

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)

8-830-7000
(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)

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 June 30, 2022.
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) 8-830-7000.
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:

<u>Philippine Stock Exchange</u>	<u>Common Stock</u>
_____	_____

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)

August 12, 2022

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022
(With Comparative Figures as of December 31, 2021)

	Consolidated		Parent Company	
	June 30, 2022	December 31,	June 30, 2022	December 31,
	(Unaudited)	2021	(Unaudited)	2021
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	1,148,899	2,803,341	1,148,899	2,803,341
Due from Bangko Sentral ng Pilipinas	9,246,604	10,271,486	9,246,604	10,271,486
Due from Other Banks	715,279	658,593	715,279	658,593
Interbank Loans Receivable	1,422,735	4,195,846	1,422,735	4,195,846
Financial assets at Fair Value through Profit or Loss	232	886,291	232	886,291
Financial assets at Fair Value through Other Comprehensive Income	5,632,098	6,489,287	5,632,098	6,489,287
Investment Securities at Amortized Cost	20,061,388	15,520,279	20,061,388	15,520,279
Loans and Other Receivables	73,129,429	63,497,965	73,132,262	63,500,798
Investment in a Subsidiary and Associate	14,513	14,401	20,587	20,475
Property and Equipment	824,340	882,217	824,340	882,217
Investment Properties				
Condominium units for lease	1,715,986	1,740,177	1,715,986	1,740,177
Foreclosed properties	848,531	834,303	848,531	834,303
Office units for lease	2,513	2,689	2,513	2,689
Intangible Assets	506,235	527,503	506,235	527,503
Deferred Tax Assets	323,614	325,614	323,614	325,614
Other Assets	468,013	579,328	466,763	578,077
TOTAL ASSETS	116,060,409	109,229,320	116,068,066	109,236,976
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	44,985,582	41,166,107	44,994,541	41,175,066
Savings	12,720,258	11,359,112	12,720,258	11,359,112
Time	30,409,286	31,531,570	30,409,286	31,531,570
Long-term negotiable certificates of deposits	2,891,946	2,889,116	2,891,946	2,889,116
	91,007,072	86,945,905	91,016,031	86,954,864
Bills Payable	8,710,502	6,010,988	8,710,502	6,010,988
Outstanding Acceptances	87,718	71,609	87,718	71,609
Manager's Checks	205,365	172,247	205,365	172,247
Accrued Interest, Taxes and Other Expenses	658,084	680,734	657,998	680,648
Income Tax payable	71,650	66,823	71,650	66,823
Other Liabilities	897,434	1,105,196	896,218	1,103,979
TOTAL LIABILITIES	101,637,825	95,053,502	101,645,482	95,061,158
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	212,645	106,922	212,645	106,922
Retained earnings (Deficit)	555,486	(66,061)	555,486	(66,061)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(383,127)	53,509	(383,127)	53,509
Cumulative translation adjustment	(281,536)	(237,668)	(281,536)	(237,668)
Remeasurement gain on defined benefit liability	40,741	40,741	40,741	40,741
TOTAL EQUITY	14,422,584	14,175,818	14,422,584	14,175,818
TOTAL LIABILITIES AND EQUITY	116,060,409	109,229,320	116,068,066	109,236,976

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

	Consolidated		Parent Company	
	For the six months ended June 30 (January to June)			
	2022	2021	2022	2021
(Amounts in Thousands, Except Earnings per Share)				
INTEREST INCOME				
Investment securities	382,765	245,343	382,765	245,343
Loans and receivables	2,099,052	2,022,623	2,099,052	2,022,623
Interbank loans receivable and securities purchased under resale agreements	61,025	38,089	61,025	38,089
Deposits with other banks and others	26,173	32,299	26,173	32,299
	2,569,015	2,338,354	2,569,015	2,338,354
INTEREST AND FINANCE CHARGES				
Deposit liabilities	207,303	233,006	207,303	233,006
Bills payable, borrowings and others	38,053	20,041	38,053	20,041
	245,356	253,047	245,356	253,047
NET INTEREST INCOME	2,323,659	2,085,307	2,323,659	2,085,307
Trading and securities loss - net	(308,043)	(128,674)	(308,043)	(128,674)
Rent Income	211,065	276,707	211,065	276,707
Service charges, fees and commissions	191,831	166,113	191,831	166,113
Foreign exchange gain - net	41,457	25,861	41,457	25,861
Gain (loss) on asset exchange - net	(6,237)	3,151	(6,237)	3,151
Profit from assets sold	35,729	8,526	35,729	8,526
Income from trust operations	14,921	13,946	14,921	13,946
Miscellaneous	61,662	79,978	61,662	79,980
TOTAL OPERATING INCOME	2,566,044	2,530,915	2,566,044	2,530,917
Compensation and fringe benefits	541,395	504,663	541,395	504,663
Taxes and licenses	236,682	254,844	236,682	254,833
Depreciation and amortization	197,694	196,507	197,694	196,507
Occupancy and other equipment - related costs	62,751	49,269	62,751	49,269
Provision for impairment losses	66,427	36,974	66,427	36,974
Insurance	84,064	84,935	84,064	84,935
Management and professional fees	73,854	47,592	73,854	47,548
Security, clerical, messengerial and janitorial services	53,582	45,459	53,582	45,459
Entertainment, amusement and recreation	37,978	73,910	37,978	73,910
Communication	22,740	22,831	22,740	22,831
Miscellaneous	200,032	222,574	200,032	222,567
TOTAL OPERATING EXPENSES	1,577,199	1,539,558	1,577,199	1,539,496
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE	988,845	991,357	988,845	991,421
Share in net income of subsidiary and an associate	112	80	112	16
INCOME BEFORE INCOME TAX	988,957	991,437	988,957	991,437
PROVISION FOR INCOME TAX	261,687	227,008	261,687	227,008
NET INCOME	727,270	764,429	727,270	764,429
Attributable to:				
Equity holders of the Parent Company	727,270	764,429		
Non-controlling interest	-	-		
	727,270	764,429		
Basic/ Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	1.51	1.59		

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

	Consolidated		Parent Company	
	For the three months		ended June 30	
	(April to June)			
	2022	2021	2022	2021
(Amounts in Thousands, Except Earnings per Share)				
INTEREST INCOME				
Investment securities	207,213	149,780	207,213	149,780
Loans and receivables	1,081,571	1,045,914	1,081,571	1,045,914
Interbank loans receivable and securities purchased under resale agreements	29,726	11,809	29,726	11,809
Deposits with other banks and others	8,566	5,923	8,566	5,923
	1,327,076	1,213,426	1,327,076	1,213,426
INTEREST AND FINANCE CHARGES				
Deposit liabilities	105,648	109,324	105,648	109,324
Bills payable, borrowings and others	20,493	12,792	20,493	12,792
	126,141	122,116	126,141	122,116
NET INTEREST INCOME	1,200,935	1,091,310	1,200,935	1,091,310
Trading and securities gain (loss) - net	(199,576)	15,840	(199,576)	15,840
Rent Income	98,579	124,171	98,579	124,171
Service charges, fees and commissions	85,891	69,809	85,891	69,809
Foreign exchange gain - net	29,898	18,423	29,898	18,423
Gain (loss) on asset exchange - net	(4,252)	4,343	(4,252)	4,343
Profit from assets sold	4,039	7,208	4,039	7,208
Income from trust operations	7,822	7,383	7,822	7,383
Miscellaneous	24,765	46,448	24,765	46,449
TOTAL OPERATING INCOME	1,248,101	1,384,935	1,248,101	1,384,936
Compensation and fringe benefits	268,290	271,801	268,290	271,801
Taxes and licenses	118,775	116,722	118,775	116,718
Depreciation and amortization	99,172	97,128	99,172	97,128
Occupancy and other equipment - related costs	34,053	23,729	34,053	23,729
Provision for impairment losses	37,156	27,848	37,156	27,848
Insurance	41,536	42,326	41,536	42,326
Management and professional fees	46,967	23,692	46,967	23,662
Security, clerical, messengerial and janitorial services	28,392	21,908	28,392	21,908
Entertainment, amusement and recreation	19,386	18,269	19,386	18,269
Communication	12,632	10,838	12,632	10,838
Miscellaneous	107,256	124,212	107,256	124,206
TOTAL OPERATING EXPENSES	813,615	778,473	813,615	778,433
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE	434,486	606,462	434,486	606,503
Share in net income of subsidiary and an associate	63	38	63	(3)
INCOME BEFORE INCOME TAX	434,549	606,500	434,549	606,500
PROVISION FOR INCOME TAX	122,319	101,207	122,319	101,207
NET INCOME	312,230	505,293	312,230	505,293
Attributable to:				
Equity holders of the Parent Company	312,230	505,293		
Non-controlling interest	-	-		
	312,230	505,293		

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

	Consolidated		Parent Company	
	For the six months ended June 30 (January to June)			
	2022	2021	2022	2021
	(Amounts in Thousands)			
NET INCOME	727,270	764,429	727,270	764,429
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	(43,868)	7,724	(43,868)	7,724
Unrealized loss on financial assets carried at fair value through other comprehensive income	(436,636)	(117,222)	(436,636)	(117,222)
	(480,504)	(109,498)	(480,504)	(109,498)
<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	-	(7,509)	-	(7,509)
	-	(7,509)	-	(7,509)
	(480,504)	(117,007)	(480,504)	(117,007)
TOTAL OTHER COMPREHENSIVE INCOME	246,766	647,422	246,766	647,422
Attributable to:				
Equity holders of the Parent Company	246,766	647,422		
Non-controlling interest	-	-		
TOTAL OTHER COMPREHENSIVE INCOME	246,766	647,422		

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

	Consolidated		Parent Company	
	For the three months ended June 30 (April to June)			
	2022	2021	2022	2021
	(Amounts in Thousands)			
NET INCOME	312,230	505,293	312,230	505,293
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX				
Items that may be reclassified to profit or loss in subsequent periods:				
Net movement in cumulative translation adjustment	(1,790)	(6,619)	(1,790)	(6,619)
Unrealized gain (loss) on financial assets carried at fair value through other comprehensive income	(135,195)	219,718	(135,195)	219,718
	(136,985)	213,099	(136,985)	213,099
Items that may not be reclassified to profit or loss in subsequent periods:				
Unrealized loss on financial assets carried at fair value through other comprehensive income	-	-	-	-
Remeasurements of defined benefit liabilities	-	(7,509)	-	(7,509)
	-	(7,509)	-	(7,509)
	(136,985)	205,590	(136,985)	205,590
TOTAL OTHER COMPREHENSIVE INCOME	175,245	710,883	175,245	710,883
Attributable to:				
Equity holders of the Parent Company	175,245	710,883		
Non-controlling interest	-	-		
TOTAL OTHER COMPREHENSIVE INCOME	175,245	710,883		

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

	Consolidated		Parent Company	
	For the Six Months Ended June 30			
	2022	2021	2022	2021
	(Amounts in Thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	988,957	991,437	988,957	991,437
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:				
Accretion of interest on unquoted debt securities	(45,728)	(33,835)	(45,728)	(33,835)
Depreciation and amortization	197,694	196,507	197,694	196,507
Provision for impairment losses	66,427	36,974	66,427	36,974
Loss (profit) on asset exchange	6,237	(3,151)	6,237	(3,151)
Gain from asset sold	(35,729)	(8,526)	(35,729)	(8,526)
Unrealized loss (gain) on financial assets at FVTPL	(3,832)	17,482	(3,832)	17,482
Share in net income of a subsidiary and an associate	(112)	(80)	(112)	(16)
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Financial assets at FVTPL	886,059	(957,064)	886,059	(957,064)
Loans and Receivable	(9,764,914)	(1,184,449)	(9,764,914)	(1,184,605)
Other Assets	86,189	140,437	86,189	140,437
Increase (decrease) in the amounts of:				
Deposit liabilities	4,061,167	(3,701,192)	4,061,167	(3,701,094)
Manager's checks	33,118	(2,645)	33,118	(2,645)
Accrued interest, taxes and other expenses	(22,650)	(12,701)	(22,650)	(12,639)
Other liabilities	(226,940)	(38,220)	(226,940)	(38,178)
Net cash generated from (used for) operations	(3,774,057)	(4,559,027)	(3,774,057)	(4,558,917)
Income taxes paid	(254,860)	(268,713)	(254,860)	(268,713)
Net cash provided by (used in) operating activities	(4,028,917)	(4,827,740)	(4,028,917)	(4,827,630)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in interbank loans receivable	2,162,756	153,566	2,162,756	153,566
Acquisition of:				
Financial assets at FVOCI	(26,939,974)	(52,365,893)	(26,939,974)	(52,365,893)
Investment securities at amortized cost	(4,609,950)	(6,962,749)	(4,609,950)	(6,962,749)
Property and equipment	(18,789)	(41,142)	(18,789)	(41,142)
Proceeds from disposal of:				
Financial assets at FVOCI	27,358,200	49,038,648	27,358,200	49,038,648
Investment properties	77,746	3,384	77,746	3,384
Proceeds from maturity of Investment securities	75,000	-	75,000	-
Net cash provided by (used in) investing activities	(1,895,011)	(10,174,186)	(1,895,011)	(10,174,186)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of:				
Bills payable	49,250,552	64,798,908	49,250,552	64,798,908
Outstanding acceptance	862,209	348,870	862,209	348,870
Marginal deposits	39,465	9,976	39,465	9,976
Settlements of:				
Bills payable	(46,551,038)	(60,742,679)	(46,551,038)	(60,742,679)
Outstanding acceptance	(846,100)	(645,985)	(846,100)	(645,985)
Marginal deposits	(20,286)	(7,149)	(20,286)	(7,149)
Net cash provided by (used) financing activities	2,734,802	3,761,941	2,734,802	3,761,941

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

	Consolidated		Parent Company	
	For the Six Months Ended June 30			
	2022	2021	2022	2021
	(Amounts in Thousands)			
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(43,868)	7,724	(43,868)	7,724
NET INCREASE (DECREASE) IN CASH AND CASH EQUIV	(3,232,993)	(11,232,261)	(3,232,993)	(11,232,151)
CASH AND CASH EQUIVALENTS AT				
BEGINNING OF THE PERIOD				
Cash and Other Cash Items	2,803,341	2,467,099	2,803,341	2,467,099
Due from Bangko Sentral ng Pilipinas	10,271,486	20,597,868	10,271,486	20,597,868
Due from Other Banks	658,593	1,495,485	658,593	1,495,485
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	724,957	2,151,502	724,957	2,151,502
	14,458,377	26,711,954	14,458,377	26,711,954
CASH AND CASH EQUIVALENTS AT				
ENDING OF THE PERIOD				
Cash and Other Cash Items	1,148,899	1,558,335	1,148,899	1,558,335
Due from Bangko Sentral ng Pilipinas	9,246,604	12,901,821	9,246,604	12,901,821
Due from Other Banks	715,279	942,354	715,279	942,464
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	114,602	77,183	114,602	77,183
	11,225,384	15,479,693	11,225,384	15,479,803

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	Consolidated							
	Equity Attributable to Equity Holders of the Parent Company							
	Unrealized gain (loss) on Financial Assets at Fair Value							
	Common Stock	Additional Paid-in Capital	Surplus reserves	Retained Earnings (Deficit)	Through Other Comprehensive Income	Cumulative Translation Adjustment	Remeasurement Gain (Loss) on Retirement Liabilities	Non-Controlling Interest
Balance at January 1, 2022	12,016,129	2,262,246	106,922	(66,061)	53,509	(237,668)	40,741	-
Appropriation during the year			105,723	(105,723)				
Total comprehensive income (loss) for the period	-	-	-	727,270	(436,636)	(43,868)	-	-
Balance at June 30, 2022 (unaudited)	12,016,129	2,262,246	212,645	555,486	(383,127)	(281,536)	40,741	-
Balance at January 1, 2021	12,016,129	2,262,246	106,418	(1,638,621)	100,093	(211,464)	(105,123)	-
Retro tax effect of CREATE law				51,443	1,645			
Total comprehensive income (loss) for the period				764,429	(117,222)	7,724	(7,509)	-
Balance at June 30, 2021 (unaudited)	12,016,129	2,262,246	106,418	(822,749)	(15,484)	(203,740)	(112,632)	-
Parent Company								
Balance at January 1, 2022	12,016,129	2,262,246	106,922	(66,061)	53,509	(237,668)	40,741	-
Appropriation during the year			105,723	(105,723)				
Total comprehensive income (loss) for the period	-	-	-	727,270	(436,636)	(43,868)	-	-
Balance at June 30, 2022 (unaudited)	12,016,129	2,262,246	212,645	555,486	(383,127)	(281,536)	40,741	-
Balance at January 1, 2021	12,016,129	2,262,246	106,418	(1,638,621)	100,093	(211,464)	(105,123)	-
Retro tax effect of CREATE law				51,443	1,645			
Total comprehensive income (loss) for the period				764,429	(117,222)	7,724	(7,509)	-
Balance at June 30, 2021 (unaudited)	12,016,129	2,262,246	106,418	(822,749)	(15,484)	(203,740)	(112,632)	-

Balance at January 1, 2022	12,016,129	2,262,246	106,922	(66,061)	53,509	(237,668)	40,741	14,175,818	-	14,175,818
Appropriation during the year			105,723	(105,723)				-		-
Total comprehensive income (loss) for the period	-	-	-	727,270	(436,636)	(43,868)	-	246,766	-	246,766
Balance at June 30, 2022 (unaudited)	12,016,129	2,262,246	212,645	555,486	(383,127)	(281,536)	40,741	14,422,584	-	14,422,584
Balance at January 1, 2021	12,016,129	2,262,246	106,418	(1,638,621)	100,093	(211,464)	(105,123)	12,529,678	-	12,529,678
Retro tax effect of CREATE law				51,443	1,645			53,088		53,088
Total comprehensive income (loss) for the period				764,429	(117,222)	7,724	(7,509)	647,422	-	647,422
Balance at June 30, 2021 (unaudited)	12,016,129	2,262,246	106,418	(822,749)	(15,484)	(203,740)	(112,632)	13,230,188	-	13,230,188

PHILIPPINE BANK OF COMMUNICATIONS (Consolidated)

AGING OF LOANS & SELECTED RECEIVABLES

As of June 30, 2022

(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	60,778,130	59,337,602	94,033	249,466	252,079	844,950
Agrarian Reform/Other Agricultural Credit Loans	4,287,960	4,152,969	0	55,013	8,315	71,663
Bills Purchased	1,883,636	1,878,005	0	0	0	5,632
Customers' Liability on Drafts under LC/TR	87,718	87,718	0	0	0	0
Customers' Liab. for this Bank's Acceptances	5,270,202	5,179,135	0	0	37,615	53,452
Restructured Loans	893,696	662,401	0	193,226	23,121	14,948
Items in Litigation	684,166	0	0	35,049	135,898	513,219
SUB TOTAL	73,885,508	71,297,830	94,033	532,753	457,028	1,503,864
Unquoted Debt Securities	589,452	589,452	0	0	0	0
Accounts Receivable	694,987	627,327	2,128	8,917	14,066	42,549
Accrued Interest Receivable	618,962	608,933	272	3,419	1,512	4,826
Sales Contract Receivables	58,455	35,553	10,572	10,268	189	1,872
GRAND TOTAL	75,847,364	73,159,095	107,006	555,357	472,794	1,553,112

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.

As of June 30, 2022, the Parent Bank had a total network of 91 regular branches, 4 branch-lite units and 160 ATMs (91 onsite and 68 offsite).

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.

The Monetary Board, in its Resolution No. 96 dated 20 January 2022, approved the grant of a universal banking license to Parent Company, subject to compliance with certain regulatory requirements including the amendment of the Bank's charter documents. On March 15, 2022, the Bank held a special stockholders' meeting to approve the changes to the Bank's Articles of Incorporation to reflect the upgrade of its banking license.

The BSP shall issue a Certificate of Authority to operate as a universal bank once all regulatory conditions are complied with.

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

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

Sale of PBCOM Rural Bank (PBCRB)

On July 29, 2019, PBCOM sold its stake in PBCom Rural Bank, Inc. as it consolidates its efforts and resources at the parent company level. As of June 30, 2022 and 2021, the Parent Company and PISAI comprise the consolidated financial statements of the Group.

Retirement of Business Operation of PISAI

On January 11, 2021, the BOD of the Parent Company approved the dissolution and retirement of business of PISAI. PISAI, which has been inactive for the past 3 years, has continuously remained inactive but continued to incur operating expenses. The PBCOM does not see any need for the subsidiary and has decided to retire the business operations.

The Company has received clearances in relation to shortening of its corporate life from the Insurance Commission and the Makati Local Government last May 26, 2021 and September 30, 2021, respectively. Clearances from other regulatory agencies are currently being processed as of June 30, 2022.

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 end for the year ended December 31, 2021.

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.

Statement of Compliance

The unaudited interim condensed consolidated financial statements as of and for the three months ended June 30, 2022 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 effect 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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective as of January 1, 2022. The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments

- PFRS 3, Reference to the Conceptual Framework
- PAS 16, Plant and Equipment: Proceeds before Intended Use
- PAS 37, Onerous Contracts – Costs of Fulfilling a Contract
- PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter
- PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial

liabilities

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 June 30, 2022, 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	₱232	₱232	₱-	₱-
Financial assets at FVTOCI				
Government securities	4,865,574	4,865,574	-	-
Private bonds	639,638	639,638	-	-
Equity securities	126,886	-	91,600	35,286

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, 2021, 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 June 30, 2022. The Group is exposed to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk
 - Interest rate risk
 - Foreign currency risk
 - Equity price risk

On credit risk, the Group manages and control 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 a 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 June 30, 2022 and 2021.

AS OF JUNE 30, 2022

Particulars	Branch Banking	Corporate & Commercial	Treasury Segment	Consumer Finance Segment	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Revenue, net of interest expense							
Third party	(140,651)	1,868,325	410,620	179,980	1,255	4,130	2,323,659
Intersegment	1,057,935	(931,488)	(210,535)	(30,045)	(1,415)	115,548	-
Net interest income	917,284	936,837	200,085	149,935	(160)	119,678	2,323,659
Rent income	-	-	-	-	-	211,065	211,065
Service charges, fees and commissions	44,657	127,082	-	7,678	-	12,414	191,831
Foreign Exchange gain - net	7,692	1,966	31,799	-	-	-	41,457
Income from Trust Operations	-	-	-	-	14,921	-	14,921
Trading and securities gain (loss) - net	-	-	(308,043)	-	-	-	(308,043)
Gain on asset exchange	-	-	-	-	-	(6,237)	(6,237)
Profit from asset sold/ exchange	-	-	-	-	-	35,729	35,729
Miscellaneous	5,555	9,676	2,398	6,376	-	37,657	61,662
Total Operating Income	975,188	1,075,561	(73,761)	163,989	14,761	410,306	2,566,044
Compensation and fringe benefits	304,648	114,332	42,363	35,838	15,080	29,134	541,395
Taxes and licenses	88,040	91,064	29,344	6,971	1,394	19,669	236,682
Depreciation and amortization	112,356	22,324	8,611	12,906	2,984	38,513	197,694
Provision for impairment losses	-	98,007	-	(31,516)	-	(64)	66,427
Occupancy and Other equipment-related cost	50,193	3,898	1,180	2,083	499	4,898	62,751
Other operating expense	261,166	89,053	50,020	27,642	7,121	37,248	472,250
Total Operating Expense	816,403	418,678	131,518	53,924	27,078	129,598	1,577,199
Income before share in net income of an associate	158,785	656,883	(205,279)	110,065	(12,317)	280,708	988,845
Share in net income of an associate	-	-	-	-	-	112	112
Income before income tax	158,785	656,883	(205,279)	110,065	(12,317)	280,820	988,957
Provision for income Tax	22,646	105,408	82,387	11,203	-	40,043	261,687
Net Income (loss)	136,139	551,475	(287,666)	98,862	(12,317)	240,777	727,270
Segment assets							
Property and equipment	207,848	-	-	-	-	616,492	824,340
Investment properties	-	-	-	-	-	2,567,030	2,567,030
Other allocated assets	10,960,406	67,846,218	28,653,132	3,696,035	112,106	1,401,142	112,669,039
Total segment assets	11,168,254	67,846,218	28,653,132	3,696,035	112,106	4,584,664	116,060,409
Total segment liabilities	92,735,191	152,485	7,956,949	23,666	408	769,126	101,637,825

AS OF JUNE 30, 2021

Particulars	Branch Banking	Corporate & Commercial	Treasury Segment	Consumer Finance Segment *	Trust and Wealth Management Segment	Rentals & Headquarters	Total
Segment results							
Revenue, net of interest expense							
Third party	(158,231)	1,758,043	274,448	206,659	1,649	2,739	2,085,307
Intersegment	1,010,088	(871,112)	(210,131)	(41,820)	(1,645)	114,620	-
Net interest income	851,857	886,931	64,317	164,839	4	117,359	2,085,307
Rent income	-	-	-	-	-	276,707	276,707
Service charges, fees and commissions	41,638	112,573	-	2,721	-	9,181	166,113
Foreign Exchange gain - net	3,714	4,801	17,346	-	-	-	25,861
Income from Trust Operations	277	-	-	-	13,669	-	13,946
Trading and securities gain (loss) - net	-	-	(128,674)	-	-	-	(128,674)
Gain on asset exchange	-	-	-	-	-	3,151	3,151
Profit from asset sold/ exchange	-	-	-	-	-	8,526	8,526
Miscellaneous	5,319	11,433	4,959	(137)	-	58,404	79,978
Total Operating Income	902,805	1,015,738	(42,052)	167,423	13,673	473,328	2,530,915
Compensation and fringe benefits	293,045	95,990	34,536	56,177	9,976	14,939	504,663
Taxes and licenses	107,405	83,622	24,835	13,381	359	25,242	254,844
Depreciation and amortization	109,900	24,293	8,597	14,846	2,062	36,809	196,507
Provision for impairment losses	-	56,189	6,135	(27,124)	-	1,774	36,974
Occupancy and Other equipment-related cost	38,648	3,411	1,100	5,368	158	584	49,269
Other operating expense	247,392	93,637	87,536	36,482	5,143	27,111	497,301
Total Operating Expense	796,390	357,142	162,739	99,130	17,698	106,459	1,539,558
Income before share in net income of an associate	106,415	658,596	(204,791)	68,293	(4,025)	366,869	991,357
Share in net income of an associate	-	-	-	-	-	80	80
Income before income tax	106,415	658,596	(204,791)	68,293	(4,025)	366,949	991,437
Provision for income Tax	15,547	104,009	47,566	6,015	-	53,871	227,008
Net income	90,868	554,587	(252,357)	62,278	(4,025)	313,078	764,429
Segment assets							
Property and equipment	216,393	-	-	-	-	655,195	871,588
Investment properties	-	-	-	-	-	2,396,631	2,396,631
Unallocated assets	9,411,680	53,170,074	29,059,077	4,280,447	104,655	2,613,018	98,638,951
Total segment assets	9,628,073	53,170,074	29,059,077	4,280,447	104,655	5,664,844	101,907,170
Total segment liabilities	81,453,829	262,925	5,390,854	18,064	1,491	1,549,819	88,676,982

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.

	June 2022	December 2021
Trust department accounts	₱9,837,429	₱8,631,952
Standby LC	911,431	825,173
Spot exchange:		
Bought	623,480	101,998
Sold	1,916,422	362,093
Sight LC outstanding	1,256,447	890,428
Usance LC outstanding	7,241	135,023
Inward bills for collection	231,328	106,075
Outstanding shipping guarantees	1,143,435	396,019
Currency forwards:		
Bought	1,484	1,987
Sold	123,907	162,464

Outward bills for collection	68,468	13,293
Items held for safekeeping	16	19
Items held as collateral	7	7
Other contingent	5,749	14,241

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 the effect 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 June 30, 2022 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 Group registered a net income of ₱727.3 Million for the first half of 2022, ₱37.1 Million or 4.9% lower than the ₱764.4 Million earned in the same period last year. This is largely attributable to ₱179.4 Million higher trading losses, mostly realized, ₱65.6 Million lower rental income due to vacancies of leased floors, pre-terminations, and re-negotiated contracts of tenants as a result of the COVID-19 crisis, ₱37.6 Million higher operating expenses primarily driven by higher manpower costs, and ₱34.7 Million higher income taxes mainly from higher final taxes on interest income on peso government securities and onshore income. This is offset by ₱238.4 Million improvement in net interest income, ₱25.7 Million higher fees & commission mainly from loan processing fees and penalty fees in corporate loans, and ₱17.8 Million net profit from ROPA sale and foreclosures.

Growth in net interest income is a result of ₱154.2 Million increase in interest income from investments, interbank loans and DFOB's due to higher yields and higher average volume, ₱76.4 Million increase in interest income from loans from higher average loan volume, and from ₱7.7 Million decline in interest expense largely due to drop in cost of funds and lower average TD volume.

Total Assets of the Group increased by ₱6.8 Billion or 6.3% higher from ₱109.2 Billion as of December 2021 to ₱116.1 Billion at the end of the first half of 2022. This is primarily due to ₱9.6 Billion increase in Loans and Other Receivables mostly from corporate loans, partially offset by ₱2.7 Billion lower Cash and Due from BSP.

The Group's gross NPL ratio is at 3.92%, 0.97 % points lower than the 4.89% ratio at the end of 2021.

Total Liabilities increased by ₱6.6 Billion, 6.9% higher from last year's end level of ₱95.1 Billion. This resulted mostly from ₱4.1 Billion increase in deposit liabilities mainly from higher demand and savings deposit volume, and ₱2.7 Billion increase in bills payable. Total Capital is now at ₱14.4 Billion from ₱14.2 Billion last December 2021. This 1.7% increase in Capital was mainly contributed by the earnings of the Bank as of the first half of the year.

On quarter on quarter basis, the Bank registered a net income of ₱312.2 Million for the second quarter of 2022, ₱193.1 Million or 38.2% lower than the ₱505.3 Million earned in the same period last year. This is largely due to ₱136.8M lower operating income this quarter resulting mainly from decline in net trading results as the Bank recognized ₱199.5 Million losses compared to ₱15.8 Million gains in the same period last year, as well as decrease in rent income by ₱25.6 Million or 20.6% due to vacancies of leased floors, pre-terminations, and re-negotiated contracts of tenants brought about by the COVID 19 pandemic. Total operating expense also increased by ₱35.1 Million or 4.5% mainly from higher consulting fees and higher occupancy costs. Provision for income tax is also higher by ₱21.1 Million from higher final taxes on interest income on peso government securities and onshore income.

The Group's consolidated Risk-Based Capital Adequacy ratio is 16.55% 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 six (6) months of 2022.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	June 2022	June 2021	Remarks
Net Profit Margin (Net income divided by Gross income)	28.34%	30.20%	Net profit margin decreased by 1.86 % pts. due to lower net income mainly driven by higher operating expenses and higher provision for income taxes
Return on Average Asset (Net income divided by Average assets)	1.29%	1.51%	Decreased by 21 bps from lower net income during the current period mainly driven by higher operating expense and higher provision for income taxes
Return on Average Equity (Net income divided by Average equity)	10.17%	11.87%	Return on average equity decreased by 1.70% pts. from lower net income during the current period driven by higher net trading losses, higher total operating expense and provision for income taxes from the results of the current operations
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	16.55%	18.48%	Capital ratio decreased by 1.93% as a result of higher total credit risk weighted assets.
Basic Earnings per share (Net income divided by average no. of common shares)	1.51	1.59	Decrease in basic earnings per share by ₱0.08 from lower net income during the current period

B. Financial Soundness (consolidated)

Ratio	June 2022	December 2021	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>	19.82%	28.96%	Ratio decreased by 9.14 % pts. due to lower liquid assets mainly from lower GS Repo in relation to higher total deposits, mainly demand and savings deposits
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	87.57%	87.02%	Debt ratio increased by 55 bps as the impact of increase in total liabilities exceeded the impact of increase in total assets. Increase in liabilities is mainly from higher deposit liabilities and bills payable
Asset to Equity Ratio (Total Asset to Total Equity)	8.05	7.71	Ratio is higher by 34 bps mainly as result of higher growth in assets in relation to the increase in equity
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	503.02%	491.77%*	Bank's interest rate coverage increased by 11.26 % pts. due lower interest expense from lower cost of funds partially offset by lower earnings before interest & taxes
Net Interest Margin Net interest income over Average Earning assets	4.33%	4.33%*	Ratio is retained as the impact of decrease in ave total yields is offset by decline in ave COF rates

* As of June 2021

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

- a. The Bank has experienced an increase in past due levels in loans due to the outbreak of COVID-

19. This necessitated an increase in loan provisions. However, a gradual pick-up in business activity is expected as the government gradually relaxes the quarantine measures.

- 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, 2022, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement, and facilities improvement amounted ₱363.9 Million.
- d. The full impact of the pandemic is still unknown and this may affect the performance of the Bank should this further prolong. However, the Bank has taken prudent steps to mitigate the risk through more prudent credit process, tighter credit policies and, more importantly, continue its assessment of our portfolio by regularly doing the stress test exercise.
- 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: June 2022 vs. December 2021 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(1,654,442)	-59.02%	Lower cash on hand
Due from BSP	(1,024,882)	-9.98%	Lower mainly due to lower requirement for statutory reserve
Due from Other Banks	56,686	8.61%	Higher funds with foreign banks
Interbank Loans Receivable	(2,773,111)	-66.09%	Lower GS Repo and foreign interbank loans
Financial assets at Fair Value through Profit or Loss	(886,059)	-99.97%	Sale of investments in FVTPL
Financial assets at Fair Value thorough Other Comprehensive Income	(857,189)	-13.21%	Sale of investments in FVOCI
Investment securities at Amortized Cost	4,541,109	29.26%	Higher due to purchase of HTC investment
Loans and Receivables	9,631,464	15.17%	Increase in outstanding loans and receivables, mainly in corporate loans
Investment in a subsidiary and associate	112	0.78%	Share in net income for the period
Property and Equipment	(57,877)	-6.56%	Decline due to depreciation recognized for the period
Investment Properties	(10,139)	-0.39%	Depreciation recognized for the period, offset by ROPA foreclosures
Intangible Assets	(21,268)	-4.03%	Amortization of software during the period
Deferred tax assets	(2,000)	-0.61%	Decrease mainly due write-offs during the period resulted to lower tax asset
Other Assets	(111,315)	-19.21%	Lower mainly due to decline in tax credits and CWT carry over
Demand Deposits	3,819,475	9.28%	Higher deposits volume primarily in Demand & Savings deposits due to the Bank's efforts to increase volume of low-cost source of funds
Savings Deposits	1,361,146	11.98%	
Time Deposits	(1,122,284)	-3.56%	
Bills Payable	2,699,514	44.91%	Higher due to higher bills payable – others FCDU and REPO FCDU

Outstanding Acceptances	16,109	22.50%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	33,118	19.23%	Higher un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	(22,650)	-3.33%	Decrease in expense accruals as of the period
Income Tax payable	4,827	7.22%	Higher Income tax due for the period
Other Liabilities	(207,762)	-18.80%	Lower mainly from lower advance rentals and rental security deposits

Statement of Income and Expenses : January-June 2022 vs January-June 2021 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	137,422	56.01%	Higher interest income due to higher yields mainly from HTC & FVOCI
Interest Income on Loans and receivable	76,429	3.78%	Higher interest income from higher ave volume, partly offset by lower yields
Interest Income on IBCL	22,936	60.22%	Increase from higher ave volume, mainly in GS REPO
Interest Income on Deposit with other Banks and others	(6,126)	-18.97%	Lower income from decrease in ave. volume mainly in ODF
Interest Expense on Deposit Liabilities	(25,703)	-11.03%	Decline in interest expense mainly from lower cost of funds and lower ave volume, mainly in TDs
Interest Expense on Bills payable, borrowings and others	18,012	89.88%	Higher mainly due to higher ave volume of Bills Payable – Repo
Trading and Securities Gain – net	(179,369)	-139.40%	Higher trading loss, mostly realized
Rent Income	(65,642)	-23.72%	Lower mainly due to downward impact of pre-terminations and re-negotiated contracts of tenants as a result of the COVID-19 crisis
Service Charges, Fees & Commissions	25,718	15.48%	Higher mainly due to higher loan processing fees and higher penalty on corporate loans
Foreign Exchange Gain (Loss) –Net	15,596	60.31%	Increase is mainly due to higher foreign exchange gain, mostly unrealized
Gain on asset exchange	(9,388)	-297.94%	Higher loss on valuation of foreclosed assets
Profit/(Loss) from Assets Sold	27,203	319.06%	Higher gain on sale of ROPA
Income from Trust Operations	975	6.99%	Increase due to higher ave volume of assets under management
Miscellaneous Income	(18,316)	-22.90%	Lower mainly due to lower recoveries on written-off accounts
Compensation and Fringe Benefits	36,732	7.28%	Higher manpower costs for the period
Taxes and Licenses	(18,162)	-7.13%	Lower DST on deposits
Depreciation and Amortization	1,187	0.60%	Higher depreciation mainly due to ROPA
Occupancy and other equipment-related costs	13,482	27.36%	Higher repair and electricity costs
Provision for impairment losses	29,453	79.66%	Higher loan provision requirement during the period
Miscellaneous	(25,051)	-5.04%	Decrease is primarily due to lower ROPA related expenses
Provision for income tax	34,679	15.28%	Higher due to higher final taxes on interest income on peso government securities and onshore income