Bread consumers to swallow the cost of Russia-Ukraine war

WINNIPEG, Manitoba — Russia's invasion of Ukraine, one of the world's breadbasket nations, has driven wheat prices to 14-year highs forcing bread consumers to eat the cost.

Russia's Feb. 24 invasion has severely hampered trade from Black Sea ports, driving up global Chicago benchmark wheat prices by 40% and further pushing global food inflation that was already the highest in a decade. Supply disruptions from Russia and Ukraine, which together account for 30% of world wheat exports and 20% of corn exports, will erode food security for millions of people, with the Middle East and North Africa especially vulnerable due to their reliance on imports, said Julie Marshall, spokesperson for the World Food Programme.

Oil and gas prices have also spiked due to sanctions against Russia, while costs of freight and raw materials like steel were already soaring due to pandemic-related supply chain breakdowns.

Even consumers in two of the world's biggest wheat-growing nations, Canada and the US, are paying the price, "Unfortunately for the short and intermediate-term, food inflation and the cost of baked goods in the United States will go up more. This will impact the most vulnerable in our society the most," said Robb MacKie, president and chief executive of the American Bakers Association.

Weeks before the latest wheat price spike, Calgary Italian Bakery in Alberta raised prices 7% to keep pace with costs associated with last year's Canadian drought and inflation in prices of flour and yeast. Now Louis Bontorin, co-owner of the

60-year-old family business, fears he will need to raise prices significantly again, once he has depleted his four to five months' flour supply

"This could be really, really devastating," Bontorin said. "Bread is one of the fundamentals, the essentials, and that's the hard part. You're trying to just take what you need, but you're also cognizant of what effect (higher price) has on the consumer. "The buying power of everybody is just being eroded."

The threat to wheat supplies from Russia's invasion of Ukraine has been exacerbated by a drop in global stocks of major exporters. Supplies in the European Union, Russia, the US, Canada, Ukraine, Argentina, Australia and Kazakhstan are set to fall to a nineyear low of 57 million tons by the end of the 2021/22 season, International Grains Council (IGC) data shows.

Some mills signed contracts with farmers last autumn for the wheat they are currently using, insulating them for now from spikes related to the Russia-Ukraine war. But one miller said once it faces those higher costs, it will have to pass them along to the bakers that buy his flour.

"It will be mandatory. Either pay the higher cost or don't get your flour," said the miller, who asked not to be named due to the sensitivity of the situation. "I don't think the general population has any idea what repercussions they will face."

After Russia invaded, Rogers Foods' President Joe Girdner's phone started lighting up. The bakers who buy flour from his two British Columbia mills are now looking to secure supplies further out than before, on fears that prices could escalate even more. — **Reuters**

Water seen as adequate for irrigation as Angat levels drop

THE National Irrigation Administration (NIA) said that the low levels of the Angat Dam pose no threat to farmers serviced by Angat-Maasim River Irrigation System (AMRIS).

"This does not greatly affect the farmers in Bulacan and Pampanga benefitting from

Angat Dam because their farmlands are in terminal drainage wherein the water requirement is less. In the months of March and April, only 5 cubic meters per second (m3/s) is necessary to complete the remaining irrigation requirement for AMRIS," NIA Deputy Adminis-

trator C'zar M. Sulaik said in a statement.

On Sunday, the water level at Angat Dam was 196.29 meters above sea level (masl), almost 16 meters lower than its normal water level of 212 masl.

The NIA said that farmers serviced by AMRIS in Bulacan and Pampanga will need to adjust to a modified cropping calendar.

In partnership with the Metropolitan Waterworks and Sewerage System and the Bureau of Soils and Water Management, the NIA will conduct cloud seeding around the reservoir on March 8. - Luisa Maria Jacinta C. Jocson

Poor earnings blamed for destructive fishing practices

By Luisa Maria Jacinta C. Jocson

FISHING PRACTICES that damage the environment are a warning that coastal communities require a sustainable source of livelihood, which the government needs to invest in instead of penalizing such practices, according to the founder of an investment fund that provides capital to enterprises focused on poverty alleviation.

"Simply penalizing (fishermen) does not solve the problem completely since the root of the problem lies in... being unable to make a decent living. I refuse to believe in the idea that the Filipino fishermen are lazy. They're not. They're just trying to make a decent living," Ignite Impact Fund Founder Maria Antonia G. Arrovo said in a virtual interview.

"There is a need to invest in things like mariculture and for the private sector to step in, since we often talk about how expensive it is to do this. However, there are a lot of deeply valuable assets in the Philippines. For example, mariculture is a great opportunity so that more jobs can be created in coastal communities... in the most environmentally sustainable way possible, so you certainly need cooperation (with) local governments," she added.

Ms. Arroyo said that the implementation of Fisheries Management Areas (FMAs) is a "step in the right direction" by helping local government units manage illegal fishing.

"FMAs address the four kinds of illegal fishing: dynamite fishing, cyanide fishing, the use of 'hulbot hulbot' (destructive fishing gear built with nets connected to sinkers), and commercial fishing vessels in municipal waters," she said.

"Due to commercial fishing vessels occupying municipal waters, (fishermen) resort to dynamite fishing to earn more as it is very effective for collecting fish at a fast rate but ultimately harmful to the environment," she added.

She said the industry suffers annual losses of P1.8 billion from illegal and unreported fishing.

"Seventy percent of the waters are overfished, which is really terrible, as 60% of Filipinos live in coastal areas. Fishing is a big thing in terms of policy implementation," Ms. Arroyo said.

"Dynamite fishing and other illegal forms of fishing are a result of desperation, lack of moderation, appropriate technology, boats, nets, and a lack of conservation and investment," she said.

Ignite Impact Fund supports "companies with good business models for coastal communities. What we like to do is find companies that are already willing to work with nongovernmental organizations (NGOs) who already have communities with small-scale fishers," Ms. Arroyo said.

"You're actually providing management skills and leaving the community to do what they do best, which is farm or to fish," she added.

The fund has invested in Plentina, a fintech that provides "buy now, pay later" store credit with major retailers for essentials and builds a credit score for the user; and BioPrime, a maker of organic soil conditioner that increases crop yield and decreases inorganic fertilizer use by 50%.

One of the sustainable solutions the fund is looking into is coral farming, which could be another source of livelihood for fishing communities.

"Everywhere around the world there are corals that need to be reforested and there is a \$1.5 billion market for sustainable coral for aquariums. Farming coral is very easy and all you have to do is not to touch it. You can use microfiber fragmentation to make the coral grow 50 times faster and you can grow them on shore so that you will have consistent Ph and water temperature. Seventy percent of the coral can be used to revitalize the reefs and 30% can be sold to the aquarium market and then you have an extra market for the fisherfolk," she said.

For other small-scale fishermen, the Ignite Impact fund is also looking at programs that provide them with backyard farms that can work on in the day. Much fishing activity takes place at night.

"For as low as P2,000 per family, you're giving them food security so they don't go hungry, and all the surplus they sell at local markets, so it's building local markets and community services," Ms. Arroyo said.

In terms of government aid, Ms. Arrovo said that investment is key to helping the sector flourish.

"Subsidies are never sustainable financially. What the government should be doing is reaching out. If they really want to help the farmers, then they need to (address) the demand side to get more people investing in mariculture and coastal communities,"

"I really think that destructive or illegal fishing is the symptom and the cure is to get more investors. It's really about better management and closer cooperation with the government in terms of getting people to invest," she added.

15,800,317,280.00 3,736,478,315.32

4,295,807,484.13

1,528,644,272.25 5,209,786,531.10 1,089,352,152.92 14,814,335,438.38

523,673,273,757.90

3,022,669,739.23

2,777,595,936.10

28.721.313.133.89

575,716,836,353.92

46,186,416,799.90 4,637,692,602.06 73,627,953,886.44 124,452,063,288.40

700,168,899,642.32

24.333.871.020.52

182,388,337,109.91

359,867,206,490.72

474,687,498.64

96,666,666.65

8,789,975,984.64 83,769,435,615.07 11,261,186,320.13 8,201,231,950.04 73,905,559,112.82 26,202,205,553,016 403,15,788,806.01 17,768,537,227.16 427,157,740,351.35 18,587,899,132.00 3,198,387,904.50 427,657,404,473,664,98

4,423,669,428,78

1,537,556,026.69 5,270,791,992.12 1,136,893,860.30 14,718,587,704.52

522,055,371,998.32

327,706,403.71 3,114,209,097.80

2,824,803,316.83

28.700.542.768.50

7,504,821,586.69 11,741,993,149.19

46,186,416,799.90 3,677,551,664.37 74,345,016,712.96

575,323,897,176.90

124,208,985,177.23

699,532,882,354.13

22,647,517,297.24

208,326,341,704.12 1,199,381,741.85

387,774,375,918.33

196,072,447.66

93,333,333.31

BALANCE SHEET (Head Office and Branches)

As of December 31, 2021

ASSETS				
		Current Quarter		Previous Quarter
Cash and Cash Items Due from Bangko Sentral ng Pilipinas (BSP) Due from Other Banks Signal Sentral No. 1 Profit and assets the sentral	P	11,081,285,521.60 67,391,501,631.76 13,001,430,244.77	P	8,789,975,984.64 83,769,435,615.07 11,024,734,316.17 8,200,177,202.85
Financial Assets at Fair Value through Profit or Loss Available-for-Sale Financial Assets-Net Held-to-Maturity (HTM) Financial Assets-Net		6,922,431,875.78 80,355,557,562.93 21,904,006,453.79		73,865,419,712.82 26,202,205,553.01
Loans and Receivables-Net: Interbank Loans Receivable		473,491,226,753.15 13,886,343,597.07		461,408,874,967.94 17,768,537,227.16
Loans and Receivables-Others Loans and Receivables Arising from RA/CA/PR/SLB		447,540,883,018.10 15,800,317,280.00		428,250,719,887.82 18,587,899,132.00
General Loan Loss Provision Other Financial Assets		3,736,317,142.02 4,297,230,158.60		3,198,281,279.04 4,425,002,582.15
Equity Investment in Subsidiaries, Associates, and Joint Ventures-Net Bank Premises, Furniture, Fixture & Equipment-Net		3,505,988,728.01 4,058,557,477.74		3,454,487,412.72 4,099,501,879.03
Real and Other Properties Acquired-Net Other Assets-Net		1,089,352,152.92 13,426,603,984.05		1,136,893,860.30 13,263,275,628.32
TOTAL ASSETS	P	700,525,172,545.10	P	699,639,984,715.02
LIABILITIES				
Financial Liabilities at Fair Value through Profit or Loss Deposit Liabilities	P	1,285,385,680.05 525,565,322,541.44	P	1,879,252,172.69 524,478,984,609.75
Due to Other Banks Bills Payable:		441,754,004.14 2,926,003,072.58		327,706,403.71 3,020,875,764.49
Interbank Loans Payable Other Deposit Substitute Others		148,407,136.48 2,777,595,936.10		196,072,447.66 2,824,803,316.83
Others Bonds Payable-Net Other Financial Liabilities		28,721,313,133.89		28,700,542,768.50
Other Liabilities	_	8,057,429,623.37 9,075,901,201.23		7,483,138,846.12 9,540,498,972.53
TOTAL LIABILITIES	P	576,073,109,256.70	Ρ.	575,430,999,537.79
STOCKHOLDERS' EQU	ITY	46,186,416,799.90		46,186,416,799.90
Capital Stock Other Capital Accounts	r	4,631,444,752.06	r	3,671,303,814.37
Retained Earnings TOTAL STOCKHOLDERS' EQUITY	P —	73,634,201,736.44 124,452,063,288.40	P	74,351,264,562.96 124,208,985,177.23
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P	700,525,172,545.10	Р	699,639,984,715.02
CONTINGENT ACCOU	NTC			
Performance Standby Letters of Credit	P	24,333,871,020.52	P	22,647,517,297.24
Commercial Letters of Credit Trade Related Guarantees		5,419,420,033.64 1,406,821,219.20		9,172,514,465.28 824,662,335.37
Commitments		58,186,793,019.35		58,285,713,243.34
Spot Foreign Exchange Contracts		3,857,652,946.25		5,385,414,452.97
Trust Department Accounts: Trust and Other Fiduciary Accounts		83,799,623,643.21 62,846,480,498.62		81,932,830,678.16 61,686,095,324.06
Agency Accounts		20,953,143,144.59		20,246,735,354.10
Derivatives Others		182,388,337,109.91 474,687,498.64		208,326,341,704.12 1,199,381,741.85
TOTAL CONTINGENT ACCOUNTS	P	359,867,206,490.72	Р	387,774,375,918.33
ADDITIONAL INFORMATION				
Gross total loan portfolio (TLP) Specific allowance for credit losses on the TLP Non-Performing Loans (NPLs)	٩	491,448,727,344.32 14,221,183,449.15	P	479,610,309,214.56 15,003,152,967.58
a) Gross NPLs b) Ratio of gross NPLs to gross TLP (%)		19,378,671,120.63 3.94		19,904,987,994.55 4.15
c) Net NPLs d) Ratio of Net NPLs to gross TLP (%)		7,241,275,936.86 1.47		7,393,375,228.29 1.54
e) Ratio of total allowance for credit losses to gross NPLs (%)		92.67		91.44
 f) Ratio of specific allowance for credit losses on the gross TLP to gross NPLs (%) 4. Classified Loans & Other Risk Assets, gross of allowance for credit losses 		73.39 22,289,000,000.00		75.37 22,289,000,000.00
 DOSRI Loans and receivables, gross allowance of credit losses 		4,488,515,059.68		4,270,881,544.04
 Ratio of DOSRI loans and receivables, gross of allowance for credit losses, to gross TLP (%) Gross non-performing DOSRI loans and receivables 		0.91		0.89
8. Ratio of gross non-performing DOSRI loans and receivables to TLP (%)		_		_
9. Percent Compliance with Magna Carta (%) a) 8% for Micro and Small Enterprises		0.54		0.57
b) 2% for Medium Enterprises 10. Return on Equity (ROE) (%)		2.90 5.54		2.94 5.16
 Capital Adequacy Ratio (CAR) on Solo Basis, as prescribed under existing regulations Total CAR (%) 		19.41		19.76
b) Tier 1 Ratio (%) c) Common Tier 1 Ratio (%)		18.74 18.74		19.18 19.18
Deferred Charges not yet Written Down Unbooked Allowance for Credit Losses on Financial Instruments Received		_		_
14. Liquidity Coverage Ratio (LCR) on Solo Basis, as prescribed under existing regulations		1017000000000		
a) Total HQLA b) Total net cash outflows		184,702,935,838.03 124,917,953,370.05		200,140,250,836.41 128,690,056,435.99
c) Liquidity Coverage Ratio (%)		147.86		155.52

, Sanjiv Vohra and Eduardo M. Olbes of the above mentioned bank do solemnly swear that all matters set forth in the above balance sheet are true and correct to the best of our knowledge and belief.

(SGD.) EDUARDO M. OLBES

(SGD.) SANJIV VOHRA

SUBSCRIBED AND SWORN to before me this 9th day of February 2022 at City of Makati, affiants exhibiting their Passport No. P811670A, issued at DFA Manila on July 27, 2018 and Passport No. Z4836868, issued at Singapore on June 27, 2018.

Page No. 52 Book No. VIII Series of 2022

(SGD.) ATTY. HENSON M. MONTALVO, CPA NOTARY PUBLIC Until June 30, 2022

01/03/2022; Makati City

CONSOLIDATED BALANCE SHEET

STOCKHOLDERS' EQUITY

CONTINGENT ACCOUNTS

(Bank and Financial Subsidiaries)

mber 31, 2021	
SETS	
	Current Quarter
Р	11,081,285,521.60 67,391,501,631.76 13,119,090,649.24 6,922,432,846.89 80,393,914,002.93 21,904,006,453.79 472,418,742,657.33 13,886,343,597.07 446,468,560,095.58 15,800,317,280.00
	SETS

Cash and Cash Items
Due from Bangko Sentral ng Pilipinas (BSP)
Due from Other Banks
Financial Assets at Fair Value through Profit of
Available-For-Sale Financial Assets-Net
Held-to-Maturity (HTM) Financial Assets-Net
Loans and Receivables-Net:
Interhank Loans Receivable Interbank Loans Receivable Loans and Receivables-Others Loans and Receivables Arising from RA/CA/PR/SLB General Loan Loss Provision Other Financial Assets

Other Intalicial Assets Equity Investment in Subsidiaries, Associates, and Joint Ventures-Net Bank Premises, Furniture, Fixture & Equipment-Net Real and Other Properties Acquired-Net Other Assets-Net TOTAL ASSETS

Financial Liabilities at Fair Value through Profit or Loss Deposit Liabilities Due to Other Banks Bills Payable: Interbank Loans Payable

Other Deposit Substitute Bonds Pavable-Net Other Financial Liabilities Other Liabilities

TOTAL LIABILITIES

TOTAL STOCKHOLDERS' EQUITY TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY Performance Standby Letters of Credit

Commercial Letters of Credit Trade Related Guarantees Commitments

Spot Foreign Exchange Contracts
Trust Department Accounts:
Trust and Other Fiduciary Accounts

Agency Accounts

Others TOTAL CONTINGENT ACCOUNTS ADDITIONAL INFORMATION 1. List of Financial Allied Subsidiaries

SB Cards Corporation b) SB Forex, Incorporated SB Capital Investment Corporation

Total HQLA a) Total HQLA
 b) Total net cash outflows c) Liquidity Coverage Ratio (%)

Capital Adequacy Ratio (CAR) on Consolidated Basis, as prescribed under existing regulations
a) Total CAR (%)
b) Tier 1 Ratio (%)
c) Common Equity Tier 1 Ratio (%) 3. Liquidity Coverage Ratio (LCR) on Consolidated Basis, as prescribed under existing regulations

184,702,935,838.03 123,547,093,331.42

200,140,250,836.41 127,122,609,000.43 157.44

We, Sanjiv Vohra and Eduardo M. Olbes of the above mentioned bank do solemnly swear that all matters set forth in the above balance sheet are true and correct to the best of our knowledge and belief.

(SGD.) EDUARDO M. OLBES

(SGD.) SANJIV VOHRA

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