

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, 2023.
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)

August 2, 2023

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
 UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION
 AS OF JUNE 30, 2023
 (With Comparative Figures as of December 31, 2022)

	Consolidated		Parent Company	
	June 30, 2023 (Unaudited)	December 31, 2022	June 30, 2023 (Unaudited)	December 31, 2022
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	1,293,396	1,404,214	1,293,396	1,404,214
Due from Bangko Sentral ng Pilipinas	8,747,925	11,336,471	8,747,925	11,336,471
Due from Other Banks	914,749	1,089,190	914,749	1,089,190
Interbank Loans Receivable	191,954	2,600,579	191,954	2,600,579
Financial assets at Fair Value through Profit or Loss	1,075,235	-	1,075,235	-
Financial assets at Fair Value through Other Comprehensive Income	8,833,363	5,008,596	8,833,363	5,008,596
Investment Securities at Amortized Cost	27,824,984	21,661,825	27,824,984	21,661,825
Loans and Other Receivables	78,783,023	76,923,878	78,785,856	76,926,711
Investment in a Subsidiary and Associate	14,875	14,715	20,948	20,788
Property and Equipment	784,249	803,837	784,249	803,837
Investment Properties				
Condominium units for lease	1,667,605	1,691,796	1,667,605	1,691,796
Foreclosed properties	985,626	962,112	985,626	962,112
Office units for lease	2,163	2,338	2,163	2,338
Intangible Assets	538,064	525,605	538,064	525,605
Deferred Tax Assets	379,479	390,567	379,479	390,568
Other Assets	446,496	462,776	445,190	461,469
TOTAL ASSETS	132,483,186	124,878,499	132,490,786	124,886,099
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	37,313,833	45,499,687	37,322,736	45,508,590
Savings	11,991,296	12,667,907	11,991,296	12,667,907
Time	45,444,074	38,382,737	45,444,074	38,382,737
Long-term negotiable certificates of deposits	2,896,895	2,893,897	2,896,895	2,893,897
	97,646,098	99,444,228	97,655,001	99,453,131
Bills Payable	13,642,065	7,594,019	13,642,065	7,594,019
Outstanding Acceptances	690,617	50,218	690,617	50,218
Manager's Checks	1,820,703	221,535	1,820,703	221,535
Accrued Interest, Taxes and Other Expenses	1,091,174	864,400	1,091,089	864,314
Income Tax payable	89,620	118,813	89,620	118,813
Other Liabilities	936,721	1,019,239	935,503	1,018,022
TOTAL LIABILITIES	115,916,998	109,312,452	115,924,598	109,320,052
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	107,115	212,838	107,115	212,838
Retained earnings	2,565,395	1,459,710	2,565,395	1,459,710
Unrealized loss on financial assets at fair value through other comprehensive income	(309,079)	(314,585)	(309,079)	(314,585)
Cumulative translation adjustment	(111,332)	(106,005)	(111,332)	(106,005)
Remeasurement gain on defined benefit liability	35,714	35,714	35,714	35,714
TOTAL EQUITY	16,566,188	15,566,047	16,566,188	15,566,047
TOTAL LIABILITIES AND EQUITY	132,483,186	124,878,499	132,490,786	124,886,099

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM STATEMENTS OF INCOME

	Consolidated		Parent Company	
	For the Six Months ended June 30 (January to June)			
	2023	2022	2023	2022
(Amounts in Thousands, Except Earnings per Share)				
INTEREST INCOME				
Investment securities	787,297	382,765	787,297	382,765
Loans and receivables	2,769,712	2,099,052	2,769,712	2,099,052
Interbank loans receivable and securities purchased under resale agreements	31,107	61,025	31,107	61,025
Deposits with other banks and others	11,139	26,173	11,139	26,173
	3,599,255	2,569,015	3,599,255	2,569,015
INTEREST AND FINANCE CHARGES				
Deposit liabilities	999,723	207,303	999,723	207,303
Bills payable, borrowings and others	288,398	38,053	288,398	38,053
	1,288,121	245,356	1,288,121	245,356
NET INTEREST INCOME	2,311,134	2,323,659	2,311,134	2,323,659
Trading and securities gain (loss) - net	95,232	(308,043)	95,232	(308,043)
Rent Income	209,284	211,065	209,284	211,065
Service charges, fees and commissions	212,272	191,831	212,272	191,831
Foreign exchange gain - net	43,426	41,457	43,426	41,457
Gain (loss) on asset exchange - net	10,164	(6,237)	10,164	(6,237)
Profit from assets sold	6,652	35,729	6,652	35,729
Income from trust operations	18,234	14,921	18,234	14,921
Miscellaneous	72,778	61,662	72,778	61,662
TOTAL OPERATING INCOME	2,979,176	2,566,044	2,979,176	2,566,044
Compensation and fringe benefits	581,462	541,395	581,462	541,395
Taxes and licenses	340,330	236,682	340,330	236,682
Depreciation and amortization	168,071	197,694	168,071	197,694
Occupancy and other equipment - related costs	82,587	62,751	82,587	62,751
Provision for (recovery from) impairment losses	(17,414)	66,427	(17,414)	66,427
Insurance	100,419	84,064	100,419	84,064
Management and professional fees	49,021	73,854	49,021	73,854
Security, clerical, messengerial and janitorial services	64,767	53,582	64,767	53,582
Entertainment, amusement and recreation	42,953	37,978	42,953	37,978
Communication	24,170	22,740	24,170	22,740
Miscellaneous	215,810	200,032	215,810	200,032
TOTAL OPERATING EXPENSES	1,652,176	1,577,199	1,652,176	1,577,199
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE	1,327,000	988,845	1,327,000	988,845
Share in net income of subsidiary and an associate	160	112	160	112
INCOME BEFORE INCOME TAX	1,327,160	988,957	1,327,160	988,957
PROVISION FOR INCOME TAX	327,198	261,687	327,198	261,687
NET INCOME	999,962	727,270	999,962	727,270
Attributable to:				
Equity holders of the Parent Company	999,962	727,270		
Non-controlling interest	-	-		
	999,962	727,270		
Basic/ Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	2.08	1.51		

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)			
	2023	2022	2023	2022
	(Amounts in Thousands, Except Earnings per Share)			
INTEREST INCOME				
Investment securities	423,851	207,213	423,851	207,213
Loans and receivables	1,427,211	1,081,571	1,427,211	1,081,571
Interbank loans receivable and securities purchased under resale agreements	6,745	29,726	6,745	29,726
Deposits with other banks and others	3,004	8,566	3,004	8,566
	1,860,811	1,327,076	1,860,811	1,327,076
INTEREST AND FINANCE CHARGES				
Deposit liabilities	560,633	105,648	560,633	105,648
Bills payable, borrowings and others	166,859	20,493	166,859	20,493
	727,492	126,141	727,492	126,141
NET INTEREST INCOME	1,133,319	1,200,935	1,133,319	1,200,935
Trading and securities gain (loss) - net	46,394	(199,576)	46,394	(199,576)
Rent Income	98,625	98,579	98,625	98,579
Service charges, fees and commissions	112,722	85,891	112,722	85,891
Foreign exchange gain - net	22,598	29,898	22,598	29,898
Gain (loss) on asset exchange - net	7,625	(4,252)	7,625	(4,252)
Profit from assets sold	4,646	4,039	4,646	4,039
Income from trust operations	9,488	7,822	9,488	7,822
Miscellaneous	37,187	24,765	37,187	24,765
TOTAL OPERATING INCOME	1,472,604	1,248,101	1,472,604	1,248,101
Compensation and fringe benefits	293,029	268,290	293,029	268,290
Taxes and licenses	182,878	118,775	182,878	118,775
Depreciation and amortization	82,709	99,172	82,709	99,172
Occupancy and other equipment - related costs	43,538	34,053	43,538	34,053
Provision for (recovery from) impairment losses	(8,501)	37,156	(8,501)	37,156
Insurance	49,814	41,536	49,814	41,536
Management and professional fees	23,617	46,967	23,617	46,967
Security, clerical, messengerial and janitorial services	32,517	28,392	32,517	28,392
Entertainment, amusement and recreation	21,366	19,386	21,366	19,386
Communication	11,777	12,632	11,777	12,632
Miscellaneous	113,971	107,256	113,971	107,256
TOTAL OPERATING EXPENSES	846,715	813,615	846,715	813,615
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARY AND AN ASSOCIATE	625,889	434,486	625,889	434,486
Share in net income of subsidiary and an associate	84	63	84	63
INCOME BEFORE INCOME TAX	625,973	434,549	625,973	434,549
PROVISION FOR INCOME TAX	167,411	122,319	167,411	122,319
NET INCOME	458,562	312,230	458,562	312,230
Attributable to:				
Equity holders of the Parent Company	458,562	312,230		
Non-controlling interest	-	-		
	458,562	312,230		

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

	Consolidated		Parent Company	
	For the Six Months ended June 30 (January to June)			
	2023	2022	2023	2022
	(Amounts in Thousands)			
NET INCOME	999,962	727,270	999,962	727,270
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	(5,327)	(43,868)	(5,327)	(43,868)
Unrealized gain (loss) on financial assets carried at fair value through other comprehensive income	5,506	(436,636)	5,506	(436,636)
	179	(480,504)	179	(480,504)
<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	-	-	-	-
	-	-	-	-
	179	(480,504)	179	(480,504)
TOTAL OTHER COMPREHENSIVE INCOME	1,000,141	246,766	1,000,141	246,766
Attributable to:				
Equity holders of the Parent Company	1,000,141	246,766		
Non-controlling interest	-	-		
TOTAL OTHER COMPREHENSIVE INCOME	1,000,141	246,766		

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

	Consolidated		Parent Company	
	For the Three Months ended June 30 (April to June)			
	2023	2022	2023	2022
	(Amounts in Thousands)			
NET INCOME	458,562	312,230	458,562	312,230
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	10,697	(1,790)	10,697	(1,790)
Unrealized gain (loss) on financial assets carried at fair value through other comprehensive income	(32,983)	(135,195)	(32,983)	(135,195)
	(22,286)	(136,985)	(22,286)	(136,985)
<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	-	-	-	-
	-	-	-	-
	(22,286)	(136,985)	(22,286)	(136,985)
TOTAL OTHER COMPREHENSIVE INCOME	436,276	175,245	436,276	175,245
Attributable to:				
Equity holders of the Parent Company	436,276	175,245		
Non-controlling interest	-	-		
TOTAL OTHER COMPREHENSIVE INCOME	436,276	175,245		

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

	Consolidated		Parent Company	
	For the Six Months Ended			
	June 30			
	2023	2022	2023	2022
	(Amounts in Thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	1,327,160	988,957	1,327,160	988,957
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:				
Accretion of interest on unquoted debt securities	(11,864)	(45,728)	(11,864)	(45,728)
Depreciation and amortization	168,071	197,694	168,071	197,694
Provision for impairment losses	(17,414)	66,427	(17,414)	66,427
Loss (profit) on asset exchange	(10,164)	6,237	(10,164)	6,237
Gain from asset sold	(6,652)	(35,729)	(6,652)	(35,729)
Unrealized gain on financial assets at FVTPL	11,275	(3,832)	11,275	(3,832)
Share in net income of a subsidiary and an associate	(160)	(112)	(160)	(112)
Changes in operating assets and liabilities				
Decrease (increase) in the amounts of:				
Financial assets at FVTPL	(1,075,235)	886,059	(1,075,235)	886,059
Loans and Receivable	(1,897,277)	(8,477,486)	(1,897,277)	(8,477,486)
Other Assets	(14,946)	86,189	(14,946)	86,189
Increase (decrease) in the amounts of:				
Deposit liabilities	(1,798,130)	4,061,167	(1,798,130)	4,061,167
Manager's checks	1,599,168	33,118	1,599,168	33,118
Accrued interest, taxes and other expenses	226,775	(22,650)	226,775	(22,650)
Other liabilities	(86,195)	(226,940)	(86,195)	(226,940)
Net cash generated from (used for) operations	(1,585,589)	(2,486,629)	(1,585,589)	(2,486,629)
Income taxes paid	(345,302)	(254,860)	(345,302)	(254,860)
Net cash provided by (used in) operating activities	(1,930,891)	(2,741,489)	(1,930,891)	(2,741,489)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in interbank loans receivable	2,565,680	2,162,756	2,565,680	2,162,756
Acquisition of:				
Financial assets at FVOCI	(38,606,707)	(26,939,974)	(38,606,707)	(26,939,974)
Investment securities at amortized cost	(5,876,800)	(4,609,950)	(5,876,800)	(4,609,950)
Property and equipment	(22,649)	(18,789)	(22,649)	(18,789)
Software cost	(29,443)	-	(29,443)	-
Proceeds from disposal of:				
Financial assets at FVOCI	34,264,012	27,358,200	34,264,012	27,358,200
Investment properties	7,453	77,746	7,453	77,746
Proceeds from maturity of Investment securities	225,800	75,000	225,800	75,000
Net cash provided by (used in) investing activities	(7,472,654)	(1,895,011)	(7,472,654)	(1,895,011)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of:				
Bills payable	170,121,303	49,250,552	170,121,303	49,250,552
Outstanding acceptance	2,337,917	862,209	2,337,917	862,209
Marginal deposits	25,539	39,465	25,539	39,465
Settlements of:				
Bills payable	(164,073,257)	(46,551,038)	(164,073,257)	(46,551,038)
Outstanding acceptance	(1,697,518)	(846,100)	(1,697,518)	(846,100)
Marginal deposits	(21,863)	(20,286)	(21,863)	(20,286)
Net cash provided by (used) financing activities	6,692,121	2,734,802	6,692,121	2,734,802

forward

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

	Consolidated		Parent Company	
	For the Six Months Ended			
	June 30			
	2023	2022	2023	2022
	(Amounts in Thousands)			
EFFECTS OF FXCY TRANSLATION ADJUSTMENTS	(5,327)	(43,868)	(5,327)	(43,868)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,716,750)	(1,945,566)	(2,716,750)	(1,945,566)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD				
Cash and Other Cash Items	1,404,214	1,515,914	1,404,214	1,515,914
Due from Bangko Sentral ng Pilipinas	11,336,471	10,271,486	11,336,471	10,271,486
Due from Other Banks	1,089,190	658,593	1,089,190	658,593
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	34,899	724,957	34,899	724,957
	13,864,774	13,170,950	13,864,774	13,170,950
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD				
Cash and Other Cash Items	1,293,396	1,148,899	1,293,396	1,148,899
Due from Bangko Sentral ng Pilipinas	8,747,925	9,246,604	8,747,925	9,246,604
Due from Other Banks	914,749	715,279	914,749	715,279
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	191,954	114,602	191,954	114,602
	11,148,024	11,225,384	11,148,024	11,225,384

Consolidated

Parent Company

	Common Stock	Additional Paid-in Capital	Surplus reserves	Retained Earnings (Deficit)	Other Comprehensive Income	Cumulative Translation Adjustment	Remeasurement Gain on Retirement assets	Total
Balance at January 1, 2023	12,016,129	2,262,246	212,838	1,459,710	(314,585)	(106,005)	35,714	15,566,047
Release of appropriation during the year			(105,723)	105,723	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	999,962	5,506	(5,327)	-	1,000,141
Balance at June 30, 2023 (unaudited)	12,016,129	2,262,246	107,115	2,565,395	(309,079)	(111,332)	35,714	16,566,188
Balance at January 1, 2022	12,016,129	2,262,246	106,922	(66,061)	53,509	(237,668)	40,741	14,175,818
Total comprehensive income (loss) for the period				727,270	(436,636)	(43,868)	-	246,766
Balance at June 30, 2022 (unaudited)	12,016,129	2,262,246	106,922	661,209	(383,127)	(281,536)	40,741	14,422,584

PHILIPPINE BANK OF COMMUNICATIONS (Consolidated)

AGING OF LOANS & SELECTED RECEIVABLES

As of June 30, 2023

(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	65,948,140	64,947,220	51,687	28,970	15,314	904,950
Agrarian Reform/Other Agricultural Credit Loans	3,914,251	3,796,229	0	0	0	118,022
Bills Purchased	2,227,967	2,222,785	0	0	0	5,182
Customers' Liability on Drafts under LC/TR	690,617	690,617	0	0	0	0
Customers' Liab. for this Bank's Acceptances	4,934,362	4,903,331	0	0	0	31,031
Restructured Loans	877,567	786,280	48,175	12,504	4,888	25,720
Items in Litigation	894,938	0	0	227,051	18,523	649,364
SUB TOTAL	79,487,842	77,346,463	99,862	268,526	38,725	1,734,268
Unquoted Debt Securities	504,605	504,605	0	0	0	0
Accounts Receivable	798,350	723,205	4,456	14,015	6,229	50,446
Accrued Interest Receivable	838,137	827,901	481	4,014	46	5,695
Sales Contract Receivables	61,023	51,810	1,803	5,485	958	967
GRAND TOTAL	81,689,957	79,453,984	106,603	297,039	45,957	1,791,375

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 universal 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, 2023, the Parent Bank had a network of 91 regular branches, four branch-lite units, and 166 ATMs (94 onsite and 72 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 January 20, 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.

On November 10, 2022, PBCOM secured its Certificate of Authority to operate as a universal bank from the Bangko Sentral ng Pilipinas. PBCOM started its operations as a Universal Bank last December 1, 2022.

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 has 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. The Bureau of Internal Revenue granted the Company tax clearance on April 19, 2023. We are currently preparing the requirements to secure approval on shortening its corporate life from the Securities and Exchange Commission.

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, 2022.

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, 2023, 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 majority 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 January 1, 2023. 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 to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures, Sale or contribution of assets between an investor and its associate or JV*

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 for identical assets or liabilities in an active market.
- 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 June 30, 2023, 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	₱861,618	₱861,618	₱-	₱-
Sovereign bonds	213,617	213,617		
	1,075,235	1,075,235		
Financial assets at FVTOCI				
Government securities	5,308,291	5,308,291	-	-
Private bonds	1,002,938	1,002,938	-	-
Sovereign bonds	2,371,940	2,371,940		
Equity securities	150,194	-	123,146	27,048
	8,833,363	8,683,169	123,146	27,048

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, 2022, 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, 2023. The Group is exposed to the following risks from its financial instruments:

- Credit risk
- 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 June 30, 2023, and 2022.

AS OF JUNE 30, 2023

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	(978,919)	2,586,327	553,030	146,223	1,467	3,006	2,311,134
Intersegment	1,678,704	(1,396,452)	(504,201)	(69,164)	(2,921)	294,034	-
Net interest income	699,785	1,189,875	48,829	77,059	(1,454)	297,040	2,311,134
Rent income	-	-	-	-	-	209,284	209,284
Service charges, fees and commissions	46,547	144,957	1,291	9,675	-	9,802	212,272
Foreign Exchange gain - net	8,012	2,984	32,430	-	-	-	43,426
Income from Trust Operations	-	-	-	-	18,234	-	18,234
Trading and securities gain (loss) - net	-	-	95,232	-	-	-	95,232
Loss on asset exchange	-	-	-	-	-	10,164	10,164
Profit from asset sold	-	-	-	-	-	6,652	6,652
Miscellaneous	4,608	26,914	723	12,981	-	27,552	72,778
Total Operating Income	758,952	1,364,730	178,505	99,715	16,780	560,494	2,979,176
Compensation and fringe benefits	336,207	123,257	40,786	33,913	17,965	29,334	581,462
Taxes and licenses	131,611	123,453	64,037	4,764	1,503	14,962	340,330
Depreciation and amortization	82,136	25,504	6,859	17,521	2,171	33,880	168,071
Provision for impairment losses	-	6,687	-	(21,482)	-	(2,619)	(17,414)
Occupancy and Other equipment-related costs	66,343	5,737	1,781	2,752	770	5,204	82,587
Other operating expense	284,199	91,957	52,580	33,586	7,062	27,756	497,140
Total Operating Expense	900,496	376,595	166,043	71,054	29,471	108,517	1,652,176
Income before share in net income of an associate	(141,544)	988,135	12,462	28,661	(12,691)	451,977	1,327,000
Share in net income of an associate	-	-	-	-	-	160	160
Income before income tax	(141,544)	988,135	12,462	28,661	(12,691)	452,137	1,327,160
Provision for income Tax	-	128,150	140,006	928	-	58,114	327,198
Net Income (loss)	(141,544)	859,985	(127,544)	27,733	(12,691)	394,023	999,962
Segment assets							
Property and equipment	367,912	-	-	-	-	416,337	784,249
Investment properties	-	-	-	-	-	2,655,394	2,655,394
Other allocated assets	9,368,772	73,654,363	40,741,109	3,346,766	127,273	1,805,260	129,043,543
Total segment assets	9,736,684	73,654,363	40,741,109	3,346,766	127,273	4,876,991	132,483,186
Total segment liabilities	98,599,320	731,425	15,138,433	7,276	731	1,439,813	115,916,998

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)
Loss on asset exchange	-	-	-	-	-	(6,237)	(6,237)
Profit from asset sold	-	-	-	-	-	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	19,869	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 costs	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	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
Unallocated 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

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.

	June 2023	December 2022
Trust department accounts	₱11,540,012	₱10,814,414
Standby LC	1,490,078	970,552
Spot exchange:		
Bought	258,562	251,584
Sold	1,471,024	561,113
Sight LC outstanding	291,145	347,188
Usance LC outstanding	43,179	596,009
Inward bills for collection	136,703	196,173
Outstanding shipping guarantees	1,319,747	1,684,193
Currency forwards:		
Bought	1,553	808
Sold	43,584	75,420
Outward bills for collection	61,043	61,043

Items held for safekeeping	16	16
Items held as collateral	7	7
Other contingents	2,688	13,223

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 June 30, 2023.
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 ₱1.0B Billion as of the second quarter of the year 2023, ₱272.7 Million or 37.5% higher than the ₱272.3 Million earned during the same period last year. This is attributable to ₱413.1 Million higher operating income largely from ₱403.3 Million better trading performance and ₱20.4 Million higher fees & commission.

Interest income expanded by 40.1% or ₱1.03B due to higher asset yields and growth in both loan and securities portfolios. Interest expense, however, also increased primarily due to higher cost of funds which offset the impact of higher interest income. Total operating expenses went up by ₱75.0 Million mainly because of volume-driven costs such as higher taxes from higher GRT and DST and higher PDIC insurance from growth in deposit volume, and higher manpower costs, offset by lower provision for impairment losses and lower depreciation and amortization. Income taxes also increased by ₱65.5M, mainly from higher final taxes on interest income on peso government securities and onshore income and lower DTA recognized.

Total Assets of the Group increased by ₱7.6 Billion from ₱124.9 Billion as of December 2022 to ₱132.5 Billion at the end of the second quarter of 2023. This is primarily due to an increase in inventory of debt securities carried at HTC and FVOCI amounting to ₱6.2 Billion and ₱3.8 Billion, respectively, and growth in loan volume by ₱1.9 Billion. These were partially offset by decline in Due from the BSP and interbank receivables.

The Group's gross NPL ratio is 2.79%, 0.44 % points lower than the 3.23% ratio at the end of 2022.

Total Liabilities increased by ₱6.6 Billion, 6.04% higher than last year's end level of ₱109.3 Billion. This resulted mostly from ₱6.0 Billion increase in bills payable offset by ₱1.8 Billion decrease in deposit liabilities, mainly from lower demand deposits. Total Capital is now at ₱16.6 Billion from ₱15.6 Billion last December 2022. This 6.4% increase in Capital was mainly contributed by the earnings of the Bank as of the second quarter of the year.

On quarter on quarter basis, the Bank registered a net income of ₱458.6 Million for the second quarter of 2023, ₱146.3 Million or 46.9% higher than the ₱312.2 Million earned in the same period last year. This is largely due to ₱224.5M higher operating income this quarter resulting mainly from better trading performance as the Bank recognized ₱46.4 Million gains compared to ₱199.6 Million losses in the same period last year, partially offset by ₱67.6 Million decline in net interest income, ₱33.1 Million or 4.1% higher operating expense, and ₱45.1 Million or 36.9% higher provision for income tax in the same period last year.

The Group's consolidated Risk-Based Capital Adequacy ratio is 17.27% under BASEL 3 and is well above the 10% minimum requirement. The ratio covers credit, market, and operational risks for the first six (6) months of 2023.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	June 2023	June 2022	Remarks
Net Profit Margin (Net income divided by Gross income)	33.57%	28.34%	Increased by 5.22 % pts mainly due to net trading gains (net trading loss in 2022), offset by impact of higher operating expenses this year mainly interest expense due to higher cost of funds
Return on Average Asset (Net income divided by Average assets)	1.55%	1.29%	Slightly increased by 26 bps due to higher net income during the current period, mainly from net trading gains (net trading loss in 2022) due to better treasury trading performance. Higher average asset during the current year is a result of higher debt securities inventory under HTC and FVOCI
Return on Average Equity (Net income divided by Average equity)	12.45%	10.17%	Increased by 2.28 % pts due to higher net income during the period driven mainly by net trading gains (net trading loss in 2022). Average equity increased during the current year due to reinvestment of net income to equity providing increased capital for revenue generating activities of the bank
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by the total of risk-weighted assets that include credit, market, and operational risk)	17.27%	16.55%	The capital ratio increased by 0.72% due to higher qualifying capital for the period.
Basic Earnings per share (Net income divided by average no. of common shares)	2.08	1.51	Increase in basic earnings per share by P0.57 from higher net income during the current period.

B. Financial Soundness (consolidated)

Ratio	June 2023	December 2022	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>	21.41%	21.41%	No movement in ratio as the decline in demand and savings deposits allowed offloading liquid assets mainly from lower ODF with BSP and GS Repo, showing steady capacity of the Bank to honor deposit withdrawals without resorting to selling illiquid assets or relying on external funding sources.
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities, while assets refer to total Assets</i>	87.50%	87.54%	Ratio slightly decreased as a result of offsetting impact of inventory increase in debt securities at HTC & FVOCI and increase in bills payable - Repo as one of the funding source for the investment and lending activities of the bank.
Asset to Equity Ratio (Total Asset to Total Equity)	8.00	8.02	Ratio decreased by 2.53 % pts as a result of increased debt securities inventory and growth in equity from YTD net income.
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	203.02%	503.02%*	Decreased by 300.01 % pts due to higher increase in interest expense from time deposits from rising cost of funds given BSP interest hikes. Earnings before interest & taxes is also higher driven by higher interest income from loans and investments
Net Interest Margin Net interest income over Average Earning assets	4.08%	4.75%*	The Bank's core lending and investment activities showed a decline in its net interest margin by 67 bps due to impact of increase in average COF rates than improvement of average yields despite increase in debt securities inventory to generate fixed interest income.

* As of Jun 2022

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 June 30, 2023, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement and facilities improvement amounted to ₱655.5 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: June 2023 vs. December 2022 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(110,818)	-7.89%	Lower cash on cash center, lower cash on hand FCDU, & lower cash on ATM
Due from BSP	(2,588,546)	-22.83%	Lower mainly in ODF
Due from Other Banks	(174,441)	-16.02%	Lower funds with foreign banks
Interbank Loans Receivable	(2,408,625)	-92.62%	Lower GS Repo partially offset by higher foreign interbank loans
Financial assets at Fair Value through Profit or Loss	1,075,235	100.00%	Purchase of investments in FVTPL
Financial assets at Fair Value thorough Other Comprehensive Income	3,824,767	76.36%	Purchase of debt investments in FVOCI
Investment securities at Amortized Cost	6,163,159	28.45%	Increase due to the purchase of HTC securities
Loans and Receivables	1,859,145	2.42%	Increase in outstanding receivables, mainly in corporate loans
Investment in a subsidiary and associate	160	1.09%	Share in net income for the first half of the year
Property and Equipment	(19,588)	-2.44%	Decline due to depreciation recognized for the period
Investment Properties	(852)	-0.03%	Decline due to depreciation recognized for the period offset by higher ROPA foreclosures, offset by depreciation recognized for the period
Intangible Assets	12,459	2.37%	Purchase of software made in the 1st quarter of the year
Deferred tax assets	(11,088)	-2.84%	Decrease mainly due to lower lease liability, advance rental, & Unamortized past service cost
Other Assets	(16,280)	-3.52%	Decrease mainly due to lower Docs stamp on hand, offset by higher prepaid expenses on banking fees
Demand Deposits	(8,185,854)	-17.99%	Lower deposits volume mainly in Demand & Savings deposits, partially offset by higher Time Deposits
Savings Deposits	(676,611)	-5.34%	
Time Deposits	7,061,337	18.40%	
Bills Payable	6,048,046	79.64%	Increase in FCDU bills payable - REPO, Interbank call loans, & Deposit substitutes – REPO
Outstanding Acceptances	640,399	1275.24%	Increase due to higher bills of exchange accepted by the Bank

Manager's Checks	1,599,168	721.86%	Higher un-negotiated MC's as of quarter-end
Accrued Interest, Taxes and Other Expenses Payable	226,774	26.23%	Increase mainly due to Regular & FCDU Deposits interest accrual, Bills Payable interest accrual and other operating expense accrual
Income Tax payable	(29,193)	-24.57%	Lower income tax payable for the period
Other Liabilities	(82,518)	-8.10%	Lower mainly from decrease in accounts payable to foreign clients, advance rentals, finance lease payables, & accounts payable - ATM

Statement of Income and Expenses: January-June 2023 vs. January-June 2022 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	404,532	105.69%	Higher interest income due to higher yields (mainly from HTC & FVOCI), and from higher ave. volume, mainly HTC)
Interest Income on Loans and receivable	670,660	31.95%	Higher interest income largely from higher yields and growth in ave. volume (from impact of new loan availments, mainly in corporate loans)
Interest Income on IBCL	(29,918)	-49.03%	Lower interest income from lower volume, partially offset by higher yields
Interest Income on Deposit with other Banks and others	(15,034)	-57.44	Lower interest income mainly from decrease in average volume mainly in ODF offset by higher yields
Interest Expense on Deposit Liabilities	792,420	382.25%	Increase is primarily from higher cost of funds
Interest Expense on Bills payable, borrowings and others	250,345	657.89%	Increase is mainly from higher cost and average volume due to new repos during the year
Trading and Securities Gain – net	403,275	130.92%	Higher net trading gain mostly realized, compared to net trading loss in the same period last year
Rent Income	(1,781)	-0.84%	Lower from impact of lease terminations as a result of the COVID-19 crisis, offset by lease commencements from new tenants
Service Charges, Fees & Commissions	20,441	10.66%	Higher mainly due to higher commitment fees, instapay fees, insurance fees income & inward remittance fees
Foreign Exchange Gain (Loss) –Net	1,969	4.75%	Higher foreign exchange gain, mostly realized
Gain on asset exchange	16,401	262.96%	Net gain on asset exchange compared to a net loss in the prior year
Profit/(Loss) from Assets Sold	(29,077)	-81.38%	Lower gain on sale of foreclosed ROPA assets
Income from Trust Operations	3,313	22.20%	Increase is mainly due to impact of higher ADB assets under management
Miscellaneous Income	11,116	18.03%	Higher mainly from higher GRT portion shouldered by clients and higher recovery on written-off accounts, offset by impact of income from forfeiture of security deposits of lessees from pre-termination of lease contracts in the prior year
Compensation and Fringe Benefits	40,067	7.40%	Higher manpower costs for the period due to higher headcount and salary adjustments
Taxes and Licenses	103,648	43.79%	Increase due to higher GRT costs due to increase in interest income from loans & investments and higher DST from deposits
Depreciation and Amortization	(29,623)	-14.98%	Lower amortization on software assets
Occupancy and other equipment-related costs	19,836	31.61%	Higher mainly from increase in electricity costs and maintenance cost
Provision for (recovery from) impairment losses	(83,841)	-126.22%	Lower loan provision requirements during the period
Miscellaneous	24,890	5.27%	Increase is primarily due to higher security services from higher basic wage, and higher PDIC insurance from higher volume of deposits
Provision for income tax	65,511	25.03%	Increase from higher taxable income mainly due to higher final taxes on interest income on peso government securities and onshore income and lower DTA recognized, partly offset by lower taxable income as of Jun23