



Bank of Commerce

An affiliate of San Miguel Corporation



May 14, 2024

SECURITIES AND EXCHANGE COMMISSION

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

Attention : **DIRECTOR VICENTE GRACIANO P. FELIZMENIO**
Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.

5th Avenue corner 28th Street
Bonifacio Global City, Taguig

Attention : **MS. FRANCE ALEXANDRA D. TOM WONG**
Head, 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, 2024 SEC 17-Q report of Bank of Commerce.

Thank you.

Very truly yours,

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

COVER SHEET

SEC Registration Number

2 4 2 2 1

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

Annual Meeting

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

BANK OF COMMERCE

(Company's Full Name)

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

(Company's Address)

8982-6000

(Telephone Number)

December 31

(Fiscal Year Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

March 31, 2024

For the Quarterly Period Ended

(Secondary License Type and File Number)

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

1. For the quarterly period ended **March 31, 2024**
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 MANDALUYONG CITY on May 14, 2024.




BANK OF COMMERCE


Issuer

By:


ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 14 MAY 2024 day of _____ 20__ affiant(s) exhibiting to me his/their government issued ID, as follows:

Names	Identification No.	Place of Issue	Expiry Date
Antonio S. Laquindanum			


EVA Z. BANZON
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0529-23
UNTIL 31 DECEMBER 2024
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
PTR No. 5425491 / 03 JAN 2024 / MANDALUYONG CITY
IBP OR No. 332607 / 20 DEC 2023
ROLL OF ATTORNEYS NO. 62160

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BANK OF COMMERCE

INTERIM CONDENSED FINANCIAL STATEMENTS

**As of March 31, 2024 (Unaudited) and December 31, 2023 (Audited)
and for the three months ended March 31, 2024 and 2023 (Unaudited)**

BANK OF COMMERCE
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Cash and Other Cash Items		P3,054,975,091	P3,500,645,345
Due from Bangko Sentral ng Pilipinas		24,903,902,555	24,271,918,477
Due from Other Banks		863,802,520	1,055,354,600
Interbank Loans Receivable and Securities			
Purchased under Resale Agreements	8	11,089,716,038	20,111,780,623
Financial Assets at Fair Value through Profit or Loss	9	1,713,238,743	398,792,440
Financial Assets at Fair Value through Other Comprehensive Income	10	14,340,382,875	11,043,804,828
Investment Securities at Amortized Cost	11	48,549,171,286	52,471,103,294
Loans and Receivables	12	117,693,117,418	109,566,176,319
Investment in an Associate		34,725,830	35,533,764
Property, Equipment and Right-of-Use Assets		1,841,251,793	1,791,195,950
Investment Properties		3,766,651,425	3,676,126,498
Deferred Tax Assets		466,592,611	475,332,923
Other Assets		3,431,411,635	3,270,214,009
		P231,748,939,820	P231,667,979,070
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		P55,943,043,562	P54,569,494,343
Savings		105,248,360,557	109,667,913,265
Time		19,830,450,296	16,638,541,473
Long-term negotiable certificates		5,029,420,000	5,029,420,000
		186,051,274,415	185,905,369,081
Financial Liabilities at Fair Value through Profit or Loss	9	8,731,854	6,201,649
Bonds Payable	13	7,487,584,338	7,478,265,064
Manager's Checks		1,307,113,311	1,846,499,855
Accrued Interest, Taxes and Other Expenses		1,234,672,042	1,387,189,325
Other Liabilities		4,154,915,370	4,193,181,203
Total Liabilities		200,244,291,330	200,816,706,177
Equity			
Capital stock	14	18,196,805,900	18,196,805,900
Paid-in surplus	14	7,229,275,360	7,229,275,360
Surplus reserves		1,145,277,721	1,095,004,461
Retained earnings		5,849,186,759	5,123,378,774
Net unrealized losses on financial assets at fair value through other comprehensive income	10	(545,969,076)	(421,192,531)
Remeasurement losses on retirement liability		(365,718,897)	(365,718,897)
Share in other comprehensive loss of an associate		(5,041,515)	(4,537,968)
Cumulative translation adjustment		832,238	(1,742,206)
Total Equity		31,504,648,490	30,851,272,893
		P231,748,939,820	P231,667,979,070

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME

		Three Months Ended March 31	
	Note	2024	2023
INTEREST INCOME			
Interest income calculated using the effective interest method:			
Loans and receivables		P2,192,543,669	P1,882,751,731
Investment securities at fair value through other comprehensive income and at amortized cost		749,077,964	516,108,430
Interbank loans receivable and securities purchased under resale agreements		168,038,741	218,265,564
Due from Bangko Sentral ng Pilipinas and other banks		109,610,120	49,155,218
Other interest income:			
Financial assets at fair value through profit or loss		5,515,658	3,998,177
		3,224,786,152	2,670,279,120
INTEREST EXPENSE			
Deposit liabilities		860,351,959	628,815,395
Bonds payable	13	103,562,402	103,060,517
Lease liabilities		9,399,075	6,930,028
Bills payable and other borrowings		400,218	103,331
		973,713,654	738,909,271
NET INTEREST INCOME		2,251,072,498	1,931,369,849
Service charges, fees and commissions		250,906,865	224,584,891
Gains on foreclosure and sale of property and equipment and foreclosed assets - net		79,600,255	38,176,622
Foreign exchange gains - net		27,731,378	43,957,604
Trading and investment securities gains - net		709,135	17,691,035
Miscellaneous		39,393,910	16,571,393
TOTAL OPERATING INCOME		2,649,414,041	2,272,351,394
Compensation and fringe benefits		607,849,462	457,900,051
Taxes and licenses		288,054,514	254,030,478
Rent and utilities		175,196,452	156,029,672
Depreciation and amortization		142,990,028	109,381,152
Insurance		90,799,919	85,033,835
Service fees and commissions		88,821,374	65,161,195
Subscription fees		47,579,211	58,927,525
Provision for (reversal of) credit and impairment losses		28,653,804	(39,634,654)
Management and professional fees		22,466,706	33,782,986
Amortization of software costs		16,961,636	16,449,447
Miscellaneous		127,058,191	126,484,862
TOTAL OPERATING EXPENSES		1,636,431,297	1,323,546,549
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		1,012,982,744	948,804,845
SHARE IN NET LOSS OF AN ASSOCIATE		304,387	297,414
INCOME BEFORE INCOME TAX EXPENSE		1,012,678,357	948,507,431
INCOME TAX EXPENSE		243,500,112	235,610,147
NET INCOME		P769,178,245	P712,897,284
Earnings Per Share Attributable to Equity Holders of the Bank			
	17		
Basic		P0.51	P0.48
Diluted		0.42	0.39

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE
INCOME

	Three Months Ended March 31	
	2024	2023
NET INCOME	P769,178,245	P712,897,284
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may not be reclassified to profit or loss		
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	3,740,253	625,000
Net change in remeasurement losses in retirement liability	-	(28,813,556)
	3,740,253	(28,188,556)
Items that may be reclassified to profit or loss		
Net change in fair value of debt securities at FVOCI	(121,613,798)	155,574,364
Net movement in cumulative translation adjustment	2,574,444	(6,786,406)
Share in other comprehensive loss of an associate	(503,547)	(3,199,277)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	(4,071,378)
	(119,542,901)	141,517,303
	(115,802,648)	113,328,747
TOTAL COMPREHENSIVE INCOME	P653,375,597	P826,226,031

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock (Note 14)	Paid-in Surplus (Note 14)	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

Forward

	Capital Stock (Note 14)	Paid-in Surplus (Note 14)	Surplus Reserves	Retained Earnings	Remeasurement Losses on Retirement Liability	Net Unrealized Losses on Financial Assets at FVOCI	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity
Balance as at December 31, 2022	P18,196,805,900	P7,229,275,360	P983,407,496	P2,425,229,109	(P77,723,200)	(P730,966,925)	P5,878,953	(P1,331,685)	P28,030,575,008
Net income for the period	-	-	-	712,897,284	-	-	-	-	712,897,284
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	-	-	-	-	(28,813,556)	-	-	-	(28,813,556)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	625,000	-	-	625,000
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	-	155,574,364	-	-	155,574,364
Net movement in cumulative translation adjustment	-	-	-	-	-	-	(6,786,406)	-	(6,786,406)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	-	(4,071,378)	-	-	(4,071,378)
Share in other comprehensive loss of associate	-	-	-	-	-	-	-	(3,199,277)	(3,199,277)
Total comprehensive income for the period	-	-	-	712,897,284	(28,813,556)	152,127,986	(6,786,406)	(3,199,277)	826,226,031
Transaction within equity:									
Transfer to surplus reserves	-	-	11,464,954	(11,464,954)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	-	-	-	4,169,999	-	(4,169,999)	-	-	-
	-	-	11,464,954	(7,294,955)	-	(4,169,999)	-	-	-
Balance as at March 31, 2023	P18,196,805,900	P7,229,275,360	P994,872,450	P3,130,831,438	(P106,536,756)	(P583,008,938)	(P907,453)	(P4,530,962)	P28,856,801,039

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	P1,012,678,357	P948,507,431
Adjustments for:		
Depreciation and amortization	142,990,028	109,381,152
Interest expense on bonds payable	103,562,402	103,060,517
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	(79,600,255)	(38,176,622)
Provision for (reversal of) credit and impairment losses	28,653,804	(39,634,654)
Amortization of software costs	16,961,636	16,449,447
Interest expense on lease liabilities	9,399,075	6,930,028
Unrealized gains on financial assets and liabilities at fair value through profit or loss (FVPL)	(592,658)	(12,823,921)
Share in net loss of associate	304,387	297,414
Miscellaneous income	(128,563)	-
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	-	(4,071,378)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivables	(131,917,352)	(122,124,529)
Financial assets at FVPL	(1,311,323,440)	(320,302,410)
Loans and receivables	(8,248,051,394)	(1,369,125,480)
Other assets	(139,760,838)	(143,125,742)
Increase (decrease) in:		
Deposit liabilities	145,905,334	(12,146,935,726)
Manager's checks	(539,386,544)	989,321,126
Accrued interest, taxes and other expenses	(195,365,234)	(8,134,345)
Other liabilities	(61,769,108)	(847,088,531)
Net cash absorbed by operations	(9,247,440,363)	(12,877,596,223)
Income taxes paid	(192,252,513)	(163,825,544)
Net cash used in operating activities	(9,439,692,876)	(13,041,421,767)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale or redemption of:		
Investment securities at amortized cost	51,907,730,000	21,564,318,000
Investment properties	40,180,069	52,032,787
Property and equipment	13,548,548	11,709,600
Financial assets at FVOCI	-	739,389,061
Additions to:		
Investment securities at amortized cost	(47,985,292,558)	(15,686,240,249)
Financial assets at FVOCI	(3,414,438,390)	(2,179,533,418)
Property and equipment	(102,813,798)	(40,175,976)
Software costs	(27,019,928)	(525,574)
Investment properties	(737,528)	-
Net cash provided by investing activities	431,156,415	4,460,974,231

Forward

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest on bonds	(P94,243,128)	(P94,243,128)
Payment of lease liability	(60,176,947)	(57,860,524)
Net cash used in financing activities	(154,420,075)	(152,103,652)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		
	2,581,322	(6,802,591)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(9,160,375,214)	(8,739,353,779)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	3,500,645,345	2,735,170,691
Due from Bangko Sentral ng Pilipinas	24,275,195,629	23,678,666,441
Due from other banks	1,055,497,093	1,044,396,366
Interbank loans receivable and securities purchased under resale agreements	20,114,496,080	18,381,225,853
	48,945,834,147	45,839,459,351
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	3,054,975,091	2,364,250,950
Due from Bangko Sentral ng Pilipinas	24,907,267,217	20,788,344,114
Due from other banks	863,920,625	963,649,098
Interbank loans receivable and securities purchased under resale agreements	10,959,296,000	12,983,861,410
	P39,785,458,933	P37,100,105,572
CASH FLOWS FROM INTEREST AND DIVIDENDS		
Operating Activities		
Interest received	P2,535,483,950	P2,269,108,532
Interest paid	929,155,090	626,802,374
Investing Activities		
Interest received	P730,858,610	P494,087,592
Dividends received	1,382,016	1,612,352
Financing Activities		
Interest paid	P103,642,203	P101,276,487

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

1. Reporting Entity

Bank of Commerce (the “Bank”) is a domestic corporation registered with the Securities and Exchange Commission (SEC) on December 16, 1963. The Bank’s shares were listed with the Philippine Stock Exchange, Inc. (PSE) on March 31, 2022, as approved by the SEC on February 15, 2022. The Bangko Sentral ng Pilipinas (BSP) approved the upgrade of the Bank’s banking license from commercial bank to universal bank on December 23, 2021. 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 as at March 31, 2024 and December 31, 2023.

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, 2024 and December 31, 2023. 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, 2024 and December 31, 2023.

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

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

2. Basis of Preparation

Statement of Compliance

The interim condensed financial statements of the Bank have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended December 31, 2023 (last annual audited financial statements). They do not include all information required for a complete set of financial statements that is compliant with Philippine Financial Reporting Standards (PFRSs). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual audited financial statements.

Basis of Measurement

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

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

Functional and Presentation Currency

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

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

Presentation of Financial Statements

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

3. 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, 2023, except for the adoption of the following amended standards, which became effective beginning January 1, 2024. Unless otherwise indicated, the adoption of these amended standards 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.

- Amendment to PAS 1, *Presentation of Financial Statements, Non-current Liabilities with Covenants and Classification of liabilities as current or non-current*
- Amendment to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendment to PAS 7 and PFRS 7, *Disclosures on Supplier Finance Arrangements*

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, 2023.

5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2023 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, 2024. 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 2023 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 BROCC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

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 (less).

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, 2024 and year ended December 31, 2023, management believes the Bank's exposure to equity price risk is considered minimal.

6. Categories and Fair Value Measurement

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

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, 2024 (Unaudited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Government securities held for trading	P1,522,098	P1,403,783	P118,315	P -	P1,522,098
Private debt securities	153,195	-	-	153,195	153,195
Derivative assets	37,946	-	37,946	-	37,946
Financial assets at FVOCI:					
Government securities	14,154,840	6,407,241	7,747,599	-	14,154,840
Equity securities	185,543	147,200	-	38,343	185,543
	P16,053,622	P7,958,224	P7,903,860	P191,538	P16,053,622
Liabilities Measured at Fair Value					
<i>Financial Liabilities</i>					
Derivative liabilities	P8,732	P -	P8,732	P -	P8,732
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P46,359,477	P21,482,987	P23,414,552	P -	P44,897,539
Private debt securities	2,189,694	1,327,105	669,477	-	1,996,582
Loans and receivables:					
Receivables from customers	115,597,820	-	-	117,702,952	117,702,952
Less unearned interest	45,218	-	-	45,218	45,218
	115,552,602	-	-	117,657,734	117,657,734
Sales contract receivables	318,215	-	-	329,845	329,845
	164,419,988	22,810,092	24,084,029	117,987,579	164,881,700
<i>Non-financial Assets</i>					
Investment properties	3,766,651	-	-	10,265,645	10,265,645
	P168,186,639	P22,810,092	P24,084,029	P128,253,224	P175,147,345
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P19,830,450	P -	P19,802,004	P -	P19,802,004
Long-term negotiable certificates	5,029,420	-	4,919,538	-	4,919,538
Bonds payable	7,487,584	-	7,500,00	-	7,500,00
	P32,347,454	P -	P32,221,542	P -	P32,221,542

	December 31, 2023 (Audited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
<i>Financial assets at FVPL:</i>					
Government securities held for trading	P180,603	P61,208	P119,395	P -	P180,603
Private debt securities	190,505	-	-	190,505	190,505
Derivative assets	27,685	-	27,685	-	27,685
<i>Financial assets at FVOCI:</i>					
Government securities	10,850,048	4,088,139	6,761,909	-	10,850,048
Equity securities	193,757	155,300	-	38,457	193,757
	P11,442,598	P4,304,647	P6,908,989	P228,962	P11,442,598
Liabilities Measured at Fair Value					
<i>Financial Liabilities</i>					
Derivative liabilities	P6,202	P -	P6,202	P -	P6,202
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
<i>Investment securities at amortized cost:</i>					
Government securities	P50,305,668	P20,087,916	P28,833,159	P -	P48,921,075
Private debt securities	2,165,435	343,612	1,629,236	-	1,972,848
<i>Loans and receivables:</i>					
Receivables from customers	107,624,342	-	-	110,630,437	110,630,437
Less unearned interest	45,388	-	-	45,388	45,388
	107,578,954	-	-	110,585,049	110,585,049
Sales contract receivables	331,532	-	-	345,450	345,450
	160,381,589	20,431,528	30,462,395	110,930,499	161,824,422
<i>Non-financial Assets</i>					
Investment properties	3,676,126	-	-	10,514,333	10,514,333
	P164,057,715	P20,431,528	P30,462,395	P121,444,832	P172,338,755
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
<i>Deposit liabilities:</i>					
Time	P16,638,541	P -	P16,609,959	P -	P16,609,959
Long-term negotiable certificates	5,029,420	-	4,909,268	-	4,909,268
Bonds payable	7,478,265	-	7,500,000	-	7,500,000
	P29,146,226	P -	P29,019,227	P -	P29,019,227

In 2024 and 2023, 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 P1.1 million and P892.5 million, respectively, in 2024 and nil and P327.4 million in 2023, respectively, were transferred from Level 1 to Level 2 of the fair value hierarchy.

In 2024 and 2023, securities at FVOCI, with carrying amount of P1.0 billion and P394.3 million, 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 and 2023, 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, 2024 and December 31, 2023.

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, 2024 and 2023 for statement of income items, and as at March 31, 2024 and December 31, 2023 for statement of financial position items follow (amounts in millions):

March 31, 2024 (Unaudited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
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 credit losses and income tax expense	P86	P241	P833	P36	(P154)	P1,042
Provision for credit and impairment losses						29
Share in net loss of an associate						-
Income tax expense						244
Net income						P769
Other Segment Information						
Capital expenditures	P1	P3	P28	P5	P64	P101
Depreciation and amortization	-	-	P19	P1	P123	P143

March 31, 2024 (Unaudited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P84,466	P105,143	P20,328	P13,224	P8,588	P231,749
Total Liabilities	10,477	44	182,622	139	6,962	200,244

March 31, 2023 (Unaudited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P626	P1,609	(P547)	P229	P14	P1,931
Intersegment	(490)	(1,319)	1,590	(148)	367	-
Net interest income	136	290	1,043	81	381	1,931
Non-interest income	58	12	26	10	235	341
Total revenues	194	302	1,069	91	616	2,272
Other expenses	67	102	520	44	630	1,363
Income (losses) before provision for credit losses and income tax expense	P127	P200	P549	P47	(P14)	P909
Reversal of credit and impairment losses						(P40)
Share in net loss of an associate						-
Income tax expense						236
Net income						P713
Other Segment Information						
Capital expenditures	P1	P1	P13	P1	P18	P34
Depreciation and amortization	P1	P1	P13	P2	P92	P109

December 31, 2023 (Audited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P89,494	P96,924	P23,438	P13,022	P8,790	P231,668
Total Liabilities	6,344	48	187,210	134	7,081	200,817

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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
SPURA	P7,000,000,000	P17,973,348,893
Interbank loans receivable	4,091,213,352	2,141,147,187
	11,091,213,352	20,114,496,080
Less allowance for credit losses	1,497,314	2,715,457
	P11,089,716,038	P20,111,780,623

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

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

9. Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities held-for-trading	P1,522,097,450	P180,602,626
Private debt securities	153,194,944	190,504,814
Derivative assets	37,946,349	27,685,000
	P1,713,238,743	P398,792,440

As at March 31, 2024 and December 31, 2023, financial assets and liabilities at FVPL are adjusted for unrealized gain of P0.6 million and P22.8 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, 2024, these pertain to ten contracts with notional amount of \$5.0 million each, two contracts with notional amount of \$10.0 million each and one contract with notional amount of \$15.0 million. The Bank has two contracts with notional amount of \$1.0 million each, two contracts with notional amount of \$5.0 million each and two contracts with notional amount of \$10.0 million each as at December 31, 2023.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount and leverage exposure. The leverage exposure is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The leverage exposure indicates the volume of transactions outstanding as at March 31, 2024 and December 31, 2023 and is not indicative of either market risk or credit risk.

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Derivative Assets	Notional Amount	Leverage Exposure	Derivative Assets	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Warrants	P28,120,000	\$50,000	\$ -	P27,685,000	\$50,000	\$ -
Forwards	9,826,349	20,000,000	-	-	-	-
	P37,946,349	\$20,050,000	\$ -	P27,685,000	\$50,000	\$ -

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Derivative Liabilities	Notional Amount	Leverage Exposure	Derivative Liabilities	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Forwards	P8,731,854	\$65,000,000	\$ -	P6,201,649	\$32,000,000	\$ -

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	P14,154,839,515	P10,850,047,722
Equity securities	185,543,360	193,757,106
	P14,340,382,875	P11,043,804,828

As at March 31, 2024 and December 31, 2023, the expected credit loss (ECL) allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P1.4 million and P1.1 million, respectively.

Net Unrealized Losses on Financial Assets at FVOCI

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	(P421,192,531)	(P730,966,925)
Net unrealized gains (losses)		
recognized as OCI	(117,861,334)	324,174,117
Effect of tax	(340,664)	(363,597)
ECL on debt securities at FVOCI	328,453	455,690
Realized gains taken to profit or loss	-	(6,964,361)
Net change in unrealized gains (losses) recorded in OCI	(117,873,545)	317,301,849
Realized gains taken to retained earnings	(6,903,000)	(7,527,455)
Balance at end of year	(P545,969,076)	(P421,192,531)

11. Investment Securities at Amortized Cost

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	P46,364,953,684	P50,311,649,891
Private debt securities	2,189,927,216	2,165,662,758
	48,554,880,900	52,477,312,649
Less allowance for credit losses	5,709,614	6,209,355
	P48,549,171,286	P52,471,103,294

No investment securities at amortized cost were sold in 2024 and 2023.

12. Loans and Receivables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables from customers:		
Term loans	P86,199,076,364	P81,196,871,925
Agri-agra loans	14,708,187,394	11,681,545,957
Housing loans	8,460,437,277	8,454,302,941
Auto loans	4,304,613,291	4,123,415,068
Bills purchased, import bills and trust receipts	1,039,611,140	1,050,698,899
Direct advances	461,500,873	577,211,848
Others	2,284,633,887	2,368,875,299
	117,458,060,226	109,452,921,937
Less unearned interest income	45,217,729	45,387,843
	117,412,842,497	109,407,534,094
Accrued interest receivable:		
Loans and receivables	904,810,656	946,846,228
Trading and investment securities	507,976,612	483,609,311
Due from BSP and other banks	6,835,556	4,357,778
Interbank loans receivable and SPURA	5,644,511	8,257,598
Accounts receivable	1,246,972,650	1,055,139,512
Sales contract receivables	375,109,121	388,560,627
Unquoted debt securities	291,578,214	291,578,212
RCOCI	1,016,898	93,452
	120,752,786,715	112,585,976,812
Less allowance for credit losses	3,059,669,297	3,019,800,493
	P117,693,117,418	P109,566,176,319

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" amounting to P919.6 million and P951.3 million as at March 31, 2024 and December 31, 2023, respectively.

As at March 31, 2024 and December 31, 2023, the non-performing loans of the Bank amounted to P1.83 billion and P1.96 billion, respectively. Gross and net NPL ratios of the Bank are 1.47% and 0.37%, respectively, as at March 31, 2024 and 1.54% and 0.44%, respectively, as at December 31, 2023.

13. Bonds Payable

On July 29, 2022, the Bank issued P7.5 billion fixed rate bonds due on July 29, 2024. The bonds were priced at par with a coupon rate of 5.0263% payable on a quarterly basis commencing on October 29, 2022. The bonds were listed in Philippine Dealing and Exchange Corporation. Transaction costs on the issuance of bonds amounted to P72.4 million.

Interest expense on bonds payable amounted to P103.6 million and P103.1 million for the three months ended March 31, 2024 and 2023. As at March 31, 2024 and December 31, 2023, unamortized bond transaction costs amounted to P12.4 million and P21.7 million, respectively.

14. Capital

As at March 31, 2024 and December 31, 2023, the Bank's capital stock consists of the following:

	Shares		Amount	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Authorized Capital Stock				
Common stock, P10 par value	1,702,511,470	1,702,511,470	P17,025,114,700	P17,025,114,700
Preferred stock, P10 par value	455,000,000	455,000,000	4,550,000,000	4,550,000,000
	2,157,511,470	2,157,511,470	P21,575,114,700	P21,575,114,700
Issued and Outstanding				
Common stock	1,403,013,920	1,403,013,920	P14,030,139,200	P14,030,139,200
Preferred stock	416,666,670	416,666,670	4,166,666,700	4,166,666,700
	1,819,680,590	1,819,680,590	P18,196,805,900	P18,196,805,900
Paid-in Surplus				
Common stock			P5,995,503,421	P5,995,503,421
Preferred stock			1,233,771,939	1,233,771,939
			P7,229,275,360	P7,229,275,360

Subject to the approval of the relevant government regulatory agencies, the Stockholders and BOD approved on April 30, 2024 and February 27, 2024, respectively, the amendments to the By-laws to (a) specify the date of the annual stockholders' meeting and (b) align with relevant rules and regulations, such as Section 132 of the MORB and Section 34 of the Revised Corporation Code. The Stockholders likewise approved on April 30, 2024 the authority to delegate to the BOD the power to amend or repeal the current by-laws or enact a new one.

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, 2024 and December 31, 2023, DOSRI loans of the Bank amounted to P0.1 million and P0.2 million, respectively.

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, 2024 and December 31, 2023:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Contingent assets:		
Future/spot exchange bought	P4,604,307,217	P2,683,155,542
Fixed income securities purchased	54,833,321	6,409,295,659
Outward bills for collection	-	5,575,925
	P4,659,140,538	P9,098,027,126
Commitments and contingent liabilities:		
Trust department accounts	P71,095,958,682	P70,208,670,193
Committed credit line	15,841,275,899	16,152,161,850
Unused commercial letters of credit	10,372,876,170	8,181,592,869
Future/spot exchange sold	5,334,948,896	3,181,038,760
Outstanding guarantees	4,360,434,553	4,305,962,435
Credit card lines	3,666,875,882	3,600,976,933
Late deposits/payments received	55,654,878	67,179,756
Fixed income securities sold	54,833,321	6,450,988
Inward Bills For Collection-Domestic	6,116,553	3,525,034
Items held for safekeeping/securities held as collateral	67,938	45,347
	P110,789,042,772	P105,707,604,165

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

Other Commitments

No asset is being pledged by the Bank to secure outstanding liabilities as at March 31, 2024 and December 31, 2023.

17. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	Three Months Ended March 31 (Unaudited)	
	2024	2023
a. Net income	P769,178,245	P712,897,284
b. Dividends on preferred shares*	55,000,000	41,250,000
c. Net income to equity holders of the Bank	714,178,245	671,647,284
d. Weighted average number of outstanding common shares	1,403,013,920	1,403,013,920
e. Basic earnings per share (c/d)	P0.51	P0.48

* 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 (Unaudited)	
	2024	2023
a. Net income to equity holders of the Bank	P769,178,245	P712,897,284
b. Weighted average number of outstanding common shares and dilutive preferred shares		
Outstanding common shares	1,403,013,920	1,403,013,920
Potential common shares from assumed conversion of preferred shares	416,666,670	416,666,670
c. Total weighted average common shares	1,819,680,590	1,819,680,590
d. Diluted earnings per share (a/c)	P0.42	P0.39

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

	Three Months Ended March 31 (Unaudited)	
	2024	2023
Return on average equity	9.87%	10.03%
Return on average assets	1.33%	1.35%
Net interest margin on average earning assets	4.46%	4.22%

18. Events after the Reporting Date

On April 30, 2024, the Stockholders approved the amendments to the By-laws to (a) specify the date of the annual stockholders' meeting and (b) align with relevant rules and regulations, such as Section 132 of the MORB and Section 34 of the Revised Corporation Code. On the same date, the Stockholders likewise approved the authority to delegate to the BOD the power to amend or repeal the current by-laws or enact a new one.

On April 30, 2024, the Bank has commenced the public offer of its peso bond issuance with a minimum size of P5.0 billion with an oversubscription option ("Series B Bonds"). The bonds represent the second tranche of Bank's P20.0 billion Bonds Programme. The Series B Bonds has a tenor of 1.5 years and a fixed interest rate of 6.5635% per annum. The public offer period runs from April 30 to May 9, 2024 but may be shortened by the Bank. The Series B Bonds will be issued and listed on the Philippine Dealing & Exchange Corp. on May 16, 2024.

19. 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, 2024:

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

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

	March 31, 2024	December 31, 2023
Current ratio	0.55	0.57
Acid test ratio	0.53	0.56
Debt-to-equity ratio	6.36	6.51
Asset-to-equity ratio	7.36	7.51
Debt-to-asset ratio	0.86	0.87
Loans to deposit Ratio	0.69	0.70
Non-performing loans ratio - Gross (%)*	1.47	1.54
Non-performing loans ratio - Net (%)*	0.37	0.44
Non-performing loan (NPL) cover (%)	101.59	93.21
Capital Adequacy Ratio (%)	18.64	19.88

	March 31, 2024	March 31, 2023
Return on average assets (%)	1.33	1.35
Return on average equity (%)	9.87	10.03
Net interest margin (%)	4.46	4.22
Net profit margin (%)	29.03	31.37
Cost to income ratio	0.61	0.60
Interest rate coverage ratio	2.04	2.28
Solvency ratio	0.02	0.02

*Calculated based on BSP Circulars 941 and 1011.

BANK OF COMMERCE
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2024
(in thousands)

No. of Days Outstanding	Amount
0 to 30 days	P 562,982
31 to 60 days	15,592
61 to 90 days	18,797
91 to 360 days	49,082
above 360 days	600,520
Accounts Receivable - Gross	1,246,973
Less: Allowance for Probable Losses	691,550
Accounts Receivable - Net	P 555,423

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Condition as of 31 March 2024 vs. 31 December 2023

BankCom's Total Assets stood at ₱231.75 billion as of 31 March 2024.

Material asset movements are as follows:

Cash and Other Cash Items declined by 12.73% to ₱3.05 billion mainly due to deployment of funds. Due from BSP increased by 2.60% to ₱24.90 billion from ₱24.27 billion on account of higher term deposit facility (TDF) and overnight deposit facility (ODF) placements. Due from Other Banks amounting to ₱863.80 million declined by 18.15% from ₱1.06 billion due to lower placements with both local and foreign banks.

Financial Assets at Fair Value through Profit or Loss and Financial Assets at Fair Value through Other Comprehensive Income, increased by ₱4.61 billion to ₱16.05 billion due to additional investments. Meanwhile, Investments Securities at Amortized Cost declined by ₱3.92 billion or 7.47% to ₱48.55 billion due to maturities.

Loans and Other Receivables increased by ₱8.13 billion to ₱117.69 billion from ₱109.57 billion driven by growth from all segments. Interbank loans receivables, however declined by 44.86% or ₱9.02 billion to ₱11.09 billion from the ₱20.11 billion due to additional investments and lending.

Property and Equipment and Investment Properties increased by 2.79% to ₱1.84 billion and 2.46% to ₱3.77 billion, respectively, from ₱1.79 billion and ₱3.68 billion. Moreover, Other Assets rose by 4.93% to ₱3.43 billion from ₱3.27 billion. Deferred tax assets, on the other hand, declined by 1.84% to ₱466.59 million from ₱475.33 million. Investment in Associate also dropped by 2.27% to ₱34.73 million.

Total liabilities declined to ₱200.24 billion as of 31 March 2024, ₱572.42 million lower than the ₱200.82 billion as of 31 December 2023 mainly due to decrease in Savings Deposits.

Deposit liabilities, representing 80.28% of the Bank's Total Liabilities, is up by 0.08% or ₱145.91 million to ₱186.05 billion from ₱185.91 billion on account of the increase in demand and time deposit levels by 2.52% and 19.18%, respectively, to ₱55.94 billion and ₱19.83 billion. Oppositely, savings deposit level dropped by 4.03% to ₱105.25 billion.

Financial Liabilities at FVPL rose by 40.80% to ₱8.73 million as foreign exchange derivatives grew. Manager's Checks decreased by 29.21% to ₱1.31 billion. Moreover, Accrued Interest, Taxes and Other Expenses and Other Liabilities declined by 10.99% to ₱1.23 billion and 0.91% to ₱4.15 billion, respectively.

The Bank's total capital funds stood at ₱31.50 billion as of 31 March 2024, 2.12% more than the ₱30.85 billion as of 31 December 2023 on account of higher retained earnings for the current period.

Statement of Income for the period ended 31 March 2024 vs 31 March 2023

For the quarter ended 31 March 2024, BankCom recorded a Net Income of ₱769.18 million, 7.89% higher than the ₱712.90 million in the comparable period last year. This increase is mainly driven by higher net interest income, foreclosure gains and fees and commissions.

Interest income on loans and receivables, representing 82.76% of the total revenue, grew by 16.45% to ₱2.19 billion mainly attributable to increased volume of across all segments. Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost also increased by 45.14% to ₱749.08 million from ₱516.11 million the previous year.

Interest income on Due from Bangko Sentral ng Pilipinas and other banks surged by 1.23x to ₱109.61 million from ₱49.16 million the previous year. Additionally, Interest income on Financial

Assets at fair value through profit or loss (FVTPL) rose by 37.95% to ₱5.52 million. On the other hand, interest on interbank loans receivable and SPURA slipped by 23.01% to ₱168.04 million.

Total Interest Expense increased to ₱973.71 million from ₱738.91 million last year. This was mainly due to increase in interest expense on deposit liabilities, which posted a 36.82% increase to ₱860.35 million.

Interest expense on lease liabilities surged by 35.63% to ₱9.40 million from ₱6.93 million last year on the back of lease renewals. Additionally, interest expense on bills payable rose by 2.87x to ₱0.40 million.

The bank's Net Interest Income amounted to ₱2.25 billion, 16.55% higher than ₱1.93 billion in the previous year.

Total other income rose to ₱398.34 million, 16.82% higher than the previous year's ₱340.98 million, owing to the rise in service charges, fees and commissions and ROPA related gains.

Service charges, fees and commissions posted ₱250.91 million for the first three months of 2024, an 11.72% increase from ₱224.59 million augmented by the solid growth in Trust, Credit Card, and Investment Banking fees.

Foreign exchange gains dipped by 36.91% to ₱27.73 million versus the ₱43.96 million in the comparable period last year resulting from the less favorable market conditions. Trading and investment securities gains also decreased by 95.99% to ₱0.71 million from ₱17.69 million.

Gains on foreclosure, and sale of property and equipment and foreclosed assets rose by 1.09x to ₱79.60 million. Moreover, miscellaneous income grew by 1.38x to ₱39.39 million against the ₱16.57 million in 2023.

Total expenses, including provision for credit and impairment losses increased by 23.64% to ₱1.64 billion. Compensation and fringe benefits went up by 32.75% to ₱607.85 billion. Taxes and licenses also grew by 13.39% to ₱288.06 million fueled by greater business volume. Rent and utilities also increased to ₱175.20 million, up 12.28% from ₱156.03 million on account of higher security, power, light and water cost.

Depreciation and amortization increased by 30.73% to ₱142.99 million primarily from higher depreciation expense from foreclosed assets. Insurance rose by 6.78% to ₱90.80 million due to higher PDIC insurance on deposits. Spending on service fees and commissions rose by 36.31% to ₱88.82 million from ₱65.16 million.

On the other hand, subscription fees and entertainment and recreation declined by 19.26% and 88.48% to ₱47.58 million and ₱2.06 million, respectively.

Management and professional fees also declined by 33.50% to ₱22.47 million. Meanwhile, amortization of software costs and miscellaneous expenses both increased by 3.11% and 15.07% to ₱16.96 million and ₱125 million, respectively.

The Bank set aside ₱28.65 million for Provision for credit and impairment losses for the period ended 31 March 2024.

The Bank's share in the net loss of associate recorded at ₱0.30 million for the period ended 31 March 2024, compared to last year's ₱0.29 million.

Income Tax expense amounted to ₱243.50 million, up by 3.35% from the ₱235.61 million in the same period last year mainly due to the higher income for the quarter.