



November 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 OLIVER O. LEONARDO**
Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.

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/Gentlemen:

We submit herewith the September 30, 2024 SEC 17-Q report of Bank of Commerce.

Thank you.

Very truly yours,

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

COVER SHEET

SEC Registration Number

24221

BANK OF COMMERCE

SAN MIGUEL PROPERTIES CENTRE

NO. 7 ST. FRANCIS STREET

MANDALUYONG CITY

ANTONIO S. LAQUINDANUM

Contact Person

89826000

Company Telephone Number

12

Month

31

Day

Fiscal Year

17Q

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)

September 30, 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 September 30, 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 _____ on November 14, 2024.

BANK OF COMMERCE

Issuer

By:


ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

MANDALUYONG CITY

13 NOV 2024

SUBSCRIBED AND SWORN to before me this _____ 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	[REDACTED]	[REDACTED]	[REDACTED]


ALYSSA MAE G. CAYABA
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0676-23
UNTIL 31 DECEMBER 2024
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
Notary Public
PTR No. 5425492 / 03 JAN 2024 / MANDALUYONG CITY
IBP OR No. 332593 / 20 DEC 2023
ROLL OF ATTORNEYS NO. 73447

Doc. No.: 320
Page No.: 65
Book No.: IV
Series: 2024

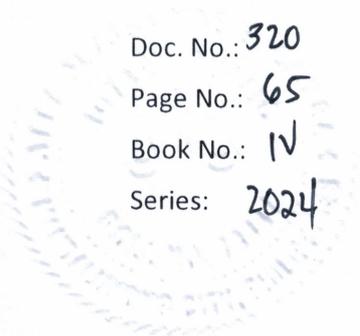


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BANK OF COMMERCE

CONDENSED INTERIM FINANCIAL STATEMENTS

**As of September 30, 2024 (Unaudited) and December 31, 2023 (Audited)
and For the Nine Months Ended September 30, 2024 and 2023 (Unaudited)**

BANK OF COMMERCE
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Cash and Other Cash Items		P3,973,329,786	P3,500,645,345
Due from Bangko Sentral ng Pilipinas		26,676,326,079	24,271,918,477
Due from Other Banks		2,666,376,473	1,055,354,600
Interbank Loans Receivable and Securities			
Purchased under Resale Agreements	8	5,596,129,927	20,111,780,623
Financial Assets at Fair Value through Profit or Loss	9	4,219,655,256	398,792,440
Financial Assets at Fair Value through Other Comprehensive Income	10	17,495,166,028	11,043,804,828
Investment Securities at Amortized Cost	11	38,170,323,618	52,471,103,294
Loans and Receivables	12	125,950,864,171	109,566,176,319
Investment in an Associate		34,605,383	35,533,764
Property, Equipment and Right-of-Use Assets		1,971,034,198	1,791,195,950
Investment Properties		3,886,101,663	3,676,126,498
Deferred Tax Assets		448,630,139	475,332,923
Other Assets		3,962,561,660	3,270,214,009
		P235,051,104,381	P231,667,979,070
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		P60,857,759,104	P54,569,494,343
Savings		103,533,858,691	109,667,913,265
Time		19,139,436,067	16,638,541,473
Long-term negotiable certificates		5,029,420,000	5,029,420,000
		188,560,473,862	185,905,369,081
Financial Liabilities at Fair Value through Profit or Loss	9	1,539,339	6,201,649
Bonds Payable	13	6,524,762,922	7,478,265,064
Manager's Checks		1,425,126,765	1,846,499,855
Accrued Interest, Taxes and Other Expenses		1,187,241,099	1,387,189,325
Other Liabilities		4,591,186,977	4,193,181,203
Total Liabilities		202,290,330,964	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		1,083,413,376	1,095,004,461
Retained earnings	14	6,698,798,295	5,123,378,774
Remeasurement losses on retirement liability		(410,325,733)	(365,718,897)
Net unrealized losses on financial assets at fair value through other comprehensive income	10	(26,973,978)	(421,192,531)
Cumulative translation adjustment		(5,181,489)	(1,742,206)
Share in other comprehensive loss of an associate		(5,038,314)	(4,537,968)
Total Equity		32,760,773,417	30,851,272,893
		P235,051,104,381	P231,667,979,070

See Notes to Condensed Interim Financial Statements.

BANK OF COMMERCE
UNAUDITED CONDENSED INTERIM STATEMENTS OF INCOME

	Note	Nine Months Ended September 30		Quarter Ended September 30	
		2024	2023	2024	2023
INTEREST INCOME					
Interest income calculated using the effective interest method:					
Loans and receivables		P6,985,878,305	P6,036,509,206	P2,427,596,481	P2,130,189,310
Investment securities at fair value through other comprehensive income and at amortized cost		2,040,318,344	1,603,335,689	625,265,083	575,754,048
Interbank loans receivable and securities purchased under resale agreements		426,891,900	624,546,190	99,523,388	208,452,121
Due from Bangko Sentral ng Pilipinas and other banks		296,009,532	204,582,950	87,801,996	94,503,194
Other interest income:					
Financial assets at fair value through profit or loss		71,768,535	19,508,647	43,214,368	4,893,265
		9,820,866,616	8,488,482,682	3,283,401,316	3,013,791,938
INTEREST EXPENSE					
Deposit liabilities		2,610,402,141	2,049,403,517	892,264,763	761,177,657
Bonds payable		415,447,705	309,551,968	149,600,073	103,308,017
Lease liabilities		28,278,696	23,643,140	9,999,545	9,009,795
Bills payable and other borrowings		4,435,713	25,682,691	3,696,833	13,795,512
		3,058,564,255	2,408,281,316	1,055,561,214	887,290,981
NET INTEREST INCOME		6,762,302,361	6,080,201,366	2,227,840,102	2,126,500,957
Service charges, fees and commissions		717,626,929	640,248,391	278,392,956	192,224,071
Gains on foreclosure and sale of property and equipment and foreclosed assets - net		257,977,839	346,141,790	101,966,919	94,584,346
Trading and investment securities gains (losses) - net		134,748,979	(467,800)	146,895,029	(12,181,466)
Foreign exchange gains - net		91,288,846	115,009,917	30,366,265	34,203,776
Miscellaneous		77,859,974	117,167,073	23,512,853	8,073,891
TOTAL OPERATING INCOME		8,041,804,928	7,298,300,737	2,808,974,124	2,443,405,575
Compensation and fringe benefits		1,931,461,723	1,608,784,821	669,098,312	639,661,388
Taxes and licenses		828,914,360	741,490,394	276,482,345	267,698,459
Rent and utilities		495,477,415	479,021,373	144,351,750	159,808,331
Depreciation and amortization		455,665,898	342,195,986	160,369,647	122,128,438
Service fees and commissions		297,709,484	246,975,874	122,261,193	106,743,041
Insurance		275,767,586	252,353,760	93,691,365	82,286,089
Provision for credit and impairment losses		199,503,177	222,432,716	97,681,569	234,260,829
Subscription fees		150,470,262	132,926,530	52,620,076	42,614,655
Management and professional fees		76,816,038	101,756,117	25,082,999	31,428,551
Amortization of software costs		62,799,986	55,819,560	28,961,502	22,156,956
Miscellaneous		380,030,931	364,775,135	127,845,494	115,115,009
TOTAL OPERATING EXPENSES		5,154,616,860	4,548,532,266	1,798,446,252	1,823,901,746
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		2,887,188,068	2,749,768,471	1,010,527,872	619,503,829
SHARE IN NET LOSS OF AN ASSOCIATE		428,035	633,477	14,786	207,699
INCOME BEFORE INCOME TAX EXPENSE		2,886,760,033	2,749,134,994	1,010,513,086	619,296,130
INCOME TAX EXPENSE		674,897,498	737,981,246	217,131,048	195,388,791
NET INCOME		P2,211,862,535	P2,011,153,748	P793,382,038	P423,907,339
Earnings Per Share Attributable to Equity Holders of the Bank					
Basic	17	P1.45	P1.34	P0.52	P0.27
Diluted		1.22	1.11	0.44	0.23

See Notes to Condensed Interim Financial Statements.

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

	Note	Nine Months Ended September 30		Quarter Ended September 30	
		2024	2023	2024	2023
NET INCOME		P2,211,862,535	P2,011,153,748	P793,382,038	P423,907,339
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may not be reclassified to profit or loss					
Net change in remeasurement losses on retirement liability		(44,606,836)	(217,208,336)	(44,606,836)	(188,394,780)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	10	15,104,000	1,915,000	-	235,000
		(29,502,836)	(215,293,336)	(44,606,836)	(188,159,780)
Items that may be reclassified to profit or loss					
Net change in fair value of debt securities at FVOCI	10	386,017,553	(15,401,593)	687,744,659	(110,832,386)
Net movement in cumulative translation adjustment		(3,439,283)	(1,585,061)	(12,748,875)	4,370,809
Share in other comprehensive loss of an associate		(500,346)	(3,204,501)	1,339	(4,824)
Net change in fair value of debt securities at FVOCI taken to profit or loss	10	-	(6,964,361)	-	(2,892,983)
		382,077,924	(27,155,516)	674,997,123	(109,359,384)
		352,575,088	(242,448,852)	630,390,287	(297,519,164)
TOTAL COMPREHENSIVE INCOME		P2,564,437,623	P1,768,704,896	P1,423,772,325	P126,388,175

See Notes to Condensed Interim Financial Statements.

BANK OF COMMERCE
UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

<i>Note</i>	Capital Stock (Note 14)	Paid-in Surplus (Note 14)	Surplus Reserves	Retained Earnings (Note 14)	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Remeasurement Losses on Retirement Liability	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	(P421,192,531)	(P365,718,897)	(P1,742,206)	(P4,537,968)	P30,851,272,893
Net income for the period	-	-	-	2,211,862,535	-	-	-	-	2,211,862,535
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	-	-	-	-	-	(44,606,836)	-	-	(44,606,836)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	-	-	-	-	15,104,000	-	-	-	15,104,000
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	386,017,553	-	-	-	386,017,553
Net movement in cumulative translation adjustment	-	-	-	-	-	-	(3,439,283)	-	(3,439,283)
Share in other comprehensive loss of associate	-	-	-	-	-	-	-	(500,346)	(500,346)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,211,862,535	401,121,553	(44,606,836)	(3,439,283)	(500,346)	2,564,437,623
Cash dividend	14	-	-	(654,937,099)	-	-	-	-	(654,937,099)
Transaction within equity:									
Transfer to surplus reserves	-	-	(11,591,085)	11,591,085	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	10	-	-	6,903,000	(6,903,000)	-	-	-	-
	-	-	(11,591,085)	(636,443,014)	(6,903,000)	-	-	-	(654,937,099)
Balance as at September 30, 2024	P18,196,805,900	P7,229,275,360	P1,083,413,376	P6,698,798,295	(P26,973,978)	(P410,325,733)	(P5,181,489)	(P5,038,314)	P32,760,773,417

Forward

	Capital Stock (Note 14)	Paid-in Surplus (Note 14)	Surplus Reserves	Retained Earnings (Note 14)	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Remeasurement Losses on Retirement Liability	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	(P730,966,925)	(P77,723,200)	(P1,331,685)	P5,878,953	P28,030,575,008
Net income for the period	-	-	-	2,011,153,748	-	-	-	-	2,011,153,748
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	-	-	-	-	-	(217,208,336)	-	-	(217,208,336)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	-	-	-	-	1,915,000	-	-	-	1,915,000
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	(15,401,593)	-	-	-	(15,401,593)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	(6,964,361)	-	-	-	(6,964,361)
Share in other comprehensive loss of associate	-	-	-	-	-	-	(3,204,501)	-	(3,204,501)
Net movement in cumulative translation adjustment	-	-	-	-	-	-	-	(1,585,061)	(1,585,061)
Total comprehensive income (loss) for the period	-	-	-	2,011,153,748	(20,450,954)	(217,208,336)	(3,204,501)	(1,585,061)	1,768,704,896
Transaction within equity:									
Transfer to surplus reserves	-	-	(84,888,887)	84,888,887	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	-	-	-	7,839,994	(7,839,994)	-	-	-	-
	-	-	(84,888,887)	92,728,881	(7,839,994)	-	-	-	-
Balance as at September 30, 2023	P18,196,805,900	P7,229,275,360	P898,518,609	P4,529,111,738	(P759,257,873)	(P294,931,536)	(P4,536,186)	P4,293,892	P29,799,279,904

See Notes to Condensed Interim Financial Statements.

BANK OF COMMERCE
UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30		
	<i>Note</i>	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		P2,886,760,033	P2,749,134,994
Adjustments for:			
Depreciation and amortization		455,665,898	342,195,986
Interest expense on bonds payable	13	415,447,705	309,551,968
Gain on foreclosure and sale of property and equipment and foreclosed assets - net		(257,977,839)	(346,141,790)
Provision for credit and impairment losses		199,503,177	222,432,716
Unrealized gain on financial assets and liabilities at fair value through profit or loss (FVPL)		(125,533,661)	(11,096,343)
Amortization of software costs		62,799,986	55,819,560
Interest expense on lease liabilities		28,278,696	23,643,140
Share in net loss of associate		428,035	633,477
Miscellaneous income		(128,563)	-
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)		-	(6,964,361)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Interbank loans receivables		(134,204,406)	-
Financial assets at FVPL		(3,699,991,465)	(149,203,944)
Loans and receivables		(16,801,938,861)	(6,772,296,111)
Other assets		(633,232,733)	(318,656,489)
Increase (decrease) in:			
Deposit liabilities		2,655,104,781	396,210,489
Manager's checks		(421,373,090)	1,107,274,286
Accrued interest, taxes and other expenses		(212,479,207)	34,763,497
Other liabilities		369,051,411	2,461,728,616
Net cash generated from (absorbed by) operations		(15,213,820,103)	99,029,691
Income taxes paid		(632,438,839)	(682,695,451)
Net cash used in operating activities		(15,846,258,942)	(583,665,760)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale or maturities of:			
Investment securities at amortized cost		86,360,000,000	55,265,553,811
Investment properties		139,505,328	140,356,000
Property and equipment		34,779,192	33,474,012
Financial assets at FVOCI		-	963,068,067
Additions to:			
Investment securities at amortized cost		(72,057,430,190)	(50,422,918,689)
Financial assets at FVOCI		(6,041,736,876)	(9,170,907,589)
Property and equipment		(395,477,382)	(230,011,371)
Software costs		(132,937,764)	(133,131,463)
Investment properties		(5,305,544)	(20,175,601)
Net cash provided by (used in) investing activities		7,901,396,764	(3,574,692,823)

Forward

Nine Months Ended September 30

	<i>Note</i>	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Settlement of bonds payable	13	(P7,500,000,000)	P -
Issuance of bonds payable	13	6,510,558,574	-
Cash dividends paid		(654,937,099)	-
Payment of interest on bonds		(388,035,054)	(282,729,383)
Payment of lease liability		(182,441,275)	(176,184,185)
Proceeds from bills payable		-	912,115,822
Net cash provided by (used in) financing activities		(2,214,854,854)	453,202,254
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		(3,441,876)	(1,573,432)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(10,163,158,908)	(3,706,729,761)
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		3,973,329,786	3,119,381,878
Due from Bangko Sentral ng Pilipinas		26,679,927,869	17,580,839,804
Due from other banks		2,666,736,483	1,584,961,756
Interbank loans receivable and securities purchased under resale agreements		5,462,681,101	19,847,546,152
		P38,782,675,239	P42,132,729,590
CASH FLOWS FROM INTEREST AND DIVIDENDS			
Operating Activities			
Interest received		P7,831,826,576	P6,975,388,352
Interest paid		2,702,630,317	2,030,488,191
Investing Activities			
Interest received		P2,013,490,546	P1,583,572,767
Dividends received		2,616,371	1,612,352
Financing Activities			
Interest paid		P416,313,749	P306,372,523
Dividends paid		654,937,099	-

See Notes to Condensed Interim Financial Statements.

BANK OF COMMERCE
NOTES TO CONDENSED INTERIM 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, including the Head Office, as at September 30, 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 September 30, 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 September 30, 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim statements of financial position broadly in the order of liquidity.

3. Material Accounting Policies

The accounting policies adopted in the preparation of the condensed interim 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 condensed interim 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*

Effective January 1, 2027

PFRS 18, *Presentation and Disclosure in Financial Statements* replaces the interim standard, PAS 1 *Presentation of Financial Statements*. PFRS 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. This introduces the following key changes:

- a) promotes a more structured income statement that introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on a company's main business activities.

Companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. that investing and financing results are specifically excluded. The results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis. Under the new standard, companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

- b) requires some of 'non-GAAP' measured used by the Companies to be reported in the financial statements. It defines Management Performance Measures (MPMs) as a subtotal of income and expenses that:
 - is used in public communications outside the financial statements; and
 - communicates management's view of financial performance.

For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRSs. Such disclosure will enhance transparency and will afford users better information on companies' financial performance.

- c) includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

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 except for the expected credit losses (ECL) on financial assets, loan commitments and financial guarantees.

In 2024, the Bank refreshed the ECL framework. Updates on the ECL parameters involved the following:

- The most recent data were applied for probability of default (PD), loss given default (LGD) and exposure at default (EAD);
- LGD estimates for corporate loans were updated; and
- The macroeconomic factors (MEFs) were tested and updated based on the incremental data during refresh. The updated MEFs include Remittances, Loan Performances, Value of Production Index (VAPI), Stock Exchange Index, Exports, Consumer Outlook, Foreign Exchange rates, Unemployment rate and Gross Domestic Product (Exports and Agriculture).

The Bank recognized a reversal of allowance for credit losses on loans and receivables amounting to P10.8 million, which is included under "Provision for credit and impairment losses" account in the condensed interim statements of income, as a result of the refresh of the Bank's ECL framework to incorporate the most recent data and developments in macroeconomic environment of the Bank. The amount of the effect in future periods is not disclosed because estimating the impact is impracticable.

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 condensed interim financial statements of the Bank as at September 30, 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 BROC and Audit Committee, as well as the SET 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 BROCC. 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 nine months ended September 30, 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):

	September 30, 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	P4,119,112	P3,697,358	P421,754	P -	P4,119,112
Private debt securities	70,942	-	-	70,942	70,942
Derivative assets	29,601	-	29,601	-	29,601
Financial assets at FVOCI:					
Government securities	17,297,877	11,401,270	5,896,607	-	17,297,877
Equity securities	197,289	158,450	-	38,839	197,289
	P21,714,821	P15,257,078	P6,347,962	P109,781	P21,714,821
Liabilities Measured at Fair Value					
<i>Financial Liabilities</i>					
Derivative liabilities	P1,539	P -	P1,539	P -	P1,539
Assets for Which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P36,074,920	P17,635,157	P17,811,239	P -	P35,446,396
Private debt securities	2,095,404	265,568	1,694,340	-	1,959,908
Loans and receivables:					
Receivables from customers	124,093,709	-	-	129,034,700	129,034,700
Less unearned interest	54,171	-	-	54,171	54,171
	124,039,538	-	-	128,980,529	128,980,529
Sales contract receivables	295,076	-	-	312,586	312,586
	162,504,938	17,900,725	19,505,579	129,293,115	166,699,419
<i>Non-financial Assets</i>					
Investment properties	3,886,102	-	-	10,566,150	10,566,150
	P166,391,040	P17,900,725	P19,505,579	P139,859,265	P177,265,569
Liabilities for Which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P19,139,436	P -	P19,124,897	P -	P19,124,897
Long-term negotiable certificates	5,029,420	-	5,029,420	-	5,029,420
Bonds payable	6,524,763	-	6,642,461	-	6,642,461
	P30,693,619	P -	P30,796,778	P -	P30,796,778
December 31, 2023 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
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
Financial assets at FVOCI:					
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>					
Investment securities at amortized cost:					
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
Loans and receivables:					
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>					
Deposit liabilities:					
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 nil, 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 P1.9 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 September 30, 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 nine months ended September 30, 2024 and 2023 for statement of income items, and as at September 30, 2024 and December 31, 2023 for statement of financial position items follow (amounts in millions):

	September 30, 2024 (Unaudited)					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party	P2,284	P5,985	(P2,428)	P802	P119	P6,762
Intersegment	(1,821)	(5,010)	6,315	(596)	1,112	-
Net interest income	463	975	3,887	206	1,231	6,762
Non-interest income	223	36	63	45	913	1,280
Total revenues	686	1,011	3,950	251	2,144	8,042
Other expenses	239	295	1,667	136	2,618	4,955
Income (losses) before provision for credit losses and income tax expense	P447	P716	P2,283	P115	(P474)	P3,087
Provision for credit and impairment losses						P200
Share in net loss of an associate						-
Income tax expense						675
Net income						P2,212
Other Segment Information						
Capital expenditures	P3	P3	P54	P6	P279	P345
Depreciation and amortization	P3	P3	P64	P6	P380	P456

	September 30, 2024 (Unaudited)					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Financial Position						
Total assets	P73,785	P112,173	P25,511	P14,669	P8,913	P235,051
Total liabilities	11,406	34	185,817	162	4,871	202,290

	September 30, 2023 (Unaudited)					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party	P2,004	P5,158	(P1,867)	P705	P80	P6,080
Intersegment	(1,564)	(4,190)	4,971	(480)	1,263	-
Net interest income	440	968	3,104	225	1,343	6,080
Non-interest income	103	56	71	34	954	1,218
Total revenues	543	1,024	3,175	259	2,297	7,298
Other expenses	204	269	1,585	136	2,132	4,326
Income (losses) before provision for credit losses and income tax expense	P339	P755	P1,590	P123	P165	P2,972
Provision for credit and impairment losses						P222
Share in net loss of an associate						1
Income tax expense						738
Net income						P2,011
Other Segment Information						
Capital expenditures	P3	P6	P116	P2	P82	P209
Depreciation and amortization	P3	P3	P42	P6	P288	P342

	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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Interbank loans receivable	P4,596,885,507	P2,141,147,187
SPURA	1,000,000,000	17,973,348,893
	5,596,885,507	20,114,496,080
Less allowance for credit losses	755,580	2,715,457
	P5,596,129,927	P20,111,780,623

Interbank loans receivable consists of short-term loans granted to other banks. SPURA represents overnight lending placements with the BSP where the underlying securities cannot be sold or re-pledged to parties other than the BSP.

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

Financial assets at FVPL consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities held-for-trading	P4,119,112,233	P180,602,626
Private debt securities	70,942,267	190,504,814
Derivative assets	29,600,756	27,685,000
	P4,219,655,256	P398,792,440

As at September 30, 2024 and December 31, 2023, financial assets and liabilities at FVPL are adjusted for unrealized gain of P125.5 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 September 30, 2024, these pertain to four contracts with notional amount of \$5.0 million each. 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. The notional amount 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 notional amount indicates the volume of transactions outstanding as at September 30, 2024 and December 31, 2023 and is not indicative of either market risk or credit risk.

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Derivative Assets	Notional Amount	Derivative Assets	Notional Amount
Freestanding derivatives:				
Warrants	P28,015,000	\$50,000	P27,685,000	\$50,000
Forwards	1,585,756	5,000,000	-	-
	P29,600,756	\$5,050,000	P27,685,000	\$50,000

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Derivative Assets	Notional Amount	Derivative Assets	Notional Amount
Freestanding derivatives:				
Forwards	P1,539,339	\$15,000,000	P6,201,649	\$32,000,000

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	P17,297,877,030	P10,850,047,722
Equity securities	197,288,998	193,757,106
	P17,495,166,028	P11,043,804,828

As at September 30, 2024 and December 31, 2023, the ECL allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P1.7 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	(P421,192,531)	(P730,966,925)
Net unrealized gains recognized as OCI	409,623,705	324,174,117
Effect of tax	(9,100,499)	(363,597)
ECL on debt securities at FVOCI	598,347	455,690
Realized gains taken to profit or loss	-	(6,964,361)
Net change in unrealized gains (losses) recorded in OCI	401,121,553	317,301,849
Realized gains taken to retained earnings	(6,903,000)	(7,527,455)
Balance at end of period	(P26,973,978)	(P421,192,531)

11. Investment Securities at Amortized Cost

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	P36,079,113,266	P50,311,649,891
Private debt securities	2,095,631,108	2,165,662,758
	38,174,744,374	52,477,312,649
Less allowance for credit losses	4,420,756	6,209,355
	P38,170,323,618	P52,471,103,294

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

12. Loans and Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables from customers:		
Term loans	P93,179,308,600	P81,196,871,925
Agri-agra loans	14,747,007,517	11,681,545,957
Housing loans	9,285,899,144	8,454,302,941
Auto loans	4,898,760,818	4,123,415,068
Bills purchased, import bills and trust receipts	1,114,683,259	1,050,698,899
Direct advances	411,960,665	577,211,848
Others	2,479,718,202	2,368,875,299
	126,117,338,205	109,452,921,937
Less unearned interest income	54,171,215	45,387,843
	126,063,166,990	109,407,534,094
Accrued interest receivable:		
Loans and receivables	964,419,390	946,846,228
Trading and investment securities	533,002,439	483,609,311
Due from BSP and other banks	1,150,000	4,357,778
Interbank loans receivable and SPURA	938,660	8,257,598
Accounts receivable	976,561,201	1,055,139,512
Sales contract receivables	351,669,489	388,560,627
Unquoted debt securities	291,578,214	291,578,212
RCOCI	600,000	93,452
	129,183,086,383	112,585,976,812
Less allowance for credit losses	3,232,222,212	3,019,800,493
	P125,950,864,171	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 P986.9 million and P951.3 million as at September 30, 2024 and December 31, 2023, respectively.

As at September 30, 2024 and December 31, 2023, the non-performing loans of the Bank amounted to P2.14 billion and P1.96 billion, respectively. Gross and net NPL ratios of the Bank are 1.67% and 0.48%, respectively, as at September 30, 2024 and 1.54% and 0.44%, respectively, as at December 31, 2023.

13. Bonds Payable

On May 16, 2024, the Bank issued P6.6 billion fixed rate bonds due on November 16, 2025. The bonds were priced at par with a coupon rate of 6.5635% payable on a quarterly basis commencing on August 16, 2024. The bonds were listed in Philippine Dealing and Exchange Corporation. Transaction costs on the issuance of bonds amounted to P59.2 million.

The P7.5 billion fixed rate bonds issued by the Bank on July 29, 2022 with a coupon rate of 5.0263% payable on a quarterly basis matured on July 29, 2024.

Interest expense on bonds payable amounted to P415.4 million and P309.6 million for the nine months ended September 30, 2024 and 2023. As at September 30, 2024 and December 31, 2023, unamortized bond transaction costs amounted to P45.0 million and P21.7 million, respectively.

14. Capital

As at September 30, 2024 and December 31, 2023, the Bank's capital stock consists of the following:

	Shares		Amount	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 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. On August 22, 2024, the BSP approved the amendments to the By-laws.

Cash Dividend

On May 28, 2024, the BOD declared cash dividends amounting to P654.9 million or equivalent to P0.2512 per common share and P0.7260 per preferred share, payable on July 15, 2024 to all stockholders of record as of June 19, 2024.

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 September 30, 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 condensed interim 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 September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Contingent assets:		
Future/spot exchange bought	P3,397,642,328	P2,683,155,542
Fixed income securities purchased	81,056,746	6,409,295,659
Outward bills for collection	-	5,575,925
	P3,478,699,074	P9,098,027,126
Commitments and contingent liabilities:		
Trust department accounts	P72,922,640,596	P70,208,670,193
Unused commercial letters of credit	12,578,809,859	8,181,592,869
Committed credit line	9,577,127,045	16,152,161,850
Future/spot exchange sold	3,788,997,750	3,181,038,760
Outstanding guarantees	3,788,102,666	4,305,962,435
Credit card lines	3,779,267,047	3,600,976,933
Late deposits/payments received	156,394,782	67,179,756
Fixed income securities sold	27,549,503	6,450,988
Items held for safekeeping/securities held as collateral	64,362	45,347
Inward bills for collection-domestic	1,232,660	3,525,034
	P106,620,186,270	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

The Board approved on February 27, 2024 the proposed amendment to the retirement plan policy which will only be effective upon receipt of the Certification of Qualification from the Bureau of Internal Revenue (BIR). The amendment pertains to the change in the rate of benefit of certain employees of the Bank who rendered service beyond 20 years. The estimated impact on past service cost amounted to P122.8 million which will be an adjustment to retirement liability. As of date, there is no approval of certification of qualification from the BIR.

No asset is being pledged by the Bank to secure outstanding liabilities as at September 30, 2024 and December 31, 2023.

17. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
a. Net income	P2,211,862,535	P2,011,153,748
b. Dividends on preferred shares*	174,166,668	132,916,668
c. Net income to equity holders of the Bank	2,037,695,867	1,878,237,080
d. Weighted average number of outstanding common shares	1,403,013,920	1,403,013,920
e. Basic earnings per share (c/d)	P1.45	P1.34

* 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:

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
a. Net income to equity holders of the Bank	P2,211,862,535	P2,011,153,748
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)	P1.22	P1.11

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

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Return on average equity	9.27%	9.27%
Return on average assets	1.26%	1.21%
Net interest margin on average earning assets	4.48%	4.24%

18. Events After the Reporting Date

On October 8, 2024, the SEC approved the amendments to the By-laws to (a) specify the date of the annual stockholders' meeting, (b) align with relevant rules and regulations, such as Section 132 of the MORB and Section 34 of the Revised Corporation Code and (c) delegate to the BOD the power to amend or repeal the current by-laws or enact a new one.

19. Other Matters

Other than the disclosures enumerated above, the Bank has no significant matters to report on the following during the period ended September 30, 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 and equity securities except for the issuance and the repayment of the fixed rate bonds amounting to P6.6 billion and P7.5 billion, respectively, as discussed in Note 13; and
- Any material commitments for capital expenditures.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Current ratio	0.54	0.57
Acid test ratio	0.52	0.56
Debt-to-equity ratio	6.17	6.51
Asset-to-equity ratio	7.17	7.51
Debt-to-asset ratio	0.86	0.87
Loans to deposit Ratio	0.70	0.70
Non-performing loans ratio - Gross (%)*	1.67	1.54
Non-performing loans ratio - Net (%)*	0.48	0.44
Non-performing loan (NPL) cover (%)	94.51	93.21
Capital Adequacy Ratio (%)	18.30	19.88

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Return on average assets (%)	1.26	1.21
Return on average equity (%)	9.27	9.27
Net interest margin (%)	4.48	4.24
Net profit margin (%)	27.50	27.56
Cost to income ratio	0.62	0.59
Interest rate coverage ratio	1.94	2.14
Solvency ratio	0.02	0.02

*Calculated based on BSP Circulars 941 and 1011.

BANK OF COMMERCE
AGING OF ACCOUNTS RECEIVABLE
AS OF SEPTEMBER 30, 2024
(in thousands)

No. of Days Outstanding	Amount
0 to 30 days	P 277,830
31 to 60 days	20,645
61 to 90 days	2,986
91 to 360 days	76,293
above 360 days	598,807
Accounts Receivable - Gross	976,561
Less: Allowance for Probable Losses	702,881
Accounts Receivable - Net	P 273,680

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Condition as of 30 September 2024 vs. 31 December 2023

BankCom's Total Assets totaled at ₱235.05 billion as of 30 September 2024, slightly up from the ₱231.67 billion as of 31 December 2023 mainly driven by the growth in all lending segments and financial assets at fair value. This translated to a return on assets (ROA) of 1.26%.

Asset movements are as follows:

Cash and Other Cash Items increased by 13.50% amounting to ₱3.97 billion. Due from BSP was up by 9.91% to ₱26.68 billion from ₱24.27 billion last year due to an increase in overnight deposit facility (ODF) placements. Due from Other Banks amounting to ₱2.67 billion significantly increased by 152.65% from ₱1.06 billion due to significant placements with foreign banks.

Financial Assets at Fair Value through Profit or Loss (FVPL) and Financial Assets at Fair Value through Other Comprehensive Income (FVOCI), increased to ₱4.22 billion and ₱17.50 billion, respectively, from ₱398.79 million and ₱11.04 billion, attributable to additional purchases and capital appreciation due to more favorable market conditions. However, Investments Securities at Amortized Cost declined to ₱38.17 billion or 27.25% from ₱52.47 billion due to redeployment of matured government securities to loans.

Loans and Other Receivables amounted to ₱125.95 billion, 14.95% higher than the ₱109.57 billion last year driven by the growth in lending business. The robust loan growth resulted in a loan-to-deposit ratio of 75%. Interbank loans receivables, however declined by ₱14.52 billion to ₱5.60 billion from the ₱20.11 billion to support loan growth.

Property & Equipment expanded to ₱1.97 billion, up 10.04% from ₱1.79 billion due to additional purchase of office equipment, computer, and furniture and fixtures. Investment properties went up by 5.71% to ₱3.89 billion from ₱3.68 billion due to the increase in real and other properties acquired (ROPA) and accumulated gains.

Other Assets rose by 21.17% to ₱3.96 billion from ₱3.27 billion due to an increase in booking of prepaid expenses and miscellaneous assets. Deferred tax assets, on the other hand, dropped by 5.62% to ₱448.63 million from ₱475.33 million. Investment in Associate also decreased by 2.61% to ₱34.61 million.

Total liabilities increased to ₱202.29 billion as of 30 September 2024, 0.73% up from the ₱200.82 billion as of 31 December 2023 primarily due to rebound in deposit liabilities.

Deposit liabilities, accounting for more than 90% of the Bank's Total Liabilities, moderately increased by 1.43% or ₱2.66 billion, to ₱188.56 billion from ₱185.91 billion as of 31 December 2023. Broken down, total deposits comprised of ₱164.39 billion CASA, 0.09% higher than last year's ₱164.24 billion; ₱19.14 billion Time Deposits, 15.03% up from ₱16.64 billion in 2023; and ₱5.03 billion Long-term Negotiable Certificates of Deposit.

Financial Liabilities at FVPL decreased by 75.18% amounting to ₱1.54 million owing to foreign exchange derivatives revaluations. Manager's Checks decreased by 22.82% to ₱1.43 billion due to decrease in stale checks.

Bonds payable was down by 13% to ₱6.52 billion due to the maturity of the ₱7.50 billion 2-year bonds last July 29, 2024. However, this was partially offset by the ₱6.57 billion bond offering on May 9, 2024.

Furthermore, Accrued Interest, Taxes & Other Expenses declined by 14.41% to ₱1.19 billion. Other Liabilities increased by 9.49% to ₱4.59 billion from ₱4.19 billion due to the increase in accounts payable for the period.

The Bank's total capital funds remained strong at ₱32.76 billion as of 30 September 2024, 6.19% more than the ₱30.85 billion as of 31 December 2023 despite the payment of dividends on July

15, 2024, amounting to ₱0.2512 per common share or ₱352.44 million. The increase in capital was driven by higher retained earnings and net unrealized gains for the period.

The bank's capital adequacy ratio (CAR) remained strong at 18.30%, well above the minimum regulatory requirement of 10.0%.

Statement of Income for the period ended 30 September 2024 vs 30 September 2023

Bank of Commerce (BankCom) reported a 9.98% growth in unaudited net income amounting to ₱2.21 billion for the nine-month period of 2024. This performance outpaced the previous year, highlighting steady growth in the bank's core business. This achievement underscores BankCom's capacity to deliver value to shareholders, reinvest in its growth, and demonstrate resilience in navigating market challenges, in line with its vision to become the best conglomerate bank in the country.

The steady revenue flow was driven by growth in core business areas, primarily net interest income, and an increase in fee income due to higher loans and financial assets. Meanwhile, corporate loans grew on account of program lending and loans to both SMC and non-SMC ecosystems.

Interest income on loans and receivables, representing 86.87% of the total revenue, grew by 15.73% to ₱6.99 billion, primarily due to an increase in the Bank's lending business. Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost also increased by 27.25% to ₱2.04 billion from ₱1.60 billion in the previous year.

Interest income from Bangko Sentral ng Pilipinas and other banks increased by 44.69% to ₱296.01 million from ₱204.58 million last year due to higher yields. Furthermore, interest income on Financial Assets at fair value through profit or loss (FVTPL) posted ₱71.77 million, more than 3x than last year's ₱19.51 million, in light of the significant gains coming from the bank's various investments and treasury notes. However, interest on interbank loans receivable and SPURA slipped by 31.65% to ₱426.89 million from ₱624.55 million in the previous year.

Total Interest Expense increased to ₱3.06 billion from ₱2.41 billion last year due to the high-interest rate environment. This included a 27.37% increase in interest expense on deposit liabilities to ₱2.61 billion, a 19.61% rise in interest expense on lease liabilities to ₱28.28 million, and a 34.21% increase in interest expense on bonds payable to ₱415.45 million. Interest expense on bills payable significantly decreased by 82.73% to ₱4.44 million from ₱25.68 million.

As the bank's Interest Income outpaced the growth of interest expense, it posted a Net Interest Income of ₱6.76 billion, 11.22% higher than ₱6.08 billion in the previous year, translating to a net interest margin (NIM) of 4.48%.

Total other income amounted to ₱1.28 billion, 5.04% higher than the previous year's ₱1.22 billion, driven by a rebound in trading and investment securities gains, as well as service charges, fees and commissions.

Trading and securities gains recovered to ₱134.75 million from last year's negative ₱0.47 million due to higher mark-to-market gains from securities. Service charges, fees and commissions also increased by 12.09% to ₱717.63 million from ₱640.25 million attributable to the 59% growth in underwriting fees amounting to ₱143.27 million, representing 11.20% of total other income. The Bank also saw increases in trust, credit card, and trade finance fees.

Foreign exchange gains posted ₱91.29 million, 20.63% down from the ₱115.01 million in the comparable period last year resulting from volatile market conditions.

Gains on foreclosure, and sale of property and equipment and foreclosed assets registered a decline of 25.47% to ₱257.98 million due to better sales last year. Moreover, miscellaneous income also dropped by 33.55% to ₱77.86 million from ₱117.17 million in comparable period last year due to the decrease in recoveries on charged-off assets.

Total expenses, including provisions for credit and impairment losses, surged by 13.32% to ₱5.15 billion. Growth in operating expenses was mainly due to the Bank's continued investment in human capital as well as higher volume of transactions.

Compensation and fringe benefits increased by 20.06% to ₱1.93 billion, driven by strategic hirings and an improved retention program which led to an increase in compensation cost while at the same time reducing attrition levels.

Depreciation and amortization grew by 33.16% to ₱455.67 million, primarily due to higher depreciation expenses from computer equipment and foreclosed properties held by the bank. Amortization of software costs also rose by 12.51% to ₱62.80 million, reflecting the bank's investment in technology.

Taxes and licenses increased by 11.79% to ₱828.91 million driven by larger business volume. Rent and utilities also rose to ₱495.48 million, up by 3.44% from ₱479.02 million on account of rent renewals, security services, and repairs and maintenance.

Insurance went up by 9.28% to ₱275.77 million, attributed to higher PDIC insurance on deposits. Expenditure on service fees and commissions rose by 20.54% to ₱297.71 million from ₱246.98 million. Subscription fees also went up by 13.20% to ₱150.47 million from ₱132.93 million on account of higher IT related subscriptions.

Management and professional fees dropped by 24.51% to ₱76.82 million. Meanwhile, miscellaneous expenses grew by 4.18% to ₱380.03 million.

The Bank maintained a prudent approach by setting aside ₱199.50 million for Provisions for credit and impairment losses for the period ended 30 September 2024, even as asset quality improved. This charge is 10.31% lower than last year.

The Bank's share in the net loss of associate was recorded at ₱0.43 million for the period, compared to ₱0.63 million in 2023.

Income Tax expense amounted to ₱674.90 million, down by 8.55% from the ₱737.98 million in the same period in 2023.