

May 15, 2024

PHILIPPINE STOCK EXCHANGE

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

Attention: **Ms. France Alexandra D. Tom Wong**
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:

Please be informed that Bank of Commerce (BNCOM – PSE ticker) will be releasing to the press the attached statement entitled “BankCom registers 8% earnings growth in 1Q24.”

Thank you.

Very truly yours,



ANTONIO S. LAQUINDANUM
Executive Vice President and Chief Financial Officer
Corporate Information Officer

No. 7 San Miguel Properties Center Building
St. Francis St., Mandaluyong City, Philippines
Tel. No. (632) 982-6000
<https://www.bankcom.com.ph>



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BankCom registers 8% earnings growth in 1Q24

San Miguel Corporation (SMC) affiliate Bank of Commerce (BankCom) reported a 17% increase in gross revenue to P2.65 billion for the first quarter of 2024 compared to the same period in 2023. This growth led to a net profit of P769.18 million as of 31 March 2024, an 8% rise from the previous year. Return on equity (ROE) was at 9.87%.

The bank's continued profitability was driven by steady growth in its core business, specifically net interest income, alongside an increase in non-interest income. This combination of enhanced revenue streams and prudent spending resulted in a cost-to-income ratio of 61%.

These results highlight the effectiveness of BankCom's strategy, which focuses on right-sized investments in human capital and information technology to grow its core business.

March 2024 FINANCIAL HIGHLIGHTS (QoQ):

- Net Income rose 18% to P769.18 million from P712.90 million in 1Q 2023
- ROE stood at 9.87%
- Gross Revenue ended at P2.65 billion, 17% higher than the P2.27 billion in the same period in 2023
- NIM is higher at 4.46% from the 4.28% as of 31 December 2023
- Non-interest income amounted to P398.34 million, 17% up from P340.98 million in 1Q in the previous year
- Cost to Income ratio of 61%
- Net NPL ratio of 0.37%
- Capital levels remained strong with a Total CAR of 18.64%

KEY EVENT/S:

- April 30, 2024 – BankCom started the P5 billion second tranche Peso Bond Offering

Revenues

BankCom's strong revenue growth was driven by higher net interest income and service charges, fees, and commissions.

Net interest income, which comprises more than 80% of total revenues, grew 1.2x to P2.25 billion from P1.93 billion in the prior year. The uptrend is attributable to the steady expansion in lending and financial assets. This translated to a net interest margin (NIM) of 4.46%.



Bank of Commerce

An affiliate of San Miguel Corporation



Other income totaled ₱398.34 million, 17% higher from the ₱340.98 million reported in 2023, coming from service charges, fees, and commissions, and real and other properties acquired (ROPA) related gains.

Service charges, fees, and commissions expanded to ₱250.91 million, owing to investment banking, credit card, and trust fees. BankCom's investment banking arm continues to thrive, contributing ₱69.55 million or 28% of total service charges, fees, and commissions.

In addition, gains on the foreclosure and sale of property and equipment and foreclosed assets increased more than 2x to ₱79.60 million.

The bank maintains a conservative stance by setting aside ₱28.65 million as provision for credit and impairment losses.

Operating Expenses, excluding provision for credit and impairment losses, amounted to ₱1.61 billion, 18% up from the ₱1.36 billion last year, driven by increases in compensation and benefits, service fees and commission, taxes and licenses, and rent and utilities.

Balance Sheet

BankCom's total assets as of end-March 2024 stood at ₱231.75 billion, translating to return on assets (ROA) of 1.33%.

Total loans and receivables, accounting for more than 50% of total assets, rose 7% to ₱117.69 billion, on the back of growth across all segments. The loan growth resulted to a loan-to-deposit ratio of 69%. Gross non-performing loans (NPL) and net NPL ratios were at 1.47% and 0.37% respectively, from 1.54% and 0.44% as of end-2023, reflecting improving asset quality.

The bank's capital funds stood at ₱31.50 billion, 2% higher than the ₱30.85 billion in 2023, on account of higher retained earnings due to continued profitable operations.

The bank's capital adequacy ratio (CAR) remained strong at 18.64%, well above the minimum regulatory requirement of 10.0%.

About BankCom

An affiliate of San Miguel Corporation (SMC) since 2008, Bank of Commerce is a publicly-listed universal bank focused on helping its clients, communities and conglomerate partners by delivering the best choice of financial services harnessing the strengths of the SMC Group. Bank of Commerce is identified by its logo bearing the SMC symbols of escudo and cloverleaf, and by the trademark license short name "BankCom" granted by the Intellectual Property Office (IPO) in 2020. BankCom traces its origins to the Overseas Bank of Manila which opened in Binondo, Manila in 1963.

BankCom marked its 60th anniversary in 2023, ending the year with a record high net income of ₱2.8 billion, outperforming its full-year 2022 profit of ₱1.8 billion by 56%, the highest growth among listed Philippine banks. BankCom maintains a network of 140 branches and 250 automated teller machines (ATMs) as of March 31, 2024, strategically located nationwide.