

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

Amended 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. Edmundo L. Tan
(Company Representative)

132-173-235
(TIN)

June 17, 1945
(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, 2004.
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. Herrera St., Makati City Postal Code 1226.
8. Issuer's telephone number, including area code
(632) 830-7000.
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>PBCom Common Shares</u>	<u>52,589,065 shares</u>
<u>PBCom Stock Warrants</u>	<u>78,883,452 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

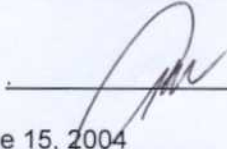
PART II--OTHER INFORMATION

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

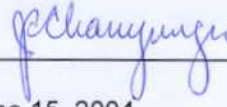
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer PHILIPPINE BANK OF COMMUNICATIONS

Signature and Title  EMMANUEL C. GERONIMO, AVP

Date June 15, 2004

Principal Financial/Accounting Officer/Controller JOSE R. CHANYUNGCO

Signature and Title  SENIOR VICE PRESIDENT & CONTROLLER

Date June 15, 2004

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

	MARCH 2004 <i>Interim</i>	DECEMBER 2003 <i>Audited</i>
RESOURCES		
Cash & Other Cash Items	461,268	388,994
Due From Bangko Sentral ng Pilipinas	1,164,941	997,163
Due From Other Banks	772,769	732,605
Interbank Loans Receivable	269,837	555,860
Trading Account Securities	542	4,473,459
Investment in Bonds & Other Debt Instruments	19,659,837	8,112,334
Loans - net	11,114,416	12,304,165
Equity and Other Investments	2,024,411	2,013,764
Property and Equipment-net	-	-
At cost - net	1,419,287	1,445,144
At revalued amount	424,416	424,416
Real and Other Properties Owned or Acquired - net	6,238,952	6,200,208
Deferred Tax Assets-net	1,199,826	1,391,567
Other Resources - net	7,927,812	7,031,813
	52,678,313	46,071,493
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand	2,214,020	2,280,303
Savings	9,547,278	11,079,159
Time	14,940,311	12,853,081
	26,701,609	26,212,542
Bills Payable	15,579,373	12,268,552
Outstanding Acceptances	239,449	164,607
Marginal Deposits	66,364	11,001
Manager's Checks	76,253	61,676
Accrued Interest, Taxes and Other Expenses	182,184	180,898
Other Liabilities	3,428,186	405,649
	46,273,419	39,304,926
Capital Funds		
Capital Stock	5,258,907	5,258,907
Additional paid-in capital	476,012	476,012
Deposits for future stock subscriptions	-	-
Surplus reserves	81,484	73,250
Surplus	330,343	700,250
Unrealized gain (loss) on available-for-sale securities	-	-
Revaluation increment on land	258,149	258,149
	6,404,894	6,766,567
	52,678,313	46,071,493

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

	2004	2003
INTEREST INCOME ON		
Loans	344,157	303,181
Trading and investment securities	251,076	207,105
Interbank loans receivable	2,739	13,012
Deposits with banks	4,508	9,770
	<u>602,480</u>	<u>533,068</u>
INTEREST EXPENSE ON		
Deposit liabilities	384,740	412,721
Borrowed funds	141,357	38,278
	<u>526,097</u>	<u>450,999</u>
NET INTEREST INCOME	76,383	82,069
PROVISION FOR PROBABLE LOSSES	0	0
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	76,383	82,069
OTHER INCOME		
Trading and securities gain - net	26,391	86,289
Service Charges, fees and commissions	30,883	36,358
Foreign exchange gain (loss) - net	(15,581)	(4,057)
Miscellaneous	67,214	36,250
	<u>108,907</u>	<u>154,840</u>
OTHER EXPENSES		
Compensation and fringe benefits	131,604	139,239
Depreciation and Amortization	34,050	32,213
Occupancy	12,014	29,401
Taxes and licenses	66,645	37,132
Amortization of Software cost	7,686	5,089
Miscellaneous	107,650	169,767
	<u>359,648</u>	<u>412,841</u>
INCOME BEFORE INCOME TAX	(174,358)	(175,932)
PROVISION FOR INCOME TAX	26,364	16,878
NET INCOME (a)	<u>(200,722)</u>	<u>(192,810)</u>
BASIC EARNINGS PER SHARE (a/b)	(3.82)	(3.67)
NO. OF COMMON SHARES (b)	52,589,065	52,589,065
DILUTED EARNINGS PER SHARE (a/c)	(1.53)	(1.47)
NO. OF DILUTIVE POTENTIAL COMMON SHARES (c)	131,472,517	131,472,517
<i>-emanates from stock warrants of 78,883,452 shs issued to subscribers of stock rights offering at a ratio of 3 warrants for every shares subscribed. Exercise of the warrants will expire on May 10, 2004.</i>		

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

	MARCH, 2004	MARCH, 2003
CAPITAL STOCK		
Balance, beginning	5,258,907	5,258,907
Subscriptions during the year	-	-
Balance, end	5,258,907	5,258,907
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning	476,011	476,011
Stock issuance expenses	-	-
Balance, end	476,011	476,011
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS		
	-	-
SURPLUS RESERVES		
Balance, beginning	73,250	68,359
Transfer from surplus	8,234	4,891
Balance, end	81,484	73,250
SURPLUS		
Balance, beginning	539,299	282,043
Prior year adjusting entries	-	8,218
Net income	(200,722)	(192,810)
Transfer to surplus reserves	(8,234)	(4,891)
Balance, end	330,343	92,560
UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE		
SECURITIES		
	-	-
REVALUATION INCREMENT IN LAND		
Balance, beginning	258,149	655,800
Additions	-	-
Transfer to surplus	-	-
Balance, end	258,149	655,800
	6,404,894	6,556,528

PHILIPPINE BANK OF COMMUNICATIONS
COMPARATIVE STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED MARCH 31

(In Thousands)

	<u>2004</u>	<u>2003</u>
CASH: BEGINNING OF QUARTER	<u>387,474</u>	<u>307,747</u>
ADD: CASH RECEIPTS		
1. RECEIPTS FROM OPERATIONS	678,558	695,684
2. DEPOSIT LIABILITIES	117,724,759	84,406,717
3. DEPOSIT SUBSTITUTES		1,317
4. BILLS PAYABLES	49,446,183	40,932,562
5. OTHER SOURCES	9,635,419	3,356,928
CHECKS & OTHER CASH ITEMS	369	
DUE FROM OTHER BANKS		125,778
INTERBANK LOANS RECEIVABLES	286,023	2,130,121
LOANS & DISCOUNTS		433,031
AGRARIAN REF/OTHER AGRI CR LOANS	589	
BILLS PURCHASED	15,948	15,811
CUST. LIAB. ON DRAFTS UNDER LC/TR	210,848	
RESTRUCTURED LOANS	27,321	
TAS-INVESTMENT	4,472,917	218,327
BANK'S PREM, FURNITURES, FIXT & EQUIPT	25,857	12,008
OTHER ASSET	2,532,209	
DUE TO TREASURER OF THE PHILIPPINES		1,057
TREASURER'S/MANAGER'S CHECKS	20,467	178,503
MARGIN DEPOSIT	4,903	614
CASH LETTERS OF CREDIT	50,459	394
ACCRUED TAXES & OTHER EXP PAYABLE	23,858	
DUE TO BSP	4,324	4,535
UNEARNED INC & OTHER DEFERRED CR	8,002	26,517
OUTS ACCEP EXE BY/FOR THE A/C OF THIS		
BANK	74,842	176,618
OTHER LIABILITIES	1,868,249	28,723
SURPLUS RESERVES	8,234	4,891
TOTAL CASH	<u>177,484,919</u>	<u>129,393,208</u>

**PHILIPPINE BANK OF COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH, 2004**

1. The Bank's Interim Financial Statements are prepared in accordance with generally accepted accounting principles.
2. The same accounting policies and methods of computation are followed in the Interim Financial Statements as compared with the most recent Annual Financial Statements except for the following:

Under the Bangko Sentral ng Pilipinas (BSP) rules, the use of Equity Method of accounting for investment in shares of stock is allowable only where ownership is more than 50%. The interim Financial Statement was prepared following the BSP rules.

On the other hand, the Audited Financial Statements used the Equity Method of accounting for equity interest of 20% to 50% for financial reporting purposes to comply with the provisions of SFAS No. 11 issued by the Accounting Standards council.

3. Inasmuch as the accrual method is used for accounting of Income & Expense, there are no seasonal aspects that may affect interim operations.
4. There are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
5. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years which has a material effect in the current interim period.
6. On March 22, 2004, the Board of Directors approved the increase in the authorized capital stock of the Bank by P3.0 billion from P14.5 billion (consisting of 145 million common shares with par value of P100 a share) to P17.5 billion (consisting of the same amount and number of common shares and 120 million nonredeemable and nonconvertible preferred shares with par value of P25 a share). These preferred shares have the same voting rights, dividend amount, and other rights as the holders of the common shares.

On March 26, 2004, the major stockholders infused the P3.0 Billion fresh capital to the Bank as advances for future stock subscriptions, awaiting approval of the Securities and Exchange Commission (SEC) on the amendment of the Bank's Articles of Incorporation covering the increase in the Authorized capital stock of the Bank by the creation of new preferred shares.

7. There were no dividends paid for the period ending March 31, 2004.

8. Financial Information by Segment (In Thousand Pesos)

PARTICULARS	CORPORATE BANKING	TREASURY	CONSUMER BANKING	OTHERS	TOTAL
GROSS INCOME	201,671	232,845	199,282	77,591	711,389
SEGMENT RESULTS	7,687	39,673	92,424	(203,419)	(63,635)
UNALLOCATED COSTS					137,087
PROFIT FROM OPERATION					(200,722)
INCOME FROM ASSOCIATE					
PROFIT BEFORE TAXATION					(200,722)
INCOME TAX EXPENSE					
MINORITY INTEREST					
NET PROFIT AS OF MARCH 2004					(200,722)
OTHER INFORMATION					
SEGMENT ASSETS	6,921,996	8,372,597	9,782,841	20,650,314	45,727,748
INTRA-SEGMENT ASSETS (LIABILITIES)					
INVESTMENT IN ASSOCIATES					
UNALLOCATED ASSETS				6,950,565	6,950,565
TOTAL ASSETS	6,921,996	8,372,597	9,782,841	27,600,879	52,678,313
SEGMENT LIABILITIES	885,209	7,767,884	24,823,725	3,674,390	37,151,208
UNALLOCATED LIABILITIES				8,913,508	8,913,508
TRANSFER POOL FUNDING	6,036,787	604,713	(15,040,884)	8,399,384	-
TOTAL LIABILITIES	6,921,996	8,372,597	9,782,841	20,987,282	46,064,716
CAPITAL				6,613,597	6,613,597
	6,921,996	8,372,597	9,782,841	27,600,879	52,678,313
OTHER SEGMENT INFORMATION					
CAPITAL EXPENDITURE					
DEPRECIATION/AMORTIZATION	1,430	575	16,347	23,384	41,736

9. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

10. Other than the approval of SEC on April 20, 2004 of the dissolution of PBCom Realty Corporation, an affiliate 40% owned by PBCom and has never operated since its incorporation, there are no changes in the composition of the bank in terms of business combinations, acquisition or disposal of subsidiaries, restructurings and discontinuing operations. As to long-term investments, the bank continues to maintain holdings on marketable long-term bonds.

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

	March, 2004	December, 2003
Trust department accounts	4,813,378	5,047,498
Forward exchange sold	1,526,070	2,807,178
Forward exchange bought	-	-
Unused commercial letters of credit	1,634,723	537,303
Spot exchange bought	549	138,980
Spot exchange sold	14,585	-
Outward bills for collection	28,207	46,532
Late deposits/payment received	21,990	2,974
Inward bills for collection	97,946	130,086
Traveler's checks unsold	2,811	2,779
Items held for safekeeping	131	89
Others	256,250	440,352

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

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

Item 1. Plan of Operation

The Bank's net loss for the 1st quarter of 2004 resulted from lower trading gains and higher funding costs arising from aggressive efforts to build-up the funding base. Liquidity requirements for the second quarter have been frontloaded in anticipation of a rise in interest rates arising from traditional market concerns over the May national elections.

In the second quarter, the Bank will be benefiting from the infusion of P3.0 billion in fresh capital by major shareholders last March 26 and a possible completion of the intended sale of non-performing assets (NPAs) to a special purpose vehicle (SPV). The additional liquidity from the capital infusion and the proceeds from the sale of NPAs will allow the Bank to unwind high-costing deposits and fund the planned purchase of contracts-to-sell (CTS) receivables which carry higher yields than corporate or commercial loans. Additionally, the proceeds will enable the Bank to take stronger positions in bond and government securities trading and in the process realize higher trading gains. The completion of the sale of NPAs will also reduce the level of non-earning assets which carry a financial drag on the balance sheet. Management is therefore confident that a significant improvement in net interest income and a possible rise in trading gains will materialize in the second quarter and reverse the profit and loss position.

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

1. Comparable Discussion

Financial Condition

PBCom's total asset base increased by P6.61 billion to P52.68 billion by end-March due to the P11.55 billion increase in investment in bonds and other debt instruments (IBODI) arising from the purchase of government securities to support the intended sale of NPAs to a SPV.

Total deposits increased by P489.1 million in line with aggressive efforts to build-up the funding base prior to a possible rise in interest rates due to usual concerns over the May national elections. Funding alternatives which offer comparatively lower costs such as the BSP rediscounting facility and other program lending facilities have continuously been tapped to augment funding sources.

Total capital stood at P6.40 billion, down P361.7 million due to the net loss for the 1st quarter. The P3.0 billion capital infusion by major shareholders last March 26, 2004 was initially lodged under deposits for future subscription pending the completion of documentary requirements. The Bank's capital adequacy ratio stood at 16.76%, well above the 10% regulatory requirement.

Results of Operations

PBCom registered a net loss of P200.7 million in the 1st quarter of 2004 due to higher funding costs and lower trading gains. Aggressive efforts to build-up the deposit base pushed interest expenses up P75.1 million in line with the overall funding strategy of frontloading liquidity requirements prior to a possible uptick in interest rates in the 2nd quarter. This resulted in a lower net interest income of P76.4 million.

Non-interest income dropped by P50.4 million to P108.9 million mainly on account of a P59.9 million decline in trading gains to P26.4 million. Increasing upward pressure on interest rates lessened opportunities for trading on government securities during the 1st quarter. Miscellaneous income partially offset the decline in trading gains primarily due to higher rental income from leased units in PBCom Tower and gains on sale of acquired assets.

Operating expenses dropped by P57.6 million in the 1st quarter to P359.6 million as a result of manpower cost savings, cost reduction efforts and one-off charges incurred in the previous period. Compensation expenses dropped by P7.6 million to P131.6 million due to the net reduction in headcount of 54 resulting from the realignment of branch personnel with the conversion of branches to an online real-time environment. Occupancy costs declined by P17.4 million to P12.0 million mainly due to higher costs in the previous year resulting from the full amortization of rental deposits for shelved branch sites.

2. Discussion of top 5 key performance indicators:

	March 2004	December 2003	Remarks
Intermediation Ratio (Loans to Deposits) <i>Loans refer to the total loan portfolio gross of allowance for losses. Deposits include peso and foreign currency deposits.</i>	47.68%	49.93%	The decline was due to the P489.1 million increase in total deposits as loans remained relatively flat due to the anemic demand for credit.
Non-Performing Loans to Total Loans <i>Non-Performing loans refer to all past due loans net of loans past due for 30 days and less. Total Loans refer to total loan portfolio gross of allowance for losses plus interbank loans.</i>	16.15%	11.90%	The higher ratio was brought about by the P587 million increase in loans coupled with a P476 million increase in non-performing loans. PBCom's NPL ratio is well within the BSP's prescribed ceiling of 20%.

<i>The ratio is in accordance with the ratio prescribed under BSP Circular 351.</i>			
<p>Liquidity Ratio (Liquid Assets to Total Deposits & Borrowings)</p> <p><i>Liquid Assets include cash, due from banks, interbank loans, and trading and investment securities. Total deposits & borrowings refer to the total of peso and foreign currency deposits and all other interest-bearing liabilities.</i></p>	52.81%	39.66%	The higher ratio was due to the increase in investment securities which were funded by incremental deposits and the additional capital. This compares favorably against the industry average of 35%.
<p>Capital to Risk Assets (CAR)</p> <p><i>The ratio is in accordance with the guidelines prescribed by BSP on the adoption of the risk-based capital adequacy ratio.</i></p>	25.35%	16.27%	The higher ratio was mainly due to the P3.0 billion in additional capital infused by the major shareholders. PBCom's CAR is well above the 10% minimum required by the BSP and compares much favorably with the industry average for commercial banks of 16.0%.
	YTD March 2004	YTD March 2003	
<p>Return on Average Equity</p> <p><i>The ratio refers to the quotient of the net income for the reference period annualized for the fiscal year and the average of the month-end balances of total capital for the reference period.</i></p>	-12.44%	-11.62%	Net loss for YTD March 2004 was slightly higher at P200.7 million vs. P192.8 million in the previous year. Similar to last year, it is expected that the volume of income would come in after the first quarter. It is expected that the full year income will be positive.

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

- a. The Bank expects to receive proceeds in the form of cash or bonds from the intended sale of NPAs to a SPV. The sale is expected to be completed within the second semester of 2004.
- b. **The Bank does not foresee any event that will trigger direct or contingent financial obligation that is material to the company.**
- c. **The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.**
- d. There are no material commitments for capital expenditures except for the possible opening of about 6 new branches (P30-40 million) which will be financed internally through the capital infusion last March 2004.
- e. The completion of the sale of NPAs to a SPV is expected to improve the Bank's revenue base. The additional cash flow arising from the proceeds from the sale coupled with the funds from the capital infusion will enable the Bank to fully leverage on its earning asset base and therefore generate incremental interest income. The additional liquidity shall also enable the Bank to take stronger trading positions in bonds and other marketable securities thus increasing trading income.
- f. There were no recorded significant income or losses that did not arise from the Bank's regular operations.
- g. For other material changes in the financial statements, please see the management report above and the table above.
- h. Interest income on non-discounted loans are recognized based on the accrual method of accounting while unearned discounts are amortized to income over the terms of the loans. As such, there are no seasonal aspects that materially 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.

	Variance		Causes
	Amt	%	
Balance Sheet			
Cash & Other Cash Items	72.3	18.6%	Increase in deposits
Due from BSP	167.8	16.8%	Higher reserves level resulting from the increase in deposits
Interbank Loans	-286.0	-51.5%	Excess funds from the liquidity build-up towards the end of 2003 were channeled to the interbank lending market
Trading & Investment Securities	-4,472.9	-100.0%	Trading position was reduced due to lesser trading opportunities

Investment in Bonds & Other Debt Instruments	11,547.5	142.3%	Increase came from the government securities purchased to support the sale of NPAs
Savings Deposits	-1,531.9	-13.8%	Decline mostly resulted from regular month-end withdrawals from disbursing accounts of corporate depositors
Time Deposits	2,087.2	16.2%	Aggressive efforts to generate incremental term deposits which have become attractive to the market due to the products' higher rates
Bills & Acceptances Payable	3,310.8	27.0%	Alternative funding sources such as program lending funds and BSP's rediscounting window were tapped due to the funds' lower cost
Outstanding Acceptances	74.8	45.5%	Increase was due to lower maturities of drafts and bills of exchange accepted by the Bank.
Marginal Deposits	55.4	503.2%	Higher volume of trade transactions resulted in increase in marginal deposits.
Manager's Checks	14.6	23.6%	Conversion of all branches to an on-line mode in early 2003 has resulted in increasing utilization of the PBCom network for clients' cash management and disbursement activities
Other Liabilities	3,022.5	745.1%	P3.0 billion capital infusion by major stockholders lodged under Deposit for stock subscription pending regulatory approvals & documentary requirements.
Income Statement			
Interest Income on Loans	41.0	13.5%	Increase in accrued income due to the comparatively higher lending rates this year
Interest Income on Deposit with Banks	-5.3	-53.9%	Reduction in overnight placements with banks
Interest Income on trading and investment securities	44.0	21.2%	(see discussion on Financial Condition)
Interest Income on Interbank loans	-10.3	-78.9%	Lower interbank lending position
Interest Expense on Borrowed Funds	103.1	269.3%	The Bank tapped alternative lower-cost funding sources
Trading Gain	-59.9	-69.4%	(see discussion on Results of Operations)
Service Charges, Fees & Commissions	-5.5	-15.1%	Lower charges collected on various deposit and cash management transactions.
Foreign Exchange Profit	-11.5	284.0%	Higher foreign exchange losses this year on the Bank's net oversold position due to the lower peso-dollar exchange rate in the 1 st quarter of 2004
Occupancy expenses	-17.4	-59.1%	Lower realty and capital gains taxes paid for various properties held by the Bank
Taxes and Licenses	29.5	79.5%	E-VAT collections in the 1 st quarter of 2003 were deferred due to the delay in the issuance of implementing rules while the reversion to the Gross Receipts Tax (GRT) at the start of 2004 resulted in the full accrual of GRT in the 1 st quarter of 2004
Amortization of software cost	2.6	51.0%	Incremental amortization for various software arising from discontinued in 2003
Miscellaneous	-62.7	-36.6%	Decline due to one-off charges relating to the internal deposit campaign and advertising expenses in 2003
Provision for Income Tax	9.5	56.2%	Higher taxable income

PHILIPPINE BANK OF COMMUNICATIONS
AGING OF LOANS & SELECTED RECEIVABLES
AS OF MARCH 31, 2004
(In Thousand Pesos)

TYPE OF LOAN/PARTICULARS	OUTSTANDING BALANCE	CURRENT	P A S T D U E F O R			
			90 DAYS OR LESS	91 TO 180 DAYS	181 DAYS-1 YR.	MORE THAN 1 YR.
Interbank Loans Receivable	269,837.00	269,837.00				
Loans and Discounts	9,442,415.00	7,626,993.00	1,815,422.00			
Agrarian Reform/Other Agricultural Credit Loans	691,121.00	489,885.00	201,236.00			
Bills Purchased	101,011.00	7,851.00	-	-	1,025.00	92,135.00
Customers' Liability on Drafts under LC/TR	2,023,390.00	1,959,925.00	63,465.00			
Customers' Liab. for this Bank's Accept. Outs.	239,449.00	239,449.00	-	-	-	-
Trading Account Securities - Loans	-					
Underwriting Accounts - Loans	-					
Restructured Loans	218,901.00		-	-	1,038.00	217,863.00
Items in Litigation	15,151.00	-	15,151.00	-	-	
SUB TOTAL	13,001,275.00	10,593,940.00	2,095,274.00	-	2,063.00	309,998.00
Accounts Receivable	214,405.00	169.00	3,726.00	27,447.00	72,604.00	110,459.00
Accrued Interest Receivable	952,424.00	275,363.00	53,736.00	92,031.00	41,706.00	489,588.00
GRAND TOTAL	14,168,104.00	10,869,472.00	2,152,736.00	119,478.00	116,373.00	910,045.00