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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name PHIL. BANK OF COMMUNICATIONS
Industry Classification
Company Type Stock Corporation

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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 904-193-248 June 26, 1970
(Company Representative) (TIN) (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 September 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)

November 13, 2015

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF CONDITION
(In Thousands)

	<i>Consolidated</i>		<i>Parent</i>	
	SEP 2015	DEC 2014	SEP 2015	DEC 2014
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS				
Cash and Other Cash Items	847,352	1,181,592	811,959	1,153,418
Due from Bangko Sentral ng Pilipinas	12,437,166	12,522,613	12,378,090	12,463,067
Due from Other Banks	2,155,692	1,636,641	1,908,828	1,375,645
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	789,950	832,604	966,950	832,604
Financial assets at Fair Value through Profit or Loss	363,215	684,219	363,215	684,219
Equity Securities at Fair Value through				
Other Comprehensive Income	42,975	42,975	42,975	42,975
Investment Securities at Amortized Cost	14,475,284	13,270,864	14,475,284	13,256,310
Loans and Receivables	32,507,137	33,545,766	30,914,930	32,306,710
Investment in Subsidiaries and Associate	11,817	11,645	859,289	854,841
Property and Equipment	1,854,285	1,891,030	1,732,702	1,762,005
Investment Properties				
Condominium units for lease	4,335,425	3,959,178	4,335,425	3,959,178
Foreclosed properties	782,631	780,036	569,542	566,058
Goodwill	166,995	162,547	-	-
Intangible Assets	802,124	823,392	534,899	554,742
Other Assets	648,172	589,624	629,748	579,546
	72,220,221	71,934,726	70,523,835	70,391,318
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	12,313,238	9,221,026	12,460,499	9,450,291
Savings	5,310,111	4,228,369	4,661,750	3,487,510
Time	39,035,026	45,661,826	38,121,856	44,818,420
	56,658,375	59,111,221	55,244,105	57,756,221
Bills Payable	4,447,319	3,425,427	4,395,923	3,421,652
Outstanding Acceptances	47,405	25,620	47,405	25,620
Marginal deposit	8,180	-	8,180	-
Manager's checks	142,494	211,130	142,494	211,130
Accrued Interest, Taxes and Other Expenses	664,347	557,061	636,884	530,443
Deferred Tax Liabilities - Net	860,119	746,556	735,457	621,893
Other Liabilities	604,906	636,272	565,055	600,824
	63,433,145	64,713,287	61,775,504	63,167,783
Equity				
Common stock	7,489,114	7,489,114	7,489,114	7,489,114
Subscribed common stock - net	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	105,772	105,772	105,772	105,772
Deficit	(2,757,414)	(2,947,623)	(2,802,962)	(2,951,928)
Unrealized gain on equity securities carried at fair				
value through other comprehensive income	24,355	24,354	24,355	24,354
Revaluation increment on land and condo properties	247,743	247,743	247,743	247,743
Cumulative translation adjustment	(45,883)	(27,392)	(45,883)	(27,392)
Remeasurement losses on defined benefit liability	(271,353)	(271,352)	(270,427)	(270,427)
Non-controlling interest	(5,878)	(5,476)	-	-
	8,787,076	7,221,439	8,748,332	7,223,535
	72,220,221	71,934,726	70,523,835	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	
	SEP 2015	SEP 2014	SEP 2015	SEP 2014
INTEREST INCOME				
Investment securities	477,146	598,683	477,146	598,683
Loans and receivables	1,910,017	1,881,887	1,729,674	1,880,678
Interbank loans receivable and securities purchased under resale agreements	15,083	8,063	16,256	8,063
Deposits with other banks and others	50,152	17,557	48,796	17,342
	2,452,399	2,506,191	2,271,872	2,504,766
INTEREST AND FINANCE CHARGES				
Deposit liabilities	670,854	634,513	634,830	633,044
Bills payable, borrowings and others	68,483	78,521	62,671	78,521
	739,338	713,034	697,501	711,565
NET INTEREST INCOME	1,713,061	1,793,156	1,574,371	1,793,201
Trading and securities gain - net	8,091	51,039	8,091	51,039
Rent Income	305,910	230,935	305,685	230,935
Service charges, fees and commissions	342,996	221,313	279,852	221,243
Foreign exchange gain (loss) - net	15,127	29,845	15,127	29,845
Fair value gain	378,547	-	378,547	-
Profit/(Loss) from Assets Sold/Exchanged	6,705	2,321	4,656	2,142
Income from Trust Operations	14,487	13,487	14,487	13,487
Miscellaneous	38,494	20,797	21,792	16,414
TOTAL OPERATING INCOME	2,823,419	2,362,892	2,602,607	2,358,306
Compensation and fringe benefits	1,003,188	1,032,470	933,554	1,031,781
Taxes and licenses	320,238	275,228	301,029	275,136
Depreciation and amortization	207,636	134,869	192,878	134,767
Occupancy and other equipment - related costs	159,746	154,171	150,282	153,974
Provision (reversal) for impairment losses	130,631	(279,830)	108,194	(279,830)
Miscellaneous	551,403	493,748	516,854	493,537
TOTAL OPERATING EXPENSES	2,372,842	1,810,657	2,202,790	1,809,365
NET INCOME BEFORE TAX	450,578	552,235	399,817	548,941
PROVISION FOR INCOME TAX	260,770	151,833	250,851	151,833
NET INCOME	189,808	400,403	148,966	397,108
Attributable to:				
Equity holders of the Parent Company	190,209	400,435		
Non-controlling interest	(402)	(32)		
	189,808	400,403		

Basic Earnings Per Share	0.63	1.34
Diluted Earnings Per Share	0.60	1.34

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	
	SEP 2015	SEP 2014	SEP 2015	SEP 2014
INTEREST INCOME				
Investment securities	164,184	141,995	164,184	141,995
Loans and receivables	614,788	927,528	552,063	926,319
Interbank loans receivable and securities purchased under resale agreements	4,384	3,042	4,612	3,042
Deposits with other banks and others	13,798	6,309	13,421	6,093
	797,153	1,078,873	734,280	1,077,449
INTEREST AND FINANCE CHARGES				
Deposit liabilities	207,863	235,601	196,813	234,131
Bills payable, borrowings and others	27,904	21,960	24,774	21,960
	235,767	257,561	221,587	256,091
NET INTEREST INCOME	561,386	821,313	512,693	821,358
Trading and securities gain - net	22,241	9,468	22,241	9,468
Rent Income	101,076	81,278	101,001	81,278
Service charges, fees and commissions	98,476	65,079	78,096	65,008
Foreign exchange gain (loss) - net	(682)	4,305	(682)	4,305
Fair value gain	283,910	-	283,910	-
Profit/(Loss) from Assets Sold/Exchanged	5,247	(7,517)	4,155	(7,696)
Income from Trust Operations	4,572	4,481	4,572	4,481
Miscellaneous	10,815	12,784	5,298	8,495
TOTAL OPERATING INCOME	1,087,041	991,191	1,011,284	986,698
Compensation and fringe benefits	321,417	354,116	297,439	353,427
Taxes and licenses	100,893	89,788	94,109	89,696
Depreciation and amortization	73,252	45,576	68,053	45,473
Occupancy and other equipment - related costs	53,387	66,525	50,199	66,328
Provision for impairment losses	113,599	12,563	105,023	12,563
Miscellaneous	189,371	168,553	176,823	168,342
TOTAL OPERATING EXPENSES	851,918	737,121	791,647	735,829
NET INCOME BEFORE TAX	235,123	254,070	219,637	250,869
PROVISION FOR INCOME TAX	128,839	44,101	130,022	44,101
NET INCOME	106,284	209,968	89,614	206,767
Attributable to:				
Equity holders of the Parent Company	106,425	210,000		
Non-controlling interest	(141)	(32)		
	106,284	209,968		

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

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE PERIOD		UNAUDITED FOR THE PERIOD	
	SEP 2015	SEP 2014	SEP 2015	SEP 2014
NET INCOME	189,808	400,403	148,966	397,108
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Net movement in cumulative translation adjustment	(18,491)	(9,938)	(18,491)	(9,938)
Changes in net unrealized gain (loss) on available-for-sale investments	-	(72,119)	-	(72,119)
<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)	(18,491)	(82,057)	(18,491)	(82,057)
TOTAL COMPREHENSIVE INCOME (LOSS)	171,316	318,346	130,475	315,051

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

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE PERIOD		UNAUDITED FOR THE PERIOD	
	SEP 2015	SEP 2014	SEP 2015	SEP 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	450,578	552,235	399,817	548,941
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	207,636	134,869	192,878	134,767
Provision for (reversal of) impairment losses	130,631	(279,830)	108,194	(279,830)
Profit from asset sold or exchange	(6,705)	(2,321)	(4,656)	(2,142)
Securities loss (gains) from sale of available-for sale investm	(3,080)	(41,712)	(3,080)	(41,712)
Equity in net earnings of an associates	(172)	(266)	-	-
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Loans and Receivable	1,038,629	(5,102,751)	1,391,780	(4,928,323)
Other Assets	(189,179)	(1,336,901)	(162,844)	(1,121,440)
Financial assets at FVTPL	324,084	(674,212)	324,084	(674,212)
Increase (decrease) in the amounts of:				
Deposit liabilities	(2,452,846)	8,935,220	(2,512,116)	8,778,341
Manager's checks	(68,636)	70,293	(68,636)	70,293
Accrued interest, taxes and other expenses	107,286	59,409	106,441	56,684
Other liabilities	(31,367)	242,138	(35,769)	122,238
Net cash generated from operations	(493,142)	2,559,382	(263,906)	2,666,813
Income taxes paid	(260,770)	(151,833)	(250,851)	(151,833)
Net cash provided (used) by operating activities	(753,912)	2,407,549	(514,757)	2,514,981
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in:				
Available-for-sale securities	-	7,674,297	-	7,674,297
Investment Securities at amortized cost	(1,204,420)	(8,988)	(1,218,974)	-
Property and equipment	(170,891)	(422,161)	(163,575)	(410,982)
Investment properties	(258,573)	36,044	(261,510)	149,406
Acquisition of rural bank	-	(5,574)	-	-
Investment in subsidiaries	-	-	-	(310,000)
Software cost	16,820	-	19,843	-
Net cash provided (used) by investing activities	(1,617,064)	7,273,618	(1,624,217)	7,102,721
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares subscription	1,394,321	1,792,698	1,394,321	1,792,698
Net increase (decrease) in:				
Bills payable	1,021,892	(5,878,681)	974,271	(5,878,681)
Marginal deposit	8,180	-	8,180	-
Outstanding acceptance	21,785	(5,858)	21,785	(5,858)
Net cash provided (used) by financing activities	2,446,178	(4,091,842)	2,398,557	(4,091,842)
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(18,491)	(9,938)	(18,491)	(9,938)
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,710	5,579,387	241,092	5,515,922
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	847,352	881,908	811,959	876,017
Due from Bangko Sentral ng Pilipinas	12,437,166	12,879,996	12,378,090	12,864,396
Due from Other Banks	2,155,692	1,209,406	1,908,828	1,167,432
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	789,950	1,785,355	966,950	1,785,355
	16,230,161	16,756,665	16,065,827	16,693,199

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

	<i>Consolidated</i>		<i>Parent</i>	
	UNAUDITED FOR THE QUARTER		UNAUDITED FOR THE QUARTER	
	SEP 2015	SEP 2014	SEP 2015	SEP 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	235,123	254,070	219,637	250,869
Adjustments to reconcile income before income tax to net cash generated from (used in) operations:				
Accretion of interest on bills payable	-	-	-	-
Depreciation and amortization	73,252	45,576	68,053	45,473
Provision for (reversal of) impairment losses	113,599	12,563	105,023	12,563
Profit from asset sold or exchange	(5,247)	7,517	(4,155)	7,696
Securities gains from sale of available-for sale investments	(39,238)	(8,849)	(39,238)	(8,849)
Equity in net earnings of an associates	(81)	(173)	-	-
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Loans and Receivable	431,552	(1,295,192)	613,675	(1,120,764)
Other Assets	(191,107)	(251,958)	(180,194)	(36,497)
Financial assets at FVTPL	1,136,542	(141,142)	1,136,542	(141,142)
Increase (decrease) in the amounts of:				
Deposit liabilities	(1,209,018)	4,151,965	(1,461,229)	3,995,086
Manager's checks	25,799	(18,362)	25,799	(18,362)
Accrued interest, taxes and other expenses	61,759	92,785	65,445	90,060
Other liabilities	(15,743)	274,958	(22,439)	155,058
Net cash generated from operations	617,192	3,123,759	526,919	3,231,190
Income taxes paid	(128,839)	(44,101)	(130,022)	(44,101)
Net cash provided (used) by operating activities	488,353	3,079,657	396,897	3,187,089
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in:				
Available-for-sale securities	-	(57,034)	-	(57,034)
Investment Securities at amortized cost	440,265	(8,988)	440,265	-
Property and equipment	(50,934)	(113,551)	(47,411)	(102,373)
Investment properties	(193,496)	17,334	(197,073)	130,696
Acquisition of rural bank	-	(5,574)	-	-
Investment in subsidiaries	-	-	-	(310,000)
Software cost	22,341	126,233	26,314	126,233
Net cash provided (used) by investing activities	218,177	(41,580)	222,096	(212,477)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares subscription	1,394,321	1,792,698	1,394,321	1,792,698
Net increase (decrease) in:				
Bills payable	(893,179)	(554,487)	(859,083)	(554,487)
Marginal deposit	2,486	-	2,486	-
Outstanding acceptance	29,422	13,306	29,422	13,306
Net cash provided (used) by financing activities	533,050	1,251,517	567,146	1,251,517
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(16,998)	74,769	(16,998)	74,769
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,222,582	4,364,363	1,169,141	4,300,898
CASH AND CASH EQUIVALENTS AT BEGINNING 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
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	847,352	881,908	811,959	876,017
Due from Bangko Sentral ng Pilipinas	12,437,166	12,879,996	12,378,090	12,864,396
Due from Other Banks	2,155,692	1,209,406	1,908,828	1,167,432
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	789,950	1,785,355	966,950	1,785,355
	16,230,161	16,756,665	16,065,827	16,693,199

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)	7,221,439
Subscription of common stock		1,394,321										1,394,321
Total comprehensive income (loss) for the period					190,209				(18,491)		(402)	171,316
Balance at September 30, 2015	7,489,114	3,187,019	813,601	105,772	(2,757,414)	-	24,354	247,743	(45,883)	(271,352)	(5,878)	8,787,076
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
Effect of business combination												(5,574)
Subscription of common stock		1,792,698										1,792,698
Total comprehensive income (loss) for the period					400,435	(72,119)			(9,938)		(32)	318,346
Balance at September 30, 2014	7,489,114	1,792,698	813,601	105,772	(2,675,599)	(1,291,532)	-	209,546	(21,550)	(237,360)	(5,607)	6,179,084
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
Subscription of common stock		1,394,321										1,394,321
Total comprehensive income (loss) for the period					148,966				(18,491)			130,475
Balance at September 30, 2015	7,489,114	3,187,019	813,601	105,772	(2,802,962)	-	24,354	247,743	(45,883)	(270,427)	-	8,748,331
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
Subscription of common stock		1,792,698										1,792,698
Total comprehensive income (loss) for the period					397,108	(72,119)			(9,938)			315,051
Balance at September 30, 2014	7,489,114	1,792,698	813,601	105,772	(2,688,210)	(1,291,532)	-	209,546	(21,550)	(237,360)	-	6,172,080

PHILIPPINE BANK OF COMMUNICATIONS
AGING OF LOANS & SELECTED RECEIVABLES

As of September 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	763,960	763,960				
Loans and Discounts	19,229,796	17,703,102	813,687	131,117	197,962	383,929
Agrarian Reform/Other Agricultural Credit Loans	1,497,265	1,455,130	9,600	8,656	9,220	14,660
Bills Purchased	2,849,742	2,626,377	103,362	20,142	41,210	58,651
Customers' Liability on Drafts under LC/TR	2,333,725	2,065,686	1,800	2,172	4,289	259,779
Customers' Liab. for this Bank's Acceptances	47,405	47,405				
Restructured Loans	37,008	21,884			984	14,141
Items in Litigation	795,201				2,189	793,013
SUB TOTAL	27,554,104					
Accounts Receivable	985,549	583,626	11,420	9,946	17,547	363,010
Accrued Interest Receivable	609,729	246,688	1,470	199	524	360,848
GRAND TOTAL	29,149,381	830,314	12,890	10,145	18,072	723,858

PHILIPPINE BANK OF COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 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) 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
<i>Subsidiaries</i>		
RBNI	96.32%	Rural Bank
BDI	99.80%	Rural Bank
PISAI	100.00%	Insurance Agent
<i>Associate</i>		
PBCom Finance Corp	40.00%	Financing Company

Parent Bank obtained control of RBNI on September 1, 2014 through purchase of outstanding capital stock for ₱48.3 Million. 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 760,000,000 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 ₱33.00 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 ₱ 33.00 per shares which will be issued out of the unissued portion of the Bank's authorized capital stock. The aggregate subscription price of ₱5.975 Billion will be paid to the Bank in four installments. The first installment, which is 30% or ₱1.792 Billion 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.

On September 22, 2015, the Bank received second installment payment amounting to P1.39 Billion for the subscribed shares of PG Holdings, Inc.

As of September 30, 2015, the Parent Bank had a total network of 82 branches, 11 Other Banking Offices (OBO) and 172 ATMs (76 onsite and 96 offsite). Six branches and two OBOs were opened for business during the first nine 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
Legaspi, Albay	GF, Delos Santos Commercial Building, Landco Business Park, Legaspi 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 September 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 September 30, 2015, the Bank used Level 1 measurements of financial assets in FVTPL and investment in securities at amortized cost amounting to ₱363 Million and ₱14.47 Billion, respectively and Level 2 measurements used in equity securities at FVOCI amounting to ₱ 31.7 Million. 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 September 30, 2015.
- Financial Information by Segment (In Thousands)

AS OF SEPTEMBER 30, 2015

Particulars	Branch Banking Group	Corporate and SME	Treasury Segment	Consumer Finance Segment *	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Net Interest Income	635,118	261,436	222,253	585,205	2,913	6,136	1,713,061
Trading and securities gain-net	0	-	8,090	-	-	-	8,091
Rent income	-	-	-	225	-	305,685	305,910
Service charges, fees and commissions	72,920	178,417	17	91,641	-	1	342,996
Foreign Exchange gain (loss) - net	4,233	10,898	(10)	21	(15)	-	15,127
Fair value gain	-	-	-	-	-	378,547	378,547
Profit /loss) from Asset Sold/Exchange	-	-	-	2,050	-	4,656	6,705
Income from Trust Operations	4,251	972	1,658	-	7,607	-	14,487
Miscellaneous	5,934	4,515	-	22,881	-	5,165	38,494
Total Operating Income	722,455	456,238	232,009	702,023	10,504	700,190	2,823,419
Compensation and Fringe benefits	299,394	68,635	21,790	178,680	21,494	413,196	1,003,188
Taxes and licenses	132,016	81,855	48,192	92,617	694	(35,136)	320,238
Occupancy and Other equipment-related cost	146,838	1,797	793	15,469	732	(5,882)	159,746
Depreciation and amortization	91,009	4,256	1,607	27,292	2,047	81,425	207,636
Provision for impairment losses	0	(14)	-	54,246	-	76,399	130,631
Other operating expense	206,925	29,441	40,099	77,740	4,626	192,571	551,403
Total Operating Expense	876,181	185,970	112,481	446,044	29,593	722,573	2,372,842
Segment profit (loss)	(153,725)	270,268	119,527	255,979	(19,088)	(22,382)	450,578
Provision for income Tax	29	1,091	106,292	9,919	-	143,439	260,770
Net Income (loss)	(153,755)	269,177	13,236	246,060	(19,088)	(165,821)	189,808
Total segment assets	10,589,114	22,712,225	23,050,452	7,396,290	73,104	8,399,036	72,220,221
Total segment liabilities	50,915,370	53,501	8,818,884	1,657,641	100,000	1,887,749	63,433,145

AS OF SEPTEMBER 30, 2014

Particulars	Branch Banking Group	Corporate and SME	Treasury Segment	Consumer Finance Segment *	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Net Interest Income	482,917	265,253	310,773	379,357	1,414	353,443	1,793,156
Trading and securities gain-net	-	-	55,324	-	-	(4,286)	51,039
Rent income	-	-	-	-	-	230,935	230,935
Service charges, fees and commissions	42,451	132,683	29	44,450	-	1,700	221,313
Foreign Exchange gain (loss) - net	2,483	3,895	(2,493)	-	(6)	25,965	29,845
Fair value gain	-	-	-	-	-	-	-
Profit /loss) from Asset Sold/Exchange	-	-	-	179	-	2,142	2,321
Income from Trust Operations	4,508	2,738	1,919	-	4,315	7	13,487
Miscellaneous	8,473	1,472	-	7,809	(0)	3,043	20,797
Total Operating Income	540,832	406,042	365,552	431,794	5,722	612,950	2,362,892
Compensation and Fringe benefits	296,352	84,143	18,757	91,837	37,425	503,956	1,032,470
Taxes and licenses	(11)	1,730	-	1,053	-	272,457	275,228
Occupancy and Other equipment-related cost	90,719	565	247	1,861	406	41,070	134,869
Depreciation and amortization	46,756	4,465	1,636	5,791	2,163	93,362	154,171
Provision for impairment	126,369	51,337	47,499	14,285	303	(519,623)	(279,830)
Other operating expense	178,967	32,572	27,848	99,032	8,021	147,308	493,748
Total Operating Expense	739,152	174,811	95,987	213,859	48,318	538,530	1,810,657
Segment profit (loss)	(198,321)	231,231	269,566	217,936	(42,596)	74,420	552,235
Provision for income Tax	-	2,651	100,452	-	-	48,730	151,833
Net Income (loss)	(198,321)	228,580	169,114	217,936	(42,596)	25,690	400,403
Total segment assets	10,451,494	21,009,649	22,459,500	4,687,361	76,388	9,445,443	68,129,855
Total segment liabilities	51,048,096	38,922	8,718,177	279,505	213,612	1,652,459	61,950,771

* include rural bank subsidiaries

Efforts to expand the Bank's core banking business led to a year-over-year operating income growth of 34% for Branch Banking and 63% for Consumer Finance. Costs of Branch Banking Group and Consumer Finance increased by 18.5% and 108.6%, 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):

	September 2015	December 2014
Trust department accounts	4,987,557	5,930,414
Standby LC	1,731,779	1,123,767
Spot exchange:		
Sold	934,800	134,160
Bought	986,453	134,259
Sight import LC outstanding	504,101	516,252
Usance import LC outstanding	82,390	144,901
Deficiency claims receivable	27,498	27,498

Inward bills for collection	54,943	46,921
Outstanding shipping guarantees	635,614	596,145
Outward bills for collection	14,877	26,312
Items held for safekeeping	262	411
Items held as collateral	5	5
Other contingent	42,379	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.

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

PBCom Group's total assets stood at ₱72.220 Billion while total liabilities and equity amounted to ₱63.433 Billion and ₱8.787 Billion, respectively, as of 30 September 2015. Comparing September 2015 against year-end 2014 level, Bank's total resources slightly increased by ₱285.495 Million from the year-end level of ₱71.934 Billion to ₱72.220 Billion of September 2015. Liquid assets increased by ₱56.711 Million while trading and investment securities likewise went up to as much as ₱883.417 Million. Meanwhile, loans and receivable dropped by ₱1.039 Billion as a result of the Bank's intensified loan collection efforts. Bank's NPL for the period is at 1.78% versus the year-end level of 1.68%. Investment properties improved by ₱378.841 Million brought mainly higher fair value of PBCom tower. Other assets, likewise, increased by ₱58.548 Million mainly brought about by higher prepaid expenses and receivables from tax credits. On the liability side, total liabilities decreased by ₱1.280 Billion or 1.98% mainly brought about by the decrease in deposit liabilities by ₱2.453 Billion due to maturity of several term deposits. On the other hand, bills payable went up to ₱4.447 Billion from year-end level of ₱3.425 Billion brought about higher deposit substitute placements. Outstanding acceptances and marginal deposits, went up by ₱21.785 Million and ₱8.180 Million, respectively. Accrued interest, taxes and other expenses as well as deferred tax liabilities likewise increased by ₱107.286 Million and ₱113.563 Million, respectively. Comparing total equity level in the 3rd quarter of year 2015 versus year-end level, an increase of ₱1.566 Billion was brought about by the payment of subscribed capital by PG Holdings, Inc. as stated in subscription agreement and net income generated for the nine-month period.

On a period to period basis, total resources increased by ₱4.090 Billion or 6.00% compared to the 3rd quarter of 2014 level of ₱68.130 Billion. Liquid assets dropped by ₱526.504 Million which were utilized to fund the Bank's maturing deposits and other liabilities while trading and investment securities improved by 12.97 % or ₱1.708 Billion. Loans and receivable improved by ₱2.127 Billion from the same period of last year's level of ₱30.380 Billion to ₱32.507 Billion of this year, as the Bank pursued its lending activities to generate profits. Consequently, NPL for the period slightly increase from 1.43% to 1.78%. Property and equipment decreased by ₱ 181.896 Million while investment properties improved by ₱ 3.788 Billion due to the reclassification of floors previously occupied by the Bank as its offices to condominium units held for lease. Meanwhile, other assets declined by ₱562.799 Million from September 2014 level of ₱648.172 Million to September 2015 level of ₱1.211 Billion brought about by the lower prepaid accounts and payments made to old shareholders for investment to BDI. On the liability side, total liability increased by ₱1.482 Billion from the same period of last year's level of ₱61.951 Billion to ₱63.443 Billion. Deposits liabilities increased by ₱442.658 Million to ₱56.216 Billion in September 2015 from ₱56.658 Billion in September 2014 brought about by marketing strategy of the Bank to improve deposit mix focus on low cost. Likewise Bank's total borrowings increased by ₱864.550 Million 24.13% to fund Bank's additional securities investments. Accrued interest, taxes and other expenses and deferred tax liabilities were up by ₱97.393 Million and ₱336.003 Million, respectively.

In terms of profitability, the Bank reported a net interest income in 2015 of ₱189.808 Million, which is 52.60% lower than last year's level of ₱400.403 Million. Net Interest Income declined by ₱80.095 Million mainly brought about by the maturity of high yielding government securities. Total Operating Income went up by ₱460.527 Million as a result of higher Rental Income and Service Charges and Fees by ₱74.975 Million and ₱121.683 Million, respectively. Profit from assets sold likewise improved by ₱ 4.384 Million as the Bank has recognized gain from the sale of ROPA properties during the reporting period. Meanwhile, trading and securities gain dropped by 84.15% or ₱42.948 Million while foreign exchange gain went down by 49.31% or ₱14.718 Million. Operating expenses increased by ₱562.185 Million largely attributable to due to increase in Taxes and Licenses and Depreciation and Amortization by ₱45.010 Million and ₱72.766 Million, respectively. Impairment losses remarkably increased by ₱410.461 Million brought about by the

setup of its provision this year as compare to recording of reversal of credit and impairment losses last year.

On a quarter to quarter result, the Bank's net income declined by ₱103.684 Million compared to the previous year. Net income for the 3rd quarter 2015 is ₱106.284 Million compared to ₱209.968 Million in the same quarter of 2014. Net Interest Margins, on the other hand, dropped by 31.65% or ₱259.927 Million due to lower Interest Income on Loans and Receivable coupled by higher volume and lower interest rate on Deposits. Operating Income slightly improved by ₱95.850 Million mainly due to higher trading and securities gain and service charges, fees and commission by ₱12.773 Million and ₱33.397 Million, respectively. Operating Expenses went up by ₱114.797 Million mainly due to higher Impairment Losses which was set up to comply with the requirements of PAS 39 pertaining to the measurement of financial assets and increased Depreciation Expense for the quarter by ₱101.036 Million and ₱27.676 Million, respectively.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	Sep 2015	December 2014	Remarks
Net Profit Margin <i>(Net income divided by Gross income)</i>	6.72%	16.84%*	Net Profit Margin decreased by 10% 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>	0.35%	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>	3.16%	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>	16.52%	15.91%	Additional capital infusion from PG Holdings of ₱1.39B increase CAR this period.
Basic Earnings per share <i>(Net income divided by average no. of common shares)</i>	0.63	1.24*	Due to lower net income.

* As of September 2014

B. Financial Soundness (consolidated)

Ratio	September 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>	54.84%	50.97%	Liquidity Ratio increased by 3.87%, resulting from higher liquid assets despite lower deposit base (by 4%) from P59.1B to P56.66B as of Sep 2015.
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	87.83%	89.96%	Debt ratio as of September 2015 is slightly lower versus Dec 2014 level at 87.83%.
Asset to Equity Ratio (Total Asset to Total Equity)	821.89%	996.13%	Lower ratio as result of higher equity from additional capital infusion of P1.39B in Sep 2015.
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	160.94%	177.15%*	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	4.64%	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 P2.0B for the period.

* As of September 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 September 30, 2015, unspent amount of capital expenditures from on-going projects was P172.3 Million 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: September 2015 vs. December 2014 (conso)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(334,240)	-28.29%	Effective cash management led to lower balances for the period
Due from BSP	(85,447)	-0.68%	Decrease in reserve requirements was due to lower deposit base
Due from Other Banks	519,051	31.71%	There has been an increase in the balance of settlement accounts maintained with correspondent banks versus the comparable period
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	(42,654)	-46.92%	Lower investment in interbank loans during the period
Financial assets at Fair Value through Profit or Loss	(321,004)	-46.92%	Sale of the portfolio of trading securities in August 2015
Investment securities at Amortized Cost	1,204,420	9.08%	Inventory of held for securities classified at amortized cost increased during the reporting period
Loans and Receivables	(1,038,629)	-3.10%	Loans and discounts decreased by ₱1.038B due to loan amortization/ payment during the reporting period
Investment in Subsidiaries and Associate	172	1.48%	Share in net income of affiliates during the period
Property and Equipment	(36,745)	-1.94%	Depreciation and amortization of fixed assets for the period
Investment Properties	378,841	7.40%	Higher fair value of PBCom Tower partly offset by the sale of ROPA properties
Goodwill	4,448	2.74%	Change in amount of pay-out to old shareholders of subsidiary
Intangible Assets	(21,268)	-2.58%	Amortization of the software costs for the period
Other Assets	58,548	9.93%	Higher tax credits and prepaid expenses
Demand Deposits	3,092,212	33.53%	Improved deposit mix led to higher low cost deposits and lower high cost deposits during the period
Savings Deposits	1,081,742	25.58%	
Time Deposits	(6,626,800)	-14.51%	
Bills Payable	1,021,892	29.83%	Increase in Bills Payable due to higher volume in reverse repo
Outstanding Acceptances	21,785	85.03%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	(68,636)	-32.51%	Lower un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	107,286	19.26%	Higher accrued expenses payable
Deferred Tax Liabilities	113,563	15.21%	Recognition of deferred tax on fair value gain from PBCom tower
Other Liabilities	(31,366)	-4.93%	Decrease in inter-office float and accounts payable during the period

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

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	(121,536)	-20.30%	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	28,130	1.49%	Due to higher volume
Interest Income on IBCL & SPURA	7,020	87.06%	Higher average volume on interbank loans during the period
Interest Income on Deposit with other Banks and others	32,595	185.65%	Interest income from Due from BSP increased by P30M because of higher SDA placements
Interest Expense on Deposit Liabilities	36,341	5.73%	Due to higher deposits volume
Interest Expense on Bills payable, borrowings and others	(10,038)	-12.78%	Mainly due to the exit from FAA in March 2014 as the loan matured in March 2014
Trading and Securities Gain – net	(42,948)	-84.15%	There was a reduction in trading income due to the impact of rising market rates on bonds
Service Charges, Fees & Commissions	121,683	54.98%	The Bank collected higher fees and bank commissions versus the comparable period in the prior year
Income from Trust Operations	1,000	7.41%	The Bank registered higher trust fees in 2015 during the comparative period
Rent Income	74,975	32.47%	Additional floors rented out during the year has generated increased income from rent
Profit/(Loss) from Assets Sold/Exchanged	4,384	188.89%	The Bank has recognized gain from the sale of ROPA properties during the reporting period
Foreign Exchange Gain (Loss) –Net	(14,718)	-49.31%	Lower revaluation income and actual/realized gain from foreign exchange trading
Miscellaneous Other Income	17,698	85.10%	Higher ancillary income generated from insurance rebates; increase in penalty fees
Compensation and Fringe Benefits	(29,282)	-2.84%	Lower manpower costs due to lower headcount
Depreciation & Amortization	72,766	53.95%	Due to branch transformation, new branches and systems upgrade
Occupancy and other equipment- related costs	5,575	3.62%	Due to new builds (branches and OBOs), office rental in Ortigas
Taxes and Licenses	45,010	16.35%	Higher gross receipts tax and documentary stamp taxes during the period
Provision (reversal) for impairment losses	410,461	-146.68%	2014 include reversal of provisions
Miscellaneous	57,655	11.68%	Increase in various expenses for the period such as insurance, info tech expenses and management fees