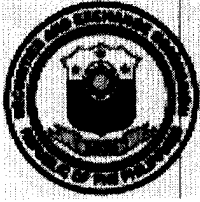




108142015001037



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No. PW00000686
Company Name PHIL. BANK OF COMMUNICATIONS
Industry Classification
Company Type Stock Corporation

Document Information

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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. Angelo Patrick F. Advincula
(Company Representative)

904-193-248
(TIN)

June 26, 1970
(Birth Date)

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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 June 30, 2015.
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
NA
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>480,645,164 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

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:


ARLENE M. DATU
SVP & Comptroller
(Controller & Principal Accounting Officer)

August 14, 2015

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF CONDITION
(In Thousands)

	<i>Consolidated</i>		<i>Parent</i>	
	JUNE	DECEMBER	JUNE	DECEMBER
	2015	2014	2015	2014
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS				
Cash and Other Cash Items	970,372	1,181,592	935,494	1,153,418
Due from Bangko Sentral ng Pilipinas	11,885,639	12,522,613	11,816,998	12,463,067
Due from Other Banks	1,215,961	1,636,641	1,038,586	1,375,645
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	935,606	832,604	1,105,606	832,604
Financial assets at Fair Value through Profit or Loss	1,460,520	684,219	1,460,520	684,219
Equity Securities at Fair Value through Other Comprehensive Income	42,975	42,975	42,975	42,975
Investment Securities at Amortized Cost	14,915,550	13,270,864	14,915,550	13,256,310
Loans and Receivables	32,938,690	33,545,766	31,528,605	32,306,710
Investment in Subsidiaries and Associate	11,737	11,645	854,841	854,841
Property and Equipment	1,876,604	1,891,030	1,753,344	1,762,005
Investment Properties				
Condominium units for lease	4,053,815	3,959,178	4,053,815	3,959,178
Foreclosed properties	780,325	780,036	564,750	566,058
Goodwill	162,547	162,547	-	-
Intangible Assets	828,913	823,392	561,213	554,742
Other Assets	570,663	589,624	559,025	579,546
	72,649,915	71,934,726	71,191,323	70,391,318
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	11,935,775	9,221,026	12,118,517	9,450,291
Savings	4,579,580	4,228,369	3,969,488	3,487,510
Time	41,352,038	45,661,826	40,617,329	44,818,420
	57,867,394	59,111,221	56,705,334	57,756,221
Bills Payable	5,340,498	3,425,427	5,255,007	3,421,652
Outstanding Acceptances	17,984	25,620	17,984	25,620
Marginal deposit	5,693	-	5,693	-
Manager's checks	116,695	211,130	116,695	211,130
Accrued Interest, Taxes and Other Expenses	602,588	557,061	571,439	530,443
Deferred Tax Liabilities - Net	774,946	746,556	650,284	621,893
Other Liabilities	620,648	636,272	587,494	600,824
	65,346,446	64,713,287	63,909,930	63,167,783
Equity				
Common stock	7,489,114	7,489,114	7,489,114	7,489,114
Subscribed common stock - net	1,792,698	1,792,698	1,792,698	1,792,698
Additional paid-in capital	813,601	813,601	813,601	813,601
Surplus reserves	105,772	105,772	105,772	105,772
Deficit	(2,863,838)	(2,947,623)	(2,892,576)	(2,951,928)
Unrealized gain on equity securities carried at fair value through other comprehensive income	24,354	24,354	24,354	24,354
Revaluation increment on land and condo properties	247,743	247,743	247,743	247,743
Cumulative translation adjustment	(28,886)	(27,392)	(28,886)	(27,392)
Remeasurement losses on defined benefit liability	(271,352)	(271,352)	(270,427)	(270,427)
Non-controlling interest	(5,737)	(5,476)	-	-
	7,303,469	7,221,439	7,281,393	7,223,535
	72,649,915	71,934,726	71,191,323	70,391,318

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF INCOME AND EXPENSES
(In Thousands, except earnings per share)

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE PERIOD		UNAUDITED FOR THE PERIOD	
	JUN 2015	JUN 2014	JUN 2015	JUN 2014
INTEREST INCOME				
Investment securities	312,963	456,688	312,963	456,688
Loans and receivables	1,295,230	954,359	1,177,610	954,359
Interbank loans receivable and securities purchased under resale agreements	10,699	5,022	11,644	5,022
Deposits with other banks and others	36,354	11,249	35,375	11,249
	1,655,246	1,427,317	1,537,592	1,427,317
INTEREST AND FINANCE CHARGES				
Deposit liabilities	462,992	398,913	438,017	398,913
Bills payable, borrowings and others	40,579	56,561	37,898	56,561
	503,571	455,474	475,914	455,474
NET INTEREST INCOME	1,151,675	971,843	1,061,678	971,843
Trading and securities gain - net	(14,150)	41,571	(14,150)	41,571
Rent Income	204,835	149,657	204,685	149,657
Service charges, fees and commissions	244,520	156,234	201,755	156,234
Foreign exchange gain (loss) - net	15,809	25,539	15,809	25,539
Fair value gain	94,637	-	94,637	-
Profit/(Loss) from Assets Sold/Exchanged	1,459	9,838	500	9,838
Income from Trust Operations	9,914	9,006	9,914	9,006
Miscellaneous	27,679	8,012	16,494	7,919
TOTAL OPERATING INCOME	1,736,379	1,371,701	1,591,323	1,371,608
Compensation and fringe benefits	681,771	678,354	636,115	678,354
Taxes and licenses	219,345	185,440	206,920	185,440
Depreciation and amortization	134,384	89,293	124,825	89,293
Occupancy and other equipment - related costs	106,359	87,646	100,083	87,646
Provision for impairment losses	17,033	(292,393)	3,171	(292,393)
Miscellaneous	362,032	325,195	340,030	325,195
TOTAL OPERATING EXPENSES	1,520,923	1,073,535	1,411,143	1,073,535
NET INCOME BEFORE TAX	215,455	298,166	180,181	298,072
PROVISION FOR INCOME TAX	131,931	107,731	120,829	107,731
NET INCOME	83,524	190,434	59,352	190,341
Attributable to:				
Equity holders of the Parent Company	83,785	190,434		
Non-controlling interest	(261)	-		
	83,524	190,434		

Basic Earnings Per Share
Diluted Earnings Per Share

0.28 0.64
0.26 0.64

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF INCOME AND EXPENSES
(In Thousands, except earnings per share)

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE QUARTER		UNAUDITED FOR THE QUARTER	
	JUN 2015	JUN 2014	JUN 2015	JUN 2014
INTEREST INCOME				
Investment securities	163,675	136,538	163,675	136,538
Loans and receivables	643,031	499,874	580,101	499,874
Interbank loans receivable and securities purchased under resale agreements	3,990	2,769	4,934	2,769
Deposits with other banks and others	17,307	5,852	16,853	5,852
	828,004	645,033	765,563	645,033
INTEREST AND FINANCE CHARGES				
Deposit liabilities	221,059	208,352	209,195	208,352
Bills payable, borrowings and others	24,368	22,242	21,733	22,242
	245,427	230,594	230,929	230,594
NET INTEREST INCOME	582,577	414,438	534,635	414,438
Trading and securities gain - net	(30,679)	23,787	(30,679)	23,787
Rent income	105,198	74,805	105,123	74,805
Service charges, fees and commissions	125,086	70,618	99,283	70,618
Foreign exchange gain (loss) - net	5,303	1,126	5,303	1,126
Fair value gain	94,637	-	94,637	-
Profit/(Loss) from Assets Sold/Exchanged	1,202	6,483	291	6,483
Income from Trust Operations	4,799	4,572	4,799	4,572
Miscellaneous	12,852	6,254	10,745	6,184
TOTAL OPERATING INCOME	900,976	602,084	824,137	602,014
Compensation and fringe benefits	333,273	363,657	308,101	363,657
Taxes and licenses	102,465	89,923	97,027	89,923
Depreciation and amortization	68,836	45,811	64,308	45,811
Occupancy and other equipment - related costs	54,595	45,741	51,361	45,741
Provision for impairment losses	6,365	(293,114)	1,653	(293,114)
Miscellaneous	182,301	163,907	170,936	163,907
TOTAL OPERATING EXPENSES	747,836	415,924	693,385	415,924
NET INCOME BEFORE TAX	153,140	186,160	130,751	186,090
PROVISION FOR INCOME TAX	87,173	33,103	84,103	33,103
NET INCOME	65,967	153,057	46,649	152,987
Attributable to:				
Equity holders of the Parent Company	66,084	153,057		
Non-controlling interest	(117)	-		
	65,967	153,057		

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE PERIOD		UNAUDITED FOR THE PERIOD	
	JUN 2015	JUN 2014	JUN 2015	JUN 2014
NET INCOME	83,524	190,434	59,352	190,341
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Net movement in cumulative translation adjustment	(1,494)	(84,707)	(1,494)	(84,707)
Changes in net unrealized gain (loss) on available-for-sale investments	-	2,105	-	2,105
<i>Items that may not be reclassified to profit or loss in subsequent periods:</i>				
Remeasurements of defined benefit liabilities	-	-	-	-
Net movement in revaluation increment	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS)	(1,494)	(82,601)	(1,494)	(82,601)
TOTAL COMPREHENSIVE INCOME (LOSS)	82,030	107,833	57,858	107,739

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENT OF CASH FLOWS
(In Thousands)

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE PERIOD		UNAUDITED FOR THE PERIOD	
	JUN 2015	JUN 2014	JUN 2015	JUN 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	215,455	298,166	180,181	298,072
Adjustments to reconcile income before income tax to net cash generated from (used in) operations:				
Accretion of interest on bills payable	-	3,209	-	3,209
Depreciation and amortization	134,384	89,293	124,825	89,293
Provision for (reversal of) impairment losses	17,033	(292,393)	3,171	(292,393)
Profit from asset sold or exchange	(1,459)	(9,838)	(500)	(9,838)
Securities loss (gains) from sale of available-for sale investm	-	(32,863)	-	(32,863)
Equity in net earnings of an associates	(92)	(93)	-	-
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Loans and Receivable	607,076	(3,807,559)	778,105	(3,807,559)
Other Assets	1,928	(1,084,943)	17,350	(1,084,943)
Financial assets at FVTPL	(776,301)	(533,070)	(776,301)	(533,070)
Increase (decrease) in the amounts of:				
Deposit liabilities	(1,243,827)	4,783,255	(1,050,887)	4,783,255
Manager's checks	(94,435)	88,656	(94,435)	88,656
Accrued interest, taxes and other expenses	45,527	(33,376)	40,996	(33,376)
Other liabilities	(15,624)	(32,820)	(13,330)	(32,820)
Net cash generated from operations	(1,110,334)	(564,377)	(790,825)	(564,377)
Income taxes paid	(131,931)	(107,731)	(120,829)	(107,731)
Net cash provided (used) by operating activities	(1,242,265)	(672,108)	(911,654)	(672,108)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in:				
Available-for-sale securities	-	7,731,331	-	7,731,331
Investment Securities at amortized cost	(1,644,686)	-	(1,659,240)	-
Property and equipment	(119,957)	(308,609)	(116,164)	(308,609)
Investment properties	(65,077)	18,709	(64,438)	18,709
Software cost	(5,521)	(126,233)	(6,471)	(126,233)
Net cash provided (used) by investing activities	(1,835,241)	7,315,198	(1,846,313)	7,315,198
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase (decrease) in:				
Bills payable	1,915,071	(5,324,195)	1,833,355	(5,324,195)
Marginal deposit	5,693	-	5,693	-
Outstanding acceptance	(7,636)	(19,164)	(7,636)	(19,164)
Net cash provided (used) by financing activities	1,913,128	(5,343,359)	1,831,412	(5,343,359)
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(1,494)	(84,707)	(1,494)	(84,707)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,165,872)	1,215,024	(928,049)	1,215,024
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD				
Cash and Other Cash Items	1,181,592	740,012	1,153,418	740,012
Due from Bangko Sentral ng Pilipinas	12,522,613	9,573,408	12,463,067	9,573,408
Due from Other Banks	1,636,641	661,308	1,375,645	661,308
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	832,604	202,550	832,604	202,550
	16,173,450	11,177,278	15,824,734	11,177,278
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	970,372	769,029	935,494	769,029
Due from Bangko Sentral ng Pilipinas	11,885,639	10,760,541	11,816,998	10,760,541
Due from Other Banks	1,215,961	664,416	1,038,586	664,416
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	935,606	198,315	1,105,606	198,315
	15,007,578	12,392,302	14,896,685	12,392,302

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENT OF CASH FLOWS
(In Thousands)

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE QUARTER		UNAUDITED FOR THE QUARTER	
	JUN 2015	JUN 2014	JUN 2015	JUN 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	153,140	186,160	130,751	186,090
Adjustments to reconcile income before income tax to net cash generated from (used in) operations:				
Accretion of interest on bills payable	-	-	-	-
Depreciation and amortization	68,836	45,811	64,308	45,811
Provision for (reversal of) impairment losses	6,365	(293,114)	1,653	(293,114)
Profit from asset sold or exchange	(1,202)	(6,483)	(291)	(6,483)
Securities gains from sale of available-for sale investments	-	(26,917)	-	(26,917)
Equity in net earnings of an associates	(68)	(70)	-	-
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Loans and Receivable	694,385	(2,155,252)	770,210	(2,155,252)
Other Assets	85,403	(402,295)	95,203	(402,295)
Financial assets at FVTPL	(306,121)	(374,693)	(306,121)	(374,693)
Increase (decrease) in the amounts of:				
Deposit liabilities	(4,622,188)	3,768,690	(4,560,496)	3,768,690
Manager's checks	(87,124)	(3,084)	(87,124)	(3,084)
Accrued interest, taxes and other expenses	2,012	(13,200)	8,720	(13,200)
Other liabilities	(58,108)	280,603	(63,913)	280,603
Net cash generated from operations	(4,064,671)	1,006,155	(3,947,099)	1,006,155
Income taxes paid	(87,173)	(33,103)	(84,103)	(33,103)
Net cash provided (used) by operating activities	(4,151,844)	973,053	(4,031,202)	973,053
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in:				
Available-for-sale securities	-	1,094,913	-	1,094,913
Investment Securities at amortized cost	(639,179)	-	(653,732)	-
Property and equipment	(84,446)	(88,620)	(82,429)	(88,620)
Investment properties	(66,747)	20,945	(66,824)	20,945
Software cost	35,575	(77,241)	34,624	(77,241)
Net cash provided (used) by investing activities	(754,797)	949,997	(768,361)	949,997
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase (decrease) in:				
Bills payable	1,717,268	898,193	1,732,422	898,193
Marginal deposit	5,693	-	5,693	-
Outstanding acceptance	10,572	(7,679)	10,572	(7,679)
Net cash provided (used) by financing activities	1,733,534	890,515	1,748,687	890,515
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(4,099)	(23,654)	(4,099)	(23,654)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,177,206)	2,789,911	(3,054,975)	2,789,911
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD				
Cash and Other Cash Items	876,548	451,272	848,175	451,272
Due from Bangko Sentral ng Pilipinas	15,273,040	8,137,716	15,221,686	8,137,716
Due from Other Banks	1,872,446	713,348	1,669,048	713,348
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	162,751	300,055	212,751	300,055
	18,184,785	9,602,391	17,951,660	9,602,391
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	970,372	769,029	935,494	769,029
Due from Bangko Sentral ng Pilipinas	11,885,639	10,760,541	11,816,998	10,760,541
Due from Other Banks	1,215,961	664,416	1,038,586	664,416
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	935,606	198,315	1,105,606	198,315
	15,007,578	12,392,302	14,896,685	12,392,302

PHILIPPINE BANK OF COMMUNIC
 STATEMENTS OF CHANGES IN CAPITAL FUNDS
 (In Thousands)

	Common Stock	Subscribed common stock - net	Additional Paid-in Capital	Surplus reserves	Deficit	Net unrealized gain on available-for- sale investments	Unrealized gain on equity securities carried at fair value through other comprehensive income	Revaluation increment on land and building	Cumulative translation adjustment	Remeasurement losses on defined benefit liability	Minority Interest	Total Equity
Consolidated												
Balance at January 1, 2015	7,489,114	1,792,698	813,601	105,772	(2,947,623)	-	24,354	247,743	(27,392)	(271,352)	(5,476.00)	7,221,439
Total comprehensive income (loss) for the period					83,785			-	(1,494)	-	(261)	82,030
Balance at June 30, 2015	7,489,114	1,792,698	813,601	105,772	(2,863,838)	-	24,354	247,743	(28,886)	(271,352)	(5,737)	7,303,469
Balance at January 1, 2014	7,489,114	-	813,601	105,772	(3,076,034)	(1,219,413)	-	209,546	(11,612)	(237,360)	-	4,073,615
Total comprehensive income (loss) for the period					190,434	2,105		-	(84,707)	-	-	107,833
Balance at June 30, 2014	7,489,114	-	813,601	105,772	(2,885,600)	(1,217,307)	-	209,546	(96,318)	(237,360)	-	4,181,447
Parent												
Balance at January 1, 2015	7,489,114	1,792,698	813,601	105,772	(2,951,928)	-	24,354	247,743	(27,392)	(270,427)	-	7,223,535
Total comprehensive income (loss) for the period					59,352			-	(1,494)	-	-	57,858
Balance at June 30, 2015	7,489,114	1,792,698	813,601	105,772	(2,892,576)	-	24,354	247,743	(28,886)	(270,427)	-	7,281,393
Balance at January 1, 2014	7,489,114	-	813,601	105,772	(3,085,318)	(1,219,413)	-	209,546	(11,612)	(237,360)	-	4,064,330
Total comprehensive income (loss) for the period					190,341	2,105		-	(84,707)	-	-	107,739
Balance at June 30, 2014	7,489,114	-	813,601	105,772	(2,894,977)	(1,217,307)	-	209,546	(96,318)	(237,360)	-	4,172,070

PHILIPPINE BANK OF COMMUNICATIONS
AGING OF LOANS & SELECTED RECEIVABLES
As of June 30, 2015

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	970,000	970,000					
Loans and Discounts	18,945,072	17,693,274	597,876	159,568	290,341	204,013	
Agrarian Reform/Other Agricultural Credit Loans	1,835,751	1,816,069	0	0	5,695	13,988	
Bills Purchased	2,665,112	2,533,678	33,202	15,359	81,076	1,798	
Customers' Liability on Drafts under LC/TR	2,843,745	2,575,921	3,757	4,289	0	259,779	
Customers' Liab. for this Bank's Acceptances	17,984	17,984					
Restructured Loans	39,702	24,510	0	0	1,535	13,658	
Items in Litigation	796,884		0	0	18,148	778,735	
SUB TOTAL	28,114,249						
Accounts Receivable	958,611	564,361	11,507	14,229	7,903	360,611	
Accrued Interest Receivable	687,244	326,469	107	501	325	359,842	
GRAND TOTAL	29,760,104	890,830	11,614	14,730	8,228	720,453	

PHILIPPINE BANK OF COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015

1. The Bank's Interim Financial Statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), equity securities at fair value through other comprehensive income (FVTOCI), 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.
2. The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). 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. **Subsidiaries and Associates**

On February 26, 2014, the Bank's Board Of Directors (BOD) approved the acquisition of the Rural Bank of Nagcarlan, Inc. (RBNI) and Banco Dipolog, Inc. (BDI). The acquisitions were completed in 2014 and both rural banks were consolidated with the Parent from the time the latter gained control.

On May 9, 2014, the SEC approved the incorporation of the Parent's wholly-owned subsidiaries, PBCOM Insurance Services Agency, Inc. (PISAI).

The Parent's subsidiaries and associates are engaged in the following businesses:

Entity	Effective percentage ownership	Line of business
Subsidiaries		
RBNI	96.32%	Rural Bank
BDI	99.80%	Rural Bank
PISAI	100.00%	Insurance Agent
Associate		
PBCom Finance Corp	40.00%	Financing Company

Parent Bank obtained control of RBNI on September 1, 2014 through purchase of outstanding capital stock for ₱48.3million. On September 18, 2014, Parent Bank entered into SPA with the shareholders of BDI and obtained control of the latter. Parent Bank designated October 1, 2014 as the acquisition date.

4. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.
5. On February 8, 2013, BSP issued Certificate of Authority to register PBCom's Amended Articles of Incorporation and Amended By-Laws with SEC. This was after the Bank obtained approval from SEC for quasi-reorganization and increased in authorized capital stock on March 8, 2012. The Articles of Incorporation were then amended as follow:
 - a. Reclassification of Bank's existing 120,000,000 preferred shares to common shares;

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

The Bank requested for a voluntary trading suspension of its common (PBC) and preferred (PBCP) shares on March 11, 2013. In response to the request, the PSE suspended trading of PBC and PBCP shares effective March 12, 2013. The trading of the Bank's common shares under the stock symbol PBC resumed on March 19, 2013 upon effecting the above-mentioned changes. Further, the reclassification of the said PBCP shares to PBC shares took effect on March 19, 2013. Hence the stock symbol of PBCP was removed from the Official Registry of the Exchange on the same day.

On February 3, 2014, the Bank migrated its core banking system and ATM systems from Silverlake Integrated Banking System to Temenos T24 Core Banking System and HPS Powercard Management Systems, respectively. This is in line with the Bank's objective to implement a Core Banking Platform that will enable technologies required to support the Bank's business transformation initiatives such as the following:

- a. Reduce cycle time to market new products and services.
- b. Re-engineer operations with Straight-Through-Processing to improve turnaround time and achieve efficiencies.
- c. Implement system support for new technologies that will enable our clients to bank anytime, anywhere.

On March 26, 2014, the Bank exited the 10-year Financial Assistance Agreement (FAA) with the Philippine Deposit Insurance Corp. (PDIC) by settling the loan of ₱7.6 Billion which represented the amount extended by the latter as financial assistance to the Bank in 2004. As a consequence of the exit, four PDIC-nominees in the Bank's board of directors, namely Mr. Roberto M. Macasaet, Mr. Raul O. Serrano, Ms. Teresita Ang See and Ms. Imelda S. Singzon tendered their resignation from the Bank's Board of Directors. Their resignation was formally accepted by the Board during the board meeting held on March 28, 2014.

On August 5, 2014, the Bank signed a subscription agreement with P.G. Holdings Inc. (PGH) for the latter's subscription of 181,080,608 the Bank's common shares at Php33.00 per share. These shares will be issued out of the unissued portion of the Bank's authorized capital stock. On August 6, 2014, in compliance with banking law and regulations, the Bank and P.G. Holdings Inc. submitted the subscription agreement to the Bangko Sentral ng Pilipinas (BSP) for its approval.

On September 18, 2014, the Monetary Board of BSP approved the subscription of P.G. Holdings Inc of 181,080,608 common shares at P33.00 per shares which will be issued out of the unissued portion of the Bank's authorized capital stock. The aggregate subscription price of P5.975B will be paid to the Bank in four installments. The first installment, which is 30% or P1.792B of the subscribed amount, was received by the Bank on September 25, 2014. The balance will be paid in three (3) equal installments every twelve (12) months from the date of payment of the most recent prior installment, or may be accelerated to address the capital needs of the Bank, as determined by the board of directors. The subscription is a result of capital raising activities to strengthen the Bank's capital base for its expansion plans especially under the Basel III standards. Also, given the breadth of Mr. Lucio Co's business enterprise, the strategic investment will enable synergies between Mr. Co's portfolio of businesses and the Bank. Mr. Co's retail network complements PBCOM's own expansion and distribution efforts, and their focus on the small business segment is very much aligned with the Bank's thrust to grow its SME banking business.

On September 29, 2014, PBCOM held a special Board of Director's meeting. Mr. Lucio L. Co, Mrs. Susan P. Co and Mr. Leonardo B. Dayao were elected members of the Board to fill-in the three existing board seats vacated by Mr. Mario J. Locsin, Ms. Teresita Ang See and Mr. Edgar J. Sia, Jr. Further, the Board appointed Mr. Co as member of Executive Committee, to fill-in a vacancy on the Committee. These appointments took effect on September 30, 2014.

On June 9, 2015, PBCom held its 2015 Annual Stockholders Meeting (ASM). During the meeting, there were re-election of members of the Board of Directors and corporate officers including establishment of committees and its members for the year 2015-2016 and re-appointment of SGV & Co. as the external auditor of the Bank for the year 2015.

As of June 30, 2015, the Parent Bank had a total network of 81 branches, 11 Other Banking Offices (OBO) and 170 ATMs. Five branches and two OBOs were opened for business during the first six months of 2015, namely:

Type	Address
Branch	
Tomas Morato	Unit 2 #12-B GF, Atherton Place, Tomas Morato Ave., cor Don A. Roces Avenue, Quezon City
Timog	GF Preciosa Bldg 2, No. 75 Timog Ave., Quezon City
Tagbilaran	GF LTS Bldg Carlos P. Garcia Ave., Tagbilaran City, Bohol
M. De Santos - Divisoria	LCCK Building, M. De Santos Street, Divisoria, Manila
JP Rizal	GF, Santini Corp Building, 519, J.P. Rizal Avenue, Brgy. Olympia, Makati City
Other Banking office	
C5 Pasig	E. Rodriguez Jr. Avenue cor Atis Street, Valle Verde 1, Brg Ugong, Pasig City
Katipunan	Katipunan Road, Quezon City

6. Financial Risk Management

The Bank is exposed to financial risks such as (a) credit risk, (b) liquidity risk and (c) market risk. These risks are managed through process of identification, measurement and monitoring, subject to limits and other controls. The risk information on the interim financial statement should be read in conjunction with the most recent Annual Financial Statements which contains the Bank's detailed risk disclosure. As of June 30, 2015, there are no changes in the Bank's risk management policies.

7. PFRS 9, Financial Instruments

On July 30, 2014, the Bank's BOD approved the early adoption of PFRS 9 (2010 version) with initial application date of January 1, 2014. The effect of early adoption in the financial statements was presented in detail in the Bank's 2014 Audited Financial Statements.

8. Fair Value Measurement

The interim financial statement is consistent with the most recent Annual Financial Statement on its fair value measurement.

The Bank uses three level hierarchies as a valuation technique in determining and disclosing the fair value of financial instruments:

- Level 1 – quoted (unadjusted) market prices in active market for identical assets or liabilities.

- Level 2 – valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable i.e. not based on observable market data.

As of June 30, 2015, the Bank used Level 1 measurements of financial assets in FVTPL and investment in securities at amortized cost amounting to ₱1.46B and ₱14.91B, respectively and Level 2 measurements used in equity securities at FVOCI amounting to ₱ 31.7M. The Bank used Level 3 fair value measurements for its land classified under Property and Equipment and on Investment Properties. There are no transfers between Levels 1 and 2 and no transfers into and out of Level 3.

The Bank evaluates and classifies financial instruments whether it is quoted or not in an active market. Quoted prices in an active market are readily and regularly available and represent actual and regularly occurring market transactions on arm's length basis.

- The Bank has no investment in foreign securities as of the reporting period.
- There are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
- 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.
- There were no dividends paid as of June 30, 2015.

13. Parent Financial Information by Segment (In Thousands)

AS OF JUNE 30, 2015

Particulars	Branch Banking Group	Corporate Banking Group	Treasury Group	Consumer Finance Group	Trust Group	Leasing & Shared cost	Total
Segment results							
Net Interest Income	478,114	134,934	162,261	302,865	2,055	(18,550)	1,061,678
Trading and securities gain-net	-	-	(14,182)	-	-	33	(14,150)
Rent income	-	-	-	-	-	204,685	204,685
Service charges, fees and commissions	63,713	119,424	13	18,604	-	1	201,755
Foreign Exchange gain (loss) - net	2,306	5,452	(2,987)	14	(3)	11,026	15,809
Fair value gain	-	-	-	-	-	94,637	94,637
Profit /loss) from Asset Sold/Exchange	-	644	1,222	-	8,049	500	9,914
Income from Trust Operations	-	-	-	-	-	-	-
Miscellaneous	3,958	3,195	-	6,216	-	3,125	16,494
Total Operating Income	548,091	263,649	146,326	327,699	10,101	295,457	1,591,323
Compensation and Fringe benefits	194,254	49,581	13,364	72,893	16,977	289,047	636,115
Taxes and licenses	93,046	37,878	30,899	9,462	811	34,824	206,920
Occupancy and Other equipment-related cost	84,515	1,194	521	3,697	510	9,646	100,083
Depreciation and amortization	60,123	2,873	1,035	6,604	1,534	52,656	124,825
Provision for impairment losses	0	(41)	-	3,208	-	4	3,171
Other operating expense	132,032	20,015	21,982	29,423	3,333	133,244	340,030
Total Operating Expense	563,970	111,500	67,801	125,286	23,165	519,421	1,411,143
Segment profit (loss)	(15,878)	152,150	78,525	202,412	(13,063)	(223,964)	180,181
Provision for income Tax	17	5,593	67,541	-	-	47,678	120,829
Net Income (loss)	(15,895)	146,557	10,984	202,412	(13,063)	(271,642)	59,352
Total segment assets	10,974,620	25,739,546	21,151,075	5,550,146	54,718	7,721,219	71,191,323
Total segment liabilities	52,664,339	21,593	9,370,758	-	100,000	1,753,240	63,909,930

AS OF JUNE 30, 2014

Particulars	Branch Banking Group	Corporate Banking Group	Treasury Group	Consumer Finance Group	Trust Group	Leasing & Shared cost	Total
Segment results							
Net Interest Income	299,757	173,480	190,727	229,980	1,381	76,518	971,843
Trading and securities gain-net	-	-	42,899	-	-	(1,329)	41,570
Rent income						149,657	149,657
Service charges, fees and commissions	28,473	94,497	15	44,011	-	(10,763)	156,234
Foreign Exchange gain (loss) - net	559	2,773	(2,716)	-	4	24,920	25,540
Profit (loss) from Asset Sold/Exchange			-	-		9,838	9,838
Income from Trust Operations	3,137	1,780	-	-	4,083	7	9,006
Miscellaneous	6,146	959	-	1,239	(0)	(331)	8,012
Total Operating Income	338,073	273,488	230,926	275,230	5,467	248,517	1,371,701
Compensation and Fringe benefits	195,070	67,196	11,762	56,233	25,169	322,924	678,354
Taxes and licenses	80,967	35,085	35,580	6,304	668	26,835	185,440
Occupancy and Other equipment-related costs	61,828	319	125	1,094	120	24,160	87,646
Depreciation and amortization	30,064	3,149	1,089	3,444	1,453	50,094	89,293
Provision for impairment	41	5,175	-	67	-	(297,676)	(292,393)
Other operating expense	122,047	26,078	20,081	55,871	5,475	95,643	325,195
Total Operating Expense	490,017	137,003	68,638	123,013	32,885	221,980	1,073,535
Segment profit (loss)	(151,944)	136,486	162,288	152,217	(27,418)	26,537	298,165
Provision for income Tax		2,209	64,119			41,403	107,731
Net Income (loss)	(151,944)	134,276	98,168	152,217	(27,418)	(14,866)	190,434
Total segment assets	11,031,309	21,450,781	19,347,249	3,604,562	77,196	6,660,956	62,172,053
Total segment liabilities	49,076,061	24,999	7,460,990	-	57,135	1,371,421	57,990,606

Efforts to expand the Bank's core banking business led to a year-over-year operating income growth of 62% for Branch Banking and 19% for Consumer Finance. Costs of Branch Banking Group and Consumer Finance increased by 15% and 2%, respectively, compared to the same period last year as the Bank increased its footprint to support the growth of the businesses.

14. With the BSP's approval in 2014 for PBCom to acquire RBNI and BDI, as well as its investment in PBCom Insurance Agency, Inc. (PISAI), the Parent Bank issued its first consolidated financial statements on September 2014. This is also the first time that the Parent Bank/Company presented a Consolidated / Parent financial statements.

As to long-term investments, the bank continues to maintain holdings on marketable long-term bonds.

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

	June 2015	December 2014
Trust department accounts	5,985,356	5,930,414
Standby LC	1,704,399	1,123,767
Spot exchange:		
Sold	719,685	134,160
Bought	404,147	134,259
Sight import LC outstanding	454,281	516,252
Usance import LC outstanding	100,522	144,901
Deficiency claims receivable	27,498	27,498
Inward bills for collection	52,165	46,921
Outstanding shipping guarantees	585,176	596,145

Outward bills for collection	12,516	26,312
Items held for safekeeping	291	411
Items held as collateral	5	5
Other contingent	6,868	32,330

Any changes on the above figures are part of the regular operations of the Bank.

16. There are no contingencies and any other events or transactions that are material for the current interim period.

SEC Form 17-Q

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

The Group's total assets stood at ₱72.650 Billion while total liabilities and equity amounted to ₱65.346 Billion and ₱7.303 Billion, respectively, as of 30 June 2015. The Bank's total resources went up by 16.85% compared to June 2014 level of ₱62.172 Billion. Liquid assets improved by 21.10%. Loans and other receivables likewise increased by 13.20% from ₱29.97 Billion in June 2014 to ₱32.939 Billion in June 2015 driven by the growth in lending activities. NPL ratio for the period increased from 0.78% to 2.28%. Trading and investment securities went up by 25.99% from ₱13.032 Billion in June 2014 to ₱16.419 Billion in June 2015. Property and equipment dropped by 5.02% or ₱99.119 Million while investment properties improved by 27.03% or ₱1.029 Billion from same period last year's level of ₱3.806 Billion brought about by the reclassification of floors previously occupied by the Bank as its offices to condominium units for lease coupled by its fair value gain. Intangible assets went up by 80.29% or ₱369.147 Million from last year's level of ₱459.766 Million to current period's level of ₱828.913 Million mainly due to software acquisition and the increase in branch licensing resulting from the acquisition of two rural banks, RBNI and BDI. Currently, the Bank has 81 branches compared to 72 branches in June 2014. Meanwhile, other assets dropped by ₱839.015 Million from June 2014 level of ₱1.410 Billion to ₱570.663 Million of June 2015. On the liability side, bills payable increased by ₱1.203 Billion from the same period last year's level of ₱4.137 Billion to ₱5.340 Billion due to higher deposit substitute placements. Accrued interest, taxes and other expenses and other liabilities increased by ₱128.419 Million and ₱115.516 Million, respectively. Outstanding acceptances and manager's check declined by ₱6.041 Million and ₱145.546 Million, respectively.

Comparing June 2015 against year-end 2014 level, Bank's total resources slightly improved by ₱715.189 Million or by 0.99%. Liquid assets declined by ₱1.165 Billion while trading and investment securities went up by ₱2.421 Billion as a result of additional purchases of various securities to maximize the usage of funds generated from deposits. Loans and receivables marginally declined by ₱607.076 Million. Bank's NPL for the period is at 2.28%, versus the year-end level of 1.68%. On the liability side, deposit liabilities went down by 2.10% or ₱1.244 Billion. Bills Payable went up by ₱1.915 Billion because of higher deposit substitutes for the period. Outstanding acceptances and manager's check dropped by ₱7.636 Million and ₱94.435 Million, respectively. The Group's capital base improved by ₱82.030 Million from last year's level of ₱7.221 Billion. The Risk-Based Capital Adequacy Ratio of PBCom Group is 13.87%, well above the 10% minimum capital requirement. The ratio covers credit, market and operational risk for the first semester of 2015.

As of the first semester of 2015, the Bank posted a net income of ₱83.524 Million. NRFF increased by ₱179.832 Million from ₱971.843 Million in June 2014 to ₱1.151 Billion in June 2015. Total operating income went up by ₱364.677 Million as a result of higher rental income and service charges and fees by ₱55.178 Million and ₱88.286 Million, respectively. However, the increase was offset by the significant decline in trading and securities gains by ₱55.720 Million driven by current market conditions and lower foreign exchange revaluation by ₱9.730 Million. Operating expenses increased by ₱447.388 Million largely due to increase in taxes and licenses and depreciation and amortization by ₱33.905 Million and ₱45.090 Million, respectively. There was a notable turn-around on last year's recovery on charged off assets level of ₱292.393 Million to impairment losses of ₱17.033 Million in the current year.

On a quarter to quarter results, the Bank's net income declined by ₱87.090 Million compared to the previous year. Net income for the 2nd quarter 2015 is ₱65.967 Million compared to ₱153.057 Million in the same period in 2014 due to the absence of trading gains. Net interest margins, on the other hand, went up by 40.57% or ₱168.139 Million due to higher volume and lower interest rate on deposits. Operating income improved by ₱298.892 Million mainly due to higher rental

income, service charges, fees and commission and foreign exchange gains by ₱30.393 Million, ₱54.468 Million and ₱4.177 Million, respectively. Trading and securities gain significantly declined by ₱54.467 Million due to the deteriorating market prices of government securities and consequent absence of trading income opportunities. Operating Expenses went up by ₱331.912 Million mainly due to higher impairment losses and increased depreciation expense for the quarter by ₱299.479 Million and ₱23.026 Million, respectively.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	June 2015	December 2014	Remarks
Net Profit Margin <i>(Net income divided by Gross income)</i>	4.81%	13.88%*	Net Profit Margin decreased by 9% due to lower net income as a result of lower income from trading and investment securities during the current period.
Return on Average Asset <i>(Net income divided by Average assets)</i>	0.23%	0.16%	Higher annualized net income during the current period in addition to the increase in Average Assets led to higher ROA versus Dec 2014
Return on Average Equity <i>(Net income divided by Average equity)</i>	2.30%	1.76%	Return on Average Equity improved due to higher annualized net income for the year.
Capital Adequacy Ratio (Basel 3) <i>(Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)</i>	13.87%	15.91%	Higher provisioning requirement based on previous BSP examination in RAP books deteriorated the CAR.
Basic Earnings per share <i>(Net income divided by average no. of common shares)</i>	0.28	0.64*	Due to lower net income.

* As of June 2014

B. Financial Soundness (consolidated)

Ratio	June 2015	December 2014	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total deposit refers to the total of peso and foreign currency deposits.</i>	54.23%	50.97%	Liquidity Ratio increased by 3.26%, resulting from higher liquid assets despite lower deposit base (by 2%) from P59.1B to P57.87B for the first half of 2015.
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	89.95%	89.96%	Debt ratio as of June 2015 is flat versus Dec 2014 level at 89.9%
Asset to Equity Ratio (Total Asset to Total Equity)	994.73%	996.13%	Equity and total asset increased by 1.13% and 0.95%, respectively.
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	142.79%	165.46%*	The Bank's interest rate coverage declined as a result of lower earnings from securities, trading income and higher operating expense.
Net Interest Margin Net interest income over Average Earning assets	4.63%	3.99%	With growth of its loan portfolio and lower deposit rates, the Bank enjoyed an increase in net interest income, along with higher average earning asset of P2.6B for the period

* As of June 2014

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

- a. The Bank does not foresee any event that will trigger direct or contingent financial obligation that is material to the company.
- b. The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- c. As of June 30, 2015, unspent amount of capital expenditures was ₱267.3M from the prior year's approved budget and additional projects this period. The projects include technology, computer and communication upgrades as well as the renovation of certain business centers / branches.
- d. There are no known trends, events or uncertainties that are expected to have a material impact on net sales or revenues of the Bank in the near future.
- e. There was no recorded significant income or losses during the quarter that did not come from the Bank's regular operations.
- f. Interest income on non-discounted loans were recognized based on the accrual method of accounting while unearned discounts were amortized to income over the term of the loans. As such, there is no seasonal aspect that has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are largely dependent on market dynamics and economic trends rather than on seasonal factors.

Statement of Condition: June 2015 vs. December 2014 (conso)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(211,220)	-17.88%	Effective cash management led to lower balances for the period
Due from BSP	(636,974)	-5.09%	Decrease in reserve requirements was due to lower deposit base.
Due from Other Banks	(420,680)	-25.70%	There has been a decrease in the balance of settlement accounts maintained with correspondent banks versus the comparable period.
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	103,002	12.37%	Higher investment in interbank loans during the period.
Financial assets at Fair Value through Profit or Loss	776,301	113.46%	Inventory of held for trading securities increased during the reporting period.
Investment securities at Amortized Cost	1,644,686	12.39%	Inventory of held for securities classified at amortized cost increased during the reporting period.
Loans and Receivables	(607,076)	-1.81%	Loans and discounts decreased by P525M during the reporting period.
Investment in Subsidiaries and Associate	92	0.79%	Share in net income of affiliates during the period.
Property and Equipment	(14,426)	-0.76%	Depreciation and amortization of fixed assets for the period.
Investment Properties	94,637	2.39%	Higher fair value of PBCom Tower partly offset by the sale of ROPA properties
Intangible Assets	5,521	0.67%	Higher capitalized software cost from various projects of the Parent Bank for the period.
Other Assets	(18,961)	-3.22%	Decrease in miscellaneous assets due to amortization of prepaid expenses and lower RCOCI.
Demand Deposits	2,714,749	29.44%	Improved deposit mix led to low cost deposits during the period
Savings Deposits	351,211	8.31%	
Time Deposits	(4,309,788)	-9.44%	
Bills Payable	1,915,071	55.91%	Increase in Bills Payable due to higher volume on reverse repo.
Outstanding Acceptances	(7,636)	-29.81%	Due to lower bills of exchange accepted by the Bank
Manager's Checks	(94,435)	-44.73%	Lower un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	45,527	8.17%	Increase in interest accruals on deposits.
Deferred Tax Liabilities	28,390	3.80%	Recognition of deferred tax on fair value gain from PBCom tower
Other Liabilities	(15,624)	-2.46%	Decrease in inter-office float and accounts payable during the period.

Statement of Income and Expenses : Jan-Jun 2015 vs Jan-Jun 2014 (conso)

		Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities		(143,725)	-31.47%	Lower interest income earned due to the maturity of high yielding government securities in March 2014 as we exit FAA.
Interest Income on Loans and receivable		340,870	35.72%	Due to higher volume
Interest Income on IBCL & SPURA		5,678	113.07%	Higher average volume on interbank loans during the period
Interest Income on Deposit with other Banks and others		25,105	223.18%	Interest income from Due from BSP increased by P15M because of higher SDA placements.
Interest Expense on Deposit Liabilities		64,079	16.06%	Due to higher time deposit volume
Interest Expense on Bills payable, borrowings and others		(15,982)	-28.26%	Mainly due to the exit from FAA in March 2014., as the loan matured in March 2014.
Trading and Securities Gain – net		(55,720)	-134.04%	There was a reduction in trading income due to the impact of rising market rates on bonds.
Service Charges, Fees & Commissions		88,286	56.51%	The Bank collected higher participation fees and bank commissions versus the comparable period in the prior year
Income from Trust Operations		908	10.08%	The Bank registered higher trust fees in 2015 during the comparative period
Rent Income		55,178	36.87%	The escalation of rental rates in 2015 has generated increased income from rent in addition to the additional 2 floors rented out.
Profit/(Loss) from Assets Sold/Exchanged		(8,379)	-85.17%	The Bank has recognized minor losses from the sale of ROPA properties during the reporting period.
Foreign Exchange Gain (Loss) –Net		(9,730)	-38.10%	Lower revaluation income and actual/realized gain from foreign exchange trading.
Miscellaneous Other Income		19,667	245.46%	Higher ancillary income generated from insurance rebates; increase in penalty fees
Compensation and Fringe Benefits		3,417	0.50%	Higher manpower cost due to additional branches and growth in lending business.
Depreciation & Amortization		45,090	50.50%	Due to branch transformation, new branches and systems upgrade
Occupancy and other equipment- related costs		18,713	21.35%	Due to new builds (branches and OBOs).
Taxes and Licenses		33,905	18.28%	Higher documentary stamp taxes due to increase in time deposits volume.
Provision for (Recovery of) impairment losses		309,426	-105.83%	2014 include reversal of provisions.
Miscellaneous		36,837	11.33%	Increase in various expenses for the period such as insurance, info tech expenses and management fees and misc. expense.