



108122016002373



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 June 30, 2016.
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>480,645,163 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:



MANUEL ANDRES D. GOSECO
EVP and Treasurer



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

August 12, 2016

PHILIPPINE BANK OF COMMUNICATIONS
STATEMENTS OF CONDITION
(In Thousands)

	<i>Consolidated</i>		<i>Parent</i>	
	JUN 2016	DEC 2015	JUN 2016	DEC 2015
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS				
Cash and Other Cash Items	938,416	1,343,340	907,161	1,311,615
Due from Bangko Sentral ng Pilipinas	13,176,130	11,909,774	13,094,150	11,839,461
Due from Other Banks	1,840,226	2,008,522	1,569,903	1,786,592
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	934,634	229,281	934,634	229,281
Financial assets at Fair Value through Profit or Loss	3,297,163	395,258	3,297,163	395,258
Equity Securities at Fair Value through				
Other Comprehensive Income	44,452	44,452	44,452	44,452
Investment Securities at Amortized Cost	16,742,049	14,468,390	16,742,049	14,468,390
Loans and Receivables	41,278,202	36,502,141	39,282,275	34,629,214
Investment in Subsidiaries and Associate	12,381	12,113	855,783	854,841
Property and Equipment	1,747,679	1,790,802	1,630,000	1,669,616
Investment Properties				
Condominium units for lease	4,800,733	4,799,635	4,800,733	4,799,635
Foreclosed properties	860,180	880,234	665,776	681,408
Office units for lease	19,142	19,142	19,142	19,142
Goodwill	178,456	178,456	-	-
Intangible Assets	816,370	824,816	550,570	558,066
Deferred Tax Assets	49,545	49,545	-	-
Other Assets	657,865	620,415	635,520	603,767
	87,393,623	76,076,316	85,029,311	73,890,738
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	14,757,145	12,523,472	14,889,370	12,610,784
Savings	5,677,058	5,054,764	5,074,334	4,507,544
Time	45,090,214	40,724,117	43,464,196	39,437,185
	65,524,417	58,302,353	63,427,900	56,555,513
Bills Payable	8,719,204	6,481,620	8,719,171	6,296,862
Outstanding Acceptances	129,942	42,065	129,942	42,065
Manager's checks	292,332	108,914	292,332	108,914
Accrued Interest, Taxes and Other Expenses	627,763	568,959	575,712	511,656
Deferred Tax Liabilities - Net	1,033,544	1,033,544	911,399	911,399
Other Liabilities	699,777	614,838	691,830	606,433
	77,026,979	67,152,293	74,748,286	65,032,842
Equity				
Common stock	7,489,114	7,489,114	7,489,114	7,489,114
Subscribed common stock - net	4,581,340	3,187,019	4,581,340	3,187,019
Additional paid-in capital	813,601	813,601	813,601	813,601
Surplus reserves	105,772	105,772	105,772	105,772
Deficit	(2,687,398)	(2,745,295)	(2,781,463)	(2,819,842)
Unrealized gain on equity securities carried at fair				
value through other comprehensive income	25,831	25,831	25,831	25,831
Revaluation increment on land and condo properties	280,228	280,228	279,442	279,442
Cumulative translation adjustment	(61,965)	(52,394)	(61,965)	(52,394)
Remeasurement losses on defined benefit liability	(172,665)	(172,665)	(170,647)	(170,647)
Non-controlling interest	(7,214)	(7,188)	-	-
	10,366,644	8,924,023	10,281,025	8,857,896
	87,393,623	76,076,316	85,029,311	73,890,738

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 2016	JUN 2015	JUN 2016	JUN 2015
INTEREST INCOME				
Investment securities	346,765	312,963	346,765	312,963
Loans and receivables	1,379,542	1,295,230	1,231,405	1,177,610
Interbank loans receivable and securities purchased under resale agreements	6,585	10,699	6,585	11,644
Deposits with other banks and others	24,193	36,354	22,052	35,375
	1,757,085	1,655,246	1,606,807	1,537,592
INTEREST AND FINANCE CHARGES				
Deposit liabilities	452,777	462,992	415,316	438,017
Bills payable, borrowings and others	80,099	40,579	79,465	37,898
	532,876	503,571	494,781	475,915
NET INTEREST INCOME	1,224,209	1,151,675	1,112,026	1,061,677
Trading and securities gain - net	62,084	(14,150)	62,084	(14,150)
Rent Income	212,487	204,835	211,614	204,685
Service charges, fees and commissions	203,547	244,520	163,197	201,755
Foreign exchange gain (loss) - net	23,988	15,809	23,988	15,809
Fair value gain	-	94,637	-	94,637
Profit/(Loss) from Assets Sold/Exchanged	(5,106)	1,459	(6,380)	500
Income from Trust Operations	8,782	9,914	8,782	9,914
Miscellaneous	25,989	27,679	12,777	16,494
TOTAL OPERATING INCOME	1,755,980	1,736,378	1,588,088	1,591,321
Compensation and fringe benefits	600,740	681,771	540,891	636,115
Taxes and licenses	209,508	219,345	195,525	206,920
Depreciation and amortization	181,604	134,384	170,940	124,825
Occupancy and other equipment - related costs	100,043	106,359	93,420	100,083
Provision (reversal) for impairment losses	67,882	17,033	54,934	3,171
Miscellaneous	424,870	362,032	399,041	340,030
TOTAL OPERATING EXPENSES	1,584,647	1,520,924	1,454,751	1,411,144
NET INCOME BEFORE TAX	171,333	215,454	133,337	180,177
PROVISION FOR INCOME TAX	113,462	131,931	94,958	120,829
NET INCOME	57,871	83,523	38,379	59,348
Attributable to:				
Equity holders of the Parent Company	57,897	83,784		
Non-controlling interest	(26)	(261)		
	57,871	83,523		

Basic Earnings Per Share

0.39

0.56

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 2016	JUN 2015	JUN 2016	JUN 2015
INTEREST INCOME				
Investment securities	179,993	163,676	179,993	163,676
Loans and receivables	717,639	643,032	641,975	580,101
Interbank loans receivable and securities purchased under resale agreements	4,754	3,990	4,754	4,935
Deposits with other banks and others	11,299	17,307	10,140	16,852
	913,685	828,004	836,862	765,563
INTEREST AND FINANCE CHARGES				
Deposit liabilities	236,179	221,059	217,542	209,195
Bills payable, borrowings and others	43,327	24,368	43,323	21,734
	279,507	245,427	260,865	230,929
NET INTEREST INCOME	634,178	582,577	575,998	534,634
Trading and securities gain - net	6,850	(30,680)	6,850	(30,680)
Rent Income	110,207	105,198	109,371	105,123
Service charges, fees and commissions	108,501	125,086	88,279	99,282
Foreign exchange gain (loss) - net	20,799	5,303	20,799	5,303
Fair value gain	-	94,637	-	94,637
Profit/(Loss) from Assets Sold/Exchanged	(6,054)	1,203	(7,047)	290
Income from Trust Operations	4,016	4,799	4,016	4,799
Miscellaneous	13,152	12,852	5,949	10,745
TOTAL OPERATING INCOME	891,649	900,975	804,215	824,134
Compensation and fringe benefits	288,869	333,273	258,406	308,101
Taxes and licenses	106,059	102,465	99,766	97,027
Depreciation and amortization	95,510	68,836	90,227	64,308
Occupancy and other equipment - related costs	47,672	54,595	44,351	51,362
Provision for impairment losses	45,369	6,365	37,594	1,654
Miscellaneous	221,757	182,302	209,341	170,935
TOTAL OPERATING EXPENSES	805,236	747,836	739,685	693,387
NET INCOME BEFORE TAX	86,413	153,139	64,530	130,747
PROVISION FOR INCOME TAX	56,605	87,172	46,673	84,103
NET INCOME	29,807	65,967	17,857	46,645
Attributable to:				
Equity holders of the Parent Company	29,727	66,084		
Non-controlling interest	80	(117)		
	29,807	65,967		

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 2016	JUN 2015	JUN 2016	JUN 2015
NET INCOME	57,871	83,523	38,379	59,348
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Net movement in cumulative translation adjustment	(9,571)	(1,494)	(9,571)	(1,494)
<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)	(9,571)	(1,494)	(9,571)	(1,494)
TOTAL COMPREHENSIVE INCOME (LOSS)	48,300	82,029	28,808	57,854

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 2016	JUN 2015	JUN 2016	JUN 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	171,333	215,454	133,337	180,177
Adjustments to reconcile income before income tax to net cash generated from (used in) operations:				
Depreciation and amortization	181,604	134,384	170,940	124,825
Provision for impairment losses	67,882	17,033	54,934	3,171
Profit from asset sold or exchange	5,106	(1,459)	6,380	(500)
Unrealized gain on financial assets at FVTPL	(17,144)	36,157	(17,144)	36,157
Equity in net earnings of an associates	(268)	(92)	-	-
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Loans and Receivable	(4,776,061)	607,076	(4,653,061)	778,105
Other Assets	(105,332)	1,928	(86,687)	17,350
Financial assets at FVTPL	(2,884,761)	(812,458)	(2,884,761)	(812,458)
Increase (decrease) in the amounts of:				
Deposit liabilities	7,222,064	(1,243,827)	6,872,387	(1,050,887)
Manager's checks	183,418	(94,435)	183,418	(94,435)
Accrued interest, taxes and other expenses	58,804	45,527	64,056	40,996
Other liabilities	84,939	(9,929)	85,397	(7,633)
Net cash generated from (used for) operations	191,584	(1,104,640)	(70,804)	(785,132)
Income taxes paid	(113,462)	(131,931)	(94,958)	(120,829)
Net cash provided (used) by operating activities	78,122	(1,236,571)	(165,762)	(905,961)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in:				
Investment Securities at amortized cost	(2,273,659)	(1,644,686)	(2,273,659)	(1,659,240)
Property and equipment	(138,481)	(119,957)	(131,324)	(116,164)
Investment properties	13,850	(65,077)	8,154	(64,438)
Subsidiaries	-	-	(942)	-
Software cost	8,446	(5,521)	7,496	(6,471)
Net cash used by investing activities	(2,389,844)	(1,835,241)	(2,390,275)	(1,846,313)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares subscription	1,394,321		1,394,321	
Net increase (decrease) in:				
Bills payable	2,237,584	1,915,071	2,422,309	1,833,355
Outstanding acceptance	87,877	(7,636)	87,877	(7,636)
Net cash provided by financing activities	3,719,782	1,907,435	3,904,507	1,825,718
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(9,571)	(1,494)	(9,571)	(1,494)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,398,489	(1,165,871)	1,338,899	(928,049)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD				
Cash and Other Cash Items	1,343,340	1,181,592	1,311,615	1,153,418
Due from Bangko Sentral ng Pilipinas	11,909,774	12,522,613	11,839,461	12,463,067
Due from Other Banks	2,008,522	1,636,641	1,786,592	1,375,645
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	229,281	832,604	229,281	832,604
	15,490,917	16,173,450	15,166,949	15,824,734
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	938,416	970,372	907,161	935,494
Due from Bangko Sentral ng Pilipinas	13,176,130	11,885,639	13,094,150	11,816,998
Due from Other Banks	1,840,226	1,215,961	1,569,903	1,038,586
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	934,634	935,606	934,634	1,105,606
	16,889,406	15,007,578	16,505,848	14,896,685

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 2016	JUN 2015	JUN 2016	JUN 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	86,413	153,139	64,530	130,747
Adjustments to reconcile income before income tax to net cash generated from (used in) operations:				
Depreciation and amortization	95,510	68,836	90,227	64,308
Provision for (reversal of) impairment losses	45,369	6,365	37,594	1,653
Profit from asset sold or exchange	6,054	(1,202)	7,047	(291)
Securities gains from sale of available-for sale investments	(12,379)	36,157	(12,379)	36,157
Equity in net earnings of an associates	(190)	(68)	-	-
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Loans and Receivable	(802,373)	694,385	(840,651)	770,210
Other Assets	(99,628)	85,403	(88,862)	95,203
Financial assets at FVTPL	(1,293,903)	(342,279)	(1,293,903)	(342,279)
Increase (decrease) in the amounts of:				
Deposit liabilities	3,532,723	(4,622,188)	3,558,473	(4,560,496)
Manager's checks	79,451	(87,124)	79,451	(87,124)
Accrued interest, taxes and other expenses	12,648	2,012	27,948	8,720
Other liabilities	31,489	(52,415)	33,705	(58,216)
Net cash generated from operations	1,681,184	(4,058,980)	1,663,180	(3,941,406)
Income taxes paid	(56,605)	(87,172)	(46,673)	(84,103)
Net cash provided (used) by operating activities	1,624,578	(4,146,152)	1,616,507	(4,025,509)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in:				
Investment Securities at amortized cost	(1,506,632)	(639,179)	(1,506,632)	(653,732)
Property and equipment	(33,298)	(84,446)	(30,684)	(82,429)
Investment properties	3,952	(66,747)	(104)	(66,824)
Subsidiaries	-	-	-	-
Software cost	23,429	35,575	22,954	34,624
Net cash provided (used) by investing activities	(1,512,549)	(754,797)	(1,514,466)	(768,361)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares subscription	1,394,321	-	1,394,321	-
Net increase (decrease) in:				
Bills payable	2,109,342	1,717,268	2,109,666	1,732,422
Outstanding acceptance	118,088	10,572	118,088	10,572
Net cash provided (used) by financing activities	3,621,751	1,727,840	3,622,075	1,742,994
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(13,759)	(4,099)	(13,759)	(4,099)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,720,021	(3,177,207)	3,710,357	(3,054,975)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD				
Cash and Other Cash Items	901,768	876,548	871,739	848,175
Due from Bangko Sentral ng Pilipinas	11,006,761	15,273,040	10,925,156	15,221,686
Due from Other Banks	896,204	1,872,446	633,944	1,669,048
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	364,653	162,751	364,653	212,751
	13,169,385	18,184,785	12,795,491	17,951,660
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	938,416	970,372	907,161	935,494
Due from Bangko Sentral ng Pilipinas	13,176,130	11,885,639	13,094,150	11,816,998
Due from Other Banks	1,840,226	1,215,961	1,569,903	1,038,586
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	934,634	935,606	934,634	1,105,606
	16,889,406	15,007,578	16,505,848	14,896,685

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

	Common Stock	Subscribed common stock - net	Additional Paid-in Capital	Surplus reserves	Deficit	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, 2016	7,489,114	3,187,019	813,601	105,772	(2,745,295)	25,831	280,228	(52,394)	(172,665)	(7,188)	8,924,023
Subscription of common stock		1,394,321									1,394,321
Total comprehensive income (loss) for the period					57,897			(9,571)		(26)	48,300
Balance at June 30, 2016	7,489,114	4,581,340	813,601	105,772	(2,687,398)	25,831	280,228	(61,965)	(172,665)	(7,214)	10,366,644
Balance at January 1, 2015, as previously stated	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
Effect of finalization of business combination					(973)				117	(2,104)	(2,960)
Balance at January 1, 2015, as restated	7,489,114	1,792,698	813,601	105,772	(2,948,596)	24,354	247,743	(27,392)	(271,235)	(7,580)	7,218,479
Total comprehensive income (loss) for the period					83,784			(1,494)		(261)	82,029
Balance at June 30, 2015, as restated	7,489,114	1,792,698	813,601	105,772	(2,864,812)	24,354	247,743	(28,886)	(271,235)	(7,841)	7,300,508
Parent											
Balance at January 1, 2016	7,489,114	3,187,019	813,601	105,772	(2,819,842)	25,831	279,442	(52,394)	(170,647)	-	8,857,896
Subscription of common stock		1,394,321									1,394,321
Total comprehensive income for the period					38,379			(9,571)			28,808
Balance at June 30, 2016	7,489,114	4,581,340	813,601	105,772	(2,781,463)	25,831	279,442	(61,965)	(170,647)	-	10,281,025
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 for the period					59,348			(1,494)			57,854
Balance at June 30, 2015	7,489,114	1,792,698	813,601	105,772	(2,892,580)	24,354	247,743	(28,886)	(270,427)	-	7,281,389

PHILIPPINE BANK OF COMMUNICATIONS
AGING OF LOANS & SELECTED RECEIVABLES
As of June 30, 2016

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.
Loans and Discounts	28,397,201	27,572,859	47,672	151,662	123,639	501,369
Agrarian Reform/Other Agricultural Credit Loans	1,762,943	1,713,427			29,996	19,520
Bills Purchased	2,745,126	2,596,667	346	30,005	22,200	95,908
Customers' Liability on Drafts under LC/TR	2,586,527	2,303,120		19,339		264,067
Customers' Liab. for this Bank's Acceptances	129,942	129,942				
Restructured Loans	67,463	54,336		336		12,790
Items in Litigation	973,530		38,731	12,837	38,094	883,869
SUB TOTAL	36,662,732	34,370,352	86,749	214,179	213,929	1,777,523
Accounts Receivable	768,049	626,798	9,497	28,068	12,884	90,802
Accrued Interest Receivable	787,459	425,031	962	933	809	359,724
GRAND TOTAL	38,218,240	35,422,181	97,208	243,180	227,621	2,228,050

PHILIPPINE BANK OF COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2016

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 as of June 30, 2016	Line of business
<i>Subsidiaries</i>		
RBNI	96.32%	Rural Bank
BDI	99.99%*	Rural Bank
PISAI	100.00%	Insurance Agent
<i>Associate</i>		
PBCom Finance Corp	40.00%	Financing Company

* includes additional 1,881 common shares acquired in March 2016

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 follows:

- 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 System. 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. (PGHI) for the latter's subscription of 181,080,608 of 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 share 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 (4) 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 MSME 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 October 24, 2014, Messrs. Levi B. Labra and Roberto Z. Lorayes were elected to the Board as the new independent directors of the Bank. Subsequently, the Board elected Mr. Emmanuel Y. Mendoza as additional independent director of the Bank, effective December 19, 2014.

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

On March 30, 2016, PBCom announced its Annual Stockholder's meeting to be held on June 14, 2016 at Manila Golf and Country Club, Makati.

On May 25, 2016, Board of Directors approved the Bank's amendment to the third article of its Articles of Incorporation and first article of its By-Laws. The change was on the place of principal office which is located at PBCOM, PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino St., Makati City. This is in compliance with SEC Memorandum Circular No. 6, series of 2014 to specify the complete address of the Bank.

On June 14, 2016, PBCom held its 2016 Annual Stockholders Meeting (ASM). During the meeting, there was a re-election of members of the Board of Directors for year 2016-2017, election of corporate officers, appointment of members in the committees and re-appointment of SGV & Co. as external auditors of the Bank for the year 2016.

On June 29, 2016, the Bank received the third installment payment amounting to P1.39 Billion for the subscribed shares of PG Holdings, Inc.

As of June 30, 2016, the Parent Bank had a total network of 82 branches, two Other Banking Offices (OBO) and 147 ATMs (81 onsite and 66 offsite).

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, 2016, 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 2014 and also reflected in 2015 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, 2016, the Bank used Level 1 measurements of financial assets in FVTPL and investment in securities at amortized cost amounting to ₱3.30 Billion and ₱16.74 Billion, respectively and Level 2 measurements used in equity securities at FVOCI amounting to ₱33.1 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.

9. The Bank has investment in foreign securities as of the reporting period.
10. There are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
11. 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.
12. There were no dividends declared or paid as of June 30, 2016 by the Parent Bank.

On March 9, 2016, the Board of BDI, Parent Bank's subsidiary has approved the declaration of cash dividends of ₱25.07 Million for common and preferred stockholders as at record date of February 29, 2016, payable on March 14, 2016. The Parent Bank signed a subscription agreement with BDI for subscription of latter's one million common shares at ₱100 per share and assigned ₱25.0 Million dividends as partial payment for the subscription.

13. Financial Information by Segment (In Thousands)

AS OF JUNE 30, 2016

Particulars	Branch Banking	Corporate Banking	Treasury Segment	Consumer Finance Segment *	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Net Interest Income	286,562	315,936	187,944	398,540	1,009	34,219	1,224,209
Trading and securities gain-net	-	-	62,084	-	-	-	62,084
Rent income	-	-	-	873	-	211,614	212,487
Service charges, fees and commissions	28,414	98,750	84	66,539	-	9,760	203,547
Foreign Exchange gain (loss) - net	-	-	23,988	-	-	-	23,988
Profit /loss) from Asset Sold/Exchange	-	-	-	1,274	-	(6,380)	(5,106)
Income from Trust Operations	-	-	-	-	8,782	-	8,782
Miscellaneous	6,632	2,714	(2,472)	6,866	63	12,185	25,989
Total Operating Income	321,608	417,400	271,628	474,091	9,853	261,397	1,755,979
Compensation and Fringe benefits	151,825	39,774	26,081	120,195	6,875	255,990	600,740
Taxes and licenses	82,727	43,404	31,780	39,391	659	11,547	209,508
Depreciation and amortization	72,246	1,778	1,296	22,437	753	83,094	181,604
Occupancy and Other equipment-related cost	84,720	5,904	412	14,484	769	(6,246)	100,043
Provision for impairment losses	-	30,199	-	37,535	-	149	67,882
Other operating expense	117,416	22,908	45,663	47,759	1,432	189,693	424,870
Total Operating Expense	508,934	143,965	105,232	281,802	10,487	534,227	1,584,647
Segment profit (loss)	(187,326)	273,435	166,396	192,290	(633)	(272,830)	171,332
Provision for income Tax	-	852	72,016	18,503	-	22,090	113,461
Net Income (loss)	(187,326)	272,583	94,380	173,787	(633)	(294,920)	57,871
Total segment assets	11,441,442	30,695,381	27,537,277	8,604,385	70,307	9,044,830	87,393,622
Total segment liabilities	54,290,482	131,802	18,086,404	2,278,694	-	2,239,597	77,026,979

AS OF JUNE 30, 2015

Particulars	Branch Banking	Corporate Banking	Treasury Segment	Consumer Finance Segment *	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Net Interest Income	478,114	134,934	162,261	392,863	2,055	(18,551)	1,151,675
Trading and securities gain-net	-	-	(14,182)	-	-	33	(14,150)
Rent income	-	-	-	150	-	204,685	204,835
Service charges, fees and commissions	63,713	119,424	13	61,369	-	1	244,520
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	959	-	500	1,459
Income from Trust Operations	-	-	-	-	8,049	-	9,914
Miscellaneous	3,958	3,195	-	17,401	-	3,125	27,679
Total Operating Income	548,091	263,649	146,326	472,756	10,101	295,456	1,736,379
Compensation and Fringe benefits	194,254	49,581	13,364	118,549	16,977	289,047	681,771
Taxes and licenses	93,046	37,878	30,899	21,887	811	34,824	219,345
Depreciation and amortization	60,123	2,873	1,035	16,163	1,534	52,656	134,384
Occupancy and Other equipment-related cost	84,515	1,194	521	9,973	510	9,646	106,359
Provision for impairment	0	(41)	-	17,070	-	4	17,033
Other operating expense	132,032	20,015	21,982	51,425	3,333	133,247	362,035
Total Operating Expense	563,970	111,500	67,801	235,066	23,165	519,424	1,520,926
Segment profit (loss)	(15,878)	152,150	78,525	237,689	(13,063)	(223,968)	215,454
Provision for income Tax	17	5,593	67,541	11,102	-	47,678	131,931
Net Income (loss)	(15,895)	146,557	10,984	226,587	(13,063)	(271,646)	83,523
Total segment assets	10,974,620	25,739,546	21,151,075	7,067,169	54,718	10,604,404	75,591,531
Total segment liabilities	52,664,339	21,593	9,370,758	1,514,266	100,000	4,678,975	68,349,931

* include rural bank subsidiaries

Efforts to expand the Bank's core banking business led to a year-on-year operating income growth of 58% for Corporate Banking and 86% for Treasury Segment. Operating costs related to these segments increased by 29.1% and 55.2%, 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 2016	December 2015
Trust department accounts	6,014,662	5,594,481
Standby LC	1,991,088	1,759,656
Spot exchange:		
Bought	829,688	753,446
Sold	2,490,560	753,260
Sight import LC outstanding	349,098	370,465
Usance import LC outstanding	121,200	74,854
Deficiency claims receivable	27,498	27,498
Inward bills for collection	63,032	75,844
Outstanding shipping guarantees	862,780	509,078
Currency forwards:		
Bought	-	5,084
Sold	-	5,132
Outward bills for collection	24,713	75,844
Items held for safekeeping	226	244
Items held as collateral	11	5
Other contingent	3,048	9,807

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 ₱87.39 Billion while total liabilities and equity amounted to ₱77.03 Billion and ₱10.37 Billion, respectively. Comparing from the year-end level of ₱76.08 Billion, total Assets improved by 14.88% or ₱11.32 Billion mainly brought about by the remarkable increase in Trading and Investment securities and Loans and receivables to maximize the usage of funds generated from deposits. Total liquid assets improved by ₱6.57 Billion from December 2015 level of ₱30.40 Billion to ₱36.97 Billion. Trading and investment securities and Loans and receivables increased by ₱5.18 Billion and ₱4.78 Billion, respectively on renewed treasury and sales activities during the year, although NPL ratio for loans the period marginally rises from 1.47% to 1.57%. PBCom's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on continuing basis. Meanwhile, total Liabilities for the period went up by 14.70% or ₱9.87 Billion from year-end of ₱67.15 Billion to ₱77.03 Billion. Deposit liabilities rose by ₱7.22 Billion mainly brought about by the improved marketing efforts of the Bank. Bills Payable also went up by ₱2.24 Billion due to higher deposit substitutes placements and repurchase agreements. Outstanding acceptances and manager's checks likewise went up by ₱87.88 Million and ₱183.42 Million, respectively. Moreover, accrued interest, taxes and other expenses and other liabilities increase by ₱58.80 Million and ₱84.94 Million, respectively. The Bank's total equity went up by ₱1.44 Billion mainly brought about by the third installment payment for the subscribed shares of PG Holdings, Inc. for its subscribed shares.

PBCom's earning capacity posted a net income of ₱57.87 Million as of the end of the first semester of year 2016. Net interest income in 2016 is ₱1.22 Billion, which is 6.30% better than the ₱1.15 Billion net interest income in the same period in 2015. The increase was mainly brought about by higher income from investment securities and loans and receivable by ₱33.80 Million and ₱84.31 Million, respectively. Total operating income likewise improved by ₱19.60 Million of which can be attributed to the increase on trading and securities gains and foreign exchange gains by ₱76.23 Million and ₱8.18 Million, respectively. However, total operating expenses increased by ₱63.72 Million for the comparative period. Depreciation and amortization of bank premises and software and the provision for impairment losses on loans mainly contributed the increase in operating expenses by ₱47.22 Million and ₱50.85 Million, respectively. Provision for income tax, on the other hand, went down by ₱18.47 Million from ₱113.46 Million in June 2016 as against the ₱131.93 Million in Jun 2015 brought about by one-off recognition of deferred tax on fair value gain in 2015.

On a quarter to quarter basis, net interest margins slightly went up by 13.89% or ₱34.08 Million. Increase on interest income improved by ₱85.68 Million, however, this was offset by the increase on interest expense on deposit liabilities and bills payable, borrowings and others by ₱34.08 Million. Operating income marginally dropped 1.04% which can be attributed by the decline of Service charges, fees, and commissions, Fair value gain and Profit/(loss) from assets sold/exchanged by the total amount of ₱118.48 Million. Meanwhile, total Operating expenses grew by 7.68% or ₱57.40 Million mainly brought about by the increase in depreciation and amortization and provision for impairment losses by ₱26.67 Million and ₱39.00 Million, respectively.

The Bank's consolidated capital base stood at ₱10.37 Billion from ₱8.92 Billion as of year-end 2015. Increase in Bank's equity was mainly brought about by the receipt of the third installment payment amounting to ₱1.39 Billion for the subscribed shares of PG Holdings, Inc. The Bank's Risk Based Capital Adequacy Ratio of 14.74% under the new BASLE 3 guidelines (BSP Circular 781) covering credit, market and operational risk as of June 2016 is well above the 10% minimum requirement.

On period-to-period basis, total Assets improved by ₱14.74 Billion compared to same period of last year's level of ₱72.65 Billion to ₱87.39 Billion. Total liquid assets improved by ₱5.55 Billion from last year's level of ₱31.43 Billion to ₱36.97 Billion of the current period. Trading and Investment Securities improved by 22.32% or ₱3.66 Billion as a result of additional purchases of various securities to maximize the usage of funds generated from deposits. Loans and receivable went up by 25.44% or ₱8.37 Billion from previous year's first semester level of ₱32.91 Billion. Total Liabilities increased by ₱11.68 Billion from the same period of last year's level of ₱65.35 Billion to ₱77.03 Billion of the current year. Deposit liabilities grew by ₱7.65 Billion while Bills Payable went up by ₱3.38 Billion due to higher deposit substitute placements and repurchased agreement. Outstanding acceptances and manager's check likewise rose by ₱111.96 Million and ₱175.64 Million, respectively. Deferred tax liabilities increased by ₱263.83 Million due to recognition of Fair Value Gain on Investment Properties.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	June 2016	December 2015	Remarks
Net Profit Margin (Net income divided by Gross income)	3.30%	4.81%*	Net Profit Margin decreased by 1.51% due to lower service charges, fees and commissions and higher operating expenses during the current period.
Return on Average Asset (Net income divided by Average assets)	0.14%	0.28%	Lower annualized net income during the current period but an increase in Average Assets led to lower ROA versus Dec 2015
Return on Average Equity (Net income divided by Average equity)	1.20%	2.52%	Return on Average Equity decline due combination of lower annualized net income and higher Average Equity to include capital infusion of ₱1.39B for the period.
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	14.74%	14.97%	Lower CAR due to higher Total Risk Weighted Assets on Credit Risk on to increased loans and debt securities during the period.
Basic Earnings per share (Net income divided by average no. of common shares)	0.39	0.56*	Due to lower net income for the comparative period.

* As of Jun 2015

B. Financial Soundness (consolidated)

Ratio	June 2016	December 2015	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>	56.43%	52.14%	Liquidity Ratio increased by 4.29%, resulting from higher liquid assets that grew by ₱6.57 Billion or 21.63% while deposit base grew by 12.39% from ₱58.3 Billion to ₱65.5 Billion as of June 2016.
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	88.14%	88.27%	Debt ratio as of June 2016 is slightly improved by 0.13% versus Dec 2015 level as increased in liability was outpaced by the asset.
Asset to Equity Ratio (Total Asset to Total Equity)	843.03%	852.49%	Lower Asset to Equity Ratio resulted from improved asset base of ₱11.32 Billion versus ₱1.44 Billion increase in Equity.

Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	132.15%	142.79%*	The Bank's interest rate coverage decline as a result of lower Services charges, fees and commission and higher Operating expenses.
Net Interest Margin Net interest income over Average Earning assets	4.06%	4.32%	Though Loan portfolio and Investment in securities have grew for the period resulting to improved Net interest income, increased in Operating expense and lower Services charges, fees and commission resulted to lower ratio.

* As of June 2015

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, 2016, unspent amount of capital expenditures from on-going projects was ₱60.0 Million from prior year's approved budget and additional projects this period on technology enhancement and realignment.
- d. There are no known trends, events or uncertainties that are expected to have a material impact on net sales or revenues of the Bank in the near future.
- e. There was no recorded significant income or losses during the quarter that did not come from the Bank's regular operations.
- f. Interest income on non-discounted loan was recognized based on the accrual method of accounting while unearned discounts were amortized to income over the term of the loans. As such, there is no seasonal aspect that has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are largely dependent on market dynamics and economic trends rather than on seasonal factors.

Statement of Condition: June 2016 vs. December 2015 (conso)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(404,924)	-30.14%	Lower Cash on Hand
Due from BSP	1,266,356	10.63%	Higher placement in BSP-SDA
Due from Other Banks	(168,296)	-8.38%	Lower investment in DFOB's
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	705,353	307.64%	Higher investment in interbank loans during the period
Financial assets at Fair Value through Profit or Loss	2,901,905	734.18%	Higher investment in FVTPL for first half of 2016
Investment securities at Amortized Cost	2,273,659	15.71%	Higher investment in debt securities- HTC for first half of 2016
Loans and Receivables	4,776,061	13.08%	Loan volume increased during the reporting period
Investment in Subsidiaries and Associate	268	2.21%	Share in net income of affiliates during the period
Property and Equipment	(43,123)	-2.41%	Depreciation recognized in 1 st half
Investment Properties	(18,956)	-0.33%	Lower due to sale of ROPAs
Intangible Assets	(8,446)	-1.02%	Lower due to amortization of software during the period
Other Assets	37,450	6.04%	Mostly due to higher Prepaid Expenses and higher creditable withholding taxes
Demand Deposits	2,233	17.84%	Higher deposit volume for the period
Savings Deposits	622,294	12.31%	
Time Deposits	4,366,097	10.72%	
Bills Payable	2,237,584	34.52%	Higher REPO bookings and deposit substitute
Outstanding Acceptances	87,877	208.91%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	183,418	168.41%	There was an increase in un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	58,804	10.34%	Increase in expense accruals mainly due to accrued bonuses
Other Liabilities	84,939	13.81%	Higher AP related to Loans/Trade

Statement of Income and Expenses : January-June 2016 vs January-June 2015 (conso)

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	33,802	10.80%	Higher interest income due to improved volume
Interest Income on Loans and receivable	84,312	6.51%	Higher interest income due to increase in volume
Interest Income on IBCL & SPURA	(4,114)	-38.45%	Lower income due to decline in volume
Interest Income on Deposit with other Banks and others	(12,161)	-33.45%	Lower investment in SDA with BSP
Interest Expense on Deposit Liabilities	(10,215)	-2.21%	Improved deposit mix due to the bank's conscious effort to focus on low cost deposits.
Interest Expense on Bills payable, borrowings and others	39,520	97.39%	Increase in interest expense mainly due to higher volume from REPO product
Trading and Securities Gain – net	76,234	-538.76%	Higher realized and unrealized trading gains
Rent Income	7,652	3.74%	Rental fees escalation and new tenants in 2016
Service Charges, Fees & Commissions	(40,973)	-16.76%	Lower mainly due to TFR fees adjustment during the period
Foreign Exchange Gain (Loss) –Net	8,179	51.74%	A combination of higher revaluation income and lower actual/realized gain from foreign exchange trading has led to an increase in foreign exchange gains.
Fair value gain	(94,637)	-100.00%	Absence of recognize fair value gain on investment properties.
Profit/(Loss) from Assets Sold/Exchanged	(6,565)	-449.97%	The Bank has recognized lower gains from the sale of ROPA properties during the reporting period
Income from Trust Operations	(1,132)	-11.42%	The Bank registered lower trust fees during the comparative period
Miscellaneous Income	(1,690)	-6.11%	Lower mainly due to loss on asset derecognition recognized in 2Q
Compensation and Fringe Benefits	(81,031)	-11.89%	Due to decrease in headcount
Taxes and Licenses	(9,837)	-4.48%	Lower DST due to lower TD volume
Occupancy and other equipment-related costs	(6,316)	-5.94%	Lower power costs due to lower cost per unit in 2016
Depreciation & Amortization	47,220	35.14%	Due to branch transformation, new branches and IT projects
Provision (reversal) for impairment losses	50,849	298.53%	Higher mainly due to reversal made in 1 st quarter of 2015 and due to difference in timing of booking the provisions
Miscellaneous	62,838	17.36%	Higher consultancy fees and brokerage fees
Provision for income tax	(18,469)	-14.00%	Due to absence of deferred tax on fair value gain recognize same period last year