



**Bank of Commerce**

An affiliate of San Miguel Corporation



May 6, 2025

**SECURITIES AND EXCHANGE COMMISSION**  
Head, Markets and Securities Regulation Department (MSRD) G/F  
Secretariat Building, PICC Complex  
Roxas Boulevard Pasay City

Attention : **DIRECTOR OLIVER O. LEONARDO**  
Markets and Securities Regulation Department

**THE PHILIPPINE STOCK EXCHANGE, INC.**  
5th Avenue corner 28th Street  
Bonifacio Global City, Taguig

Attention : **ATTY. JOHANNE DANIEL M. NEGRE**  
Officer-in-Charge, Disclosure Department

**PHILIPPINE DEALING & EXCHANGE CORP.**  
29th Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

Attention : **ATTY. SUZY CLAIRE R. SELLEZA**  
Head, Issuer Compliance and Disclosure Department

**Mesdames/Gentlemen:**

We submit herewith the March 31, 2025 SEC 17-Q report of Bank of Commerce.

Thank you.

Very truly yours,

**ANTONIO S. LAQUINDANUM**  
EVP/Chief Financial Officer  
Corporate Information Officer

COVER SHEET

SEC Registration Number

SEC Registration Number

BANK OF COMMERCE

SAN MIGUEL PROPERTIES CENTRE

NO. 7 ST. FRANCIS STREET

MANDALUYONG CITY

ANTONIO S. LAQUINDANUM

Contact Person

8 9 8 2 6 0 0 0

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 7 Q

Form Type

Month Day

Month Day

Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc

Amended Articles Number/Section

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Total No. of Stockholders

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

Document I.D.

Document I.D.

Cashier

Cashier

STAMPS

STAMPS

SEC Number 24221  
PSE Code \_\_\_\_\_  
File Number \_\_\_\_\_

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**BANK OF COMMERCE**

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(Company's Full Name)

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

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(Company's Address)

**8982-6000**

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(Telephone Number)

**December 31**

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(Fiscal Year Ending)

**SEC FORM 17-Q**

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Form Type

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Amendment Designation (if applicable)

**March 31, 2025**

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For the Quarterly Period Ended

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(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 **March 31, 2025**
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

**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 \_\_\_\_\_ on May 05, 2025 2025

**BANK OF COMMERCE**

Issuer

By:



**ANTONIO S. LAQUINDANUM**  
EVP/Chief Financial Officer

05 MAY 2025

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ affiant(s) exhibiting to me his/their government issued ID, as follows:

| <b>Names</b>           | <b>Identification No.</b> | <b>Place of Issue</b> | <b>Expiry Date</b> |
|------------------------|---------------------------|-----------------------|--------------------|
| Antonio S. Laquindanum | Passport No. [REDACTED]   | DFA [REDACTED]        | [REDACTED]         |

**Notary Public**



**ALYSSA MAE G. CAYABA**  
NOTARY PUBLIC FOR MANDALUYONG CITY  
APPOINTMENT NO. [REDACTED]  
UNTIL 31 DECEMBER 2026

SMPC # 7 ST. FRANCIS ST., MANDALUYONG CITY  
PTR No. [REDACTED] / MANDALUYONG CITY  
IBP OR No. [REDACTED]  
ROLL OF ATTORNEYS NO. [REDACTED]

Doc. No.: 490  
Page No.: 99  
Book No.: V  
Series: 2025

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# BANK OF COMMERCE

## **INTERIM CONDENSED FINANCIAL STATEMENTS**

**As of March 31, 2025 (Unaudited) and December 31, 2024 (Audited)  
and for the three months ended March 31, 2025 and 2024 (Unaudited)**

**BANK OF COMMERCE**  
**INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**

|  | <i>Note</i> | March 31,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|--|-------------|----------------------------------|-----------------------------------|
| <b>ASSETS</b>  |             |                                  |                                   |
| Cash and Other Cash Items  |             | P4,105,647,253                   | P4,244,123,801                    |
| Due from Bangko Sentral ng Pilipinas   |             | 22,330,207,712                   | 47,913,456,924                    |
| Due from Other Banks   |             | 3,718,347,154                    | 3,819,385,135                     |
| Interbank Loans Receivable and Securities  |             |                                  |                                   |
| Purchased under Resale Agreements  | 8           | 5,454,814,186                    | 3,587,364,728                     |
| Financial Assets at Fair Value through Profit or Loss                                      | 9           | 6,333,729,249                    | 2,875,633,794                     |
| Financial Assets at Fair Value through Other Comprehensive Income                          | 10          | 21,773,266,251                   | 19,078,633,835                    |
| Investment Securities at Amortized Cost  | 11          | 43,913,796,123                   | 36,611,668,381                    |
| Loans and Receivables  | 12          | 138,741,053,101                  | 136,505,340,381                   |
| Investment in an Associate   |             | 34,264,386                       | 34,432,505                        |
| Property, Equipment and Right-of-Use Assets  |             | 1,971,709,040                    | 2,000,100,022                     |
| Investment Properties  |             | 3,858,257,747                    | 3,992,770,160                     |
| Deferred Tax Assets  |             | 466,314,616                      | 447,020,544                       |
| Other Assets   |             | 4,377,535,294                    | 4,330,136,845                     |
|  |             | <b>P257,078,942,112</b>          | <b>P265,440,067,055</b>           |
| <b>LIABILITIES AND EQUITY</b>  |             |                                  |                                   |
| <b>Deposit Liabilities</b>   |             |                                  |                                   |
| Demand   |             | P67,440,770,870                  | P63,961,971,799                   |
| Savings  |             | 100,139,967,013                  | 125,100,493,087                   |
| Time   |             | 16,281,053,970                   | 17,916,072,997                    |
| Long-term negotiable certificates  |             | 5,029,420,000                    | 5,029,420,000                     |
|  |             | <b>188,891,211,853</b>           | <b>212,007,957,883</b>            |
| Financial Liabilities at Fair Value through Profit or Loss                                 | 9           | 19,885,455                       | 45,214,075                        |
| Bills Payable  | 13          | 844,591,338                      | -                                 |
| Bonds Payable  | 14          | 24,388,206,951                   | 6,534,447,698                     |
| Manager's Checks   |             | 1,673,370,733                    | 1,414,092,221                     |
| Accrued Interest, Taxes and Other Expenses   |             | 1,233,538,798                    | 1,098,193,220                     |
| Other Liabilities  |             | 5,717,977,930                    | 11,110,094,707                    |
| <b>Total Liabilities</b>   |             | <b>222,768,783,058</b>           | <b>232,209,999,804</b>            |
| <b>Equity</b>  |             |                                  |                                   |
| Capital stock  |             | 18,196,805,900                   | 18,196,805,900                    |
| Paid-in surplus  |             | 7,229,275,360                    | 7,229,275,360                     |
| Surplus reserves   |             | 1,161,823,168                    | 1,169,045,556                     |
| Retained earnings  |             | 8,376,281,566                    | 7,501,642,690                     |
| Net unrealized losses on financial assets at fair value through other comprehensive income | 10          | (315,752,186)                    | (534,761,685)                     |
| Remeasurement losses on retirement liability   |             | (331,673,141)                    | (331,673,141)                     |
| Share in other comprehensive loss of an associate  |             | (5,026,195)                      | (5,028,412)                       |
| Cumulative translation adjustment  |             | (1,575,418)                      | 4,760,983                         |
| <b>Total Equity</b>  |             | <b>34,310,159,054</b>            | <b>33,230,067,251</b>             |
|  |             | <b>P257,078,942,112</b>          | <b>P265,440,067,055</b>           |

See Notes to Interim Condensed Financial Statements.

**BANK OF COMMERCE**  
**UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME**

|  |      | Three Months Ended March 31 |                      |
|--|------|-----------------------------|----------------------|
|  | Note | 2025                        | 2024                 |
| <b>INTEREST INCOME</b>   |      |                             |                      |
| Interest income calculated using the effective interest method:                              |      |                             |                      |
| Loans and receivables  |      | P2,571,188,426              | P2,192,543,669       |
| Investment securities at fair value through other comprehensive income and at amortized cost |      | 688,327,969                 | 749,077,964          |
| Interbank loans receivable and securities purchased under resale agreements                  |      | 137,070,611                 | 168,038,741          |
| Due from Bangko Sentral ng Pilipinas and other banks   |      | 80,028,978                  | 109,610,120          |
| Other interest income:   |      |                             |                      |
| Financial assets at fair value through profit or loss  |      | 46,643,626                  | 5,515,658            |
|  |      | <b>3,523,259,610</b>        | <b>3,224,786,152</b> |
| <b>INTEREST EXPENSE</b>  |      |                             |                      |
| Deposit liabilities  |      | 764,607,399                 | 860,351,959          |
| Bonds payable  | 13   | 255,476,885                 | 103,562,402          |
| Lease liabilities  |      | 10,331,194                  | 9,399,075            |
| Bills payable and other borrowings   |      | 2,769,443                   | 400,218              |
|  |      | <b>1,033,184,921</b>        | <b>973,713,654</b>   |
| <b>NET INTEREST INCOME</b>   |      | <b>2,490,074,689</b>        | <b>2,251,072,498</b> |
| Service charges, fees and commissions  |      |                             |                      |
|  |      | 232,161,791                 | 250,906,865          |
| Gains on foreclosure and sale of property and equipment and foreclosed assets - net          |      |                             |                      |
|  |      | 144,941,052                 | 79,600,255           |
| Foreign exchange gains - net   |      |                             |                      |
|  |      | 55,617,250                  | 27,731,378           |
| Trading and investment securities gains - net  |      |                             |                      |
|  |      | 38,028,628                  | 709,135              |
| Miscellaneous  |      |                             |                      |
|  |      | 32,343,612                  | 39,393,910           |
| <b>TOTAL OPERATING INCOME</b>  |      | <b>2,993,167,022</b>        | <b>2,649,414,041</b> |
| Compensation and fringe benefits   |      |                             |                      |
|  |      | 712,733,534                 | 607,849,462          |
| Taxes and licenses   |      |                             |                      |
|  |      | 320,796,597                 | 288,054,514          |
| Rent and utilities   |      |                             |                      |
|  |      | 169,211,130                 | 175,196,452          |
| Depreciation and amortization  |      |                             |                      |
|  |      | 160,025,712                 | 142,990,028          |
| Insurance  |      |                             |                      |
|  |      | 99,547,906                  | 90,799,919           |
| Service fees and commissions   |      |                             |                      |
|  |      | 88,981,811                  | 88,821,374           |
| Provision for credit and impairment losses   |      |                             |                      |
|  |      | 65,056,765                  | 28,653,804           |
| Subscription fees  |      |                             |                      |
|  |      | 58,893,551                  | 47,579,211           |
| Amortization of software costs   |      |                             |                      |
|  |      | 32,838,072                  | 16,961,636           |
| Management and professional fees   |      |                             |                      |
|  |      | 19,152,926                  | 22,466,706           |
| Miscellaneous  |      |                             |                      |
|  |      | 129,409,126                 | 127,058,191          |
| <b>TOTAL OPERATING EXPENSES</b>  |      | <b>1,856,647,130</b>        | <b>1,636,431,297</b> |
| <b>INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE</b>                |      | <b>1,136,519,892</b>        | <b>1,012,982,744</b> |
| <b>SHARE IN NET LOSS OF AN ASSOCIATE</b>   |      | <b>170,336</b>              | <b>304,387</b>       |
| <b>INCOME BEFORE INCOME TAX EXPENSE</b>  |      | <b>1,136,349,556</b>        | <b>1,012,678,357</b> |
| <b>INCOME TAX EXPENSE</b>  |      | <b>269,563,068</b>          | <b>243,500,112</b>   |
| <b>NET INCOME</b>  |      | <b>P866,786,488</b>         | <b>P769,178,245</b>  |
| <b>Earnings Per Share Attributable to Equity Holders of the Bank</b>                         |      |                             |                      |
|  | 17   |                             |                      |
| Basic  |      | P0.57                       | P0.51                |
| Diluted  |      | 0.48                        | 0.42                 |

*See Notes to Interim Condensed Financial Statements.*

**BANK OF COMMERCE**  
**UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE  
INCOME**

|  | Three Months Ended March 31 |               |
|--|-----------------------------|---------------|
|  | 2025                        | 2024          |
| <b>NET INCOME</b>  | <b>P866,786,488</b>         | P769,178,245  |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>   |                             |               |
| <b>Items that may not be reclassified to profit or loss</b>  |                             |               |
| Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI) | <b>530,000</b>              | 3,740,253     |
|  | <b>530,000</b>              | 3,740,253     |
| <b>Items that may be reclassified to profit or loss</b>  |                             |               |
| Net change in fair value of debt securities at FVOCI   | <b>221,627,875</b>          | (121,613,798) |
| Net movement in cumulative translation adjustment  | <b>(6,336,401)</b>          | 2,574,444     |
| Net change in fair value of debt securities at FVOCI taken to profit or loss                           | <b>(2,518,376)</b>          | -             |
| Share in other comprehensive loss of an associate  | <b>2,217</b>                | (503,547)     |
|  | <b>212,775,315</b>          | (119,542,901) |
|  | <b>213,305,315</b>          | (115,802,648) |
| <b>TOTAL COMPREHENSIVE INCOME</b>  | <b>P1,080,091,803</b>       | P653,375,597  |

*See Notes to Interim Condensed Financial Statements.*

**BANK OF COMMERCE**  
**UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY**

|  | Note | Capital Stock   | Paid-in<br>Surplus | Surplus<br>Reserves | Retained<br>Earnings | Remeasurement<br>Losses on<br>Retirement<br>Liability | Net Unrealized<br>Losses on<br>Financial<br>Assets<br>at FVOCI<br>(Note 10) | Cumulative<br>Translation<br>Adjustment | Share in Other<br>Comprehensive<br>Loss of<br>an Associate | Total Equity    |
|--|------|-----------------|--------------------|---------------------|----------------------|---|---|---|--|-----------------|
| Balance as at December 31, 2024  |      | P18,196,805,900 | P7,229,275,360     | P1,169,045,556      | P7,501,642,690       | (P331,673,141)  | (P534,761,685)  | P4,760,983                              | (P5,028,412)   | P33,230,067,251 |
| Net income for the period  |      | -               | -                  | -                   | 866,786,488          | -   | -   | -                                       | -  | 866,786,488     |
| Other comprehensive income (loss) for the period:  |      |                 |                    |                     |                      |   |   |   |  |                 |
| 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) |      | -               | -                  | -                   | -                    | -   | 530,000   | -                                       | -  | 530,000         |
| Net change in remeasurement losses on retirement liability   |      | -               | -                  | -                   | -                    | -   | -   | -                                       | -  | -               |
| Items that may be reclassified to profit or loss:  |      |                 |                    |                     |                      |   |   |   |  |                 |
| Net change in fair value of debt securities at FVOCI   |      | -               | -                  | -                   | -                    | -   | 221,627,875   | -                                       | -  | 221,627,875     |
| Net movement in cumulative translation adjustment  |      | -               | -                  | -                   | -                    | -   | -   | (6,336,401)                             | -  | (6,336,401)     |
| Net change in fair value of debt securities at FVOCI taken to profit or loss                           |      | -               | -                  | -                   | -                    | -   | (2,518,376)   | -                                       | -  | (2,518,376)     |
| Share in other comprehensive loss of associate   |      | -               | -                  | -                   | -                    | -   | -   | -                                       | 2,217  | 2,217           |
| Total comprehensive income for the period  |      | -               | -                  | -                   | 866,786,488          | -   | 219,639,499   | (6,336,401)                             | 2,217  | 1,080,091,803   |
| Transaction within equity:   |      |                 |                    |                     |                      |   |   |   |  |                 |
| Transfer from surplus reserves   |      | -               | -                  | (7,222,388)         | 7,222,388            | -   | -   | -                                       | -  | -               |
| Transfer of gain on equity securities at FVOCI realized through disposal                               | 10   | -               | -                  | -                   | 630,000              | -   | (630,000)   | -                                       | -  | -               |
|  |      | -               | -                  | (7,222,388)         | 7,852,388            | -   | (630,000)   | -                                       | -  | -               |
| Balance as at March 31, 2025   |      | P18,196,805,900 | P7,229,275,360     | P1,161,823,168      | P8,376,281,566       | (P331,673,141)  | (P315,752,186)  | (P1,575,418)                            | (P5,026,195)   | P34,310,159,054 |

Forward

|  | Note | Capital Stock   | Paid-in Surplus | Surplus Reserves | Retained Earnings | Remeasurement Losses on Retirement Liability | Net Unrealized Losses on Financial Assets at FVOCI (Note 10) | Cumulative Translation Adjustment | Share in Other Comprehensive Loss of an Associate | Total Equity    |
|--|------|-----------------|-----------------|------------------|-------------------|--|--|-----------------------------------|---|-----------------|
| Balance as at December 31, 2023  |      | P18,196,805,900 | P7,229,275,360  | P1,095,004,461   | P5,123,378,774    | (P365,718,897)                               | (P421,192,531)   | (P1,742,206)                      | (P4,537,968)                                      | P30,851,272,893 |
| Net income for the period  |      | -               | -               | -                | 769,178,245       | -  | -  | -                                 | -   | 769,178,245     |
| Other comprehensive income (loss) for the period:  |      |                 |                 |                  |                   |  |  |                                   |   |                 |
| 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) |      | -               | -               | -                | -                 | -  | 3,740,253  | -                                 | -   | 3,740,253       |
| Items that may be reclassified to profit or loss:  |      |                 |                 |                  |                   |  |  |                                   |   |                 |
| Net change in fair value of debt securities at FVOCI   |      | -               | -               | -                | -                 | -  | (121,613,798)  | -                                 | -   | (121,613,798)   |
| Net movement in cumulative translation adjustment  |      | -               | -               | -                | -                 | -  | -  | 2,574,444                         | -   | 2,574,444       |
| Net change in fair value of debt securities at FVOCI taken to profit or loss                           |      | -               | -               | -                | -                 | -  | -  | -                                 | -   | -               |
| Share in other comprehensive loss of associate   |      | -               | -               | -                | -                 | -  | -  | -                                 | (503,547)   | (503,547)       |
| Total comprehensive income for the period  |      | -               | -               | -                | 769,178,245       | -  | (117,873,545)  | 2,574,444                         | (503,547)   | 653,375,597     |
| Transaction within equity:   |      |                 |                 |                  |                   |  |  |                                   |   |                 |
| Transfer to surplus reserves   |      | -               | -               | 50,273,260       | (50,273,260)      | -  | -  | -                                 | -   | -               |
| Transfer of gain on equity securities at FVOCI realized through disposal                               | 10   | -               | -               | -                | 6,903,000         | -  | (6,903,000)  | -                                 | -   | -               |
|  |      | -               | -               | 50,273,260       | (43,370,260)      | -  | (6,903,000)  | -                                 | -   | -               |
| Balance as at March 31, 2024   |      | P18,196,805,900 | P7,229,275,360  | P1,145,277,721   | P5,849,186,759    | (P365,718,897)                               | (P545,969,076)   | P832,238                          | (P5,041,515)                                      | P31,504,648,490 |

See Notes to Interim Condensed Financial Statements.

**BANK OF COMMERCE**  
**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**

|  | <b>Three Months Ended March 31</b> |                  |
|--|------------------------------------|------------------|
|  | <b>2025</b>                        | <b>2024</b>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                    |                  |
| Income before income tax expense   | <b>P1,136,349,556</b>              | P1,012,678,357   |
| Adjustments for:   |                                    |                  |
| Interest expense on bonds payable  | <b>255,476,885</b>                 | 103,562,402      |
| Depreciation and amortization  | <b>160,025,712</b>                 | 142,990,028      |
| Gain on foreclosure and sale of property and equipment and foreclosed assets - net               | <b>(144,941,052)</b>               | (79,600,255)     |
| Provision for credit and impairment losses   | <b>65,056,765</b>                  | 28,653,804       |
| Unrealized gains on financial assets and liabilities at fair value through profit or loss (FVPL) | <b>(51,835,048)</b>                | (592,658)        |
| Amortization of software costs   | <b>32,838,072</b>                  | 16,961,636       |
| Interest expense on lease liabilities  | <b>10,331,194</b>                  | 9,399,075        |
| Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)        | <b>(2,518,376)</b>                 | -                |
| Share in net loss of associate   | <b>170,336</b>                     | 304,387          |
| Miscellaneous income   | <b>(96,521)</b>                    | (128,563)        |
| Changes in operating assets and liabilities:   |                                    |                  |
| Decrease (increase) in:  |                                    |                  |
| Interbank loans receivables  | <b>(1,409,436)</b>                 | (131,917,352)    |
| Financial assets at FVPL   | <b>(3,431,589,027)</b>             | (1,311,323,440)  |
| Loans and receivables  | <b>(2,356,319,767)</b>             | (8,248,051,394)  |
| Other assets   | <b>(57,043,109)</b>                | (139,760,838)    |
| Increase (decrease) in:  |                                    |                  |
| Deposit liabilities  | <b>(23,116,746,030)</b>            | 145,905,334      |
| Manager's checks   | <b>259,278,512</b>                 | (539,386,544)    |
| Accrued interest, taxes and other expenses   | <b>(71,701,500)</b>                | (195,365,234)    |
| Other liabilities  | <b>(5,386,929,205)</b>             | (61,769,108)     |
| Net cash absorbed by operations  | <b>(32,701,602,039)</b>            | (9,247,440,363)  |
| Income taxes paid  | <b>(201,197,990)</b>               | (192,252,513)    |
| Net cash used in operating activities  | <b>(32,902,800,029)</b>            | (9,439,692,876)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |                  |
| Proceeds from sale or redemption of:   |                                    |                  |
| Investment securities at amortized cost  | <b>41,116,750,000</b>              | 51,907,730,000   |
| Financial assets at FVOCI  | <b>940,041,627</b>                 | -                |
| Investment properties  | <b>281,178,323</b>                 | 40,180,069       |
| Property and equipment   | <b>13,240,642</b>                  | 13,548,548       |
| Additions to:  |                                    |                  |
| Investment securities at amortized cost  | <b>(48,419,935,077)</b>            | (47,985,292,558) |
| Financial assets at FVOCI  | <b>(3,409,058,842)</b>             | (3,414,438,390)  |
| Property and equipment   | <b>(38,808,741)</b>                | (102,813,798)    |
| Software costs   | <b>(20,640,631)</b>                | (27,019,928)     |
| Investment properties  | <b>(8,333,701)</b>                 | (737,528)        |
| Net cash provided by (used in) investing activities  | <b>(9,545,566,400)</b>             | 431,156,415      |

*Forward*

|   | <b>Three Months Ended March 31</b> |                 |
|---|------------------------------------|-----------------|
|   | <b>2024</b>                        | <b>2024</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |                                    |                 |
| Issuance of bonds payable   | <b>P17,837,609,248</b>             | P -             |
| Proceeds from bills payable   | <b>844,591,338</b>                 | -               |
| Payment of interest on bonds  | <b>(123,592,978)</b>               | (94,243,128)    |
| Payment of lease liability  | <b>(63,831,589)</b>                | (60,176,947)    |
| Net cash provided by (used in) financing activities                         | <b>18,494,776,019</b>              | (154,420,075)   |
| <b>EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>     |                                    |                 |
|   | <b>(6,349,051)</b>                 | 2,581,322       |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                            |                                    |                 |
|   | <b>(23,959,939,461)</b>            | (9,160,375,214) |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                       |                                    |                 |
| Cash and other cash items   | <b>4,244,123,801</b>               | 3,500,645,345   |
| Due from Bangko Sentral ng Pilipinas  | <b>47,919,926,114</b>              | 24,275,195,629  |
| Due from other banks  | <b>3,819,900,855</b>               | 1,055,497,093   |
| Interbank loans receivable and securities purchased under resale agreements | <b>3,449,297,350</b>               | 20,114,496,080  |
|   | <b>59,433,248,120</b>              | 48,945,834,147  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                             |                                    |                 |
| Cash and other cash items   | <b>4,105,647,253</b>               | 3,054,975,091   |
| Due from Bangko Sentral ng Pilipinas  | <b>22,333,222,697</b>              | 24,907,267,217  |
| Due from other banks  | <b>3,718,849,198</b>               | 863,920,625     |
| Interbank loans receivable and securities purchased under resale agreements | <b>5,315,589,511</b>               | 10,959,296,000  |
|   | <b>P35,473,308,659</b>             | P39,785,458,933 |
| <b>CASH FLOWS FROM INTEREST AND DIVIDENDS</b>                               |                                    |                 |
| <b>Operating Activities</b>   |                                    |                 |
| Interest received   | <b>P3,707,384,256</b>              | P3,266,342,560  |
| Interest paid   | <b>850,412,765</b>                 | 929,155,090     |
| Dividends received  | <b>-</b>                           | 1,382,016       |
| <b>Financing Activities</b>   |                                    |                 |
| Interest paid   | <b>P133,924,171</b>                | P103,642,203    |

*See Notes to Interim Condensed Financial Statements.*

**BANK OF COMMERCE**  
**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

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**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. On August 11, 2022, the SEC approved the application of the Bank to act as underwriter of securities engaged in dealing government securities. On October 24, 2022, the Bank received from the BSP the Certificate of Authority to Operate as a Universal Bank dated October 4, 2022. On November 2, 2022, the Bank officially started operations as a universal bank.

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, including the Head Office, as at March 31, 2025 and December 31, 2024.

San Miguel Properties, Inc. (SMPI) and San Miguel Corporation Retirement Plan (SMCRP) hold 31.91% and 30.84% ownership of the Bank's issued common shares, respectively, as at March 31, 2025 and December 31, 2024. 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 March 31, 2025 and December 31, 2024.

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.

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## 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, 2024 (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 (PFRS) Accounting Standards. 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 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.

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### 3. Material 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, 2024, except for the adoption of the following amended standard, which became effective beginning January 1, 2025. Unless otherwise indicated, the adoption of this amended standard did not have an impact on the interim condensed 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.

- *Lack of Exchangeability*, Amendment to PAS 21, *The Effects of Changes in Foreign Exchange Rates*

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### 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 as at and for the year ended December 31, 2024.

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### 5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2024 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 March 31, 2025. 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 2024 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), Executive Committee, Corporate Governance Committee, Related Party Transactions Committee (RPTCom), Audit Committee and management committees and independent units such as Senior Executive Team (SET), 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 BROOC 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 automated teller machines.

### 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 BROOC. 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; USD Secured Overnight Financing Rates 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 in 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 BROCO 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.

Non-maturing fixed-rate deposits or current-savings accounts (CASA) are split into three classifications: 1) stable and core deposits; 2) stable-but-non-core deposits and; 3) non-stable deposits. The volatile or non-stable portion of the non-maturing deposits/CASA is slotted in the shortest time-bucket (i.e., less than one month). Stable-but-non-core portion is slotted based on an assumed repricing approximation. Stable-and-core portion is slotted in the 3 to 5-year bucket. The IRRBB model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario of the model simulates the impact of interest rate movements on existing loans and deposits. More (less) prepayment is expected if interest rates decline (increase), while more (less) pre-termination is expected if interest rates increase (decrease).

Earnings at risk is simulated on a monthly basis and subject to a limit approved by the Board. The report is also accompanied by stress testing with scenarios such as: 1) standard parallel yield curve shifts; 2) BSP-prescribed yield curve shifts; 3) steepening and inversion of the curves; and 4) timing mismatch in assets and liabilities repricing. Internal Audit conducts a regular validation of the IRRBB models and parameters in addition to the risk-based full scope audit of RSK, which includes a review and evaluation of the processes and controls, including governance and risk management activities.

### 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 for the three months ended March 31, 2025 and year ended December 31, 2024, management believes the Bank's exposure to equity price risk is considered minimal.

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## 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:

*Cash and Other Cash Items, 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 USD Secured Overnight Financing 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 USD Secured Overnight Financing 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.

*Bonds and Bills Payable* - For long-term bonds and bills payable, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and USD Secured Overnight Financing Rates) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term bonds and bills payable approximate fair value.

*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):

|  | March 31, 2025 (Unaudited) |             |             |              | Total Fair Value |
|--|----------------------------|-------------|-------------|--------------|------------------|
|  | Carrying Value             | Level 1     | Level 2     | Level 3      |                  |
| <b>Assets Measured at Fair Value</b>                   |                            |             |             |              |                  |
| <i>Financial Assets</i>                                |                            |             |             |              |                  |
| Financial assets at FVPL:                              |                            |             |             |              |                  |
| Government securities held for trading                 | P6,288,606                 | P5,324,454  | P964,152    | P -          | P6,288,606       |
| Derivative assets                                      | 45,123                     | -           | 45,123      | -            | 45,123           |
| Private debt securities                                | -                          | -           | -           | -            | -                |
| Financial assets at FVOCI:                             |                            |             |             |              |                  |
| Government securities                                  | 21,731,059                 | 14,835,261  | 6,895,798   | -            | 21,731,059       |
| Equity securities                                      | 42,207                     | 2,300       | -           | 39,907       | 42,207           |
|  | P28,106,995                | P20,162,015 | P7,905,073  | P39,907      | P28,106,995      |
| <b>Liabilities Measured at Fair Value</b>              |                            |             |             |              |                  |
| <i>Financial Liabilities</i>                           |                            |             |             |              |                  |
| Derivative liabilities                                 | P19,885                    | P -         | P19,885     | P -          | P19,885          |
| <b>Assets for which Fair Values are Disclosed</b>      |                            |             |             |              |                  |
| <i>Financial Assets</i>                                |                            |             |             |              |                  |
| Investment securities at amortized cost:               |                            |             |             |              |                  |
| Government securities                                  | P41,788,848                | P20,025,308 | P21,111,201 | P -          | P41,136,509      |
| Private debt securities                                | 2,124,948                  | 265,575     | 1,708,811   | -            | 1,974,386        |
| Loans and receivables:                                 |                            |             |             |              |                  |
| Receivables from customers                             | 136,806,681                | -           | -           | 139,228,981  | 139,228,981      |
| Less unearned interest                                 | 70,917                     | -           | -           | 70,917       | 70,917           |
|  | 136,735,764                | -           | -           | 139,158,064  | 139,158,064      |
| Sales contract receivables                             | 269,235                    | -           | -           | 281,224      | 281,224          |
|  | 180,918,795                | 20,290,883  | 22,820,012  | 139,439,288  | 182,550,183      |
| <i>Non-financial Assets</i>                            |                            |             |             |              |                  |
| Investment properties                                  | 3,858,258                  | -           | -           | 10,514,046   | 10,514,046       |
|  | P184,777,053               | P20,290,883 | P22,820,012 | P149,953,334 | P193,064,229     |
| <b>Liabilities for which Fair Values are Disclosed</b> |                            |             |             |              |                  |
| <i>Financial Liabilities</i>                           |                            |             |             |              |                  |
| Deposit liabilities:                                   |                            |             |             |              |                  |
| Time   | P16,281,054                | P -         | P16,267,665 | P -          | P16,267,665      |
| Long-term negotiable certificates                      | 5,029,420                  | -           | 5,029,420   | -            | 5,029,420        |
| Bonds payable  | 24,388,207                 | -           | 24,503,101  | -            | 24,503,101       |
|  | P45,698,681                | P -         | P45,800,186 | P -          | P45,800,186      |

|  | December 31, 2024 (Audited) |            |             |              | Total Fair Value |
|--|-----------------------------|------------|-------------|--------------|------------------|
|  | Carrying Value              | Level 1    | Level 2     | Level 3      |                  |
| <b>Assets Measured at Fair Value</b>                   |                             |            |             |              |                  |
| <i>Financial Assets</i>                                |                             |            |             |              |                  |
| <i>Financial assets at FVPL:</i>                       |                             |            |             |              |                  |
| Government securities held for trading                 | P2,782,361                  | P2,240,777 | P541,584    | P -          | P2,782,361       |
| Derivative assets                                      | 63,717                      | -          | 63,717      | -            | 63,717           |
| Private debt securities                                | 29,556                      | -          | -           | 29,556       | 29,556           |
| <i>Financial assets at FVOCI:</i>                      |                             |            |             |              |                  |
| Government securities                                  | 19,036,827                  | 4,092,577  | 14,944,250  | -            | 19,036,827       |
| Equity securities                                      | 41,807                      | 2,400      | -           | 39,407       | 41,807           |
|  | P21,954,268                 | P6,335,754 | P15,549,551 | P68,963      | P21,954,268      |
| <b>Liabilities Measured at Fair Value</b>              |                             |            |             |              |                  |
| <i>Financial Liabilities</i>                           |                             |            |             |              |                  |
| Derivative liabilities                                 | P45,214                     | P -        | P45,214     | P -          | P45,214          |
| <b>Assets for which Fair Values are Disclosed</b>      |                             |            |             |              |                  |
| <i>Financial Assets</i>                                |                             |            |             |              |                  |
| <i>Investment securities at amortized cost:</i>        |                             |            |             |              |                  |
| Government securities                                  | P34,461,471                 | P6,544,301 | P26,949,415 | P -          | P33,493,716      |
| Private debt securities                                | 2,150,197                   | 265,575    | 1,715,331   | -            | 1,980,906        |
| <i>Loans and receivables:</i>                          |                             |            |             |              |                  |
| Receivables from customers                             | 133,829,158                 | -          | -           | 136,682,790  | 136,682,790      |
| Less unearned interest                                 | 67,358                      | -          | -           | 67,358       | 67,358           |
|  | 133,761,800                 | -          | -           | 136,615,432  | 136,615,432      |
| Sales contract receivables                             | 278,434                     | -          | -           | 291,899      | 291,899          |
|  | 170,651,902                 | 6,809,876  | 28,664,746  | 136,907,331  | 172,381,953      |
| <i>Non-financial Assets</i>                            |                             |            |             |              |                  |
| Investment properties                                  | 3,992,770                   | -          | -           | 10,656,631   | 10,656,631       |
|  | P174,644,672                | P6,809,876 | P28,664,746 | P147,563,962 | P183,038,584     |
| <b>Liabilities for which Fair Values are Disclosed</b> |                             |            |             |              |                  |
| <i>Financial Liabilities</i>                           |                             |            |             |              |                  |
| <i>Deposit liabilities:</i>                            |                             |            |             |              |                  |
| Time   | P17,916,073                 | P -        | P17,898,536 | P -          | P17,898,536      |
| Long-term negotiable certificates                      | 5,029,420                   | -          | 5,029,420   | -            | 5,029,420        |
| Bonds payable  | 6,534,448                   | -          | 6,569,750   | -            | 6,569,750        |
|  | P29,479,941                 | P -        | P29,497,706 | P -          | P29,497,706      |

In 2025 and 2024, 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 FVOCI, with carrying amounts of P451.1 million and P113.3 million, respectively, in 2025, and P0.5 million and P4.8 billion in 2024 were transferred from Level 1 to Level 2 of the fair value hierarchy.

In 2025, securities at FVPL and FVOCI, with carrying amount of P350.9 million and P8.6 billion, respectively, were transferred from Level 2 to Level 1 of the fair value hierarchy since quoted prices in active markets were already available. In 2024, securities at FVPL and FVOCI, with carrying amount of P141.6 million and P56.6 million, respectively, were transferred from Level 2 to Level 1 of the fair value hierarchy.

In 2025 and 2024, 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 March 31, 2025 and December 31, 2024.

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## 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 SET who is responsible for allocating resources to the segments and assessing their performance. Segment performance is evaluated based on net income before provision/reversal of credit and impairment losses, share in net loss of an associate and income tax expense. 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 Investment Banking, 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 three months ended March 31, 2025 and 2024 for statement of income items, and as at March 31, 2025 and December 31, 2024 for statement of financial position items follow (amounts in millions):

|  | March 31, 2025<br>(Unaudited)   |                               |                            |                   |        | Total  |
|--|---------------------------------|-------------------------------|----------------------------|-------------------|--------|--------|
|  | Treasury<br>Management<br>Group | Corporate<br>Banking<br>Group | Branch<br>Banking<br>Group | Consumer<br>Group | Others |        |
| <b>Statement of Income</b>   |                                 |                               |                            |                   |        |        |
| Net interest income:   |                                 |                               |                            |                   |        |        |
| Third party  | P624                            | P2,194                        | (P713)                     | P308              | P77    | P2,490 |
| Intersegment   | (571)                           | (1,832)                       | 2,176                      | (236)             | 463    | -      |
| Net interest income  | 53                              | 362                           | 1,463                      | 72                | 540    | 2,490  |
| Non-interest income  | 93                              | 23                            | 23                         | 16                | 348    | 503    |
| Total revenues   | 146                             | 385                           | 1,486                      | 88                | 888    | 2,993  |
| Other expenses   | 79                              | 113                           | 579                        | 47                | 973    | 1,791  |
| Income (losses) before provision for<br>credit losses and income tax expense | P67                             | P272                          | P907                       | P41               | (P85)  | P1,202 |
| Provision for credit and impairment<br>losses                                |                                 |                               |                            |                   |        | 65     |
| Share in net loss of an associate  |                                 |                               |                            |                   |        | -      |
| Income tax expense   |                                 |                               |                            |                   |        | 270    |
| Net income   |                                 |                               |                            |                   |        | P867   |
| <b>Other Segment Information</b>   |                                 |                               |                            |                   |        |        |
| Capital expenditures   | P2                              | P1                            | P15                        | P1                | P9     | P28    |
| Depreciation and amortization  | P1                              | P1                            | P23                        | P2                | P133   | P160   |

  

|  | March 31, 2025<br>(Unaudited)   |                               |                            |                   |         | Total    |
|--|---------------------------------|-------------------------------|----------------------------|-------------------|---------|----------|
|  | Treasury<br>Management<br>Group | Corporate<br>Banking<br>Group | Branch<br>Banking<br>Group | Consumer<br>Group | Others  |          |
| <b>Statement of Financial Position</b> |                                 |                               |                            |                   |         |          |
| Total assets                           | P88,718                         | P123,699                      | P18,195                    | P16,091           | P10,376 | P257,079 |
| Total Liabilities                      | 23,076                          | 200                           | 193,357                    | 206               | 5,930   | 222,769  |

  

|  | March 31, 2024<br>(Unaudited)   |                               |                            |                   |        | Total  |
|--|---------------------------------|-------------------------------|----------------------------|-------------------|--------|--------|
|  | Treasury<br>Management<br>Group | Corporate<br>Banking<br>Group | Branch<br>Banking<br>Group | Consumer<br>Group | Others |        |
| <b>Statement of Income</b>   |                                 |                               |                            |                   |        |        |
| Net interest income:   |                                 |                               |                            |                   |        |        |
| Third party  | P874                            | P1,871                        | (P782)                     | P255              | P33    | P2,251 |
| Intersegment   | (739)                           | (1,555)                       | 2,127                      | (185)             | 352    | -      |
| Net interest income  | 135                             | 316                           | 1,345                      | 70                | 385    | 2,251  |
| Non-interest income  | 28                              | 17                            | 22                         | 9                 | 322    | 398    |
| Total revenues   | 163                             | 333                           | 1,367                      | 79                | 707    | 2,649  |
| Other expenses   | 77                              | 92                            | 534                        | 43                | 861    | 1,607  |
| Income (losses) before provision for<br>credit losses and income tax expense | P86                             | P241                          | P833                       | P36               | (P154) | P1,042 |
| Reversal of credit and impairment losses                                     |                                 |                               |                            |                   |        | 29     |
| Share in net loss of an associate  |                                 |                               |                            |                   |        | -      |
| Income tax expense   |                                 |                               |                            |                   |        | 244    |
| Net income   |                                 |                               |                            |                   |        | P769   |
| <b>Other Segment Information</b>   |                                 |                               |                            |                   |        |        |
| Capital expenditures   | P1                              | P3                            | P28                        | P5                | P64    | P101   |
| Depreciation and amortization  | -                               | -                             | P19                        | P1                | P123   | P143   |

  

|  | December 31, 2024<br>(Audited)  |                               |                            |                   |         | Total    |
|--|---------------------------------|-------------------------------|----------------------------|-------------------|---------|----------|
|  | Treasury<br>Management<br>Group | Corporate<br>Banking<br>Group | Branch<br>Banking<br>Group | Consumer<br>Group | Others  |          |
| <b>Statement of Financial Position</b> |                                 |                               |                            |                   |         |          |
| Total assets                           | P96,833                         | P121,696                      | P21,561                    | P15,249           | P10,101 | P265,440 |
| Total Liabilities                      | 9,284                           | 353                           | 211,233                    | 160               | 11,180  | 232,210  |

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, management and professional fees, amortization of software costs, and miscellaneous expense.

## 8. Interbank Loans Receivable and Securities Purchased under Resale Agreements

This account consists of:

|                                  | <b>March 31,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|----------------------------------|---|-----------------------------------|
| Interbank loans receivable       | <b>P4,877,521,274</b>                     | P3,587,849,088                    |
| SPURA                            | <b>578,029,411</b>                        | -                                 |
|                                  | <b>5,455,550,685</b>                      | 3,587,849,088                     |
| Less allowance for credit losses | <b>736,499</b>                            | 484,360                           |
|                                  | <b>P5,454,814,186</b>                     | P3,587,364,728                    |

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 and Liabilities at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

|  | <b>March 31,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|--|---|-----------------------------------|
| Government securities held-for-trading | <b>P6,288,606,002</b>                     | P2,782,360,563                    |
| Derivative assets                      | <b>45,123,247</b>                         | 63,717,369                        |
| Private debt securities                | -   | 29,555,862                        |
|  | <b>P6,333,729,249</b>                     | P2,875,633,794                    |

As at March 31, 2025 and December 31, 2024, financial assets and liabilities at FVPL are adjusted for unrealized gain of P51.8 million and unrealized loss of P1.0 million, respectively.

### Derivative Financial Instruments

This includes warrants amounting to \$0.05 million 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 March 31, 2025, these pertain to one contract with notional amount of \$2.0 million, one contract with notional amount of \$3.0 million, 11 contracts with notional amount of \$5.0 million each, and four contracts with notional amount of \$10.0 million each. The Bank has 13 contracts with notional amount of \$5 million each and three contracts with notional amount of \$10 million each as at December 31, 2024.

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. The notional amount is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amount indicates the volume of transactions outstanding as at March 31, 2025 and December 31, 2024 and is not indicative of either market risk or credit risk.

|                           | March 31, 2025<br>(Unaudited) |                     | December 31, 2024<br>(Audited) |                    |
|---------------------------|-------------------------------|---------------------|--------------------------------|--------------------|
|                           | Derivative<br>Assets          | Notional<br>Amount  | Derivative<br>Assets           | Notional<br>Amount |
| Freestanding derivatives: |                               |                     |                                |                    |
| Warrants                  | P28,605,000                   | \$50,000            | P28,922,500                    | \$50,000           |
| Forwards                  | 16,518,247                    | 45,000,000          | 34,794,869                     | 50,000,000         |
|                           | <b>P45,123,247</b>            | <b>\$45,050,000</b> | P63,717,369                    | \$50,050,000       |

  

|                           | March 31, 2025<br>(Unaudited) |                     | December 31, 2024<br>(Audited) |                    |
|---------------------------|-------------------------------|---------------------|--------------------------------|--------------------|
|                           | Derivative<br>Liabilities     | Notional<br>Amount  | Derivative<br>Liabilities      | Notional<br>Amount |
| Freestanding derivatives: |                               |                     |                                |                    |
| Forwards                  | P19,063,061                   | \$55,000,000        | P45,214,075                    | \$45,000,000       |
| Bond futures              | 822,394                       | 2,000,000           | -                              | -                  |
|                           | <b>P19,885,455</b>            | <b>\$57,000,000</b> | P45,214,075                    | \$45,000,000       |

## 10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

|                       | March 31,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|-----------------------|----------------------------------|-----------------------------------|
| Government securities | P21,731,059,068                  | P19,036,826,434                   |
| Equity securities     | 42,207,183                       | 41,807,401                        |
|                       | <b>P21,773,266,251</b>           | P19,078,633,835                   |

As at March 31, 2025 and December 31, 2024, the expected credit loss (ECL) allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P2.1 million and P1.9 million, respectively.

### Net Unrealized Losses on Financial Assets at FVOCI

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

|   | <b>March 31,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|---|---|-----------------------------------|
| Balance at beginning of year                            | <b>(P534,761,685)</b>                     | (P421,192,531)                    |
| Net unrealized gains (losses) recognized as OCI         | <b>225,616,023</b>                        | (29,535,641)                      |
| Effect of tax   | <b>(3,654,025)</b>                        | (946,234)                         |
| ECL on debt securities at FVOCI                         | <b>195,877</b>                            | 838,797                           |
| Realized gains taken to profit or loss                  | <b>(2,518,376)</b>                        | (1,623,076)                       |
| Net change in unrealized gains (losses) recorded in OCI | <b>219,639,499</b>                        | (31,266,154)                      |
| Realized gains taken to retained earnings               | <b>(630,000)</b>                          | (82,303,000)                      |
| Balance at end of period                                | <b>(P315,752,186)</b>                     | (P534,761,685)                    |

### 11. Investment Securities at Amortized Cost

This account consists of:

|                                  | <b>March 31,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|----------------------------------|---|-----------------------------------|
| Government securities            | <b>P41,793,915,167</b>                    | P34,465,484,615                   |
| Private debt securities          | <b>2,125,182,826</b>                      | 2,150,432,619                     |
|                                  | <b>43,919,097,993</b>                     | 36,615,917,234                    |
| Less allowance for credit losses | <b>5,301,870</b>                          | 4,248,853                         |
|                                  | <b>P43,913,796,123</b>                    | P36,611,668,381                   |

No investment securities at amortized cost were sold in 2025 and 2024.

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## 12. Loans and Receivables

This account consists of:

|  | March 31,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|--|----------------------------------|-----------------------------------|
| Receivables from customers:                      |                                  |                                   |
| Term loans                                       | <b>P105,752,525,960</b>          | P102,819,507,055                  |
| Agri-agra loans                                  | <b>12,906,457,816</b>            | 13,757,055,407                    |
| Housing loans                                    | <b>10,135,948,001</b>            | 9,564,719,568                     |
| Auto loans                                       | <b>5,364,211,843</b>             | 5,079,022,446                     |
| Bills purchased, import bills and trust receipts | <b>1,363,915,251</b>             | 1,227,464,415                     |
| Direct advances                                  | <b>331,341,478</b>               | 364,009,899                       |
| Others   | <b>2,687,962,030</b>             | 2,668,785,562                     |
|  | <b>138,542,362,379</b>           | 135,480,564,352                   |
| Less unearned interest income                    | <b>70,917,105</b>                | 67,358,184                        |
|  | <b>138,471,445,274</b>           | 135,413,206,168                   |
| Accrued interest receivable:                     |                                  |                                   |
| Loans and receivables                            | <b>992,279,546</b>               | 1,065,846,459                     |
| Trading and investment securities                | <b>608,679,742</b>               | 665,093,026                       |
| Due from BSP and other banks                     | <b>2,230,333</b>                 | 20,766,667                        |
| Interbank loans receivable and SPURA             | <b>718,841</b>                   | 2,181,497                         |
| Accounts receivable                              | <b>963,852,209</b>               | 1,573,836,315                     |
| Sales contract receivables                       | <b>325,567,267</b>               | 334,864,748                       |
| Unquoted debt securities                         | <b>291,578,216</b>               | 291,578,217                       |
| RCOCI  | <b>19,257,334</b>                | 5,152,412                         |
|  | <b>141,675,608,762</b>           | 139,372,525,509                   |
| Less allowance for credit losses                 | <b>2,934,555,661</b>             | 2,867,185,128                     |
|  | <b>P138,741,053,101</b>          | P136,505,340,381                  |

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" in the statements of financial position amounting to P957.4 million and P825.8 million as at March 31, 2025 and December 31, 2024, respectively.

As at March 31, 2025 and December 31, 2024, the non-performing loans of the Bank amounted to P1.88 billion and P1.69 billion, respectively. Gross and net NPL ratios of the Bank are 1.36% and 0.50%, respectively, as at March 31, 2025 and 1.25% and 0.53%, respectively, as at December 31, 2024.

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## 13. Bills Payable

As at March 31, 2025, short-term borrowings from securities sold under repurchase agreements (SSURA) amounted to P844.6 million. There were no short-term borrowings from local banks as at March 31, 2025. As at December 31, 2024, there were no short-term borrowings from local banks and no financial assets pledged and transferred under SSURA transactions.

As at March 31, 2025, the carrying and fair value of foreign currency-denominated financial assets at amortized cost pledged and transferred under SSURA transactions amounted to P1.1 billion and P1.0 billion, respectively.

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## 14. Bonds Payable

On February 19, 2025, the dual-tranche fixed rate bonds due 2027 (Series C Bonds) and fixed rate bonds due 2030 (Series D Bonds), which were issued as the third tranche of the Bank's increased P50.0 billion Peso Bond Programme, were listed on the Philippine Dealing and Exchange Corporation. Series C Bonds and Series D Bonds, with face value of P10.0 billion and P8.0 billion, respectively, are due on February 19, 2027 and May 19, 2030, respectively. The bonds were priced at par with coupon rate of 6.1942% for Series C Bonds and 6.3494% for Series D Bonds payable on a quarterly basis.

Interest expense on bonds payable amounted to P255.5 million and P103.6 million for the three months ended March 31, 2025 and 2024, respectively. As at March 31, 2025 and December 31, 2024, unamortized bond transaction costs amounted to P181.5 million and P35.3 million, respectively.

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## 15. 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.

As at March 31, 2025 and December 31, 2024, DOSRI loans of the Bank amounted to P0.03 million and P0.06 million, respectively.

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## 16. 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 March 31, 2025 and December 31, 2024:

|  | <b>March 31,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|--|---|-----------------------------------|
| <b>Contingent assets:</b>                                |   |                                   |
| Future/spot exchange bought                              | <b>P4,814,574,306</b>                     | P3,412,855,000                    |
| Fixed income securities purchased                        | <b>183,142,726</b>                        | 25,619,362                        |
|  | <b>P4,997,717,032</b>                     | P3,438,474,362                    |
| <b>Commitments and contingent liabilities:</b>           |   |                                   |
| Trust department accounts                                | <b>P65,689,225,067</b>                    | P72,733,928,823                   |
| Committed credit line                                    | <b>15,365,999,835</b>                     | 15,658,499,835                    |
| Future/spot exchange sold                                | <b>5,757,126,541</b>                      | 3,962,382,500                     |
| Credit card lines  | <b>4,148,772,090</b>                      | 3,866,333,335                     |
| Unused commercial letters of credit                      | <b>3,877,408,962</b>                      | 10,207,552,133                    |
| Outstanding guarantees                                   | <b>3,157,496,341</b>                      | 2,229,592,892                     |
| Fixed income securities sold                             | <b>1,026,875,691</b>                      | 25,619,362                        |
| Retirement obligations                                   | <b>154,519,260</b>                        | 154,519,260                       |
| Late deposits/payments received                          | <b>44,685,970</b>                         | 59,173,307                        |
| Inward Bills For Collection-Domestic                     | <b>6,726,168</b>                          | 1,272,590                         |
| Items held for safekeeping/securities held as collateral | <b>60,231</b>                             | 64,100                            |
|  | <b>P99,228,896,156</b>                    | P108,898,938,137                  |

Retirement obligations pertain to the estimated impact of the amendments to the Bank's retirement plan on past service cost, subject to certain conditions.

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

The assets pledged by the Bank are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified in the statements of financial position as pledged collateral. The pledged assets will be returned to the Bank when the underlying transaction is terminated but, in the event of the Bank's default, the counterparty is entitled to apply the collateral in order to settle the liability.

As at March 31, 2025, the carrying and fair value of assets pledged by the Bank to secure outstanding liabilities amounted to P1.1 billion and P1.0 billion, respectively. The related liability and expense amounted to P844.6 million and P1.6 million, respectively, as at March 31 2025. No asset is being pledged by the Bank to secure outstanding liabilities December 31, 2024.

## 17. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

|  | Three Months Ended March 31<br>(Unaudited) |               |
|--|--|---------------|
|  | 2025                                       | 2024          |
| a. Net income  | <b>P866,786,488</b>                        | P769,178,245  |
| b. Dividends on preferred shares*                          | <b>68,750,001</b>                          | 55,000,000    |
| c. Net income to equity holders of the Bank                | <b>798,036,487</b>                         | 714,178,245   |
| d. Weighted average number of<br>outstanding common shares | <b>1,403,013,920</b>                       | 1,403,013,920 |
| e. Basic earnings per share (c/d)                          | <b>P0.57</b>                               | P0.51         |

\* 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:

|   | Three Months Ended March 31<br>(Unaudited) |               |
|---|--|---------------|
|   | 2025                                       | 2024          |
| a. Net income to equity holders of the Bank   | <b>P866,786,488</b>                        | P769,178,245  |
| b. Weighted average number of<br>outstanding common shares and dilutive<br>preferred shares |  |               |
| Outstanding common shares   | <b>1,403,013,920</b>                       | 1,403,013,920 |
| Potential common shares from assumed<br>conversion of preferred shares                      | <b>416,666,670</b>                         | 416,666,670   |
| c. Total weighted average common shares   | <b>1,819,680,590</b>                       | 1,819,680,590 |
| d. Diluted earnings per share (a/c)   | <b>P0.48</b>                               | P0.42         |

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

|   | Three Months Ended March 31<br>(Unaudited) |       |
|---|--|-------|
|   | 2025                                       | 2024  |
| Return on average equity                      | <b>10.27%</b>                              | 9.87% |
| Return on average assets                      | <b>1.33%</b>                               | 1.33% |
| Net interest margin on average earning assets | <b>4.24%</b>                               | 4.46% |

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**18. Other Matters**

Other than the disclosures enumerated above, the Bank has no significant matters to report on the following during the quarter ended March 31, 2025:

- 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 cyclicalities of interim operations;
- Issuances, repurchases, and repayments of debt and equity securities except for the issuance of the Series C Bonds and Series D Bonds with face value of P10.0 billion and P8.0 billion, respectively, as discussed in Note 14; and
- Any material commitments for capital expenditures.

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

|   | <b>March 31, 2025</b> | December 31, 2024 |
|---|-----------------------|-------------------|
| Current ratio                           | <b>0.67</b>           | 0.56              |
| Acid test ratio                         | <b>0.66</b>           | 0.55              |
| Debt-to-equity ratio                    | <b>6.49</b>           | 6.99              |
| Asset-to-equity ratio                   | <b>7.49</b>           | 7.99              |
| Debt-to-asset ratio                     | <b>0.87</b>           | 0.87              |
| Loans to deposit Ratio                  | <b>0.74</b>           | 0.64              |
| Non-performing loans ratio - Gross (%)* | <b>1.35</b>           | 1.25              |
| Non-performing loans ratio - Net (%)*   | <b>0.50</b>           | 0.49              |
| Non-performing loan (NPL) cover (%)     | <b>92.34</b>          | 97.47             |
| Capital Adequacy Ratio (%)              | <b>17.80</b>          | 17.58             |

|                              | <b>March 31, 2025</b> | March 31, 2024 |
|------------------------------|-----------------------|----------------|
| Return on average assets (%) | <b>1.33</b>           | 1.33           |
| Return on average equity (%) | <b>10.27</b>          | 9.87           |
| Net interest margin (%)      | <b>4.24</b>           | 4.46           |
| Net profit margin (%)        | <b>28.96</b>          | 29.03          |
| Cost to income ratio         | <b>0.60</b>           | 0.61           |
| Interest rate coverage ratio | <b>2.10</b>           | 2.04           |
| Solvency ratio               | <b>0.02</b>           | 0.02           |

\*Calculated based on BSP Circulars 941 and 1011.

**BANK OF COMMERCE**  
**AGING OF ACCOUNTS RECEIVABLE**  
**AS OF MARCH 31, 2025**  
*(in thousands)*

| <b>No. of Days Outstanding</b>      | <b>Amount</b>    |
|-------------------------------------|------------------|
| 0 to 30 days                        | P 280,041        |
| 31 to 60 days                       | 18,970           |
| 61 to 90 days                       | 19,845           |
| 91 to 360 days                      | 60,501           |
| above 360 days                      | 584,495          |
| Accounts Receivable - Gross         | 963,852          |
| Less: Allowance for Probable Losses | 688,172          |
| <b>Accounts Receivable - Net</b>    | <b>P 275,680</b> |

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS**

### ***Statement of Income for the period ended March 31, 2025 vs March 31, 2024***

For the quarter ended March 31, 2025, Bank of Commerce posted a net income of ₱866.79 million, up 12.69% from the ₱769.18 million in the same period in 2024. The Bank delivered growth across various revenue streams: net interest income, trading securities and foreign exchange gains.

The first quarter results showcase the Bank's sustained momentum and robust performance of its core businesses. This also translated to a return on equity (ROE) of 10.27%, reflecting the continued execution of strategies to optimize the use of capital.

Interest income on loans and receivables, accounting for more than 80% of the total revenue, increased by 17.27% to ₱2.57 billion from the ₱2.19 billion recorded last year, supported by the increase in loan volume, mainly on the corporate aspect focused on the client rich SMC ecosystem.

Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost dropped by 8.11% from last year's ₱749.08 million to ₱688.33 million due to lower interest income from investments in government treasury bills. On the other hand, interest income on Financial Assets at fair value through profit or loss (FVTPL) significantly rose to ₱46.64 million, 8.46x last year's ₱5.52 million due to hefty gains from the Bank's various investments and treasury notes.

Interest income from Bangko Sentral ng Pilipinas and other banks declined by 26.99% to ₱80.03 million from ₱109.61 million in 2024 on the back of policy rate cuts. Similarly, interest on interbank loans receivable and SPURA decreased by 18.43% to ₱137.07 million from ₱168.04 million in the previous year.

Total interest expense grew by 6.11% from last year to ₱1.03 billion, mainly due to the increase in bonds issued. Broken down, interest expense consists of the following: 9.92% increase in interest expense on lease liabilities amounting to ₱10.33 million from ₱9.40 million; increase in the interest expense on bonds payable by 146.69% to ₱255.48 million from ₱103.56 million; increase in interest expense on bills payable by nearly 7x to ₱2.77 million from ₱0.40 million on account of the growth interest payments on deposit substitutes; partly tempered by the 11.13% decrease in interest expense on deposit liabilities to ₱764.61 million due to monetary policy rate easing.

The targeted asset deployment and prudent management of funding translated to a net interest margin (NIM) of 4.24%.

Total other income grew significantly by 26.30% from ₱398.34 million in 2024 to ₱503.09 million. The substantial growth was primarily due to favorable securities trading, foreign exchange gains and real and other properties acquired (ROPA) related revenues. The Bank was also able to generate higher trust, credit card and trade finance fees.

Trading and securities gain reached to ₱55.62 million, reflecting a ₱54.91 million increase from last year's ₱0.71 million gains. Foreign exchange gains posted ₱38.03 million, up 37.14% from the ₱27.73 million last year. The uptrend in trading and securities and foreign exchange gains resulted from the Interest Rate environment and the Bank's trading strategies.

On the other hand, service charges, fees and commissions dropped by 7.47% to ₱232.16 million from ₱250.91 million. The decrease was due to the lower underwriting fees, partly offset by higher fees generated from trust, credit card (mastercard), and trade finance.

Gains on foreclosure, and sale of property and equipment and foreclosed assets surged by 82.09% to ₱144.94 million attributable to higher revenues earned from the sale of bank owned assets. Conversely, miscellaneous income decreased by 17.90% to ₱32.34 million from ₱39.39 million in the same period last year due to the decrease in recoveries on charged-off assets, lower dividend and other income.

Total expenses, including provisions for credit and impairment losses, went up by 13.46% year-on-year to ₱1.86 billion, with the growth of the Bank's interest earning assets. Notwithstanding the rise, the cost-to-income ratio was pegged at 60%, evident of Bank's operational efficiency amid revenue expansion. Operating expenses rose on the back of the continued investment in human capital and technology as well as a higher volume of operational transactions.

Compensation registered an increase of 17.25% to ₱712.73 million, owing primarily to higher head count.

Taxes and licenses grew by 11.37% from last year to ₱320.80 million on the back of higher volume of operational transactions. Rent and utilities decreased by 3.42% to ₱169.21 million from ₱175.20 million due to the bank's cost saving initiatives on utilities, janitorial and security services, as well as repairs and maintenance.

Depreciation and amortization amounted to ₱160.03 million, 11.91% more than the ₱142.99 million last year due to its technology investments, higher depreciation expense of property, plant and equipment, and foreclosed properties held by the bank. Amortization of software costs increased from ₱16.96 million last year to ₱32.84 million due to various availed software services.

Insurance amounted to ₱99.55 million, up 9.63% from 2024, on account of higher PDIC insurance on deposits. Service fees and commissions marginally increased by 0.18% to ₱88.98 million. Subscription fees grew by 23.78% to ₱58.89 million from ₱47.58 million due to the increase in IT related subscription services.

Management and professional fees declined by 14.75% from last year's ₱22.47 million to ₱19.15 million. Meanwhile, miscellaneous expense grew by 3.53% to ₱129.41 million from ₱125.00 million due to inauguration expenses of relocated branches.

The Bank remained to be conservative in its provisioning for credit and impairment losses with a non-performing loans coverage ratio of 92.34%.

The Bank's share in the net loss of associate was recorded at ₱0.17 million for the period, compared to ₱0.30 million in 2024.

Income Tax expense amounted to ₱269.56 million, higher by 10.70% from the ₱243.50 million in the comparable period in 2024.

***Statement of Comprehensive Income for the period ended March 31, 2025 vs March 31, 2024***

The Bank posted a total comprehensive income of ₱1.08 billion, 65.31% up from the ₱653.38 million in the same period last year. This was primarily driven by the higher net income for the period and net change in net unrealized losses of debt securities at FVOCI.

***Statement of Condition as of March 31, 2025 vs. December 31, 2024***

The Bank's assets totaled at ₱257.08 billion as of March 31, 2025, moderately down by 3.15% from the ₱265.44 billion in 2024. This translated to a return on assets (ROA) of 1.33%.

Asset movements are as follows:

Cash and other cash items decreased by 3.26% amounting to ₱4.11 billion. Due from BSP decreased by 53.39% to ₱22.33 billion from ₱47.91 billion last year due to a drop in overnight deposit facility (ODF) placements. Due from other banks also decreased by 2.65% to ₱3.72 billion from ₱3.82 billion due to a reduction in foreign bank placements.

Interbank loans receivables significantly increased by 52.06% amounting to ₱5.45 billion from ₱3.59 billion due to higher foreign currency interbank loans.

Financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI), significantly increased to ₱6.33 billion and ₱21.77 billion, respectively, from ₱2.88 billion and ₱19.08 billion, attributable to additional purchases. Investment securities at amortized cost also increased to ₱43.91 billion or 19.94% from ₱36.61 billion due to the acquisition of additional government securities.

Loans and other receivables, which comprises about 54% of the total assets, posted ₱138.74 billion, 1.64% higher than the ₱136.51 billion last year driven by the growth in the lending business, mainly on the corporate aspect focused on the client rich SMC ecosystem. The loan growth resulted in a loan-to-deposit ratio of 74%. Gross non-performing loans (NPL) and net NPL ratios were at 1.35% and 0.50%, respectively, industry lows.

Property & Equipment slightly contracted to ₱1.97 billion, down by 1.42% from ₱2 billion due to disposal of various office equipment. Investment properties also decreased by 3.37% to ₱3.86 billion from ₱3.99 billion due to the decrease in ROPA and accumulated gains. Meanwhile, Investment in Associate remains almost flat at ₱34.26 million.

Deferred tax assets increased by 4.32% from last year to ₱466.32 million. Other assets inched

up by 1.09% to ₱4.38 billion from ₱4.33 billion due to an increase in booking of prepaid expenses and miscellaneous assets.

Total liabilities decreased to ₱222.77 billion as of 31 March 2025, 4.07% down from the ₱232.21 billion as of 31 December 2024.

Deposit liabilities, accounting for nearly 85% of the Bank's total liabilities, decreased by 10.90% to ₱188.89 billion from ₱212.01 billion last year. For 2025 the Bank plans to continue this with its "Accelerate Your Savings" promo Part 2 to further expand its deposit taking initiatives.

Broken down, total deposits comprised ₱167.58 billion current account and savings account (CASA), 11.36% lower than last year's ₱189.06 billion; ₱16.28 billion time deposits, 9.13% down from ₱17.92 billion in 2024; and ₱5.03 billion long-term negotiable certificates of deposit.

Financial liabilities at FVPL declined by 56.02%, amounting to ₱19.89 million owing to lower foreign exchange derivatives revaluations.

Bonds payable significantly increased to ₱24.39 billion, almost 4x the ₱6.53 last year as the Bank raised ₱18 billion from its bond issuance in 19 February 2025. This represents the third tranche of Bank's increased ₱50 billion Peso Bond Program and the proceeds will be used for the balance sheet management, diversification of funding sources, and general corporate purposes. This is by far, the largest bond issue reflecting investors' confidence in the Bank's strong fundamentals and their preference for a clear and solid business strategies.

Manager's checks increased by 18.34% to ₱1.67 billion due to a rise in stale checks. Accrued interest, taxes & other expenses also increased by 12.32%, amounting to ₱1.23 billion. Meanwhile, other liabilities significantly decreased by 48.53% to ₱5.72 billion from ₱11.11 billion due to a decline in lease liability and accounts payable for the period.

The Bank's total capital funds remained strong at ₱34.31 billion, 3.25% up from the ₱33.23 billion last year. The increase in equity was driven by the sustained performance of the bank and ploughed back earnings.

The bank's capital adequacy ratio (CAR) remained strong at 17.80%, well above the minimum regulatory requirement of 10.0%.