adequately managed and registered a P5M savings from P376M in 2011 to P371M in 2012. This resulted in a 332% improvement in net operating income.

The Bank's capital base stood at P3.811B, an 11% growth from the P3.433B level as of year-end 2011 and is mainly attributed to the P408M additional deposit for stock subscription from the Chung & Nubla Group and current period profits of P493M. On the other hand, Other Comprehensive Income (OCI) decreased by P523M mainly coming from the decline in Net unrealized gains of P518M from the mark-to-market valuation on Available-for-Sale Securities (AFS) as of report date. The Bank's Risk Based Capital Adequacy Ratio of 27.43% as reported to BSP covering credit, market and operational risk as of 1Q12 is well above the 10% minimum requirement.

The Bank's total assets stood at P41.97B, P546M ahead of the December 2011 level corollary to the additional capital infusion and increase in deposits and borrowed funds during the period. Total loan portfolio posted an increase of P90M to P11.04B from P10.95B as of year-end 2011. Non-performing loans (NPL), net of P1.2B in fully provided accounts, decreased by P389M to P98 million in 1Q12. Correspondingly NPL ratio improved to 0.99% from 4.79% in December 2011.

2. Discussion of top 5 key performance indicators:

	Mar 2012	Dec 2011	Remarks
Intermediation Ratio (Loans to Deposits) <i>Loans refer to the total loan portfolio gross of allowance for losses. Deposits include peso and foreign currency deposits.</i>	39.45%	39.36%	The slight improvement in loans to deposit ratio was due to the net effect of the increases posted in total deposits and total loan portfolio by P164M and P94M in the comparable period.
Non-Performing Loans to Total Loans. <i>Non-Performing loans refer to all past due loans net of loans past due for 30 days and less. Total Loans refer to total loan portfolio gross of allowance for losses plus interbank loans. The ratio is in accordance with the ratio prescribed under BSP Circular 351.</i>	0.99%	4.79%	The improvement in NPL ratio was due to the P389M decline in NPL's coming from the increase in fully provided loans that were classified as loss in the latest BSP ROE in accordance with BSP Cir 351. .
NPL Coverage Ratio <i>Allowance for Loan Losses (net of fully</i>	142.67%	143.06%	The dip in coverage ratio was mainly attributed to the P3.4M increase in gross NPL's in the comparable period.

<i>classified as loss) /Non-Performing loans (net of fully provisioned loans classified as loss)</i>			
Liquidity Ratio (Liquid Assets to Total Deposits and Borrowings) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total dep. & borrowings refer to the total of peso and foreign currency deposits and all other interest-bearing liabilities.</i>	74.85%	73.63%	The improvement in liquidity ratio was due to the combined effect of the increase in both liquid assets by P680M and borrowed funds by P336M in the comparable period.
Capital to Risk Assets (CAR) Cir. 538. <i>The ratio is in accordance with the guidelines prescribed by BSP on the adoption of the risk-based capital adequacy ratio.</i>	27.43%	25.98%	The improvement in CAR ratio (as submitted to BSP) was mainly due to the increase in qualifying capital by 346M mainly due to the additional capital infusion in March 2012. PBCom's CAR under BSP Circular 538 covering credit, market and operational risk as of first quarter 2012 remains well above the 10% minimum required by the BSP.

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

- a. On April 25, 2012, the PBCom board of directors approved the acceptance of deposit on future stock subscription of P800M from the Jalandoni family. This additional capital will result in an increase in the Bank's liquidity position.
- b. The Bank does not foresee any event that will trigger direct or contingent financial obligation that is material to the company.
- c. The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- d. There are no material commitments for capital expenditures for the rest of the year.
- e. There are no known trends, events or uncertainties that are expected to have a material impact on net sales or revenues of the Bank in the near future.
- f. There were no recorded significant income or losses during the quarter that did not arise from the Bank's regular operations.
- g. Interest income on non-discounted loans are recognized based on the accrual method of accounting while unearned discounts are amortized to income over the terms of the loans. As such, there are no seasonal aspects that has material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are largely dependent on market dynamics and economic trends rather than on seasonal factors.

Balance Sheet	Variance: Mar 2012 vs. Dec'2011		Causes
	Amt	%	
Cash and Other Cash Items	-3.181	-0.86%	Lower cash balance pursuant to policy on effective cash management
Due from BSP	-2,047.398	-33.89%	Lower balance maintained due to the decrease in reserve requirements from 21% to 18% in the comparable period.
Due from Other Banks	283.180	55.01%	Higher balance in Foreign Banks as of report date due to expected LC negotiations.
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	97.459	3.44%	Net effect of decline in Foreign Currency Inter-bank lending and higher investment in SPURA in the comparable period.
Available-for-Sale Investment	2,350.102	13.31%	Purchase of substitute PDIC collateral.
Loans and Receivables	-166.164	-1.58%	Net effect of the decline in receivable from customers, coupon payment of the PDIC GS and the increase in book value of unquoted debt securities classified (UDSCL) as loans.
Investment in an Associate	.96	0.82%	Bank's share of PBCom Finance Corporation income for the period.
Property and Equipment	8.574	1.47%	Increased acquisition of various IT equipment, furniture and equipment during the period.
Investment Properties	4.297	.133%	Net effect of the capitalized cost on the up-grade of Fire & Detection System at PBCom Tower and ROPA sold during the period.
Other Assets	19.827	14.32%	Mainly attributed to prepaid expenses booked during the period.
Demand Deposits	-23.768	-0.49%	Decreases in demand and savings deposits were attributed to withdrawals for working capital requirements of clients as of report date. Term placements were moderated as a compensatory measure to curb the impact of thinning spreads in the bank's lending business on the banks Net Interest Margin.
Savings Deposits	-113.315	-4.67%	
Time Deposits	300.680	1.47%	
Bills Payable	172.582	2.40%	Net effect of the increases in deposit substitutes, accretion on borrowing from PDIC & the decline in foreign currency inter-bank borrowings in the comparable period.
Outstanding Acceptances	-16.210	-28.44%	Decrease in bills of exchange accepted by the Bank
Manager's Checks	45.480	134.55%	Increase in un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	-29.870	-10.86	Mainly attributed to the decline in AIP balance coming from the payment of interest on PDIC borrowing in March 2012 outweighed the increase in current year accrual expense for retirement fund and higher GRT during the period and.
Other Liabilities	-166.708	-7.91%	Mainly on account of the accretion on borrowing from PDIC.
Income Statement	Inc/(Dec) Jan-Mar 2012 vs Jan-Mar 2011		Causes
	Amount	%	
Interest Income on Loans & Receivables	-46.876	-19%	Mainly on account of the decline in interest income from UDSCL due to the maturity of PEACE bonds in October 2011 and the decline in PDO interest collection. Higher interest income from current loans coming from the P57M increment posted in year-on-year average volume held back the downtrend in interest income in the comparable period.

Interest Income on trading and investment securities	26.457	8.23%	Attributed to the P4B increase in year-on-year average volume of securities holdings which negated the effect of the decline in interest rates by an average of 148 basis points in the comparable period.
Interest Income on IBCL & SPURA	7.851	154.80%	Higher year-on-year average volume of investment in SPURA.
Interest Income on Deposit with other Banks	2.575	31.57%	Mainly due to higher year-on-year average balance in Due from BSP and settlement accounts maintained with correspondent banks in the comparable period.
Interest Income -Others	6.946		Accretion increment on borrowings with PDIC (effective interest rate method)
Interest Expense on Deposit Liabilities	19.794	10.50%	Combined effect of the P656M increase in year-on-year average volume of term placements and the hike in year-on-year interest rates on time deposits by an average of 26 basis points.
Interest Expense on Bills payable, borrowings	-3.716	-9.78%	Net effect of the decline in year-on-year average volume on inter-bank borrowings and deposit substitutes by P656M and the hike in interest rates by an average of 37 basis points in the comparable period.
Trading and Securities Gain – net	462.529	1745.27%	Favorable interest rate movement in the bond market provided opportunities for trading gains in 1Q12.
Service Charges, Fees & Commissions	-6.225	-17%	Decline in earnings from Trade financing, LC fees and commission, and revenues from RCOCI charges outweighed the increments posted in income from management fees and service charges on deposits in the comparable period.
Income from Trust Operations	-.176	-3.84%	Attributed to lower trust fees due to the competitive environment in the Trust industry.
Rent Income	.571	0.83%	Mainly attributed to higher revenues from Rent income-Tower due to higher occupancy coupled with the increase in re-negotiated rental rates during the period that compensated for the decrease in Rent income-ROPA due to end of lease contracts as well as the sale of various leased ROPA in the comparable period.
Profit/(Loss) from Assets Sold/Exchanged	-23.496	-97.41%	Lower gains on sale of ROPA this year.
Foreign Exchange Gain (Loss) -Net	18.607	185.43%	Higher revaluation gains and actual/realized gains from foreign exchange trading this year.
Miscellaneous Other Income	-1.338	-75.17%	Mainly on account of last year's booking of proceeds from insurance claims on various FFE's affected by typhoon Ondoy and lower revenues from penalty charges on loans this year.
Compensation and Fringe Benefits	11.085	7.79%	Mainly on account of current year accruals of Banks contribution to the retirement and increases in salaries and wages due to the CBA mandated adjustments on employee's salaries and benefits.
Depreciation & Amortization	-16.080	-51.87%	Mainly on account of the decreases Depreciation-FFE of PBCom Tower leased portion and Depreciation-ROPA due to the change in accounting policy from Cost to Fair Value adopted in Year-end 2011.
Occupancy and other equipment- related costs	.743	3.97%	The increase in rent expense outweighed the decrease in consumption costs due to higher reimbursements from PBCom Tower tenants on utility costs in the comparable period.
Taxes and Licenses	32.048	45.24%	Combined effect of the increase in revenues subject to gross receipt tax and higher documentary stamp tax expense due to the increase in year-on-year

			average volume of term placements.
Miscellaneous	20.516	34.27%	Mainly attributed to the increase in Management & Professional fees, higher litigation expenses and higher PDIC premium expense due to the increase in term deposits in the comparable period.
Provision for impairment losses	-53.034	-100%	No provisions were booked for the year as the Bank has sufficient provisions recognized in 2011.
Provision for Income Tax	14.116	23.42%	Higher final taxes paid due to increase in year-on-year volume of tax-paid investments.