

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 September 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: (SEC Use 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 [☒] 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)

November 14, 2022

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

	Consolidated		Parent Company	
	September 30, 2022 (Unaudited)	December 31, 2021	September 30, 2022 (Unaudited)	December 31, 2021
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	1,334,054	2,803,341	1,334,054	2,803,341
Due from Bangko Sentral ng Pilipinas	10,587,440	10,271,486	10,587,440	10,271,486
Due from Other Banks	828,027	658,593	828,027	658,593
Interbank Loans Receivable	72,365	4,195,846	72,365	4,195,846
Financial assets at Fair Value through Profit or Loss	101,155	886,291	101,155	886,291
Financial assets at Fair Value through Other Comprehensive Income	5,008,965	6,489,287	5,008,965	6,489,287
Investment Securities at Amortized Cost	22,084,380	15,520,279	22,084,380	15,520,279
Loans and Other Receivables	76,806,480	63,497,965	76,809,313	63,500,798
Investment in a Subsidiary and Associate	14,616	14,401	20,690	20,475
Property and Equipment	802,734	882,217	802,734	882,217
Investment Properties				
Condominium units for lease	1,703,891	1,740,177	1,703,891	1,740,177
Foreclosed properties	897,198	834,303	897,198	834,303
Office units for lease	2,426	2,689	2,426	2,689
Intangible Assets	486,421	527,503	486,421	527,503
Deferred Tax Assets	341,849	325,614	341,849	325,614
Other Assets	480,308	579,328	479,058	578,077
TOTAL ASSETS	121,552,309	109,229,320	121,559,966	109,236,976
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	42,712,535	41,166,107	42,721,494	41,175,066
Savings	13,072,602	11,359,112	13,072,602	11,359,112
Time	30,790,464	31,531,570	30,790,464	31,531,570
Long-term negotiable certificates of deposits	2,893,407	2,889,116	2,893,407	2,889,116
	89,469,008	86,945,905	89,477,967	86,954,864
Bills Payable	14,528,906	6,010,988	14,528,906	6,010,988
Outstanding Acceptances	111,462	71,609	111,462	71,609
Manager's Checks	565,835	172,247	565,835	172,247
Accrued Interest, Taxes and Other Expenses	839,114	680,734	839,028	680,648
Income Tax payable	124,420	66,823	124,420	66,823
Other Liabilities	1,072,413	1,105,196	1,071,197	1,103,979
TOTAL LIABILITIES	106,711,158	95,053,502	106,718,815	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)	1,117,877	(66,061)	1,117,877	(66,061)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(527,155)	53,509	(527,155)	53,509
Cumulative translation adjustment	(281,332)	(237,668)	(281,332)	(237,668)
Remeasurement gain on defined benefit liability	40,741	40,741	40,741	40,741
TOTAL EQUITY	14,841,151	14,175,818	14,841,151	14,175,818
TOTAL LIABILITIES AND EQUITY	121,552,309	109,229,320	121,559,966	109,236,976

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

	Consolidated		Parent Company	
	For the nine months ended September 30 (January to September)			
	2022	2021	2022	2021
	(Amounts in Thousands, Except Earnings per Share)			
INTEREST INCOME				
Investment securities	641,122	369,457	641,122	369,457
Loans and receivables	3,301,423	3,066,702	3,301,423	3,066,702
Interbank loans receivable and securities purchased under resale agreements	62,421	52,516	62,421	52,516
Deposits with other banks and others	27,792	37,998	27,792	37,998
	4,032,758	3,526,673	4,032,758	3,526,673
INTEREST AND FINANCE CHARGES				
Deposit liabilities	344,234	334,105	344,234	334,105
Bills payable, borrowings and others	93,465	37,888	93,465	37,888
	437,699	371,993	437,699	371,993
NET INTEREST INCOME	3,595,059	3,154,680	3,595,059	3,154,680
Trading and securities loss - net	(294,751)	(195,078)	(294,751)	(195,078)
Rent Income	313,501	402,084	313,501	402,084
Service charges, fees and commissions	299,713	244,094	299,713	244,094
Foreign exchange gain - net	84,110	55,605	84,110	55,605
Gain (loss) on asset exchange - net	(18,143)	(56,584)	(18,143)	(56,584)
Profit from assets sold	45,334	13,403	45,334	13,403
Income from trust operations	23,021	21,402	23,021	21,402
Miscellaneous	99,000	107,311	99,000	107,313
TOTAL OPERATING INCOME	4,146,844	3,746,917	4,146,844	3,746,919
Compensation and fringe benefits	826,760	758,942	826,760	758,942
Taxes and licenses	363,077	369,795	363,077	369,784
Depreciation and amortization	296,905	291,248	296,905	291,248
Occupancy and other equipment - related costs	100,205	75,193	100,205	75,193
Provision for impairment losses	121,630	50,098	121,630	50,098
Insurance	129,588	122,283	129,588	122,283
Management and professional fees	132,810	71,698	132,810	71,654
Security, clerical, messengerial and janitorial services	81,255	66,398	81,255	66,398
Entertainment, amusement and recreation	57,125	114,105	57,125	114,105
Communication	40,094	36,281	40,094	36,281
Miscellaneous	296,735	304,230	296,735	304,223
TOTAL OPERATING EXPENSES	2,446,184	2,260,271	2,446,184	2,260,209
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE	1,700,660	1,486,646	1,700,660	1,486,710
Share in net income of subsidiary and an associate	215	142	215	78
INCOME BEFORE INCOME TAX	1,700,875	1,486,788	1,700,875	1,486,788
PROVISION FOR INCOME TAX	411,214	361,239	411,214	361,239
NET INCOME	1,289,661	1,125,549	1,289,661	1,125,549
Attributable to:				
Equity holders of the Parent Company	1,289,661	1,125,549		
Non-controlling interest	-	-		
	1,289,661	1,125,549		
Basic/ Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	2.68	2.34		

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

	Consolidated		Parent Company	
	For the three months ended September 30 (July to September)			
	2022	2021	2022	2021
(Amounts in Thousands, Except Earnings per Share)				
INTEREST INCOME				
Investment securities	258,357	124,114	258,357	124,111
Loans and receivables	1,202,371	1,044,079	1,202,371	1,044,079
Interbank loans receivable and securities purchased under resale agreements	1,396	14,427	1,396	14,427
Deposits with other banks and others	1,619	5,699	1,619	5,699
	1,463,743	1,188,319	1,463,743	1,188,319
INTEREST AND FINANCE CHARGES				
Deposit liabilities	136,931	101,099	136,931	101,099
Bills payable, borrowings and others	55,412	17,847	55,412	17,847
	192,343	118,946	192,343	118,946
NET INTEREST INCOME				
	1,271,400	1,069,373	1,271,400	1,069,373
Trading and securities gain (loss) - net	13,292	(66,404)	13,292	(66,404)
Rent Income	102,436	125,377	102,436	125,377
Service charges, fees and commissions	107,882	77,981	107,882	77,981
Foreign exchange gain - net	42,653	29,744	42,653	29,744
Gain (loss) on asset exchange - net	(11,906)	(59,735)	(11,906)	(59,735)
Profit from assets sold	9,605	4,877	9,605	4,877
Income from trust operations	8,100	7,456	8,100	7,456
Miscellaneous	37,338	27,333	37,338	27,333
TOTAL OPERATING INCOME	1,580,800	1,216,002	1,580,800	1,216,002
Compensation and fringe benefits	285,365	254,279	285,365	254,279
Taxes and licenses	126,395	114,951	126,395	114,951
Depreciation and amortization	99,211	94,741	99,211	94,741
Occupancy and other equipment - related costs	37,454	25,924	37,454	25,924
Provision for impairment losses	55,203	13,124	55,203	13,124
Insurance	45,524	37,348	45,524	37,348
Management and professional fees	58,956	24,106	58,956	24,106
Security, clerical, messengerial and janitorial services	27,673	20,939	27,673	20,939
Entertainment, amusement and recreation	19,147	40,195	19,147	40,195
Communication	17,354	13,450	17,354	13,450
Miscellaneous	96,703	81,656	96,703	81,656
TOTAL OPERATING EXPENSES	868,985	720,713	868,985	720,713
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE				
	711,815	495,289	711,815	495,289
Share in net income of subsidiary and an associate	103	62	103	62
INCOME BEFORE INCOME TAX	711,918	495,351	711,918	495,351
PROVISION FOR INCOME TAX	149,527	134,231	149,527	134,231
NET INCOME	562,391	361,120	562,391	361,120
Attributable to:				
Equity holders of the Parent Company	562,391	361,120		
Non-controlling interest	-	-		
	562,391	361,120		

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

	Consolidated		Parent Company	
	For the nine months ended September 30 (January to September)			
	2022	2021	2022	2021
	(Amounts in Thousands)			
NET INCOME	1,289,661	1,125,549	1,289,661	1,125,549
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	(43,664)	(27,002)	(43,664)	(27,002)
Unrealized gain (loss) on financial assets carried at fair value through other comprehensive income	(580,664)	(238,337)	(580,664)	(238,337)
	(624,328)	(265,339)	(624,328)	(265,339)
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	-	-	-	-
	-	-	-	-
	(624,328)	(265,339)	(624,328)	(265,339)
TOTAL OTHER COMPREHENSIVE INCOME	665,333	860,210	665,333	860,210
Attributable to:				
Equity holders of the Parent Company	665,333	860,210		
Non-controlling interest	-	-		
TOTAL OTHER COMPREHENSIVE INCOME	665,333	860,210		

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

	Consolidated		Parent Company	
	For the three months ended September 30 (July to September)			
	2022	2021	2022	2021
	(Amounts in Thousands)			
NET INCOME	562,391	361,120	562,391	361,120
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	204	(34,726)	204	(34,726)
Unrealized gain (loss) on financial assets carried at fair value through other comprehensive income	(144,028)	(121,115)	(144,028)	(121,115)
	(143,824)	(155,841)	(143,824)	(155,841)
<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	-	-	-	-
	(143,824)	(155,841)	(143,824)	(155,841)
TOTAL OTHER COMPREHENSIVE INCOME	418,567	205,279	418,567	205,279
Attributable to:				
Equity holders of the Parent Company	418,567	205,279		
Non-controlling interest	-	-		
TOTAL OTHER COMPREHENSIVE INCOME	418,567	205,279		

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

	Consolidated		Parent Company	
	For the Nine Months Ended			
	September 30			
	2022	2021	2022	2021
	(Amounts in Thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	1,700,875	1,486,788	1,700,875	1,486,788
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:				
Accretion of interest on unquoted debt securities	(45,728)	(50,287)	(45,728)	(50,287)
Depreciation and amortization	296,905	291,248	296,905	291,248
Provision for impairment losses	121,630	50,098	121,630	50,098
Loss (profit) on asset exchange	18,143	56,584	18,143	56,584
Gain from asset sold	(45,334)	(13,403)	(45,334)	(13,403)
Unrealized loss (gain) on financial assets at FVTPL	(3,832)	31,161	(3,832)	31,161
Share in net income of a subsidiary and an associate	(215)	(142)	(215)	(78)
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Financial assets at FVTPL	785,136	718,294	785,136	718,294
Loans and Receivable	(13,594,973)	(5,818,073)	(13,594,973)	(5,818,229)
Other Assets	100,654	215,677	100,654	215,677
Increase (decrease) in the amounts of:				
Deposit liabilities	2,523,103	(1,078,259)	2,523,103	(1,078,161)
Manager's checks	393,588	43,740	393,588	43,740
Accrued interest, taxes and other expenses	158,380	49,113	158,380	49,175
Other liabilities	(39,793)	(139,231)	(39,793)	(139,189)
Net cash generated from (used for) operations	(7,631,462)	(4,156,692)	(7,631,462)	(4,156,582)
Income taxes paid	(369,852)	(411,465)	(369,852)	(411,465)
Net cash provided by (used in) operating activities	(8,001,314)	(4,568,157)	(8,001,314)	(4,568,047)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in interbank loans receivable	3,470,889	41,847	3,470,889	41,847
Acquisition of:				
Financial assets at FVOCI	(41,630,805)	(65,881,954)	(41,630,805)	(65,881,954)
Investment securities at amortized cost	(6,212,250)	(6,346,000)	(6,212,250)	(6,346,000)
Property and equipment	(37,920)	(30,423)	(37,920)	(30,423)
Software cost	(27,552)	(11,637)	(27,552)	(11,637)
Proceeds from disposal of:				
Financial assets at FVOCI	42,107,444	63,300,301	42,107,444	63,300,301
Investment properties	98,900	33,410	98,900	33,410
Proceeds from maturity of Investment securities	75,000	10,000	75,000	10,000
Net cash provided by (used in) investing activities	(2,156,295)	(8,884,456)	(2,156,295)	(8,884,456)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of:				
Bills payable	167,626,048	90,800,116	167,626,048	90,800,116
Outstanding acceptance	1,025,291	552,559	1,025,291	552,559
Marginal deposits	49,781	25,356	49,781	25,356
Settlements of:				
Bills payable	(159,108,130)	(84,832,179)	(159,108,130)	(84,832,179)
Outstanding acceptance	(985,438)	(911,463)	(985,438)	(911,463)
Marginal deposits	(42,770)	(32,126)	(42,770)	(32,126)
Net cash provided by (used) financing activities	8,564,782	5,602,263	8,564,782	5,602,263

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

	Consolidated		Parent Company	
	For the Nine Months Ended September 30			
	2022	2021	2022	2021
	(Amounts in Thousands)			
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(43,664)	(27,002)	(43,664)	(27,002)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIV	(1,636,491)	(7,877,352)	(1,636,491)	(7,877,242)
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	1,334,054	1,742,316	1,334,054	1,742,316
Due from Bangko Sentral ng Pilipinas	10,587,440	13,118,617	10,587,440	13,118,617
Due from Other Banks	828,027	2,392,909	828,027	2,393,019
Interbank Loans Receivable and Securities				
Purchased Under Resale Agreements	72,365	1,580,760	72,365	1,580,760
	12,821,886	18,834,602	12,821,886	18,834,712

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY

	Consolidated						
	Equity Attributable to Equity Holders of the Parent Company						
	Unrealized gain (loss) on Financial Assets at Fair Value			Remeasurement Gain (Loss) on Retirement Liabilities			Non-Controlling Interest
	Common Stock	Additional Paid-in Capital	Surplus reserves	Retained Earnings (Deficit)	Through Other Comprehensive Income	Cumulative Translation Adjustment	Total
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	-	-	-	1,289,661	(580,664)	(43,664)	665,333
Balance at September 30, 2022 (unaudited)	12,016,129	2,262,246	212,645	1,117,877	(527,155)	(281,332)	14,841,151
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	-	(7,509)
Total comprehensive income (loss) for the period				1,125,549	(238,337)	(27,002)	860,210
Balance at September 30, 2021 (unaudited)	12,016,129	2,262,246	106,418	(461,629)	(136,599)	(238,466)	13,435,467
	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	-	-	-	1,289,661	(580,664)	(43,664)	665,333
Balance at September 30, 2022 (unaudited)	12,016,129	2,262,246	212,645	1,117,877	(527,155)	(281,332)	14,841,151
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	-	(7,509)
Total comprehensive income (loss) for the period				1,125,549	(238,337)	(27,002)	860,210
Balance at September 30, 2021 (unaudited)	12,016,129	2,262,246	106,418	(461,629)	(136,599)	(238,466)	13,435,467

PHILIPPINE BANK OF COMMUNICATIONS (Consolidated)
AGING OF LOANS & SELECTED RECEIVABLES
As of September 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	63,338,820	62,069,389	59,743	120,179	273,995	815,513
Agrarian Reform/Other Agricultural Credit Loans	3,857,809	3,722,740	0	0	55,210	79,858
Bills Purchased	1,822,647	1,817,065	0	0	0	5,582
Customers' Liability on Drafts under LC/TR	111,462	111,462	0	0	0	0
Customers' Liab. for this Bank's Acceptances	6,761,762	6,730,059	0	672	0	31,031
Restructured Loans	1,122,484	920,084	0	166,271	30,122	6,008
Items in Litigation	717,643	0	0	36,671	127,178	553,794
SUB TOTAL	77,732,626	75,370,800	59,743	323,793	486,505	1,491,785
Unquoted Debt Securities	577,923	577,923	0	0	0	0
Accounts Receivable	770,858	703,359	2,647	4,397	15,056	45,399
Accrued Interest Receivable	440,402	432,690	192	1,354	1,381	4,786
Sales Contract Receivables	66,774	51,328	10,297	311	2,899	1,940
GRAND TOTAL	79,588,584	77,136,100	72,878	329,855	505,841	1,543,909

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 September 30, 2022, the Parent Bank had a total network of 91 regular branches, 4 branch-lite units, and 159 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 Parent Company's Board of Directors (BOD) 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 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.

Subsequently, the Parent Bank secured the approval of the *Securities and Exchange Commission* for the amendment of its Articles of Incorporation, reflecting the change of its primary license to universal banking. The official Certificate of Filing of Amended Articles of Incorporation was issued on August 17, 2022.

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

Retirement of Business Operation of PISAI

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

The Company received clearances with the 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 September 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 following 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. They should be read in conjunction with the Group's annual audited financial statements as of the end of 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 nine months ended September 30, 2022, had been prepared following Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the Parent Company's and its subsidiary's financial statements. They are prepared for the same reporting period as the Parent Company using consistent accounting policies. The subsidiary is consolidated from the date 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 changes to one or more of the three control elements. 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 subsidiary's financial statements to align its 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 the 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 a 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 recycled 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 adopting 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 percent' 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 an 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 significant to the fair value measurement is unobservable, i.e., not based on observable market data.

As of September 30, 2022, the Bank used the following level of measurement:

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	₱101,155	₱101,155	₱-	₱-
Financial assets at FVTOCI Government securities	4,490,841	4,490,841	-	-
Private bonds	391,238	391,238	-	-
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 an arm's length basis.

5. Financial Risk Management

Risk is inherent in the Group's activities but is managed through a continuing and proactive identification, measurement, and monitoring process, subject to risk limits and other controls. This risk management process is critical to the Group's continuing profitability, and each individual within the Group is accountable for the risk exposures relating to their 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 September 30, 2022. 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

The Group manages and controls credit risk 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 the output of complex models with several underlying

assumptions regarding variable inputs' choice and interdependencies.

6. Consolidated Segment Information

The following tables present income and profit and particular asset and liability information regarding the Group's operating segments as of September 30, 2022 and 2021.

AS OF SEPTEMBER 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	(262,628)	2,981,861	623,355	264,870	1,912	5,689	3,595,059
Intersegment	1,670,453	(1,497,804)	(317,827)	(50,752)	(2,370)	198,300	-
Net interest income	1,407,825	1,484,057	305,528	214,118	(458)	203,989	3,595,059
Rent income	-	-	-	-	-	313,501	313,501
Service charges, fees and commissions	67,903	203,601	-	9,362	-	18,847	299,713
Foreign Exchange gain - net	11,087	4,912	68,111	-	-	-	84,110
Income from Trust Operations	-	-	-	-	23,021	-	23,021
Trading and securities gain (loss) - net	-	-	(294,751)	-	-	-	(294,751)
Loss on asset exchange	-	-	-	-	-	(18,143)	(18,143)
Profit from asset sold	-	-	-	-	-	45,334	45,334
Miscellaneous	8,683	18,697	2,841	11,280	-	57,499	99,000
Total Operating Income	1,495,498	1,691,267	81,729	234,760	22,563	621,027	4,146,844
Compensation and fringe benefits	462,604	175,615	65,239	55,111	24,051	44,140	826,760
Taxes and licenses	131,104	143,502	56,503	11,210	1,889	18,869	363,077
Depreciation and amortization	169,895	33,316	12,646	19,466	4,105	57,477	296,905
Provision for impairment losses	-	177,300	-	(54,560)	-	(1,110)	121,630
Occupancy and Other equipment-related cost	79,186	6,816	2,125	3,678	804	7,596	100,205
Other operating expense	403,951	144,380	71,717	45,713	12,251	59,595	737,607
Total Operating Expense	1,246,740	680,929	208,230	80,618	43,100	186,567	2,446,184
Income before share in net income of an associate	248,758	1,010,338	(126,501)	154,142	(20,537)	434,460	1,700,660
Share in net income of an associate	-	-	-	-	-	215	215
Income before income tax	248,758	1,010,338	(126,501)	154,142	(20,537)	434,675	1,700,875
Provision for income Tax	37,097	171,810	122,797	14,851	-	64,659	411,214
Net Income (loss)	211,661	838,528	(249,298)	139,291	(20,537)	370,016	1,289,661
Segment assets							
Property and equipment	380,677	-	-	-	-	422,057	802,734
Investment properties	-	-	-	-	-	2,603,515	2,603,515
Other allocated assets	10,931,379	71,706,553	30,085,341	3,585,787	111,876	1,725,124	118,146,060
Total segment assets	11,312,056	71,706,553	30,085,341	3,585,787	111,876	4,750,696	121,552,309
Total segment liabilities	93,955,480	161,113	11,111,828	8,784	117	1,473,836	106,711,158

AS OF SEPTEMBER 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	(227,059)	2,674,545	394,116	306,225	2,517	4,336	3,154,680
Intersegment	1,112,634	(934,830)	(285,163)	(58,662)	(2,421)	168,442	-
Net interest income	885,575	1,739,715	108,953	247,563	96	172,778	3,154,680
Rent income	-	-	-	-	-	402,084	402,084
Service charges, fees and commissions	64,229	162,537	-	2,945	-	14,383	244,094
Foreign Exchange gain - net	6,010	6,279	43,316	-	-	-	55,605
Income from Trust Operations	1	-	-	-	21,401	-	21,402
Trading and securities gain (loss) - net	-	-	(195,078)	-	-	-	(195,078)
Loss on asset exchange	-	-	-	-	-	(56,584)	(56,584)
Profit from asset sold	-	-	-	-	-	13,403	13,403
Miscellaneous	7,184	16,636	5,054	(132)	-	78,569	107,311
Total Operating Income	962,999	1,925,167	(37,755)	250,376	21,497	624,633	3,746,917
Compensation and fringe benefits	442,458	144,585	50,927	83,285	15,422	22,265	758,942
Taxes and licenses	150,448	127,396	33,505	16,462	663	41,321	369,795
Depreciation and amortization	162,082	37,955	12,801	20,758	3,637	54,015	291,248
Provision for impairment losses	-	29,436	6,135	12,935	-	1,592	50,098
Occupancy and Other equipment-related cost	58,247	5,791	1,681	8,645	261	568	75,193
Other operating expense	380,394	123,710	107,301	55,385	6,688	41,517	714,995
Total Operating Expense	1,193,629	468,873	212,350	197,470	26,671	161,278	2,260,271
Income before share in net income of an associate	(230,630)	1,456,294	(250,105)	52,906	(5,174)	463,355	1,486,646
Share in net income of an associate	-	-	-	-	-	142	142
Income before income tax	(230,630)	1,456,294	(250,105)	52,906	(5,174)	463,497	1,486,788
Provision for income Tax	-	209,501	77,022	9,266	-	65,450	361,239
Net income	(230,630)	1,246,793	(327,127)	43,640	(5,174)	398,047	1,125,549
Segment assets							
Property and equipment	210,446	-	-	-	-	652,583	863,029
Investment properties	-	-	-	-	-	2,533,901	2,533,901
Unallocated assets	9,564,931	58,118,185	28,924,856	4,159,104	90,547	2,603,318	103,460,941
Total segment assets	9,775,377	58,118,185	28,924,856	4,159,104	90,547	5,789,802	106,857,871
Total segment liabilities	83,383,044	182,219	8,012,399	18,977	409	1,825,356	93,422,404

7. Commitments and Contingent Liabilities

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

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

	September 2022	December 2021
Trust department accounts	₱10,532,458	₱8,631,952
Standby LC	979,053	825,173
Spot exchange:		
Bought	821,417	101,998
Sold	1,973,827	362,093
Sight LC outstanding	482,585	890,428
Usance LC outstanding	21,607	135,023
Inward bills for collection	313,865	106,075
Outstanding shipping guarantees	1,683,661	396,019
Currency forwards:		
Bought	1,595	1,987
Sold	58,625	162,464

Outward bills for collection	70,601	13,293
Items held for safekeeping	15	19
Items held as collateral	7	7
Other contingents	3,456	14,241

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

8. No other items affect 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 judgments 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 previous financial years that may have a material effect in the current interim period.
10. The Parent Bank declared or paid no dividends as of September 30, 2022.
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 ₦1.3 Billion as of the third quarter of the year 2022, ₦164.1 Million or 14.6% higher than the ₦1.1 Billion earned in the same period last year. This is attributable to ₦399.9 Million higher operating income largely due to ₦440.4 Million improvement in net interest income, ₦70.4 Million higher net gain from ROPA sales and foreclosures, and ₦55.6 Million higher fees & commission mainly from loan processing fees and penalty fees in corporate loans, partially offset by ₦99.7 Million higher net trading losses, mostly realized, and ₦88.6 Million lower rent income. ₦185.9 Million higher operating expenses and ₦50.0 Million higher income taxes in the current period offset the increase in operating income.

Growth in net interest income is a result of ₦271.7 Million increase in interest income from investments, due to higher yields and higher average volume, ₦234.7 Million increase in interest income from loans from higher average loan volume, offset by from ₦65.7 Million increase in interest expense mainly due to higher cost of funds and higher average Repos & CASA volume. Decline in rent income by ₦88.6 Million was due to vacancies of leased floors, pre-terminations, and re-negotiated contracts of tenants as a result of the COVID-19 crisis. Total operating expenses went up by ₦185.9 Million mainly because of higher provision requirements for credit and impairment losses in the current period, and higher manpower costs. Income tax also increased by ₦50.0M mainly from higher final taxes on interest income on peso government securities and onshore income.

Total Assets of the Group increased by ₦12.3 Billion from ₦109.2 Billion as of December 2021 to ₦121.6 Billion at the end of the third quarter of 2022. This is primarily due to ₦13.3 Billion increase in Loans and Other Receivables mostly from corporate loans, partially offset by ₦4.1 Billion lower Interbank loans receivable.

The Group's gross NPL ratio is at 3.57%, 1.32 % points lower than the 4.89% ratio at the end of 2021.

Total Liabilities increased by ₦11.7 Billion, 12.3% higher from last year's end level of ₦95.1 Billion. This resulted mostly from ₦8.5 Billion increase in bills payable and ₦2.5 Billion increase in deposit liabilities mainly from higher low-cost savings and demand deposit volume. Total Capital is now at ₦14.8 Billion from ₦14.2 Billion last December 2021. This 4.7% increase in Capital was mainly contributed by the earnings of the Bank as of the third quarter of the year.

On a quarter on quarter basis, the Group registered a net income of ₦562.4 Million for the third quarter of 2022, ₦201.3 Million or 55.7% higher than the ₦361.1 Million earned in the same period last year. This is largely due to ₦364.8 Million higher operating income driven mainly by higher net interest margin from increase in interest income from loans due to higher average volume, and higher interest income from investments due to higher average yields. Trading activities results improved this quarter as the Bank recognized ₦13.3 Million net gains, ₦79.7 Million improvement from the ₦66.4 Million trading loss recognized in the same quarter last year. Net gains from ROPA sales and foreclosures is higher by ₦52.6 Million, and Fees & Commission increased by ₦29.9 Million mainly from penalty fees in corporate loans. This is partially offset by ₦148.3 Million higher operating expense, primarily from higher provision for credit costs and higher professional fees.

The Group's consolidated Risk-Based Capital Adequacy ratio is 16.40% 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 nine (9) months of 2022.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	September 2022	September 2021	Remarks
Net Profit Margin (Net income divided by Gross income)	31.10%	30.04%	Net profit margin increased by 1.06 % pts due to higher net income mainly driven by higher net interest margin from higher interest income from investments & loans
Return on Average Asset (Net income divided by Average assets)	1.49%	1.44%	Slightly increased by five bps due to higher net income during the current period, mainly driven by higher net interest margin
Return on Average Equity (Net income divided by Average equity)	11.85%	11.56%	Return on average equity increased by 29 bps from higher net income during the current period, driven mostly by higher net interest margin
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by the total of risk-weighted assets that include credit, market, and operational risk)	16.40%	17.49%	The capital ratio decreased by 1.08% due to higher total credit risk-weighted assets.
Basic Earnings per share (Net income divided by average no. of common shares)	2.68	2.34	Increase in basic earnings per share by ₱0.34 from higher net income during the current period

B. Financial Soundness (consolidated)

Ratio	September 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 the peso and foreign currency deposits.</i>	19.90%	28.96%	Ratio decreased by 9.06 % pts due to lower liquid assets, mainly from lower GS Repo in relation to higher total deposits, mainly savings and demand deposits
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities, while assets refer to total Assets</i>	87.79%	87.02%	Debt ratio increased by 77 bps as the impact of increase in total liabilities exceeded the impact of increase in total assets. Increase in liabilities is mainly from higher bills payable.
Asset to Equity Ratio (Total Asset to Total Equity)	8.19	7.71	Ratio is higher by 48 bps, mainly as a result of higher growth in assets in relation to the increase in equity
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	488.55%	499.64%*	Bank's interest rate coverage declined by 11.10 % pts due to increase in interest expense mainly from higher ave volume of Repos and bills payable
Net Interest Margin Net interest income over Average Earning assets	4.36%	4.26%*	Ratio went up by ten bps due to higher impact of improvement of ave yields than impact of increase in ave COF rates

* As of September 2021

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

- a. The Bank does not have any material off-balance sheet transactions, arrangements, obligations

(including contingent obligations), or other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- b. As of September 30, 2022, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement and facilities improvement amounted ₱395.8 Million.
- c. Due to the pandemic, the Bank has taken prudent steps to mitigate the risk through a more careful credit process and tighter credit policies. More importantly, it continues its assessment of its portfolio by regularly doing the stress test exercise.
- d. There is no recorded significant quarterly income or losses that did not come from the Bank's regular operations.
- e. Interest income on the 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, no seasonal aspect has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are primarily dependent on market dynamics and economic trends rather than seasonal factors.

Statement of Condition: September 2022 vs. December 2021 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(1,469,287)	-52.41%	Lower cash on hand
Due from BSP	315,954	3.08%	Higher mostly from Overnight Deposit Facility (ODF)
Due from Other Banks	169,434	25.73%	Higher funds with foreign banks
Interbank Loans Receivable	(4,123,481)	-98.28%	Lower GS Repo and foreign interbank loans
Financial assets at Fair Value through Profit or Loss	(785,136)	-88.59%	Sale of investments in FVTPL
Financial assets at Fair Value thorough Other Comprehensive Income	(1,480,322)	-22.81%	Sale of investments in FVOCI
Investment securities at Amortized Cost	6,564,101	42.29%	Higher due to the purchase of HTC investment
Loans and Receivables	13,308,515	20.96%	Increase in outstanding loans and receivables, mainly in corporate loans
Investment in a subsidiary and associate	215	1.49%	Share in net income for the period
Property and Equipment	(79,483)	-9.01%	Decline due to depreciation recognized for the period
Investment Properties	26,346	1.02%	Higher ROPA foreclosures, offset by depreciation recognized for the period
Intangible Assets	(41,082)	-7.79%	Amortization of software during the period
Deferred tax assets	16,235	4.99%	Increase due set-up of tax assets on additional provision credit losses
Other Assets	(99,020)	-17.09%	Lower mainly due to decline in tax credits and CWT carry over
Demand Deposits	1,546,428	3.76%	Higher deposits volume primarily in Savings & Demand deposits due to the Bank's efforts to increase volume of low-cost source of funds
Savings Deposits	1,713,490	15.08%	
Time Deposits	(741,106)	-2.35%	
Bills Payable	8,517,918	141.71%	Increase in bills payable – REPO
Outstanding Acceptances	39,853	55.65%	Increase due to higher bills of exchange accepted by the Bank
Manager's Checks	393,588	228.50%	Higher un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	158,380	23.27%	Increase in expense accruals as of the period
Income Tax payable	57,597	86.19%	Higher Income tax due for the period
Other Liabilities	(32,783)	-2.97%	Lower mainly from lower advance rentals and rental security deposits

**Statement of Income and Expenses: January-September 2022 vs. January-September 2021
(consolidated)**

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	271,665	73.53%	Higher interest income due to higher yields mainly from HTC & FVOCI and higher ave volume
Interest Income on Loans and receivable	234,721	7.65%	Higher interest income from higher ave volume, partly offset by lower yields
Interest Income on IBCL	9,905	18.86%	Increase from higher ave volume, mainly in BSP – TDF & GS REPO
Interest Income on Deposit with other Banks and others	(10,206)	-26.86%	Lower income from decrease in ave volume mainly in ODF
Interest Expense on Deposit Liabilities	10,129	3.03%	Higher due to higher ave COF mainly TDs, and higher ave volume mainly in CASA
Interest Expense on Bills payable, borrowings and others	55,577	146.69%	Higher mainly due to higher ave COF of Repos & Bills Payable
Trading and Securities Gain – net	(99,673)	-51.09%	Higher trading loss, mostly realized
Rent Income	(88,583)	-22.03%	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	55,619	22.79%	Higher mainly due to higher penalty on corporate loans & higher loan processing fees
Foreign Exchange Gain (Loss) –Net	28,505	51.26%	Increase is mainly due to higher foreign exchange gain, mostly realized
Gain on asset exchange	38,441	67.94%	Lower net loss on valuation of foreclosed assets
Profit/(Loss) from Assets Sold	31,931	238.24%	Higher gain on sale of ROPA
Income from Trust Operations	1,619	7.56%	Increase due to higher ave volume of assets under management
Miscellaneous Income	(8,311)	-7.74%	Decline mostly from lower recoveries on written-off accounts
Compensation and Fringe Benefits	67,818	8.94%	Higher manpower costs for the period
Taxes and Licenses	(6,718)	-1.82%	Lower DST on deposits
Depreciation and Amortization	5,657	1.94%	Higher depreciation mainly due to ROPA
Occupancy and other equipment-related costs	25,012	33.26%	Higher repair and electricity costs
Provision for impairment losses	71,532	142.78%	Higher loan provision requirements during the period
Miscellaneous	22,612	3.16%	Increase is primarily due to higher professional fees
Provision for income tax	49,975	13.83%	Higher due to higher final taxes on interest income on peso government securities and onshore income