

August 14, 2024

PHILIPPINE STOCK EXCHANGE

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

Attention: **Atty. Stefanie Ann B. Go**
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 1H24 Net profit at ₱1.42 billion with continued People and Technology investments.”

Thank you.

Very truly yours,



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

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BankCom 1H24 Net Profit at ₱1.42 billion with continued People and Technology investments



San Miguel Corporation (SMC) affiliate Bank of Commerce (BankCom) reported 8% year-on-year growth in total revenues amounting to ₱5.23 billion for the first semester of 2024. Net income, on the other hand, reached ₱1.48 billion for the period. This translated to a return on equity (ROE) and return on asset (ROA) of 9.12% and 1.23%, respectively.

Topline revenues were mainly driven by expansion across all lending segments resulting from a higher loan and securities portfolio. Meanwhile, corporate loans grew on account of program lending and loans to the SMC ecosystem.

In addition, BankCom has continued to invest in its people and in technology, as it aims to sustain its growth momentum over recent years. The bank saw strategic hirings, and an improved retention program which led to an increase in compensation costs. Investments in technology, geared towards modernization activities, include a new Core Banking System (a partnership with Infosys), the upgrade of its Cash Management System and a new Fraud Management System. The Bank believes that sustained investments in these areas will propel it to long-term profit growth.

In the 1H2024 the Bank also declared its first dividends in more than 20 years as committed during the Bank's IPO. The Bank set aside ₱0.726 per preferred share and ₱0.2512 per common share amounting to 23.37% of its previous year's profits.



On April 29, 2024, the Bank inaugurated its Pasig-C5 Branch, dubbed its “Branch of Tomorrow”. Showcasing a new look, the branch reflects BankCom’s vision to be the best conglomerate bank in the Philippines.

1H 2024 FINANCIAL HIGHLIGHTS (YoY):

- Net income decreased by 11% to ₱1.42 billion from ₱1.59 billion in 1H 2023 with continued People and Technology investments.
- Net interest income grew 15% to ₱4.53 billion in 1H 2024, up from ₱3.95 billion in 1H last year.
- Non-interest income amounted to ₱698.37 million, 23% lower from ₱901.20 million in 1H 2023 mainly due to timing of Investment Banking and Acquired Assets sales.
- ROE stood at 9.12%.
- Gross revenue posted ₱5.23 billion, 8% up from the ₱4.85 billion in the same period last year.
- NIM is higher at 4.53% from the 4.28% as of 31 December 2023.
- Cost to income ratio of 62%.
- Net NPL ratio of 0.53%.
- Capital levels remained strong with a Total CAR of 17.97%.

2Q 2024 FINANCIAL HIGHLIGHT (QoQ):

- Net income as of June 2024 amounted to ₱649.30 million, down 26% from the ₱874.35 million in the same period last year and 16% lower versus March 2024.
- Net interest income for the second quarter rose to ₱2.28 billion, up 13% from the ₱2.02 billion in previous year and 1% higher versus March 2024.
- Non-interest income amounted to ₱300.03 million, 46% slower than the ₱560.21 million as of March 2023.
- Operating expenses excluding provisions as of 2Q 2024 posted ₱1.65 billion, 20% more than the ₱1.37 billion in the same period in 2023 and 2% higher compared to the ₱1.61 billion in 1Q 2024.

KEY EVENTS:

- April 15, 2024 – launched the “Accelerate Your Savings” Promo which will run up to March 31, 2025.
- April 29, 2024 – Inaugurated the Pasig-C5 Branch of Tomorrow.
- April 30, 2024 – BankCom’s investment banking deals were recognized with the following accolades at The Asset Triple A Sustainable Infrastructure Awards 2024:

NAME OF AWARD	DEALS	ROLE
1. Renewable Energy Deal of the Year – Battery	SMPG BESS Power ₱40 billion Syndicated Term Loan Facility	Mandated lead arranger, bookrunner and senior term lender
2. Transport Deal of the Year	SMC Mass Rail Transit 7 ₱100 billion Syndicated Term Loan Facility	Lead arranger and senior term lender



- May 15, 2024 – participated in the PSE STAR: Investor Day 1Q 2024.
- May 16, 2024 – successfully listed ₱6.57 billion second tranche bond issuance which was 1.3x oversubscribed.

Revenues

BankCom's revenue growth was mainly driven by higher net interest income.

Net interest income, accounting for over three-fourths of total revenues, grew 15% to ₱4.53 billion compared to ₱3.95 billion last year. This translated to a net interest margin (NIM) of 4.53%.

Other income decreased by 23% to ₱698.37 million, mainly due to seasonality in fees, and commissions, lower foreign exchange and trading gains, and decrease in gains on real and other properties acquired (ROPA). The Investment Banking Group and the Acquired Assets Division did not see the same volume of transactions in the 1H2024 as the previous year, but the 2024 pipeline remains strong.

The bank remains prudent by setting aside ₱101.82 million as provision for credit and impairment losses.

Operating expenses, excluding provision for credit and impairment losses, posted ₱3.25 billion, 19% more than the ₱2.74 billion last year. Growth in operating expenses was mainly due to the Bank's continued investment in People and Technology. The 30% growth in Compensation to ₱1.26 billion was driven by increase in manpower count and improved retention program. Depreciation and amortization (IT related) amounted to ₱295.30 million, 34% up from last year's ₱220.07 million on account of higher depreciation of computer equipment and other properties held. Technology modernization activities include a new Core Banking System (a partnership with Infosys), upgrading Cash Management and Fraud Management System (for safe and secure digital banking).

Balance Sheet

As of 30 June 2024, total assets amounted to ₱230.68 billion, translating to return on assets (ROA) of 1.23%.

Total loans and receivables, representing over 50% of total assets, rose 13% to ₱123.71 billion, driven by growth in corporate and consumer loans. The loan growth resulted to a loan-to-deposit ratio of 75%. Asset quality remained strong with gross non-performing loans (NPL) and net NPL ratios at 1.70% and 0.53% respectively, from 1.54% and 0.44% as of end-2023.

Total deposits moderately declined to ₱177.39 billion, 5% lower than the previous year with the Bank managing higher cost deposit levels and seeing volatility in its CASA levels given interest rates remaining higher for longer. Broken down, total deposits comprised of ₱155.20 billion CASA, ₱17.16 billion Time Deposits and ₱5.03 billion Long-term Negotiable Certificate.



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Bank premises expanded with the transformation of selected branches to a “Branch of Tomorrow” (BOT) concept apt for customers seeking efficiency, functionality, clarity of boundaries, cosmopolitan aesthetics, and a focus on practicality and sustainability. The current BOT branches include Pasig-C5, General Santos, Tuguegarao, and the Clark Freeport.

The bank’s capital funds stood at ₱31.34 billion, 2% higher than the ₱30.85 billion in 2023 even with the Bank setting aside reserves for dividends declared in 1H2024.

The bank’s capital adequacy ratio (CAR) remained strong at 17.97%, 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 259 automated teller machines (ATMs) as of June 30, 2024, strategically located nationwide.



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C5 Pasig Branch of Tomorrow – Inaugurated on April 29, 2024. Exudes cosmopolitan aesthetics apt for customers seeking efficiency, functionality, clarity of boundaries, cosmopolitan aesthetics, and a focus on practicality and sustainability.