

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. Michael Stephen H. Lao
(Company Representative)

212-167-776
(TIN)

June 16, 1983
(Birth Date)

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Cashier

File Number

Central Receiving Unit

Document ID

LCU

SECURITIES AND EXCHANGE COMMISSION



SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2020
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: (e Only)
7. Address of issuer's principal office Postal Code
PBCOM Tower 6795 Ayala Ave., Cor. V.A. Rufino St., Makati City 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:


PATRICIA MAY T. SIY
President & CEO


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

May 15, 2020

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
 UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION
 AS OF MARCH 31, 2020
 (With Comparative Figures as of December 31, 2019)

	Consolidated		Parent Company	
	March 31, 2020 (Unaudited)	December 31, 2019	March 31, 2020 (Unaudited)	December 31, 2019
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	2,777,752	2,698,682	2,777,752	2,698,682
Due from Bangko Sentral ng Pilipinas	10,111,492	10,213,521	10,111,492	10,213,521
Due from Other Banks	290,162	357,960	290,162	357,960
Interbank Loans Receivable	4,294,676	717,736	4,294,676	717,736
Financial assets at Fair Value through Profit or Loss	248,024	1,667,827	248,024	1,667,827
Financial assets at Fair Value through Other Comprehensive Income	5,052,432	8,094,362	5,052,432	8,094,362
Investment Securities at Amortized Cost	12,877,043	12,849,500	12,877,043	12,849,500
Loans and Other Receivables	59,924,843	61,257,040	59,927,604	61,259,793
Investment in a Subsidiary and Associate	13,925	13,849	20,112	20,053
Property and Equipment	714,917	725,739	714,917	725,739
Investment Properties				
Condominium units for lease	1,824,846	1,836,941	1,824,846	1,836,941
Foreclosed properties	620,981	588,451	620,981	588,451
Office units for lease	3,186	3,274	3,186	3,274
Intangible Assets	660,388	673,089	660,388	673,089
Other Assets	1,065,599	1,042,533	1,064,203	1,041,144
TOTAL ASSETS	100,480,266	102,740,504	100,487,818	102,748,072
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	31,650,249	27,204,604	31,659,224	27,213,580
Savings	8,623,639	9,180,273	8,623,639	9,180,273
Time	35,074,788	36,594,232	35,074,788	36,594,232
Long-term negotiable certificates of deposits	2,902,730	2,902,730	2,902,730	2,902,730
	78,251,406	75,881,839	78,260,381	75,890,815
Bills Payable	8,523,155	13,064,824	8,523,155	13,064,824
Outstanding Acceptances	68,767	91,855	68,767	91,855
Manager's Checks	141,419	442,811	141,419	442,811
Accrued Interest, Taxes and Other Expenses	742,635	712,428	742,468	712,277
Income Tax payable	44,222	23,441	44,222	23,441
Deferred Tax Liabilities - Net	782	782	782	782
Other Liabilities	1,122,931	1,167,323	1,121,675	1,166,066
TOTAL LIABILITIES	88,895,317	91,385,303	88,902,869	91,392,871
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Common stock	12,016,129	12,016,129	12,016,129	12,016,129
Additional paid-in capital	2,262,246	2,262,246	2,262,246	2,262,246
Surplus reserves	105,952	105,952	105,952	105,952
Deficit	(2,358,405)	(2,807,067)	(2,358,405)	(2,807,067)
Unrealized gain on financial assets at fair value through other comprehensive income	(100,351)	87,932	(100,351)	87,932
Cumulative translation adjustment	(262,295)	(231,664)	(262,295)	(231,664)
Remeasurement losses on defined benefit liability	(78,327)	(78,327)	(78,327)	(78,327)
	11,584,949	11,355,201	11,584,949	11,355,201
NON-CONTROLLING INTERESTS	-	-	-	-
TOTAL EQUITY	11,584,949	11,355,201	11,584,949	11,355,201
TOTAL LIABILITIES AND EQUITY	100,480,266	102,740,504	100,487,818	102,748,072

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME

	Consolidated		Parent Company	
	For the three months ended March 31 (January to March)			
	2020	2019	2020	2019
(Amounts in Thousands, Except Earnings per Share)				
INTEREST INCOME				
Investment securities	242,698	202,488	242,698	202,488
Loans and receivables	1,132,470	1,101,213	1,132,470	1,101,213
Interbank loans receivable and securities purchased under resale agreements	19,071	8,137	19,071	8,137
Deposits with other banks and others	6,087	3,014	6,087	3,014
	1,400,326	1,314,852	1,400,326	1,314,852
INTEREST AND FINANCE CHARGES				
Deposit liabilities	288,772	446,519	288,772	446,519
Bills payable, borrowings and others	88,603	186,591	88,603	186,591
	377,375	633,110	377,375	633,110
NET INTEREST INCOME	1,022,951	681,742	1,022,951	681,742
Trading and securities gain - net	158,653	187,426	158,653	187,426
Rent Income	190,784	173,753	190,784	173,753
Service charges, fees and commissions	90,250	96,875	90,250	96,875
Foreign exchange gain - net	5,327	20,092	5,327	20,092
Gain (loss) on asset exchange	9,581	(512)	9,581	(512)
Profit from assets sold/ exchange	526	16,003	526	16,003
Income from trust operations	6,303	5,570	6,303	5,570
Miscellaneous	30,826	31,962	30,827	31,962
TOTAL OPERATING INCOME	1,515,201	1,212,911	1,515,202	1,212,911
Compensation and fringe benefits	261,247	246,839	261,247	246,133
Taxes and licenses	157,186	142,229	157,185	142,227
Depreciation and amortization	88,689	107,703	88,689	107,703
Occupancy and other equipment - related costs	28,198	39,504	28,198	39,465
Provision for impairment losses	209,892	11,263	209,892	11,263
Insurance	36,942	35,542	36,942	35,542
Management and professional fees	38,764	23,740	38,749	23,715
Security, clerical, messengerial and janitorial services	24,058	25,085	24,058	25,081
Entertainment, amusement and recreation	28,599	19,720	28,599	19,720
Communication	12,241	12,945	12,241	12,945
Miscellaneous	107,834	99,608	107,834	99,603
TOTAL OPERATING EXPENSES	993,650	764,178	993,634	763,397
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE	521,551	448,733	521,568	449,514
Share in net income (loss) of subsidiary and an associate	76	110	59	(5,083)
INCOME BEFORE INCOME TAX	521,627	448,843	521,627	444,431
PROVISION FOR INCOME TAX	72,965	61,830	72,965	61,830
NET INCOME FROM CONTINUING OPERATIONS	448,662	387,013	448,662	382,601
NET LOSS FROM DISCONTINUED OPERATION	-	(4,413)	-	-
NET INCOME	448,662	382,600	448,662	382,601
Attributable to:				
Equity holders of the Parent Company	448,662	382,601		
Non-controlling interest	-	(1)		
	448,662	382,600		
Basic/ Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	0.93	0.80		

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
 UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated		Parent Company	
	For the three months ended March 31 (January to March)			
	2020	2019	2020	2019
	(Amounts in Thousands)			
NET INCOME FROM CONTINUING OPERATIONS	448,662	387,013	448,662	382,601
NET LOSS FROM DISCONTINUED OPERATION	-	(4,413)	-	-
NET INCOME	448,662	382,600	448,662	382,601
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Net movement in cumulative translation adjustment	(30,631)	(52,133)	(30,631)	(52,133)
Unrealized gain (loss) on financial assets carried at fair value through other comprehensive income	(188,283)	65,883	(188,283)	65,883
	(218,914)	13,750	(218,914)	13,750
<i>Items that may not be reclassified to profit or loss in subsequent periods:</i>				
Unrealized loss on financial assets carried at fair value through other comprehensive income	-	-	-	-
Remeasurements of defined benefit liabilities	-	-	-	-
	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	(218,914)	13,750	(218,914)	13,750
	229,748	396,350	229,748	396,351
Attributable to:				
Equity holders of the Parent Company	229,748	396,351		
Non-controlling interest	-	(1)		
TOTAL OTHER COMPREHENSIVE INCOME	229,748	396,350		

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM STATEMENT OF CASH FLOWS

	Consolidated		Parent Company	
	For the Three Months Ended			
	March 31			
	2020	2019	2020	2019
	(Amounts in Thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax from continuing operations	521,627	448,843	521,627	444,431
Income (loss) before income tax from discontinued operation	-	(4,412)	-	-
Income before income tax	521,627	444,431	521,627	444,431
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:				
Accretion of interest on unquoted debt securities	(115,789)	(39,913)	(115,789)	(39,913)
Depreciation and amortization	88,689	111,674	88,689	107,703
Provision for impairment losses	209,892	18,488	209,892	11,263
Loss (Profit) on asset exchange	(9,581)	512	(9,581)	512
Profit from asset sold or exchange	(526)	(16,188)	(526)	(16,003)
Unrealized (gain) loss on financial assets at FVTPL	(188,283)	65,883	(188,283) ⁿ	65,883 ⁿ
Equity in net loss (earnings) of a subsidiary and associate	(76)	(110)	(59)	5,083
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Financial assets at FVTPL	1,419,803	(674,062)	1,419,803	(674,062)
Loans and Receivable	1,238,094	3,813,939	1,238,086	3,805,680
Other Assets	(25,405)	(587,349)	(25,398)	(586,847)
Increase (decrease) in the amounts of:				
Deposit liabilities	2,369,567	(930,908)	2,369,566	(947,827)
Manager's checks	(301,392)	133,129	(301,392)	133,129
Accrued interest, taxes and other expenses	30,207	8,018	30,191 ⁿ	4,118
Other liabilities	(63,571)	549,199	(63,570)	546,459
Net cash generated from (used for) operations	5,173,256	2,896,743	5,173,256	2,859,610
Income taxes paid	(52,184)	(45,496)	(52,184)	(46,576)
Net cash provided by (used in) operating activities	5,121,072	2,851,247	5,121,072	2,813,034
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (decrease) in interbank loans receivable	(2,600,000)	13,144	(2,600,000)	13,144
Acquisition of:				
Financial assets at FVOCI	(30,086,809)	(24,426,707)	(30,086,809) ⁿ	(24,426,707)
Property and equipment	(39,840)	(39,840)	(39,840)	(39,840)
Investment properties	(78,067) ⁿ	(160,385)	(78,067) ⁿ	(160,385)
Software cost	(5,247)	(14,487)	(5,247)	(14,039)
Proceeds from disposal of:				
Financial assets at FVOCI	33,101,196	27,775,182	33,101,196	27,775,182
Property and equipment	13,480	3,449	13,480	8,222 ⁿ
Investment properties	36,606	91,982	36,606	91,620
Net cash provided by (used in) investing activities	341,320	3,242,338	341,320	3,247,197
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of:				
Bills payable	36,156,766	108,169,435	36,156,766	108,169,435
Outstanding acceptance	35,229	56,900	35,229	56,900
Marginal deposits	31,110	-	31,110	-
Settlements of:				
Bills payable	(40,698,435)	(114,420,972)	(40,698,435)	(114,406,898)
Outstanding acceptance	(58,317)	(16,024)	(58,317)	(16,024)
Marginal deposits	(11,931)	(170,285)	(11,931)	(170,285)
Net cash provided by (used) financing activities	(4,545,578)	(6,380,946)	(4,545,578)	(6,366,872)

forward

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM STATEMENT OF CASH FLOWS

	Consolidated		Parent Company	
	For the Three Months Ended			
	March 31			
	2020	2019	2020	2020
	(Amounts in Thousands)			
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(30,631)	(52,133)	(30,631)	(52,133)
NET DECREASE IN CASH AND CASH EQUIVALENTS	886,183	(339,494)	886,183	(358,774)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD				
Cash and Other Cash Items	2,698,682	1,389,869	2,698,682	1,357,609
Due from Bangko Sentral ng Pilipinas	10,213,521	15,224,382	10,213,521	15,168,302
Due from Other Banks	357,960	379,723	357,960	228,578
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	717,736	193,820	717,736	193,820
	13,987,899	17,187,794	13,987,899	16,948,309
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	2,777,752	1,588,582	2,777,752	1,561,099
Due from Bangko Sentral ng Pilipinas	10,111,492	12,590,299	10,111,492	12,533,570
Due from Other Banks	290,162	2,133,261	290,162	1,958,708
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	1,694,676	536,158	1,694,676	536,158
	14,874,082	16,848,300	14,874,082	16,589,535

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

		Consolidated									
		Equity Attributable to Equity Holders of the Parent Company									
				Unrealized gain (loss) on Financial Assets at Fair Value		Remeasurement Losses on Retirement Liabilities		Non- Controlling Interest			
		Common Stock	Additional Paid-in Capital	Surplus reserves	Deficit	Through Other Comprehensive Income	Cumulative Translation Adjustment	Total	Total Equity		
Balance at January 1, 2020		12,016,129	2,262,246	105,952	(2,807,067)	87,932	(231,664)	(78,327)	11,355,201	-	11,355,201
Total comprehensive income (loss) for the period					448,662	(188,283)	(30,631)	-	229,748	-	229,748
Balance at March 31, 2020 (unaudited)		12,016,129	2,262,246	105,952	(2,358,405)	(100,351)	(262,295)	(78,327)	11,584,949	-	11,584,949
Balance at January 1, 2019		12,016,129	2,252,826	105,893	(3,916,336)	19,416	(177,059)	25,021	10,325,890	24	10,325,914
Total comprehensive income (loss) for the period					382,601	65,883	(52,133)	-	396,351	(1)	396,350
Balance at March 31, 2019 (unaudited)		12,016,129	2,252,826	105,893	(3,533,735)	85,299	(229,192)	25,021	10,722,241	23	10,722,264
Parent Company											
Balance at January 1, 2020		12,016,129	2,262,246	105,952	(2,807,067)	87,932	(231,664)	(78,327)	11,355,201	-	11,355,201
Total comprehensive income (loss) for the period					448,662	(188,283)	(30,631)	-	229,748	-	229,748
Balance at March 31, 2020 (unaudited)		12,016,129	2,262,246	105,952	(2,358,405)	(100,351)	(262,295)	(78,327)	11,584,949	-	11,584,949
Balance at January 1, 2019		12,016,129	2,262,246	105,893	(3,916,336)	19,416	(177,059)	25,021	10,335,310	-	10,335,310
Total comprehensive income (loss) for the period					382,601	65,883	(52,133)	-	396,351	-	396,351
Balance at March 31, 2019 (unaudited)		12,016,129	2,262,246	105,893	(3,533,735)	85,299	(229,192)	25,021	10,731,661	-	10,731,661

PHILIPPINE BANK OF COMMUNICATIONS (Consolidated)
AGING OF LOANS & SELECTED RECEIVABLES
As of March 31, 2020
(In thousands)

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	49,429,651	47,570,105	280,649	599,723	141,790	837,385
Agrarian Reform/Other Agricultural Credit Loans	4,118,174	4,106,602	0	0	0	11,572
Bills Purchased	2,235,326	2,203,744	23,726	0	0	7,856
Customers' Liability on Drafts under LC/TR	3,633,580	3,610,831	999	0	0	21,750
Customers' Liab. for this Bank's Acceptances	68,767	68,767	0	0	0	0
Restructured Loans	93,568	49,255	1,114	22,880	2,964	17,356
Items in Litigation	747,521	0	0	61,842	95,539	590,140
SUB TOTAL	60,326,588	57,609,305	306,488	684,444	240,293	1,486,058
Unquoted Debt Securities	986,770	986,770	0	0	0	0
Accounts Receivable	472,651	197,788	2,323	203,669	60,575	8,296
Accrued Interest Receivable	412,469	356,156	2,021	4,881	1,836	47,575
Sales Contract Receivables	95,300	13,014	67,610	2,348	301	12,028
GRAND TOTAL	62,293,778	59,163,032	378,441	895,342	303,005	1,553,957

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Philippine Bank of Communications (the Parent Company) is a publicly listed domestic commercial bank organized in the Philippines, primarily to engage in commercial banking services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange and trust services. The Parent Company's principal place of business is at the PBCOM Tower, 6795 Ayala Avenue corner V. A. Rufino Street, Makati City.

The Parent Company's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on August 23, 1939. On June 21, 1988, the Board of Directors (BOD) of the Parent Company approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate life of the Parent Company for another 50 years or up to August 23, 2039. The Amended Articles of Incorporation was approved by the SEC on November 23, 1988.

The Parent Company acquired a license to operate as an expanded commercial bank from the Bangko Sentral ng Pilipinas (BSP) on December 24, 1993. On March 31, 2000, the BSP's Monetary Board approved the amendment of the Parent Company's license to a regular commercial banking.

Sale of PBCOM Rural Bank (PBCRB)

On July 29, 2019, the Parent Bank sold its entire stake at PBCOM Rural Bank to Producers Savings Bank. The total amount of consideration is ₱555.8 million for 99.98% shareholdings. The move is meant to consolidate the efforts and resources at Bank which is set at its strategy to focus on its core business and expand market to the ecosystem with other Lucio Co – led companies. The sale resulted to the Parent Company losing control and significant influence in PBCRB, thus beginning September 2019 report, the said company is no longer included in the Bank's consolidated financial statements.

The Parent Company's subsidiary and an associate are engaged in the following businesses:

Entity	Effective ownership	Line of business
Subsidiary		
PBCom Insurance Services Agency, Inc. (PISAI)	100.00%	Insurance Agent
Associate		
PBCom Finance Corporation	40.00%	Financing Company

On July 26, 2018, the Monetary Board of BSP, in its Resolution No. 1220, approved the Parent Company's issuance of the Long Term Negotiable Certificate of Deposits (LTNCD) of up to ₱5.0 billion in one or more tranches over the course of one year with minimum tenor of 5 years and 1 day to a maximum of 7 year. The purpose of the issuance is for long term funding.

The Parent Bank was able to raised ₱2.9 billion in its maiden issuance of LTNCD. The LTNCD bear fixed interest rate of 5.625 per annum and payable quarterly from October 8, 2018 until April 8, 2024. The amount was more than the initial planned volume of ₱2.0 billion

Strategic third party investors

On August 5, 2014, the Parent Company signed a subscription agreement with P.G. Holdings Inc. (PGH), for the latter's subscription of the Parent Company's 181,080,608 common shares valued at ₱33.00 per share. These shares were issued out of the unissued portion of the Parent Company's authorized capital stock.

The subscription by PGH to the new shares of the Parent Company amounting to ₱5.98 billion was approved by the BSP on September 23, 2014. The first installment of ₱1.79 billion was paid by PGH on September 25, 2014. Subsequently, on October 1, 2014, VFC Land Resources Inc. (VFC) bought 59.24 million shares at ₱33.00 per share from the ISM Group. PGH and VFC are beneficially owned by the family of Mr. Lucio Co, bringing his total stake in the Parent Company to 49.99%.

On September 22, 2015, June 29, 2016 and September 11, 2017, the Parent Company received the second, third and final installment payments, respectively, each amounting to ₱1.39 billion for the subscribed shares of PGH (see Note 23 of AFS).

In 2015, both PGH and VFC bought additional 2.40 million shares. The following year, additional 0.49 million shares and 9.49 million shares were acquired by PGH and VFC, respectively. In 2018, PGH bought an additional 2.27 million shares. VFC acquired 0.49 million additional shares in 2019 bringing the Co Family's total stake in the Parent Company at 53.65% as of March 31, 2020.

As of March 31, 2020, the Parent Bank had a total network of 89 regular branches, 3 branch-lite units and 149 ATMs (82 onsite and 67 offsite).

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual audited financial statements as at and for the year ended December 31, 2019.

The unaudited interim condensed consolidated financial statements of the Parent Company and its subsidiary (the Group) have been prepared on a historical cost basis, except for Financial Assets at Fair Value through Profit or Loss (FVTPL) and Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) that are measured at fair value.

The financial statements are presented in Philippine Peso (PHP) and all values are rounded to the nearest thousands, unless otherwise stated.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Parent Company and its subsidiary are in Philippine peso.

Statement of Compliance

The unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2020 had been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary and are prepared for the same reporting period as the Parent Company using consistent accounting policies. The subsidiary is consolidated from the date on which control is transferred to the Parent Company.

The Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiary to align their accounting policies with the Parent Company's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for within equity as an adjustment to 'Additional paid-in capital'. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted by the Group to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs, resulting in loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the related OCI recorded in equity and recycle the same to the statement of income or surplus;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained; and
- Recognizes any surplus or deficit in the statement of income.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interests are presented separately in the unaudited interim condensed consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to the equity holders of the Parent Company. Any losses applicable to the non-controlling interests are allocated against

the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. Changes in Accounting Policies and Disclosures

PFRS 16, Leases

PFRS 16 supersedes Philippine Accounting Standard (PAS) 17, Leases, Philippine Interpretation IFRIC 4, Determining whether an Arrangement contains a Lease, Philippine Interpretation SIC-15, Operating Leases-Incentives and Philippine Interpretation SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, Income Taxes. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when

making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

The adoption of the following pronouncements did not have any significant impact on the Group's financial position or performance:

Amendments

- PFRS 9 (Amendment), Prepayment Features with Negative Compensation
- PAS 19 (Amendments), Employee Benefits, Plan Amendment, Curtailment or Settlement
- PAS 28 (Amendments), Long-term Interests in Associates and Joint Ventures

Annual Improvements to PFRS 2015-2018 Cycle

- Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation
- Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments
- Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization

4. 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 March 31, 2020, the Bank used the following level of measurements:

Assets measured at fair value	Carrying value	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets at FVTPL Government securities	₱248,024	₱-	₱248,024	₱-
Financial assets at FVTOCI Government securities	1,979,834	768,749	1,211,085	-
Private bonds	2,967,479	2967,479	-	-
Equity securities	105,119	-	74,210	30,909

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.

5. Financial Risk Management

Risk is inherent in the Group's activities but is managed through a continuing and pro-active process of identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

Compared with December 31, 2019, there have been no changes in the financial risk exposures that may materially affect the unaudited interim condensed consolidated financial statements of the Group as of March 31, 2020. The Group is exposed to the following risks from its financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk
 - i. Interest rate risk
 - ii. Foreign currency risk
 - iii. Equity price risk

On credit risk, the Group manages and controls it by setting limits on the amount of risk it is willing to accept for individual borrowers and groups of borrowers, as well as limits on large lines and industry concentrations. Credit risk management was likewise strengthened with the implementation of ECL models. The Group's ECL calculations are output of complex models with number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

6. Consolidated Segment Information

The following tables present income and profit and certain asset and liability information regarding the Group's operating segments as of March 31, 2020 and 2019.

AS OF MARCH 31, 2020

Particulars	Branch Banking	Corporate Banking	Treasury Segment	Consumer Finance Segment	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Revenue, net of interest expense							
Third party	(320,309)	962,533	245,483	132,828	771	1,645	1,022,951
Intersegment	718,779	(546,868)	(178,039)	(68,624)	(792)	75,544	-
Net interest income	398,470	415,665	67,444	64,204	(21)	77,189	1,022,951
Rent income	-	-	-	-	-	190,784	190,784
Service charges, fees and commissions	24,120	56,017	-	6,100	-	4,013	90,250
Foreign Exchange gain - net	2,063	1,736	1,528	-	-	-	5,327
Income from Trust Operations	-	-	-	-	6,303	-	6,303
Trading and securities gain (loss) - net	-	-	158,653	-	-	-	158,653
Gain on asset exchange	-	-	-	-	-	9,581	9,581
Profit from asset sold/ exchange	-	-	-	-	-	526	526
Miscellaneous	(1,596)	6,577	2,252	-	-	23,593	30,826
Total Operating Income	423,057	479,995	229,877	70,304	6,282	305,686	1,515,201
Compensation and fringe benefits	81,230	16,671	9,089	10,203	2,156	141,898	261,247
Taxes and licenses	58,391	58,445	25,698	6,434	335	7,883	157,186
Depreciation and amortization	28,443	472	1,344	925	166	57,339	88,689
Provision for impairment losses	-	180,502	-	29,457	-	(67)	209,892
Occupancy and Other equipment-related cost	19,568	4,833	197	329	103	3,168	28,198
Other operating expense	74,910	13,948	36,439	8,771	2,087	112,283	248,438
Total Operating Expense	262,542	274,871	72,767	56,119	4,847	322,504	993,650
Income before share in net income of an associate	160,515	205,124	157,110	14,185	1,435	(16,818)	521,551
Share in net income of an associate	-	-	-	-	-	76	76
Income before income tax	160,515	205,124	157,110	14,185	1,435	(16,742)	521,627
Provision for income Tax	-	7,562	44,137	-	-	21,266	72,965
Net Income (loss)	160,515	197,562	112,973	14,185	1,435	(38,008)	448,662
Segment assets							
Property and equipment	290,466	-	-	-	-	424,451	714,917
Investment properties	-	-	-	-	-	2,449,013	2,449,013
Unallocated assets	11,209,429	52,243,091	23,756,274	6,271,384	77,084	3,759,074	97,316,336
Total segment assets	11,499,895	52,243,091	23,756,274	6,271,384	77,084	6,632,538	100,480,266
Total segment liabilities	83,030,459	149,537	4,173,549	659	-	1,541,113	88,895,317

AS OF MARCH 31, 2019

Particulars	Branch Banking	Corporate Banking	Treasury Segment	Consumer Finance Segment *	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Revenue, net of interest expense							
Third party	(516,784)	811,093	96,452	242,017	445	48,519	681,742
Intersegment	925,925	(669,482)	(71,065)	(171,691)	(977)	(12,710)	-
Net interest income	409,141	141,611	25,387	70,326	(532)	35,809	681,742
Rent income	-	-	-	-	-	173,753	173,753
Service charges, fees and commissions	20,335	62,101	1	10,930	-	3,508	96,875
Foreign Exchange gain - net	2,536	2,298	15,258	-	-	-	20,092
Income from Trust Operations	-	-	-	-	5,570	-	5,570
Trading and securities gain (loss) - net	-	-	187,426	-	-	-	187,426
Gain on asset exchange	-	-	-	-	-	(512)	(512)
Profit from asset sold/ exchange	-	-	-	-	-	16,003	16,003
Miscellaneous	2,335	5,616	533	-	-	23,478	31,962
Total Operating Income	434,347	211,626	228,605	81,256	5,038	252,039	1,212,911
Compensation and fringe benefits	77,082	15,772	9,699	15,642	3,507	125,137	246,839
Taxes and licenses	53,368	44,383	16,182	13,784	405	14,107	142,229
Depreciation and amortization	23,757	665	260	1,174	170	81,677	107,703
Provision for impairment losses	-	(13,108)	-	19,406	-	4,965	11,263
Occupancy and Other equipment-related costs	23,969	6,141	197	3,487	462	5,248	39,504
Other operating expense	81,341	14,609	21,949	11,786	1,094	85,861	216,640
Total Operating Expense	259,517	68,462	48,287	65,279	5,638	316,995	764,178
Income before share in net income of an associate	174,830	143,164	180,318	15,977	(600)	(64,956)	448,733
Share in net income of an associate	-	-	-	-	-	110	110
Income before income tax	174,830	143,164	180,318	15,977	(600)	(64,846)	448,843
Provision for income Tax	-	3,534	18,027	-	-	40,269	61,830
Net Income (loss)							
from continuing operations	174,830	139,630	162,291	15,977	(600)	(105,115)	387,013
Net loss from discontinued operation	-	-	-	(4,413)	-	-	(4,413)
Net income	174,830	139,630	162,291	11,564	(600)	(105,115)	382,600
Segment assets							
Property and equipment	347,671	-	-	99,384	-	548,685	995,740
Investment properties	-	-	-	159,712	-	2,504,841	2,664,553
Unallocated assets	12,729,440	41,748,238	13,775,886	12,467,227	60,358	13,099,055	93,880,204
Total segment assets	13,077,111	41,748,238	13,775,886	12,726,323	60,358	16,152,581	97,540,497
Total segment liabilities	76,750,874	397,803	3,024,353	1,907,545	-	4,737,658	86,818,233

7. Commitments and Contingent Liabilities

In the normal course of operations of the Group, there are outstanding commitments and contingent liabilities and bank guarantees that are not reflected in the financial statements. The Group does not anticipate losses that will materially affect its financial position and financial performance as a result of these transactions.

The following is a comparative summary of the Bank's commitments and contingent liabilities at their equivalent peso amounts.

	March 2020	December 2019
Trust department accounts	₱7,261,356	₱7,144,650
Standby LC	1,174,459	1,340,632
Spot exchange:		
Bought	592,711	1,052,313
Sold	660,360	927,871
Sight LC outstanding	871,143	80,843
Usance LC outstanding	55,299	218,883
Inward bills for collection	30,222	594,933
Outstanding shipping guarantees	42,701	117,541
Currency forwards:		

Bought	197,741	-
Sold	305,271	354,445
Outward bills for collection	118,072	22,916
Items held for safekeeping	42	37
Items held as collateral	7	7
Other contingent	2,586	16,055

Changes on the above figures are part of the regular operations of the Bank.

8. There are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
9. Except for effects of PFRS 9 on ECL models used for impairment of financial assets which are considered significant accounting judgements and estimates, there are no other 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 may have a material effect in the current interim period.
10. There were no dividends declared or paid as of March 31, 2020 by the Parent Bank.
11. There are no contingencies and any other events or transactions that are material for the current interim period.

SEC Form 17-Q

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

1. Management's Discussion & Analysis

The Bank registered a net income of ₱448.66 Million for the first three months of 2020, ₱66.1 Million or 17.3% higher than the ₱382.60 Million earned in the same period last year. Total operating income increased by ₱302.3 Million or by 25% amidst the COVID-19 pandemic. ₱341.2 Million improvement in net interest income was primarily a result of the decline in interest expense from lower cost of fund and lower volume. Interest income also increased despite of the loan payment holiday for consumer loan accounts as a result of the Bayanihan to Heal as One Act, due to growth in volume of investments and corporate loans. These have compensated the decline in trading and forex gain by ₱28.8 Million and ₱14.8 Million, respectively. Total operating expenses went up by 30% mainly because of higher provisions for losses recognized in the current period due to deterioration of the credit scores of the corporate accounts as the effect of the COVID-19 pandemic. Higher compensation costs from higher headcount and higher contribution to retirement fund and increase in taxes and licenses from higher GRT and higher local business taxes also contributed to the increase in operating expenses.

Total Assets of the Group declined by ₱2.3 Billion from ₱102.7 Billion as of December 2019 to ₱100.5 Billion at the end of the 1st quarter of 2020. This is primarily from the ₱3 Billion decrease in Financial Assets at FVOCI, ₱1.4 Billion drop in Financial Assets at FVTPL and ₱1.3 Billion decline in loans and receivables, mostly in corporate loans. These were offset by the increase in interbank loans by ₱3.6 Billion. The Group's gross NPL ratio slightly increased to 3.89% from the end of 2019 level of 3.82%.

Moreover, Total Liabilities amounted to ₱88.9 Billion with a decrease of 3% from the last year's end level of ₱91.4 Billion. This resulted mostly from lower bills payable by ₱4.5 Billion, lower time deposits by ₱1.5 Billion partially offset by the increase in Demand deposits by ₱4.4 Billion due to the Bank's efforts to increase volume of low-cost source of funds. Total Capital, on the other hand, amounted to ₱11.6 Billion from ₱11.4 Billion last December 2019. Improvement in capital by 2% was mainly contributed by the earnings of the Bank for the first quarter of the year.

The Group's consolidated Risk-Based Capital Adequacy ratio is 16.81% under BASEL 3 and is well above the 10% minimum requirement despite the global crisis on COVID-19. The ratio covers credit, market and operational risks for the first three months of 2020.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	March 2020	March 2019	Remarks
Net Profit Margin (Net income divided by Gross income)	29.61%	31.54%	Net profit margin slightly declined by 1.93% due to higher net income by 17% and gross income by 25%. Increase in net income is attributable to lower cost of fund and lower volume compared to prior period.
Return on Average Asset (Net income divided by Average assets)	0.44%	0.38%	Higher net income during the current period and increase in Average Assets resulted to increase in ROA by 0.06%.
Return on Average Equity (Net income divided by Average equity)	3.91%	3.64%	Return on average equity increased due to combination of higher net income and Average Equity by 17.27% and 8.99%, respectively.
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by total of	16.81%	15.87%	Capital ratio improved by 0.94% due to higher qualifying capital by ₱1.9 Billion while total risk weighted assets

<i>risk-weighted assets that include credit, market and operational risk)</i>			increased by ₱7.4 Billion.
Basic Earnings per share (Net income divided by average no. of common shares)	0.93	0.80	Increase in net income by 17% during the current period attributed to the rise of basic earnings per share.

B. Financial Soundness (consolidated)

Ratio	March 2020	December 2019	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>	45.56%	48.23%	Ratio declined by 2.67%, resulting from lower liquid assets of ₱948 million and higher total deposits of ₱2.4 billion.
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	88.47%	88.95%	Debt ratio is lower by 0.48% as a result of decrease in both total liabilities and total assets of ₱2.5 billion and ₱2.3 billion, respectively.
Asset to Equity Ratio (Total Asset to Total Equity)	8.67	9.05	Ratio is lower by 0.37% as result of decrease in total assets of ₱2.3 billion mainly due to effect of decrease financial assets at FVOCI amounting to ₱3.0 billion.
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	238.20%	170.88%*	Bank's interest rate coverage increased by 67.33% due to decline in interest expense from lower cost of fund and lower volume.
Net Interest Margin Net interest income over Average Earning assets	1.22%	0.86%*	Ratio up by 0.36% as average earning assets and net interest income improved for the period by ₱4.4 Billion and ₱341 million, respectively.

* As of March 2019

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 March 31, 2020, the unspent amount from the approved capital expenditures budget on technology enhancement, realignment and facility improvement amounted to ₱44.0 Million.
- 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 is 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 is recognized based on the accrual method of accounting while unearned discounts are 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: March 2020 vs. December 2019 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	79,070	2.93%	Higher cash on hand mainly those in vault
Due from BSP	(102,029)	-1.00%	Lower requirement for reserve
Due from Other Banks	(67,798)	-18.94%	Lower funds with local banks
Interbank Loans Receivable	3,576,940	498.36%	Higher investment in interbank call loans during the period
Financial assets at Fair Value through Profit or Loss	(1,419,803)	-85.13%	Sale of investments in FVTPL
Financial assets at Fair Value through Other Comprehensive Income	(3,041,930)	-37.58%	Sale of investments in FVOCI
Investment securities at Amortized Cost	27,543	0.21%	Higher investment in HTC
Loans and Receivables	(1,332,197)	-2.17%	Decline in outstanding loan primarily in corporate loans
Investment in a subsidiary and associate	76	0.55%	Share in net income for the period
Property and Equipment	(10,822)	1.49%	Decline due to depreciation recognized for the period
Investment Properties	20,347	0.84%	ROPA acquisitions, offset by depreciation of ROPA Bldg, condo and office units for lease
Intangible Assets	(12,701)	-1.89%	Lower due to amortization of software during the period, partially offset by acquisitions
Other Assets	23,066	2.21%	Higher mostly due to higher CWT, higher prepaid expenses on the early quarters of the year (PDIC insurance, manpower benefits, etc.)
Demand Deposits	4,445,645	16.34%	Higher deposits volume primarily in Demand deposits due to the Bank's efforts to increase volume of low-cost source of funds
Savings Deposits	(556,634)	-6.06%	
Time Deposits	(1,519,444)	-4.15%	
Bills Payable	(4,541,669)	-34.76%	Lower due to lower BP-BSP, BP-interbank call loans and bills payable – REPO
Outstanding Acceptances	(23,088)	-25.14%	Due to lower bills of exchange accepted by the Bank
Manager's Checks	(301,392)	-68.06%	Lower un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	30,207	4.24%	Higher expense accruals as of the period primarily due to accrual of bonuses paid out before end of year
Income Tax payable	20,781	88.65%	Higher income tax due for the period
Other Liabilities	(44,392)	-3.80%	Lower mainly due to ATM fees payables

Statement of Income and Expenses : January-March 2020 vs January-March 2019 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	40,210	19.86%	Higher interest income mainly due to increase in volume mainly in FVOCI
Interest Income on Loans and receivable	31,257	2.84%	Higher interest income mainly due to growth in volume in corporate loans
Interest Income on IBCL	10,934	134.37%	Increase from higher volume
Interest Income on Deposit with other Banks and others	3,073	101.96%	Higher income from increase in volume
Interest Expense on Deposit Liabilities	(157,747)	-35.33%	Decline from lower cost of funds and lower volume, mainly in TD's
Interest Expense on Bills payable, borrowings and others	(97,988)	-52.51%	Decrease in interest expense mainly due to lower cost of funds and lower volume
Trading and Securities Gain – net	(28,773)	-15.35%	Lower trading gains, mostly from realized
Rent Income	17,031	9.80%	Higher contract rates from renewals and new tenants in 2019
Service Charges, Fees & Commissions	(6,625)	-6.84%	Decrease mainly from lower consumer loan processing fees

Foreign Exchange Gain (Loss) –Net	(14,765)	-73.49%	Decrease is mainly due to foreign exchange revaluation loss in 2020
Gain on asset exchange	10,093	-1971.29%	Higher gain on asset exchange of ROPA vs prior year
Profit/(Loss) from Assets Sold/Exchanged	(15,477)	-96.71%	Lower gain on sale of ROPA
Income from Trust Operations	733	13.16%	The Bank registered higher trust fees during the comparative period due to diversification of products and services, coupled with appropriate pricing strategy to differentiate products/services according to complexity
Miscellaneous Income	(1,136)	-3.55%	Lower due to write-off of branch LRI in 2020
Compensation and Fringe Benefits	14,408	5.84%	Higher costs from higher headcount and higher contribution to retirement fund
Taxes and Licenses	14,957	10.52%	Higher from increase in GRT from higher income and higher local business tax
Depreciation and Amortization	(19,014)	-17.65%	Lower depreciation mainly from fully amortized LRI of branches and fully depreciated furniture and fixture and office equipment in 2019
Occupancy and other equipment-related costs	(11,306)	-28.62%	Lower rent expense due inclusion of more lease contracts in compliance to PFRS 16 where rent expense is reversed and depreciation of right of use asset is otherwise recognized
Provision for impairment losses	198,629	1,763.55%	Higher provision requirement in 2020 mostly due to deterioration of credit scores as the impact of the pandemic
Miscellaneous	31,798	14.68%	Increase is mainly due to higher management fees, fines and penalties, brokerage fees, security costs business promo costs, etc.
Provision for income tax	11,135	18.01%	Higher income tax due to higher taxable income base
Net income (loss) from discontinued operations	4,413	100.00%	Higher due to the loss incurred by PBCRB in 1Q of 2019. PBCRB was sold in 3Q of 2019.