



Bank of Commerce

An affiliate of San Miguel Corporation



August 5, 2022

Director Vicente Graciano Felizmenio, Jr.

Head, Markets and Securities Regulation Department (MSRD) G/F
Secretariat Building
Securities and Exchange Commission PICC
Complex, Roxas Boulevard Pasay City
1307

Dear Director Felizmenio,

We submit herewith the June 30, 2022 SEC 17-Q report of Bank of Commerce.

Thank you.

Very truly yours,

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

cc: The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

COVER SHEET

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SEC Registration Number

B	A	N	K		O	F		C	O	M	M	E	R	C	E																							

(Company's Full Name)

S	a	n		M	i	g	u	e	l		P	r	o	p	e	r	t	i	e	s		C	e	n	t	r	e											
N	o	.	7		S	t	.	F	r	a	n	c	i	s		S	t	r	e	e	t																	
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y																							

ANTONIO S. LAQUINDANUM

Contact Person

8	9	8	2	6	0	0	0
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Company Telephone Number

1	2	3	1
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Month Day

Fiscal Year

1	7	Q
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Form Type

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Month Day

Annual Meeting

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Secondary License Type, If Applicable

S	E	C
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Dept. Requiring this Doc

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Amended Articles Number/Section

Total Amount of Borrowings

92

Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

S T A M P S

SEC Number 24221
PSE Code _____
File Number _____

BANK OF COMMERCE

(Company's Full Name)

**San Miguel Properties Centre
No. 7 St. Francis Street Mandaluyong City**

(Company's Address)

8982-6000

(Telephone Number)

December 31

(Fiscal Year Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

June 30, 2022

For the Quarterly Period Ended

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **June 30, 2022**
2. Commission identification number **24221**
3. BIR Tax Identification No **000 440 440**
4. Exact name of issuer as specified in its charter **BANK OF COMMERCE**
5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
SAN MIGUEL PROPERTIES CENTRE, NO. 7 ST FRANCIS STREET, MANDALUYONG CITY 1550, PH
7. Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code **+63-2-8982 6000**
9. Former name, former address and former fiscal year, if changed since last report **N/A**
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
Common Stocks	1,403,013,920

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:

The Philippine Stock Exchange, Inc: Common Shares

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

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SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ~~MANDALUYONG CITY~~ on August 5, 2022.

BANK OF COMMERCE

Issuer

By:



ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this day of **AUG 05 2022** 20 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

Names	Identification No.	Place of Issue	Expiry Date
Antonio S. Laquindanum	Passport No. P7572781B	DFA Manila	September 9, 2031

Doc. No.: 05
Page No.: 8
Book No.: 7
Series: 2022

Notary Public

FULGENCIO A. ESTILLORE
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0440-22
UNTIL DECEMBER 31, 2023
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
PTR NO. 3067593/01-12-2022/MANDALUYONG CITY
IBP LIFETIME NO. 08943
ROLL OF ATTORNEYS NO. 46466

BANK OF COMMERCE

INTERIM CONDENSED FINANCIAL STATEMENTS

**As of June 30, 2022 (Unaudited) and December 31, 2021 (Audited)
and for the six months ended June 30, 2022 and 2021 (Unaudited)**

BANK OF COMMERCE
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Cash and Other Cash Items		P2,759,871,728	P2,747,780,890
Due from Bangko Sentral ng Pilipinas		18,998,641,445	45,367,142,605
Due from Other Banks		3,687,971,100	1,039,456,479
Interbank Loans Receivable and Securities Purchased under Resale Agreements	8	19,178,755,529	19,133,505,219
Financial Assets at Fair Value through Profit or Loss	9	569,352,010	994,612,772
Financial Assets at Fair Value through Other Comprehensive Income	10	4,564,788,031	5,055,116,576
Investment Securities at Amortized Cost	11	48,525,262,441	42,909,057,404
Loans and Receivables	12	100,846,474,360	74,374,125,167
Investment in an Associate		39,788,609	39,661,589
Property and Equipment		1,413,469,985	1,472,398,367
Investment Properties		3,393,374,687	3,448,314,535
Deferred Tax Assets		742,969,690	743,505,416
Other Assets		2,534,229,407	2,387,937,153
		P207,254,949,022	P199,712,614,172
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		P52,719,296,554	P48,702,339,755
Savings		104,631,863,367	108,874,919,612
Time		12,677,433,616	9,107,143,873
Long-term negotiable certificates		5,029,420,000	5,029,420,000
		175,058,013,537	171,713,823,240
Financial Liabilities at Fair Value through Profit or Loss		10,126,371	-
Manager's Checks		927,706,517	951,460,497
Accrued Interest, Taxes and Other Expenses		934,526,185	1,021,625,802
Other Liabilities		3,341,906,802	2,662,971,101
Total Liabilities		180,272,279,412	176,349,880,640
Equity			
Capital stock	13	18,196,805,900	15,390,777,900
Paid-in surplus	13	7,230,654,241	6,776,694,869
Surplus reserves		1,061,608,398	755,806,267
Retained earnings		1,433,719,256	852,471,738
Net unrealized losses on financial assets at fair value through other comprehensive income	10	(679,199,531)	(156,154,761)
Remeasurement losses on retirement liability		(262,547,387)	(262,547,387)
Cumulative translation adjustment		2,962,433	7,010,814
Share in other comprehensive loss of an associate		(1,333,700)	(1,325,908)
Total Equity		26,982,669,610	23,362,733,532
		P207,254,949,022	P199,712,614,172

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME

	Six Months Ended June 30		Quarters Ended June 30	
Note	2022	2021	2022	2021
INTEREST INCOME				
Interest income calculated using the effective interest method:				
Loans and receivables	P2,390,963,162	P2,152,722,868	P1,290,795,033	P969,246,977
Investment securities at fair value through other comprehensive income and at amortized cost	760,399,488	536,273,893	382,028,919	307,242,887
Interbank loans receivable and securities purchased under resale agreements	162,774,054	153,307,333	85,766,830	76,243,746
Due from Bangko Sentral ng Pilipinas and other banks	150,451,615	114,221,510	46,210,300	44,585,971
Other interest income:				
Financial assets at fair value through profit or loss	3,832,311	5,209,471	1,224,107	2,734,983
	3,468,420,630	2,961,735,075	1,806,025,189	1,400,054,564
INTEREST EXPENSE				
Deposit liabilities	354,134,184	334,901,100	182,861,430	161,079,400
Lease liabilities	14,068,946	18,652,872	6,716,359	8,947,303
Bills payable and others	17,472,838	362,371	1,214,462	16,721
	385,675,968	353,916,343	190,792,251	170,043,424
NET INTEREST INCOME	3,082,744,662	2,607,818,732	1,615,232,938	1,230,011,140
OTHER INCOME				
Service charges, fees and commissions	361,522,074	249,254,690	202,432,005	137,265,085
Gains on foreclosure and sale of property and equipment and foreclosed assets - net	168,400,729	107,313,814	83,384,860	58,016,684
Foreign exchange gains - net	68,193,812	4,136,265	25,605,258	8,126,825
Trading and investment securities gains (losses) - net	(39,651,974)	(10,942,999)	(10,565,014)	17,662,326
Miscellaneous	25,108,606	24,451,645	10,948,848	12,299,438
	583,573,247	374,213,415	311,805,957	233,370,358
OTHER EXPENSES				
Compensation and fringe benefits	901,101,054	885,518,800	462,713,077	449,530,145
Taxes and licenses	451,930,169	366,386,071	211,001,296	165,424,425
Rent and utilities	285,601,458	267,048,652	152,574,665	135,790,992
Depreciation and amortization	211,922,848	247,324,362	105,777,574	117,699,893
Insurance	174,748,076	164,886,990	88,360,578	83,498,311
Service fees and commissions	116,421,134	96,292,949	68,663,235	48,612,789
Management and professional fees	47,400,306	35,333,240	13,296,724	21,109,384
Subscription fees	46,748,267	55,550,295	26,185,109	28,652,910
Provision for (reversal of) credit and impairment losses	(45,535,285)	56,646,875	(46,306,835)	(3,213,100)
Entertainment and recreation	37,225,720	49,346,419	18,558,628	24,351,252
Amortization of software costs	36,186,998	23,663,505	21,190,656	13,365,940
Miscellaneous	236,046,079	227,905,812	132,001,523	113,179,391
	2,499,796,824	2,478,903,970	1,254,016,230	1,198,002,332
INCOME BEFORE SHARE IN NET LOSS (INCOME) OF AN ASSOCIATE AND INCOME TAX EXPENSE	1,166,521,085	503,128,177	673,022,665	265,379,166
SHARE IN NET LOSS (INCOME) OF AN ASSOCIATE	(134,812)	745,911	(389,000)	137,903
INCOME BEFORE INCOME TAX EXPENSE	1,166,655,897	502,382,266	673,411,665	265,241,263
INCOME TAX EXPENSE	279,746,248	198,010,209	147,095,587	107,171,816
NET INCOME	P886,909,649	P304,372,057	P526,316,078	P158,069,447
Earnings Per Share Attributable to Equity Holders of the Bank				
	16			
Basic	P0.65	P0.27	P0.39	P0.14
Diluted	0.53	0.27	0.31	0.14

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE
INCOME

	Note	Six Months Ended June 30		Quarters Ended June 30	
		2022	2021	2022	2021
NET INCOME		P886,909,649	P304,372,057	P526,316,078	P158,069,447
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may not be reclassified to profit or loss					
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	10	16,574,992	27,149,829	765,000	(743,171)
		16,574,992	27,149,829	765,000	(743,171)
Items that may be reclassified to profit or loss					
Net change in fair value of debt securities at FVOCI	10	(539,479,762)	(88,933,713)	(233,160,733)	105,998,160
Net movement in cumulative translation adjustment		(4,048,381)	15,229,635	2,334,159	850,252
Share in other comprehensive income of an associate		(7,792)	10,139	(965)	503
Net change in fair value of debt securities at FVOCI taken to profit or loss	10	-	(5,289,250)	-	5,190
		(543,535,935)	(78,983,189)	(230,827,539)	106,854,105
		(526,960,943)	(51,833,360)	(230,062,539)	106,110,934
TOTAL COMPREHENSIVE INCOME		P359,948,706	P252,538,697	P296,253,539	P264,180,381

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

As at June 30, 2022

<i>Note</i>	Capital Stock (Note 13)	Paid-in Surplus (Note 13)	Surplus Reserves	Retained Earnings	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Remeasurement Losses on Retirement Liability	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity	
Balance as at December 31, 2021	P15,390,777,900	P6,776,694,869	P755,806,267	P852,471,738	(P156,154,761)	(P262,547,387)	P7,010,814	(P1,325,908)	P23,362,733,532	
Net income for the year	-	-	-	886,909,649	-	-	-	-	886,909,649	
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability	-	-	-	-	-	-	-	-	-	
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	-	-	-	-	16,574,992	-	-	-	16,574,992	
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI	-	-	-	-	(539,479,762)	-	-	-	(539,479,762)	
Net movement in cumulative translation adjustment	-	-	-	-	-	-	(4,048,381)	-	(4,048,381)	
Share in other comprehensive income of associate	-	-	-	-	-	-	-	(7,792)	(7,792)	
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	886,909,649	(522,904,770)	-	(4,048,381)	(7,792)	359,948,706	
Issuance of common stock	13	2,806,028,000	453,959,372	-	-	-	-	-	3,259,987,372	
Transaction within equity:										
Transfer from surplus reserves		-	-	305,802,131	(305,802,131)	-	-	-	-	
Transfer of gain on equity securities at FVOCI realized through disposal	10	-	-	140,000	(140,000)	-	-	-	-	
		2,806,028,000	453,959,372	305,802,131	(305,662,131)	-	-	-	3,259,987,372	
Balance as at June 30, 2022		P18,196,805,900	P7,230,654,241	P1,061,608,398	P1,433,719,256	(P679,199,531)	(P262,547,387)	P2,962,433	(P1,333,700)	P26,982,669,610

Forward

As at June 30, 2021

	Note	Capital Stock (Note 13)	Paid-in Surplus (Note 13)	Surplus Reserves	Retained Earnings	Net Unrealized Gains on Financial Assets at FVOCI (Note 10)	Remeasurement Losses on Retirement Liability	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity
Balance as at December 31, 2020		P11,224,111,200	P5,594,079,646	P395,602,340	(P51,156,715)	P69,657,563	(P449,088,000)	(P15,404,017)	(P1,339,376)	P16,766,462,641
Net income for the year		-	-	-	304,372,057	-	-	-	-	304,372,057
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	-	-	-	-	-
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)		-	-	-	-	27,149,829	-	-	-	27,149,829
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	(88,933,713)	-	-	-	(88,933,713)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	(5,289,250)	-	-	-	(5,289,250)
Net movement in cumulative translation adjustment		-	-	-	-	-	-	15,229,635	-	15,229,635
Share in other comprehensive income of associate		-	-	-	-	-	-	-	10,139	10,139
Total comprehensive income for the year		-	-	-	304,372,057	(67,073,134)	-	15,229,635	10,139	252,538,697
Transactions within equity:										
Transfer from surplus reserves		-	-	(24,610,569)	24,610,569	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	10	-	-	-	1,785,500	(1,785,500)	-	-	-	-
		-	-	(24,610,569)	26,396,069	(1,785,500)	-	-	-	-
Balance as at June 30, 2021		P11,224,111,200	P5,594,079,646	P370,991,771	P279,611,411	P798,929	(P449,088,000)	(P174,382)	(P1,329,237)	P17,019,001,338

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30		
	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		P1,166,655,897	P502,382,266
Adjustments for:			
Depreciation and amortization		211,922,848	247,324,362
Gain on foreclosure and sale of property and equipment and foreclosed assets - net		(168,400,729)	(107,313,814)
Provision for (reversal of) credit and impairment losses		(42,262,230)	57,155,755
Amortization of software costs		36,186,998	23,663,505
Unrealized losses on financial assets and liabilities at fair value through profit or loss (FVPL)		17,944,645	7,154,378
Share in net loss (income) of associate		(134,812)	745,911
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)		-	(5,289,250)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Interbank loans receivables		-	106,515,133
Financial assets at FVPL		417,442,488	(137,176,564)
Loans and receivables		(26,519,460,779)	2,775,458,938
Other assets		(68,962,249)	(182,835,155)
Increase (decrease) in:			
Deposit liabilities		3,344,190,297	11,559,090,548
Manager's checks		(23,753,980)	295,133,905
Accrued interest, taxes and other expenses		(86,614,528)	87,237,302
Other liabilities		783,026,465	(521,419,523)
Net cash generated from (absorbed by) operations		(20,932,219,669)	14,707,827,697
Income taxes paid		(279,695,611)	(171,394,278)
Net cash provided by (used in) operating activities		(21,211,915,280)	14,536,433,419
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale or redemption of:			
Investment securities at amortized cost		16,362,040,000	7,785,250,000
Financial assets at FVOCI		300,000,000	12,161,360,862
Investment properties		159,853,253	93,087,950
Property and equipment		22,304,367	22,001,609
Additions to:			
Investment securities at amortized cost		(21,978,185,123)	(36,240,318,510)
Financial assets at FVOCI		(332,430,794)	(2,170,074,734)
Property and equipment		(79,319,134)	(74,919,343)
Software costs		(59,895,464)	(14,487,013)
Investment properties		(2,372,662)	(214,831)
Net cash used in investing activities		(5,608,005,557)	(18,438,314,010)

Forward

Six Months Ended June 30

	Note	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	13	P3,259,987,372	P -
Payment of lease liability		(98,663,545)	(93,673,332)
Settlement of bills payable		-	(16,946)
Net cash provided by (used in) financing activities		3,161,323,827	(93,690,278)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		(4,048,381)	15,229,635
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(23,662,645,391)	(3,980,341,234)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items		P2,747,780,890	P2,420,504,742
Due from Bangko Sentral ng Pilipinas		45,367,142,605	39,547,210,722
Due from other banks		1,039,456,479	1,023,255,562
Interbank loans receivable and securities purchased under resale agreements		19,133,505,219	21,949,327,179
		68,287,885,193	64,940,298,205
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items		2,759,871,728	2,088,976,108
Due from Bangko Sentral ng Pilipinas		18,998,641,445	36,800,142,996
Due from other banks		3,687,971,100	1,876,954,524
Interbank loans receivable and securities purchased under resale agreements		19,178,755,529	20,193,883,343
		P44,625,239,802	P60,959,956,971
CASH FLOWS FROM INTEREST AND DIVIDENDS			
Operating Activities			
Interest received		P2,683,896,443	P2,499,010,186
Interest paid		383,223,483	348,184,705
Investing Activities			
Interest received		P755,437,714	P327,780,534
Dividends received		1,612,352	2,933,558
Financing Activities			
Interest paid		P15,518,510	P19,016,197

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

1. Reporting Entity

Bank of Commerce (the “Bank”) is a domestic corporation registered with the Securities and Exchange Commission (SEC) on December 16, 1963. The Bank’s shares were listed with the Philippine Stock Exchange, Inc. (PSE) on March 31, 2022, as approved by the SEC on February 15, 2022. The Bangko Sentral ng Pilipinas (BSP) approved the upgrade of the Bank’s banking license from commercial bank to universal bank on December 23, 2021, subject to certain regulatory requirements.

The Bank provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, credit card and trust services. The Bank’s principal place of business is at San Miguel Properties Centre, No.7 St. Francis Street, Mandaluyong City. The Bank has a total of 140 branches nationwide as at June 30, 2022 and December 31, 2021.

San Miguel Properties, Inc. (SMPI) holds 31.91% and 39.89% ownership of the Bank’s issued common shares as at June 30, 2022 and December 31, 2021, respectively. San Miguel Corporation Retirement Plan (SMCRP) holds 30.84% and 38.54% ownership of the Bank’s issued common shares as at June 30, 2022 and December 31, 2021, respectively. Each of these shareholders has significant influence over the Bank. SMC Equivest Corporation holds 100% ownership of the Bank’s issued non-voting preferred shares as at June 30, 2022 and December 31, 2021.

The Bank’s original authority for its banking license was approved under Monetary Board (MB) Resolution No. 1045 dated October 4, 1963 as The Overseas Bank of Manila. The Bank received its Foreign Currency Deposit Unit (the “FCDU”) license and launched its FCDU operations on September 23, 1983. The Bank received its Expanded FCDU license on March 10, 2010. The Bank was renamed Commercial Bank of Manila, Inc. on October 20, 1980, further renamed Boston Bank of the Philippines on July 27, 1988, and finally, Bank of Commerce on November 28, 1991.

Under Section 11, *Corporate Term* of the Revised Corporation Code issued on February 23, 2019, a corporation shall have perpetual existence unless its articles of incorporation provides otherwise. On January 30, 2020, the Board of Directors (BOD) approved the Amended Articles of Incorporation to reflect that the Bank’s term of existence shall be perpetual. The said amendment was approved by the SEC on June 9, 2020.

2. Basis of Preparation

Statement of Compliance

The interim condensed financial statements of the Bank have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, and should be read in conjunction with the Bank’s last annual financial statements as at and for the year ended December 31, 2021 (last annual audited financial statements). They do not include all information required for a complete set of financial statements that is compliant with Philippine Financial Reporting Standards (PFRSs). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the last annual audited financial statements.

Basis of Measurement

The interim condensed financial statements of the Bank have been prepared on a historical cost basis, except for the following items:

<u>Items</u>	<u>Measurement Bases</u>
Financial assets and liabilities at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Lease liability	Present value of remaining lease payments, discounted using the Bank's incremental borrowing rate
Net retirement liability	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

The interim condensed financial statements include accounts maintained in the Regular Banking Unit (the "RBU") and the FCDU. The functional currency of the RBU and the FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated to their equivalents in PHP. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

All values are rounded to the nearest peso unless otherwise stated.

Presentation of Financial Statements

The Bank presents its interim condensed statements of financial position broadly in the order of liquidity.

3. Summary of Accounting Policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those applied in the Bank's last annual audited financial statements as at and for the year ended December 31, 2021, except for the adoption of the following amended standards, which became effective beginning January 1, 2022. Unless otherwise indicated, the adoption of these amended standards did not have an impact on the condensed interim financial statements of the Bank. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment)*. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets)*. The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e., it comprises both incremental costs and an allocation of other direct costs
- *Annual Improvements to PFRS Standards 2018-2020*.
 - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - *Lease Incentives (Amendment to Illustrative Examples Accompanying PFRS 16 Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

4. Critical Judgments and Estimates

The preparation of financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant accounting judgments and estimates of the Bank were the same as those disclosed in the last annual audited financial statements except for the expected credit losses (ECL) on financial assets, loan commitments and financial guarantees.

In 2022, the Bank updated its ECL methodology and applied the following changes:

- For loans secured by hold-out deposits, removed the 1% floor of the outstanding balance and applied the ECL parameters (probability of default, loss given default and exposure at default) used for corporate loans;
- For loan commitments and financial guarantees, applied the ECL parameters for corporate loans;
- For financial assets at amortized cost and debt securities at FVOCI, applied the discounted losses approach in the ECL.

5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2021 audited financial statements of the Bank, there have been no changes in the financial risk exposures that materially affect the interim condensed financial statements of the Bank as at June 30, 2022. The Bank has exposures to the following risks from its use of financial instruments: (a) credit; (b) interests rate risk in the banking book; (c) liquidity; and (d) market risks. Related discussions below should be read in conjunction with Note 5, Financial Risk Management Objectives and Policies of the Bank's 2021 audited financial statements.

Risk Management Structure

The BOD is ultimately responsible for identifying and controlling risks. Supporting the BOD in this function are certain Board-level committees such as Board Risk Oversight Committee (BROC), Corporate Governance Committee, Related Party Transactions Committee (RPTCom), Audit Committee and management committees and independent units such as Asset Liability Management Committee (ALCO), Credit and Collections Committee (Crecom), Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee, Internal Audit Division, Legal Services Division, Compliance Division and Risk Management Division (RSK). They are responsible for managing and monitoring financial risk.

Risk Measurement and Reporting Systems

The Bank's capital adequacy is determined by measuring credit, market and operational risk exposures using standardized or basic approaches as suggested by BSP. Risk exposures are measured both individually and in aggregate amounts.

Risk measurements are done by respective risk-taking personnel and groups but are independently validated, analyzed and reported by the RSK.

Market risks are measured by mark-to-market and Value-at-Risk (VAR) analyses on the overall exposure, on a portfolio level, and on each individual financial instrument. These exposures are also subjected to stress testing using a variety of historical and hypothetical scenarios.

Quality of credit risks are measured via risk classifications of accounts using ICRRS together with BSP risk classification of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowance for losses including changes thereon, when necessary. All risk information is processed, analyzed and consolidated for proper reporting to the BOD through the BROC and Audit Committee, as well as the Senior Executive Team and various management committees of the Bank.

Actual and estimated risk exposures/losses at Treasury, Corporate, Consumer Business and Credit Cards, Operations and Information Technology, Trust and Branches are consolidated for regular reporting. Reports include, among others, portfolio mix, liquidity and maturity matching, interest rate matching, trading gains and losses, sensitivity and back-testing results, top borrowers, non-performing assets and loans, industry exposures, large exposures, fines and penalties, employee fraud cases, service level of major information technology systems and ATMs.

Risk Mitigation

To mitigate market risk exposures, other financial instruments are used to manage exposures resulting from changes in foreign currency and interest rate risk. The Bank also observes limits on positions, losses, and market sensitivities to contain these risk exposures.

The Bank maintains a capital adequacy ratio (CAR) of ten percent (10.0%) or better at all times, for regulatory compliance purposes.

Risk Concentration

The Bank manages loan concentration by controlling its mix of counterparties or borrowers in accordance with conditions permitted by regulators. Borrowers that are considered large in size are regularly monitored and reported to the BROCC. Also, the limits for exposure on specific economic activity groups are in place allowing the Bank to maintain a strategic breakdown of credit risk of the different segments. Having these controls in place allows the Bank to proactively monitor exposure status and act upon limit breaches whenever necessary.

Credit Risk

The Bank considers credit risk as the possibility of loss arising from the counterparty's or customer's inability or unwillingness to settle his/her obligations on time or in full as expected or previously contracted.

The Bank has in place a credit policy manual that defines all practices, policies and procedures regarding loan activities from identification of target markets, credit initiation, documentation and disbursement, loan administration, remedial management, and loan unit organization and staffing. Also, it has in place credit approval authorities and respective limits duly approved by the BOD.

The Bank's primary element of credit risk management is the detailed risk assessment of every credit exposure associated with the counterparty. Risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of underlying credit exposures as mandated by the circulars issued by BSP. The risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the monitoring procedure applied to the ongoing exposures.

Liquidity Risk and Funding Management

Liquidity risk is the risk to the Bank's earnings and capital arising from its inability to meet funding requirements in a timely manner. To measure and monitor this risk, the Bank generates a report on future cash flows and liquidity on a daily basis. To ensure sufficient liquidity, the Bank has a set of internal limits incorporated in its annual budget that allocates a portion of its liabilities into cash, investment securities and other liquid assets. Concentration on a single funding source is also regularly monitored to control the Bank's reliance on a specific product or counterparty.

The Bank has available credit lines from various counterparties that it can utilize to meet sudden liquidity demands. It also maintains a portfolio of high quality liquid assets (HQLA) that can be converted to cash in a short period of time and with minimal loss incurred. This ensures compliance with Liquidity Coverage Ratio (LCR) as required by Basel III regulations. LCR checks if there is sufficient HQLA to offset short-term net outflows or short-term obligations under stressed conditions. The Bank also expands its sources of stable funds in order to support asset growth and meet the Net Stable Funding Ratio (NSFR) regulatory limit. NSFR ensures that the Bank is not overly reliant on short-term funding in funding its long-term assets. The Bank's liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating both to the market in general and to events specific to the Bank. A contingency funding plan, which covers quantitative and procedural measures, is in place and may be applied under different stress scenarios.

The Bank also manages its liquidity position through the monitoring of a Maximum Cumulative Outflow against a Board-approved limit. This process measures and estimates projected funding requirements that the Bank will need at specific time horizons.

Interest Rate Risk in the Banking Book

The loans provided by the Bank to its borrowers are mostly funded by the deposits of its branch and corporate customers. The difference in the interest revenues from loans and the interest expense in servicing deposits provide the bulk of the Bank's Net Interest Income (NII). Aside from loans, interest revenue is also generated from holdings in debt securities, repurchase agreements (repo), and other interest-bearing assets. Occasionally, the Bank taps interbank loans and other sources of funding to supplement deposits, which are subject to additional interest expense.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g., term loans, housing loans) and to compensate fund raisers (e.g., branch deposits). FTP helps units evaluate profitability and calculate returns upon deal origination. Furthermore, the FTP framework insulates them from interest rate risk. The Central Funding Unit (CFU), under the Treasury Management Group, manages the Bank's overall IRRBB. CFU is the first line of defense for both IRRBB and Liquidity Risk. While the Bank does not have intentions to hedge IRRBB via interest rate swaps in the short-term, it actively manages IRRBB by growing its sources of stable funds to match long-term assets.

The FTP policy is properly documented and is transparent to all parties. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as BVAL and BSP interest rate corridor rates for Peso; US Treasuries and USD-denominated bonds issued by the Philippines for USD. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

The NII, and ultimately earnings and capital, is vulnerable to adverse fluctuations interest rates. The Bank also measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of asset-liability gap analysis on a monthly basis.

This analysis focuses on the repricing profile of its rate sensitive assets and liabilities, and the impact of interest rate movements on the Bank's accrual earnings. The interest rate repricing gap report assigns all assets and liabilities into various time buckets according to the remaining days to maturity for fixed-rate items, remaining days to next re-pricing for floating-rate items, or based on behavioral assumptions, if more applicable.

The difference between the total of the repricing (interest rate-sensitive) assets and repricing (interest rate-sensitive) liabilities gives an indication of the Bank's repricing risk exposure. A positive gap means more assets mature or have to be repriced than liabilities. In this case, the Bank is said to be "asset sensitive" in that time bucket and it benefits from an increase of interest rates as the assets will be repriced faster than liabilities.

A bank with a negative gap is considered "liability sensitive" since it has more liabilities to be repriced during such period than assets. It is negatively affected by a hike in interest rates. An example would be a bank that uses short-term deposits to fund long-term loans at fixed rates. It may encounter a decline in its net interest income if the interest rates increase since the cost of funds (the deposit rates) will increase while the earnings from loans remain fixed.

RSK monitors the mismatches in the repricing of its assets and liabilities through the interest rate gap reports presented to ALCO and BROCC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

The Bank makes use of an internally developed Earnings-at-Risk (EAR) model for measuring IRRBB. EAR simulates the contraction of the projected NII over the next 12 months using historical changes in interest rate benchmarks such as BVAL for PHP and

US Treasuries for USD. The balance sheet size and shape are assumed to remain static for the next 12 months. Non-maturity deposits (NMD) or current-savings accounts (CASA) are split into two classifications, core deposits and volatile deposits.

The volatile or non-core portion of the NMD/CASA is spread over short-term buckets based on behavioral average life. Core deposits are slotted in the 3 - 5 years bucket. Interest rate option risk embedded in loans and time deposits that alter the timing of balance sheet items are incorporated in the model. The model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario simulated by the model impacts the exercise of the interest rate option. More prepayment is expected if interest rates decline while more pre-termination is expected as interest rates increase.

Market Risk

Market risk arises from the potential decline in earnings and capital due to adverse changes in market conditions and the underlying risk factors, which in turn affect the value and future cash flows of financial instruments, products, and transactions. The Bank is primarily exposed to two sources of market risk, namely: 1) market price risk in the trading book; and 2) foreign exchange risk from open foreign currency exposures. The Bank also has equity-related holdings which is a source of equity price risk, although deemed as minimal compared to the first two.

Market Price Risk in the Trading Book

The market price of financial instruments and transactions in the trading book may change unfavorably as a result of movements in interest rates, foreign exchange rates, credit spreads, and other risk factors. The Bank employs an internally developed VAR model, along with other sensitivity metrics, to measure and monitor the probable deterioration in the market value of its trading portfolio. The Bank's RSK simulates the trading book's VAR on a daily basis and the results are compared against Board-approved limits. In addition to the limit on VAR, the trading portfolio is also subject to limits on aggregate exposures, sensitivity metrics, monthly and yearly losses.

Value-at-Risk Methodology

VAR serves as the Bank's key metric in the measurement of risk arising from market price changes of financial assets and foreign currency exposures. Given data for the market risk factors over a 1-year period (260 business days), VAR is the maximum probable loss that may be incurred from positions exposed to market risk. The maximum probable loss is calculated from simulations of daily profit and losses assuming that historical movements in market risk factors will recur, subject to a 99% confidence level and a 1-day holding period.

The Bank's VAR methodology is based on the widely used historical simulation method but with a modification on the usual assumption of equal probabilities in the simulation data points. Profit and loss simulations derived from older data are given less importance by assigning them with progressively lower probabilities of occurrence when used in the calculation of the maximum probable loss.

Currency Risk

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Bank believes that its profile of foreign currency exposure based on its assets and liabilities is within conservative limits for a financial institution engaged in a type of business similar to that of the Bank.

Foreign currency deposits are generally used to fund the foreign currency- denominated loan and investment portfolios in the FCDU. Banks are required by BSP to match the foreign currency liabilities held in the FCDU with foreign currency assets. In addition, BSP requires a 30.0% liquidity reserve on all foreign currency liabilities held in the FCDU.

Similar to market price risk in the trading book, the Bank employs limits and a VAR model to manage the risk that possible interest or currency movements pose. Such limits are prudently set and the position status is monitored on a daily basis.

Equity Price Risk

Given the nature and amount of the Bank's equity investments portfolio as at June 30, 2022 and December 31, 2021, management believes the Bank's exposure to equity price risk is considered minimal.

6. Categories and Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair values of financial and non-financial assets and liabilities are as follows:

COCI, Due from BSP and Other Banks and Interbank Loans Receivable and Securities Purchased under Resale Agreements (SPURA) - Fair values approximate carrying amounts given the short-term nature of the instruments.

Debt Securities (Financial Assets at FVPL, Financial Assets at FVOCI, and Investment Securities at Amortized Cost) - Fair values are generally based on quoted market prices. If not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using discounted cash flow methodology.

Equity Securities (Financial Assets at FVOCI) - Fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers.

Derivative Instruments (Financial Assets and Financial Liabilities at FVPL) - Fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

Loans and Receivables - The estimated fair values of long-term receivables from customers and sales contract receivables are equal to the estimated future cash flows expected to be received which are discounted using current market rates (i.e., BVAL and US Treasury Yield Curve Rates). Fair value of short-term receivable from customers, sales contract receivables, accounts receivables, accrued interest receivables, and returned checks and other cash items (RCOCI) approximates carrying amounts given the short-term nature of the accounts.

Investment Properties - Fair value is determined based on valuations performed by external and in-house appraisers using the market data approach. Valuations are derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining the fair values include the following:

Location	Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties along a main road are superior to properties along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.

Time Element An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current date is superior to historic data.

Discount Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit Liabilities - Fair values of long-term time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and US Treasury Yield Curve Rates) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term time deposits approximate fair value. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Manager's Checks, Accrued Interest and Other Expenses and Other Liabilities (excluding non-financial liabilities) - Carrying amounts approximate fair values due to the short-term nature of the accounts. Due to preferred shareholders is determined to be long term in nature due to a pending dispute which affects maturity. Fair value cannot be estimated reliably due to lack of supportable data available.

The following table provides the fair value hierarchy of the Bank's assets and liabilities measured at fair value and those for which fair values should be disclosed (amounts in thousands):

	June 30, 2022 (Unaudited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Private debt securities	P434,322	P -	P -	P434,322	P434,322
Government securities held for trading	99,244	37,398	61,846	-	99,244
Derivative assets	35,786	-	35,786	-	35,786
Financial assets at FVOCI:					
Government securities	4,366,724	4,202,790	163,934	-	4,366,724
Equity securities	198,064	160,202	-	37,862	198,064
Private debt securities	-	-	-	-	-
	P5,134,140	P4,400,390	P261,566	P472,184	P5,134,140
Liabilities Measured at Fair Value					
Financial liabilities at FVPL:					
Derivative liabilities	P10,126	P -	P10,126	P -	P10,126
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P45,782,616	P30,403,106	P12,965,089	P -	P43,368,195
Private debt securities	2,742,646	388,830	2,102,575	-	2,491,405
Loans and receivables:					
Receivables from customers	99,469,483	-	-	99,321,602	99,321,602
Less unearned interest	33,873	-	-	33,873	33,873
	99,435,610	-	-	99,287,729	99,287,729
Sales contract receivables	341,298	-	-	399,355	399,355
	148,302,170	30,791,936	15,067,664	99,687,084	145,546,684
Non-financial Assets					
Investment properties	3,393,375	-	-	9,652,261	9,652,261
	P151,695,545	P30,791,936	P15,067,664	P109,339,345	P155,198,945
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities					
Time	P12,677,434	P -	P12,627,022	P -	P12,627,022
Long-term negotiable certificates	5,029,420	-	4,839,725	-	4,839,725
	P17,706,854	P -	P17,466,747	P -	P17,466,747

	December 31, 2021 (Audited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Private debt securities	P490,888	P -	P -	P490,888	P490,888
Government securities held for trading	478,225	283,418	194,807	-	478,225
Derivative assets	25,500	-	25,500	-	25,500
Financial assets at FVOCI:					
Government securities	4,569,701	918,851	3,650,850	-	4,569,701
Private debt securities	303,522	303,522	-	-	303,522
Equity securities	181,894	144,565	-	37,329	181,894
	P6,049,730	P1,650,356	P3,871,157	P528,217	P6,049,730
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P40,326,340	P15,617,463	P24,219,580	P -	P39,837,043
Private debt securities	2,582,717	2,059,920	521,950	-	2,581,870
Loans and receivables:					
Receivables from customers	73,132,658	-	-	95,269,564	95,269,564
Less unearned interest	37,309	-	-	37,309	37,309
	73,095,349	-	-	95,232,255	95,232,255
Sales contract receivables	351,703	-	-	427,310	427,310
	116,356,109	17,677,383	24,741,530	95,659,565	138,078,478
<i>Non-financial Assets</i>					
Investment properties	3,448,315	-	-	9,297,901	9,297,901
	P119,804,424	P17,677,383	P24,741,530	P104,957,466	P147,376,379
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P9,107,144	P -	P9,098,652	P -	P9,098,652
Long-term negotiable certificates	5,029,420	-	5,116,369	-	5,116,369
	P14,136,564	P -	P14,215,021	P -	P14,215,021

In 2022, due to changes in market conditions for certain government securities measured at FVPL and FVOCI, quoted prices in active markets were not available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities at FVPL and at FVOCI, with carrying amounts of P44.6 million and P163.9 million, respectively, in 2022, were transferred from Level 1 to Level 2 of the fair value hierarchy. There have been no transfers from Level 1 to Level 2 of the fair value hierarchy in 2021.

In 2022, securities at FVOCI, with carrying amount of P3.3 billion were transferred from Level 2 to Level 1 of the fair value hierarchy since quoted prices in active markets were already available. There have been no transfers from Level 2 to Level 1 of the fair value hierarchy in 2021.

In 2022 and 2021, there have been no transfers into and out of Level 3 of the fair value hierarchy.

The carrying values of financial assets and liabilities not included in the fair value hierarchy table shown above approximate their respective fair values as at June 30, 2022 and December 31, 2021.

7. Segment Reporting

The Bank's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to Senior Management who is responsible for allocating resources to the segments and assessing their performance. The Bank's business segments follow:

Treasury Management Group - principally provides money market, trading and treasury services, as well as management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks.

Corporate Banking Group - principally handles loans and other credit facilities for corporate institutional, and middle market clients.

Branch Banking Group - principally supervises customers' deposits and offers standard customer transactional services through the branch network.

Consumer Group - principally manages home, automobile, and salary loans for individual customers.

Others - includes but not limited to Credit Cards, Transaction Banking, Trust, and Acquired Assets. Other operations of the Bank also include operations and financial control groups.

Segment assets and liabilities comprise operating assets and liabilities, including borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Bank's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment. Transactions between the business segments are carried out at arm's length. The Bank uses an Internal Funds Transfer Pricing rate to allocate the cost of funds or to recognize internal revenue for deposit takers. The Bank has no significant customers which contributes 10.00% or more of the Bank's revenue net of interest expense. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The segment information of the Bank for the six months ended June 30, 2022 and 2021 for statement of income items, and as at June 30, 2022 and December 31, 2021 for statement of financial position items follow (amounts in millions):

	June 30, 2022 (Unaudited)					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party	P1,000	P1,883	(P305)	P445	P60	P3,083
Intersegment	(722)	(1,137)	2,506	(262)	(385)	-
Net interest income	278	746	2,201	183	(325)	3,083
Non-interest income	29	52	44	20	439	584
Total revenues	307	798	2,245	203	114	3,667
Other expenses	101	112	1,046	75	1,212	2,546
Income (losses) before provision for credit losses and income tax expense	P206	P686	P1,199	P128	(P1,098)	P1,121
Reversal of credit and impairment losses						(P46)
Share in net loss of an associate						-
Income tax expense						280
Net income						P887
Other Segment Information						
Capital expenditures	P4	P1	P27	P2	P35	P69
Depreciation and amortization	P2	P1	P27	P4	P178	P212
June 30, 2022 (Unaudited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P78,830	P90,675	P18,377	P11,729	P7,644	P207,255
Total Liabilities	6,262	39	169,815	105	4,051	180,272

June 30, 2021 (Unaudited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P698	P1,680	(P304)	P457	P77	P2,608
Intersegment	(593)	(660)	1,726	(309)	(164)	-
Net interest income	105	1,020	1,422	148	(87)	2,608
Non-interest income	(3)	46	41	13	277	374
Total revenues	102	1,066	1,463	161	190	2,982
Other expenses	74	101	988	70	1,189	2,422
Income (losses) before provision for credit losses and income tax expense	P28	P965	P475	P91	(P999)	P560
Provision for credit and impairment losses						P57
Share in net loss of an associate						1
Income tax expense						198
Net income						P304
Other Segment Information						
Capital expenditures	P1	P1	P28	P3	P27	P60
Depreciation and amortization	P2	P1	P32	P3	P209	P247

December 31, 2021 (Audited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P93,887	P63,564	P22,497	P12,386	P7,379	P199,713
Total Liabilities	7,845	69	164,790	102	3,544	176,350

Non-Interest income consists of trading and investment securities gains (losses), service charges, fees and commissions, foreign exchange gains, gain on foreclosure, and sale of property and equipment and foreclosed assets and miscellaneous income.

Other expenses consist of compensation and fringe benefits, taxes and licenses, rent and utilities, depreciation and amortization, insurance, service fees and commissions, subscription fees, entertainment and recreation, management and professional fees, amortization of software costs, share in net loss of associate and miscellaneous expense.

8. Interbank Loans Receivable and Securities Purchased under Resale Agreements

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
SPURA	P13,270,909,296	P15,800,317,280
Interbank loans receivable	5,910,435,715	3,335,771,311
	19,181,345,011	19,136,088,591
Less allowance for credit losses	2,589,482	2,583,372
	P19,178,755,529	P19,133,505,219

Interbank loans receivable consists of short-term loans granted to other banks.

SPURA represents overnight lending placements with the BSP where the underlying securities cannot be sold or re-pledged to parties other than the BSP.

9. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Private debt securities	P434,322,138	P490,887,983
Government securities held-for-trading	99,243,628	478,225,289
Derivative assets	35,786,244	25,499,500
	P569,352,010	P994,612,772

As at June 30, 2022 and December 31, 2021, financial assets at FVPL are adjusted for unrealized loss of P17.9 million and P4.2 million, respectively.

As at June 30, 2022 and December 31, 2021, there are no outstanding embedded derivatives.

Derivative Financial Instruments

This includes warrants amounting to \$50 thousand acquired by the Bank in June 2008. The warrants give the Bank the option or right to exchange its holding of certain Republic of the Philippines Global Bonds into peso-denominated government securities upon occurrence of a predetermined credit event. The warrants will mature in November 2032. Forward swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future. As at June 30, 2022, these pertain to four contracts with notional amount of \$5.0 million each. The Bank has no forward swaps as at December 31, 2021.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount and leverage exposure. The leverage exposure is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The leverage exposure indicates the volume of transactions outstanding as at June 30, 2022 and December 31, 2021 and is not indicative of either market risk or credit risk.

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Derivative Assets	Notional Amount	Leverage Exposure	Derivative Assets	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Warrants	P27,487,500	\$50,000	\$ -	P25,499,500	\$50,000	\$ -
Forward swaps	8,298,744	10,000,000	-	-	-	-
	P35,786,244	\$10,050,000	\$ -	P25,499,500	\$50,000	\$ -

	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Derivative Liabilities	Notional Amount	Leverage Exposure	Derivative Liabilities	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Forward swaps	P10,126,371	\$10,000,000	\$ -	P -	\$ -	\$ -

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Government securities	P4,366,723,966	P4,569,700,778
Equity securities	198,064,065	181,893,798
Private debt securities	-	303,522,000
	P4,564,788,031	P5,055,116,576

As at June 30, 2022 and December 31, 2021, the ECL allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P0.5 million and P0.7 million, respectively.

Net Unrealized Losses on Financial Assets at FVOCI

The movements of net unrealized losses on financial assets at FVOCI follow:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of year	(P156,154,761)	P69,657,563
Net unrealized losses recognized as OCI	(522,766,042)	(293,920,562)
Realized gains taken to retained earnings	(140,000)	(6,056,500)
ECL on debt securities at FVOCI	(138,368)	(1,108,339)
Realized gains taken to profit or loss	-	68,883,753
Effect of tax	-	6,389,324
Balance at end of year	(P679,199,531)	(P156,154,761)

11. Investment Securities at Amortized Cost

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Government securities	P45,788,083,846	P40,331,752,498
Private debt securities	2,742,932,947	2,583,066,258
	48,531,016,793	42,914,818,756
Less allowance for credit losses	5,754,352	5,761,352
	P48,525,262,441	P42,909,057,404

No investment securities at amortized cost were sold before maturity in 2022 and 2021.

12. Loans and Receivables

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Receivables from customers:		
Term loans	P83,653,807,657	P59,050,250,905
Housing loans	8,219,964,368	8,329,292,292
Auto loans	3,401,165,502	3,543,209,363
Agri-agra loans	2,877,402,120	1,241,364,426
Bills purchased, import bills and trust receipts	679,927,463	463,352,225
Direct advances	625,950,488	537,504,714
Others	2,346,135,477	2,319,120,588
	101,804,353,075	75,484,094,513
Less unearned interest income	33,872,540	37,309,436
	101,770,480,535	75,446,785,077
Accrued interest receivable:		
Loans and receivables	697,976,103	614,200,832
Trading and investment securities	361,854,884	358,148,082
Interbank loans receivable and SPURA	752,877	702,236
Due from BSP and other banks	343,555	1,429,147
Accounts receivable	887,583,715	794,692,800
Sales contract receivables	398,425,210	408,965,309
Unquoted debt securities	291,578,212	291,578,204
RCOCI	73,306	822,302
	104,409,068,397	77,917,323,989
Less allowance for credit losses	3,562,594,037	3,543,198,822
	P100,846,474,360	P74,374,125,167

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" amounting to P523.1 million and P420.0 million as at June 30, 2022 and December 31, 2021, respectively.

As at June 30, 2022 and December 31, 2021, the non-performing loans of the Bank amounted to P3.0 billion and P2.8 billion, respectively. Gross and net NPL ratios of the Bank are 2.6% and 0.8%, respectively, as at June 30, 2022, and 3.1% and 0.9%, respectively, as at December 31, 2021.

13. Capital

As at June 30, 2022 and December 31, 2021, the Bank's capital stock consists of the following:

	Shares		Amount	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized Capital Stock				
Common stock, P10 par value	1,702,511,470	1,702,511,470	P17,025,114,700	P17,025,114,700
Preferred stock, P10 par value	455,000,000	455,000,000	4,550,000,000	4,550,000,000
	2,157,511,470	2,157,511,470	P21,575,114,700	P21,575,114,700
Issued and Outstanding				
Common stock	1,403,013,920	1,122,411,120	P14,030,139,200	P11,224,111,200
Preferred stock	416,666,670	416,666,670	4,166,666,700	4,166,666,700
	1,819,680,590	1,539,077,790	P18,196,805,900	P15,390,777,900
Paid-in Surplus				
Common stock			P5,996,882,303	P5,542,922,931
Preferred stock			1,233,771,938	1,233,771,938
			P7,230,654,241	P6,776,694,869

On January 28, 2022, the SEC approved the amendments to the Articles of Incorporation to align sections around the sale, assignment, and disposal of shares with the lock up requirements of the Philippine Stock Exchange. The SEC also approved the amendment to the By-laws to update sections on stockholders, the Board of Directors, certificates of stock, and the transfer of shares of stock.

On February 15 and February 16, 2022, the SEC and the PSE, respectively, approved the application for the Initial Public Offer of the Bank. On March 31, 2022, the Bank listed its common shares with the PSE. The Bank offered and issued new common shares to the public up to 280,602,800 at P12.0 per share. Transaction costs on the issuance of common shares amounting to P107.2 million were charged against "Paid-in surplus".

On February 22, 2022 and April 29, 2022, the BOD and the Stockholders, respectively, approved the amendments to the Articles of Incorporation to change its purpose from a Commercial Bank to a Universal Bank pursuant to BSP MB Resolution No. 1798 dated December 23, 2021. The By-laws were also amended to comply with Sections 28 and 52 of the Revised Corporation Code.

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities. The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- associates and companies linked directly or indirectly to the Bank through one or more intermediaries or are members of the same group, is controlled by, is under the same significant influence, or is under common control with the Bank; and
- post-employment benefit plans for the benefit of the Bank's employees.

The Bank has various transactions with its related parties and with certain directors, officers, stockholders, and related interests (DOSRI). These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks.

Except with the prior approval of the Monetary Board, the total outstanding loans, other credit accommodations and guarantees to DOSRI shall not exceed 15% of the total loan portfolio of the Bank or 100.0% of net worth whichever is lower. As at June 30, 2022 and December 31, 2021, the Bank is in compliance with such regulations.

As at June 30, 2022, DOSRI loans of the Bank amounted to P0.3 million. The Bank has no outstanding DOSRI loans as at December 31, 2021.

15. Commitments and Contingencies

In the normal course of operations, the Bank makes various commitments, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate any material losses as a result of these transactions.

The following is a summary of the Bank's commitments and contingencies at their peso equivalent contractual amounts arising from off-books accounts as at June 30, 2022 and December 31, 2021:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Contingent assets:		
Future/spot exchange bought	P3,369,155,854	P229,495,500
Fixed income securities purchased	4,214,466	25,218,255
Outward bills for collection	1,523,585	2,999,218
	P3,374,893,905	P257,712,973
Commitments and contingent liabilities:		
Trust department accounts	P59,865,090,780	P63,687,480,988
Unused commercial letters of credit	18,145,179,605	8,417,817,547
Committed credit line	5,548,113,656	6,828,080,056
Outstanding guarantees	4,682,194,919	2,271,624,364
Future/spot exchange sold	3,836,553,802	841,483,500
Credit card lines	3,297,385,769	3,362,130,139
Late deposits/payments received	62,589,195	4,636,985
Fixed income securities sold	3,733,129	-
Items held for safekeeping/securities held as collateral	49,960	42,112
	P95,440,890,815	P85,413,295,691

The Bank has several loan-related suits, claims and regulatory examinations that remain unsettled or ongoing. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, in consultation with its legal counsels, the suits and claims, if decided adversely, will not involve sums having a material effect on the Bank's financial statements.

Other Commitments

No asset is being pledged by the Bank to secure outstanding liabilities as at June 30, 2022 and December 31, 2021.

16. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	Six Months Ended June 30 (Unaudited)	
	2022	2021
a. Net income	P886,909,649	P304,372,057
b. Dividends on preferred shares*	68,750,001	-
c. Net income to equity holders of the Bank	818,159,648	304,372,057
d. Weighted average number of outstanding common shares	1,265,037,958	1,122,411,120
e. Basic earnings per share (c/d)	P0.65	P0.27

* potential dividends on preferred shares as these were not assumed to be converted.

Diluted earnings per share attributable to equity holders of the Bank were computed as follows:

	Six Months Ended June 30 (Unaudited)	
	2022	2021
a. Net income to equity holders of the Bank	P886,909,649	P304,372,057
b. Weighted average number of outstanding common shares and dilutive preferred shares		
Outstanding common shares	1,265,037,958	1,122,411,120
Potential common shares from assumed conversion of preferred shares	416,666,670	-
c. Total weighted average common shares	1,681,704,628	1,122,411,120
d. Diluted earnings per share (a/c)	P0.53	P0.27

The following basic ratios measure the financial performance of the Bank:

	Six Months Ended June 30 (Unaudited)	
	2022	2021
Return on average equity	7.05%	3.60%
Return on average assets	0.87%	0.34%
Net interest margin on average earning assets	3.46%	3.43%

17. Events after the Reporting Date

On July 29, 2022, the Bank issued P7.5 billion fixed rate bonds due on July 29, 2024. The bonds were priced at par with a coupon rate of 5.0263% payable on a quarterly basis commencing on October 29, 2022. The bonds were listed in Philippine Dealing and Exchange Corporation (PDEX).

18. Other Matters

Other than the disclosures enumerated above, the Bank has no significant matters to report on the following during the six months ended June 30, 2022:

- Unusual items because of their nature, size or incidents affecting assets, liabilities, equity, net income or cash flows;
- Any known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity and on sales/revenues from continuing operations;
- Explanatory comments about seasonality or cyclicity of interim operations;
- Any material commitments for capital expenditures.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Condition as of 30 June 2022 vs. 31 December 2021

BankCom's Total Assets stood at ₱207.25 billion as of 30 June 2022, a 3.78% increase from the 31 December 2021 of ₱199.71 billion mainly from the increase in Loans and Other Receivables. Increase was partly softened by the decreases in Due from BSP and Investment Securities at Fair Value through Profit and Loss.

Cash and Other Cash Items and Interbank Loans Receivable increased by 0.44% and 0.24% to ₱2.76 billion and ₱19.18 billion, respectively. On the other hand, Due from BSP declined by 58.12% to ₱19 billion from lower ODF placements. Due from other banks also went up to ₱3.69 billion.

Investment securities at fair value declined by 15.13% to ₱5.13 billion due to the sale of financial assets at FVTPL and FVOCI which decreased to ₱569.35 million and ₱4.56 billion, respectively. Investment Securities at Amortized Cost, on the other hand, increased by 13.09% to ₱48.53 billion.

Loans and Other Receivables amounted to ₱100.85 billion, a 35.59% increase from ₱74.37 billion in 31 December 2021 largely driven by increase in corporate loans.

Property and Equipment decreased by 4.00% to ₱1.41 billion from ₱1.47 billion. Investment Properties and Deferred Tax Assets also went down to ₱3.39 billion and ₱742.97 million, respectively. On the other hand, Other Assets went up by 6.13% to ₱2.53 billion from ₱2.39 billion. Investment in Associate marginally increased to ₱39.79 million.

Total liabilities increased to ₱180.27 billion as of 30 June 2022, driven by the 25.50% increase in other liabilities. Deposit liabilities went up to ₱175.06 billion driven by higher demand and time deposit volumes which were up by 8.25% and 39.20% to ₱52.72 billion and ₱12.68 billion, respectively.

Financial Liabilities at FVPL also increased to ₱10.13 million. While Manager's Checks and Accrued Interest, Taxes and Other Expenses decreased by 2.50% and 8.53% to ₱927.71 million and ₱934.53 million, respectively.

The Bank's total capital funds rose by 15.49% to ₱26.98 billion as of 30 June 2022 from ₱23.36 billion in the previous period due to the issuance of new common shares to the public.

Statement of Income for the period ended 30 June 2022 vs 30 June 2021

BankCom posted a Net Income of ₱886.91 million for the period ended 30 June 2022, an improvement from the ₱304.37 million from the same period last year mainly brought about by higher interest income, an increase in fees and commissions and lower credit provisioning expenses.

Interest income on loans and receivables improved by 11.07% to ₱2.39 billion resulting mainly from higher volume of corporate loans. Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost also went up by 41.79% to ₱760.40 million from the additional investment securities.

Interest income on due from BSP and other banks and interest income on interbank loans receivable and SPURA increased by 31.72% and 6.17% to ₱150.45 million and ₱162.77 million, respectively. On the other hand, interest income on financial assets at fair value through profit or loss (FVTPL) declined by 26.44% to ₱3.83 million.

Total interest expense went up by 8.97% to ₱385.68 million from ₱353.92 million in the same period last year. The increase was mainly due to the higher interest expense on bills payable and other liabilities which went up to ₱17.47 million from the interest on CGT and DST on the transfer of titles from TRB.

Interest expense on deposit liabilities also went up by 5.74% to ₱354.13 million. Interest expense on lease liabilities, on the other hand, went down by 24.57% to ₱14.07 million. As a result of the foregoing, net interest income amounted to ₱3.08 billion, 18.21% higher than the ₱2.61 billion earned the previous year.

Total other income was at ₱583.57 million, 55.95% higher than last year's ₱374.21 million. This is mainly from foreign exchange gains posting an increase of 15.48x to ₱68.19 million versus the ₱4.14 million in the same period last year. Trading and investment securities posted a loss of ₱39.65 million compared to the ₱10.94 million loss last year.

Service charges, fees and commissions also increased by 45.04% to ₱361.52 million from higher LC fees, trust fee income and ATM fees. Gains on foreclosure, and sale of property and equipment and foreclosed assets rose by 56.92% to ₱168.40 million as a result of higher sale of foreclosed assets.

Total expenses, excluding provision for credit and impairment losses went up by 5.08% to ₱2.54 billion. Compensation and fringe benefits slightly went up by 1.42% to ₱901.10 million. Taxes and licenses also increased by 23.35% to ₱451.93 million mainly due to higher DST expense from additional deposits. Rent and utilities also increased by 6.95% to ₱285.60 million.

Depreciation and amortization, on the other hand, declined by 14.31% to ₱211.92 million primarily from lower depreciation expense from foreclosed assets. Insurance grew by 5.98% to ₱174.75 million on account of higher PDIC insurance from higher deposit volume. Service fees and commissions increased by 20.90% to ₱116.42 million. Subscription fees and entertainment and recreation expenses declined by 15.85% and 24.56% to ₱46.75 million and ₱37.23 million, respectively.

Management and professional fees expense went up by 34.15% to ₱47.40 million due to fees related to the IPO. Amortization of software costs and miscellaneous expenses also increased by 52.92% and 3.57% to ₱36.19 million and ₱236.05 million, respectively.

As a result of the reversal of provisions, the Bank's Provision for credit and impairment losses is at -₱45.54 million for the period ended 30 June 2022 reflecting the continuing improvement in the credit quality of the Bank's portfolio.

The Bank recorded its share in the net loss of associate at -₱0.14 million in 2022, lower than the previous year of ₱0.75 million.

Income Tax expense amounted to ₱279.75 million, 41.28% higher from ₱198.01 million the previous year primarily due to the higher income.

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
BANK OF COMMERCE**

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Liquid to total assets	0.47	0.59
Loans to Deposit Ratio	0.69	0.55
Non-performing loans ratio - Gross (%)*	2.63	3.09
Non-performing loans ratio - Net (%)*	0.81	0.88
Non-performing loan (NPL) cover (%)	77.14	83.21
Debt-to-asset ratio	0.87	0.88
Debt-to-equity ratio	6.68	7.55
Asset-to-equity ratio	7.68	8.55
Capital Adequacy Ratio (%)	17.85	21.57

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Return on average assets (%)	0.87	0.34
Return on average equity (%)	7.05	3.60
Net interest margin (%)	3.46	3.43
Net profit margin (%)	24.19	10.21
Cost to income ratio	0.69	0.81
Interest rate coverage ratio	4.02	2.42
Solvency ratio	0.01	0.01

**Calculated based on BSP Circulars 941 and 1011.*

BANK OF COMMERCE
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2022
(in thousands)

No. of Days Outstanding	Amount
0 to 30 days	P190,470
31 to 60 days	15,846
61 to 90 days	18,930
91 to 360 days	74,499
above 360 days	587,839
Accounts Receivable - Gross	887,584
Less: Allowance for Probable Losses	699,093
Accounts Receivable - Net	P188,491