August 10, 2026

SECURITIES AND EXCHANGE COMMISSION
17/F SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

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

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

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

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

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

Mesdames/Gentlemen:

We submit herewith the June 30, 2026 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

2 4 2 2 1

SEC Registration Number

B A N K O F C O M M E R C E

S A N M I G U E L P R O P E R T I E S C E N T R E

N O . 7 S T . F R A N C I S S T R E E T

M A N D A L U Y O N G C I T Y

ANTONIO S. LAQUINDANUM	8 9 8 2 6 0 0 0
Contact Person	Company Telephone Number

1 2	3 1	1 7 Q		
Month	*Day*	*Form Type*	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

S E C

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

S T A M P S

SEC Number 24221
PSE Code ________
File Number ________

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)

June 30, 2026

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 **June 30, 2026**
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 [X] 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 [X] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [X] No [ ]

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BANK OF COMMERCE
Issuer

By:

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

AUG 10 2026

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]

Notary Public

Doc. No.: 429
Page No.: 87
Book No.: 12
Series: 2026

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AUG 10 2026

[redacted]

ATTY. HILARIO M. DE LEON, JR.
NOTARY PUBLIC until Dec. 31, 2026
[redacted] For Mandaluyong City
Roll of [redacted]
PTR No. [redacted] Mandaluyong City
IBP OR No. [redacted]
MCLE [redacted]
Unit 908 Cityland Shaw Tower
Shaw Blvd. corner St. Francis St., Mandaluyong City

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BANK OF COMMERCE

INTERIM CONDENSED FINANCIAL STATEMENTS
As of June 30, 2026 (Unaudited) and December 31, 2025 (Audited)
and for the six months ended June 30, 2026 and 2025 (Unaudited)

BANK OF COMMERCE
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
ASSETS			
Cash and Other Cash Items		**P4,294,843,814**	P3,549,485,190
Due from Bangko Sentral ng Pilipinas		**22,526,531,061**	18,053,931,266
Due from Other Banks		**7,243,621,203**	2,105,187,140
Interbank Loans Receivable and Securities Purchased under Resale Agreements	*8*	**3,955,551,689**	7,647,508,000
Financial Assets at Fair Value through Profit or Loss	*9*	**3,784,031,127**	5,169,707,944
Financial Assets at Fair Value through Other Comprehensive Income	*10*	**31,748,992,535**	35,018,310,326
Investment Securities at Amortized Cost	*11*	**49,207,088,224**	41,371,074,917
Loans and Receivables	*12*	**153,563,933,546**	162,819,304,700
Investment in an Associate		**33,111,058**	33,421,266
Property, Equipment and Right-of-Use Assets		**1,999,809,614**	2,016,723,212
Investment Properties		**3,934,784,986**	4,115,809,308
Deferred Tax Assets		**438,519,371**	269,766,065
Other Assets		**4,778,156,819**	4,683,302,191
		P287,508,975,047	P286,853,531,525
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		**P81,303,010,456**	P80,072,537,822
Savings		**121,286,828,473**	118,415,300,363
Time		**21,046,763,770**	24,826,278,213
		223,636,602,699	223,314,116,398
Financial Liabilities at Fair Value through Profit or Loss	*9*	**15,153,929**	2,085,466
Bonds Payable		**17,911,061,491**	17,881,000,871
Manager's Checks		**1,451,881,998**	1,797,802,935
Accrued Interest, Taxes and Other Expenses		**1,509,020,772**	1,349,787,315
Other Liabilities		**6,611,831,605**	5,930,702,162
Total Liabilities		**251,135,552,494**	250,275,495,147
Equity			
Capital stock	*13*	**18,196,805,900**	18,196,805,900
Paid-in surplus	*13*	**7,229,275,360**	7,229,275,360
Surplus reserves		**1,478,595,625**	1,583,791,619
Retained earnings		**11,098,350,605**	9,790,692,161
Net unrealized gains (losses) on financial assets at fair value through other comprehensive income	*10*	**(1,313,234,400)**	99,889,342
Remeasurement losses on retirement asset		**(323,799,559)**	(323,799,559)
Cumulative translation adjustment		**12,605,436**	6,579,908
Share in other comprehensive loss of an associate		**(5,176,414)**	(5,198,353)
Total Equity		**36,373,422,553**	36,578,036,378
		P287,508,975,047	P286,853,531,525

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME

		Six Months Ended June 30		Quarter Ended June 30	
	Note	**2026**	2025	**2026**	2025
INTEREST INCOME					
Interest income calculated using the effective interest method:					
Loans and receivables		**P5,682,051,294**	P5,238,392,177	**P2,782,140,807**	P2,667,203,751
Investment securities at fair value through other comprehensive income and at amortized cost		**1,984,004,237**	1,473,289,531	**1,001,765,968**	784,961,562
Interbank loans receivable and securities purchased under resale agreements		**324,446,291**	269,697,807	**202,198,522**	132,627,196
Due from Bangko Sentral ng Pilipinas and other banks		**149,566,195**	172,091,975	**106,239,500**	92,062,997
Other interest income:					
Financial assets at fair value through profit or loss		**122,378,421**	129,801,445	**45,586,711**	83,157,819
		8,262,446,438	7,283,272,935	**4,137,931,508**	3,760,013,325
INTEREST EXPENSE					
Deposit liabilities		**1,523,913,764**	1,441,717,174	**696,471,709**	677,109,775
Bonds payable		**593,741,306**	669,583,058	**296,995,931**	414,106,173
Lease liabilities		**20,285,444**	20,757,635	**9,931,129**	10,426,441
Bills payable and others		**11,982,732**	4,663,999	**4,080,132**	1,894,556
		2,149,923,246	2,136,721,866	**1,007,478,901**	1,103,536,945
NET INTEREST INCOME		**6,112,523,192**	5,146,551,069	**3,130,452,607**	2,656,476,380
Service charges, fees and commissions		**406,868,045**	435,453,018	**222,197,692**	203,291,227
Gains on foreclosure and sale of property and equipment and foreclosed assets - net		**340,690,017**	288,699,016	**175,807,337**	143,757,964
Trading and investment securities gains (losses) - net		**(137,119,433)**	38,244,065	**16,009,159**	(17,373,185)
Foreign exchange gains - net		**109,583,529**	103,483,095	**44,719,147**	65,454,467
Miscellaneous		**65,359,129**	46,640,046	**22,142,620**	14,296,434
TOTAL OPERATING INCOME		**6,897,904,479**	6,059,070,309	**3,611,328,562**	3,065,903,287
Compensation and fringe benefits		**1,661,133,120**	1,475,171,914	**842,980,474**	762,438,380
Taxes and licenses		**686,879,986**	593,454,351	**337,370,578**	272,657,754
Rent and utilities		**367,584,008**	340,549,928	**191,737,152**	171,338,798
Depreciation and amortization		**357,962,556**	321,344,020	**181,509,251**	161,318,308
Insurance		**216,167,325**	200,379,280	**108,021,201**	100,831,374
Service fees and commissions		**184,615,591**	193,390,383	**103,570,293**	104,408,572
Subscription fees		**114,327,691**	113,555,289	**60,452,082**	54,661,738
Amortization of software costs		**85,817,808**	65,713,095	**46,003,618**	32,875,023
Management and professional fees		**35,714,586**	42,545,254	**15,424,061**	23,392,328
Provision for (reversal of) credit and impairment losses		**7,977,959**	9,187,979	**35,423,029**	(55,868,786)
Miscellaneous		**344,330,705**	256,548,864	**182,402,918**	127,139,738
TOTAL OPERATING EXPENSES		**4,062,511,335**	3,611,840,357	**2,104,894,657**	1,755,193,227
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		**2,835,393,144**	2,447,229,952	**1,506,433,905**	1,310,710,060
SHARE IN NET LOSS OF AN ASSOCIATE		**332,147**	258,941	**101,264**	88,605
INCOME BEFORE INCOME TAX EXPENSE		**2,835,060,997**	2,446,971,011	**1,506,332,641**	1,310,621,455
INCOME TAX EXPENSE		**726,242,281**	586,278,301	**373,707,315**	316,715,233
NET INCOME		**P2,108,818,716**	P1,860,692,710	**P1,132,625,326**	P993,906,222
Earnings Per Share Attributable to Equity Holders of the Bank	*16*				
Basic		**P1.40**	P1.23	**P0.75**	P0.66
Diluted		**1.16**	1.02	**0.62**	0.55

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30		Quarter Ended June 30	
	2026	2025	**2026**	2025
NET INCOME	**P2,108,818,716**	P1,860,692,710	**P1,132,625,326**	P993,906,222
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified to profit or loss				
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	**1,338,291**	680,000	**1,212,535**	150,000
	1,338,291	680,000	**1,212,535**	150,000
Items that may be reclassified to profit or loss				
Net change in fair value of debt securities at FVOCI	**(1,358,673,930)**	233,648,544	**8,644,513**	12,020,669
Net change in fair value of debt securities at FVOCI taken to profit or loss	**(55,788,103)**	(6,097,575)	**-**	(3,579,199)
Net movement in cumulative translation adjustment	**6,025,528**	(5,562,497)	**3,012,999**	773,904
Share in other comprehensive income (loss) of an associate	**21,939**	837	**(519)**	(1,380)
	(1,408,414,566)	221,989,309	**11,656,993**	9,213,994
	(1,407,076,275)	222,669,309	**12,869,528**	9,363,994
TOTAL COMPREHENSIVE INCOME	**P701,742,441**	P2,083,362,019	**P1,145,494,854**	P1,003,270,216

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock (Note 13)	Paid-in Surplus (Note 13)	Surplus Reserves	Retained Earnings	Remeasurement Losses on Retirement Asset	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity
Balance as at January 1, 2026		**P18,196,805,900**	**P7,229,275,360**	**P1,583,791,619**	**P9,790,692,161**	**(P323,799,559)**	**P99,889,342**	**P6,579,908**	**(P5,198,353)**	**P36,578,036,378**
Net income for the period		**-**	**-**	**-**	**2,108,818,716**	**-**	**-**	**-**	**-**	**2,108,818,716**
Other comprehensive income (loss) for the period:										
Items that may not be reclassified to profit or loss:										
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)		**-**	**-**	**-**	**-**	**-**	**1,338,291**	**-**	**-**	**1,338,291**
Net change in remeasurement losses on retirement asset		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		**-**	**-**	**-**	**-**	**-**	**(1,358,673,930)**	**-**	**-**	**(1,358,673,930)**
Net change in fair value of debt securities at FVOCI taken to profit or loss		**-**	**-**	**-**	**-**	**-**	**(55,788,103)**	**-**	**-**	**(55,788,103)**
Net movement in cumulative translation adjustment		**-**	**-**	**-**	**-**	**-**	**-**	**6,025,528**	**-**	**6,025,528**
Share in other comprehensive income of an associate		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,939**	**21,939**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**2,108,818,716**	**-**	**(1,413,123,742)**	**6,025,528**	**21,939**	**701,742,441**
Cash dividend declared	*13*	**-**	**-**	**-**	**(906,356,266)**	**-**	**-**	**-**	**-**	**(906,356,266)**
Transaction within equity:										
Transfer from surplus reserves		**-**	**-**	**(105,195,994)**	**105,195,994**	**-**	**-**	**-**	**-**	**-**
Transfer of gain on equity securities at FVOCI realized through disposal		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		-	**-**	**(105,195,994)**	**(801,160,272)**	**-**	**-**	**-**	**-**	**(906,356,266)**
Balance as at June 30, 2026		**P18,196,805,900**	**P7,229,275,360**	**P1,478,595,625**	**P11,098,350,605**	**(P323,799,559)**	**(P1,313,234,400)**	**P12,605,436**	**(P5,176,414)**	**P36,373,422,553**

	Capital Stock	Paid-in Surplus	Surplus Reserves	Retained Earnings	Remeasurement Losses on Retirement Asset	Net Unrealized Losses on Financial Assets at FVOCI	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity
Balance as at January 1, 2025	**P18,196,805,900**	**P7,229,275,360**	**P1,169,045,556**	**P7,501,642,690**	**(P331,673,141)**	**(P534,761,685)**	**P4,760,983**	**(P5,028,412)**	**P33,230,067,251**
Net income for the period	**-**	**-**	**-**	**1,860,692,710**	**-**	**-**	**-**	**-**	**1,860,692,710**
Other comprehensive income (loss) for the period:									
Items that may not be reclassified to profit or loss:									
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	**-**	**-**	**-**	**-**	**-**	**680,000**	**-**	**-**	**680,000**
Net change in remeasurement losses on retirement asset	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	**-**	**-**	**-**	**-**	**-**	**233,648,544**	**-**	**-**	**233,648,544**
Net change in fair value of debt securities at FVOCI taken to profit or loss	**-**	**-**	**-**	**-**	**-**	**(6,097,575)**	**-**	**-**	**(6,097,575)**
Net movement in cumulative translation adjustment	**-**	**-**	**-**	**-**	**-**	**-**	**(5,562,497)**	**-**	**(5,562,497)**
Share in other comprehensive income of an associate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**837**	**837**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**1,860,692,710**	**-**	**228,230,969**	**(5,562,497)**	**837**	**2,083,362,019**
Cash dividend declared	**-**	**-**	**-**	**(851,356,266)**	**-**	**-**	**-**	**-**	**(851,356,266)**
Transaction within equity:									
Transfer to surplus reserves	**-**	**-**	**270,516,335**	**(270,516,335)**	**-**	**-**	**-**	**-**	**-**
Transfer of gain on equity securities at FVOCI realized through disposal	**-**	**-**	**-**	**630,000**	**-**	**(630,000)**	**-**	**-**	**-**
	-	**-**	**270,516,335**	**(1,121,242,601)**	**-**	**(630,000)**	**-**	**-**	**(851,356,266)**
Balance as at June 30, 2025	**P18,196,805,900**	**P7,229,275,360**	**P1,439,561,891**	**P8,241,092,799**	**(P331,673,141)**	**(P307,160,716)**	**(P801,514)**	**(P5,027,575)**	**P34,462,073,004**

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	**P2,835,060,997**	P2,446,971,011
Adjustments for:		
Interest expense on bonds payable	**593,741,306**	669,583,058
Depreciation and amortization	**357,962,556**	321,344,020
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	**(340,690,017)**	(288,699,016)
Unrealized losses (gains) on financial assets and liabilities at fair value through profit or loss (FVPL)	**121,145,877**	(39,188,070)
Amortization of software costs	**85,817,808**	65,713,095
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	**(55,788,103)**	(6,097,575)
Interest expense on lease liabilities	**20,285,444**	20,757,635
Provision for credit and impairment losses	**7,977,959**	9,187,979
Share in net loss of an associate	**332,147**	258,941
Miscellaneous income	**-**	(96,521)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivables	**-**	743,437
Financial assets at FVPL	**1,277,599,403**	(2,371,524,534)
Loans and receivables	**9,161,067,900**	(7,351,593,964)
Other assets	**(38,134,499)**	(52,269,015)
Increase (decrease) in:		
Deposit liabilities	**322,486,301**	(8,186,655,200)
Manager’s checks	**(345,920,937)**	960,124,840
Accrued interest, taxes and other expenses	**27,911,937**	(67,149,750)
Other liabilities	**(180,663,434)**	(6,680,120,631)
Net cash generated from (absorbed by) operations	**13,850,192,645**	(20,548,710,260)
Income taxes paid	**(652,802,283)**	(552,117,171)
Net cash provided by (used in) operating activities	**13,197,390,362**	(21,100,827,431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale or redemption of:		
Investment securities at amortized cost	**220,604,272,000**	109,135,661,190
Financial assets at FVOCI	**6,860,300,195**	2,496,623,977
Investment properties	**481,940,648**	430,357,524
Property and equipment	**24,465,881**	26,427,957
Additions to:		
Investment securities at amortized cost	**(228,441,058,960)**	(115,417,753,827)
Financial assets at FVOCI	**(5,058,920,754)**	(8,148,896,033)
Property and equipment	**(204,582,128)**	(110,252,337)
Software costs	**(96,105,112)**	(127,967,239)
Investment properties	**(7,040,050)**	(14,663,204)
Net cash used in investing activities	**(5,836,728,280)**	(11,730,461,992)

Forward

	Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest on bonds	**(P563,691,056)**	(P511,753,139)
Payment of lease liabilities	**(137,811,121)**	(128,075,076)
Issuance of bonds payable	**-**	17,831,211,213
Net cash provided by (used in) financing activities	**(701,502,177)**	17,191,382,998
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	**6,057,072**	(5,591,463)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,665,216,977**	(15,645,497,888)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	**3,549,485,190**	4,244,123,801
Due from Bangko Sentral ng Pilipinas	**18,056,368,871**	47,919,926,114
Due from other banks	**2,105,471,380**	3,819,900,855
Interbank loans receivable and securities purchased under resale agreements	**7,648,540,553**	3,449,297,350
	31,359,865,994	59,433,248,120
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	**4,294,843,814**	3,741,219,002
Due from Bangko Sentral ng Pilipinas	**22,529,572,874**	29,593,362,197
Due from other banks	**7,244,580,523**	4,674,723,633
Interbank loans receivable and securities purchased under resale agreements	**3,956,085,760**	5,778,445,400
	P38,025,082,971	P43,787,750,232
CASH FLOWS FROM INTEREST AND DIVIDENDS		
Operating Activities		
Interest received	**P8,428,386,116**	P7,200,710,728
Interest paid	**1,603,131,184**	1,558,529,547
Dividends received	**1,048,950**	-

See Notes to Interim Condensed Financial Statements.

1. Reporting Entity

Bank of Commerce (the Bank) is a domestic corporation registered with the Securities and Exchange Commission (SEC) on December 16, 1963. The Bank's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on March 31, 2022, as approved by the SEC on February 15, 2022. The Bangko Sentral ng Pilipinas (BSP) approved the upgrade of the Bank's banking license from commercial bank to universal bank on December 23, 2021. On August 11, 2022, the SEC approved the application of the Bank to act as underwriter of securities engaged in dealing government securities. On October 24, 2022, the Bank received from the BSP the Certificate of Authority to Operate as a Universal Bank dated October 4, 2022. On November 2, 2022, the Bank officially started operations as a universal bank.

The Bank provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, credit card and trust services. The Bank's principal place of business is at San Miguel Properties Centre, No.7 St. Francis Street, Mandaluyong City. The Bank has a total of 142 branches nationwide, including the Head Office and two (2) branch-lite units, as at June 30, 2026 and December 31, 2025.

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 June 30, 2026 and December 31, 2025. 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 June 30, 2026 and December 31, 2025.

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

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

2. Basis of Preparation

Statement of Compliance

The interim condensed financial statements of the Bank have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended December 31, 2025 (last annual audited financial statements). They do not include all information required for a complete set of financial statements that is compliant with Philippine Financial Reporting Standards (PFRS Accounting Standards). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual audited financial statements.

Basis of Measurement

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

Items	Measurement Bases
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 assets	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

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

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

Presentation of Financial Statements

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

3. Material Accounting Policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those applied in the Bank's last annual audited financial statements as at and for the year ended December 31, 2025, except for the adoption of the following amended standards, which became effective beginning January 1, 2026. Unless otherwise indicated, the adoption of these amended standards did not have significant impact on the interim condensed financial statements of the Bank. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 *Financial Instruments* and PFRS 7 *Financial Instruments: Disclosures)*
- Amendments to Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7)
- Annual Improvements to PFRS Accounting Standards – Volume 11
    - Gain or Loss on Derecognition (Amendments to PFRS 7)
    - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)
    - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9)
- Cost Method (Amendments to PAS 7 *Statement of Cash Flows*)

4. Critical Judgments and Estimates

The preparation of financial statements in conformity with PFRS Accounting Standards 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, 2025.

5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2025 audited financial statements of the Bank, there have been no changes in the financial risk exposures that materially affect the interim condensed financial statements of the Bank as at June 30, 2026. The Bank has exposures to the following risks from its use of financial instruments: (a) credit; (b) interests rate risk in the banking book (IRRBB); (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 2025 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 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 Internal Credit Risk Rating System (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, 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, operational losses, and disruptions.

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 BROC. 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 exposures 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, counterparty, or industry.

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 the fund users and fund providers of the Bank. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as Bloomberg Valuation (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 BROC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

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

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

Market Risk

Market risk arises from the potential decline in earnings and capital due to adverse changes in market conditions and the underlying risk factors, which in turn affect the value and future cash flows of financial instruments, products, and transactions. The Bank is primarily exposed to two sources of market risk, namely: 1) market price risk in the trading book; and 2) foreign exchange risk from open foreign currency exposures. The Bank also has equity-related holdings which is a source of equity price risk, although deemed as minimal compared to the first two.

Market Price Risk in the Trading Book

The market price of financial instruments and transactions in the trading book may change unfavorably as a result of movements in interest rates, foreign exchange rates, credit spreads, and other risk factors. The Bank employs an internally developed VAR model, along with other sensitivity metrics, to measure and monitor the probable deterioration in the market value of its trading portfolio. The Bank’s RSK simulates the trading book’s VAR on a daily basis and the results are compared against Board-approved limits. In addition to the limit on VAR, the trading portfolio is also subject to limits on aggregate exposures, sensitivity metrics, monthly and yearly losses.

Value-at-Risk Methodology

VAR serves as the Bank’s key metric in the measurement of risk arising from market price changes of financial assets and foreign currency exposures. Given data for the market risk factors over a 1-year period (260 business days), VAR is the maximum probable loss that may be incurred from positions exposed to market risk. The maximum probable loss is calculated from simulations of daily profit and losses assuming that historical movements in market risk factors will recur, subject to a 99% confidence level and a 1-day holding period.

The Bank’s VAR methodology is based on the widely used historical simulation method but with a modification on the usual assumption of equal probabilities in the simulation data points. Profit and loss simulations derived from older data are given less importance by assigning them with progressively lower probabilities of occurrence when used in the calculation of the maximum probable loss.

Currency Risk
The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Bank believes that its profile of foreign currency exposure based on its assets and liabilities is within conservative limits for a financial institution engaged in a type of business similar to that of the Bank.

Foreign currency deposits are generally used to fund the foreign currency-denominated loan and investment portfolios in the FCDU. Banks are required by BSP to match the foreign currency liabilities held in the FCDU with foreign currency assets. In addition, BSP requires a 30.0% liquidity reserve on all foreign currency liabilities held in the FCDU.

Similar to market price risk in the trading book, the Bank employs limits and a VAR model to manage the risk that possible interest or currency movements pose. Such limits are prudently set, and the position status is monitored on a daily basis.

Given the nature and amount of the Bank's equity investments portfolio for the six months ended June 30, 2026 and year ended December 31, 2025, management believes the Bank's exposure to currency risk is considered minimal.

Equity Price Risk
Given the nature and amount of the Bank's equity investments portfolio for the six months ended June 30, 2026 and year ended December 31, 2025, 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) – For quoted securities, fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers. The Bank's unquoted equity securities are classified as Level 3 in the fair value hierarchy. Their fair values are determined using the adjusted net asset value (ANAV) method, which is considered appropriate as the investees' net assets largely represent their fair value.

The ANAV technique uses the most recent financial statements of the investees and adjusts the recorded net assets to reflect the fair values of significant underlying assets and liabilities. Key unobservable inputs include valuation adjustments to reflect the fair value of financial assets and liabilities measured at amortized cost, as well as remeasurement of property and other non-financial assets to reflect their estimated fair values at the measurement date.

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 (SOFR)). 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 SOFR) 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 SOFR) 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 available supportable data.

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):

	June 30, 2026 (Unaudited)				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL:					
Government securities	**P3,735,818**	**P2,717,470**	**P1,018,348**	**P -**	**P3,735,818**
Derivative assets	**48,213**	**-**	**48,213**	**-**	**48,213**
Financial assets at FVOCI:					
Government securities	**31,522,778**	**22,687,505**	**8,835,273**	**-**	**31,522,778**
Equity securities	**226,215**	**500**	**-**	**225,715**	**226,215**
	P35,533,024	**P25,405,475**	**P9,901,834**	**P225,715**	**P35,533,024**
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	**P15,154**	**P -**	**P 15,154**	**P -**	**P15,154**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	**P47,238,329**	**P32,973,057**	**P13,587,251**	**P -**	**P46,560,308**
Private debt securities	**1,968,759**	**-**	**1,870,020**	**-**	**1,870,020**
Loans and receivables:					
Receivables from customers	**150,960,552**	**-**	**-**	**145,512,853**	**145,512,853**
Less unearned interest	**95,546**	**-**	**-**	**95,546**	**95,546**
	150,865,006	**-**	**-**	**145,417,307**	**145,417,307**
Sales contract receivables	**218,222**	**-**	**-**	**222,981**	**222,981**
	200,290,316	**32,973,057**	**15,457,271**	**145,640,288**	**194,070,616**
Non-financial Assets					
Investment properties	**3,934,785**	**-**	**-**	**10,735,024**	**10,735,024**
	P204,225,101	**P32,973,057**	**P15,457,271**	**P156,375,312**	**P204,805,640**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Time	**P21,046,764**	**P -**	**P21,036,999**	**P -**	**P21,036,999**
Bonds payable	**17,911,061**	**-**	**17,733,562**	**-**	**17,733,562**
	P38,957,825	**P -**	**P38,770,561**	**P -**	**P38,770,561**

	December 31, 2025 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL:					
Government securities	P5,132,998	P4,560,287	P572,711	P -	P5,132,998
Derivative assets	36,710	-	36,710	-	36,710
Financial assets at FVOCI:					
Government securities	34,793,434	15,314,787	19,478,647	-	34,793,434
Equity securities	224,877	500	-	224,377	224,877
	P40,188,019	P19,875,574	P20,088,068	P224,377	P40,188,019
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	P2,085	P -	P2,085	P -	P2,085
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P39,475,179	P23,056,328	P16,337,158	P -	P39,393,486
Private debt securities	1,895,896	-	1,806,596	-	1,806,596
Loans and receivables:					
Receivables from customers	159,964,965	-	-	161,509,318	161,509,318
Less unearned interest	83,143	-	-	83,143	83,143
	159,881,822	-	-	161,426,175	161,426,175
Sales contract receivables	225,420	-	-	235,932	235,932
	201,478,317	23,056,328	18,143,754	161,662,107	202,862,189
Non-financial Assets					
Investment properties	4,115,809	-	-	11,087,389	11,087,389
	P205,594,126	P23,056,328	P18,143,754	P172,749,496	P213,949,578
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	P24,826,278	P -	P24,817,534	P -	P24,817,534
Bonds payable	17,881,001	-	18,077,148	-	18,077,148
	P42,707,279	P -	P42,894,682	P -	P42,894,682

In 2026 and 2025, 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 P650.1 million and P2.5 billion, respectively, in 2026 and P225.7 million and P3.3 billion, respectively, in 2025, were transferred from Level 1 to Level 2 of the fair value hierarchy.

Securities at FVPL and FVOCI, with a carrying amount of P302.0 million and P11.2 billion, respectively, in 2026 and P0.5 million and P4.3 billion, respectively, in 2025, were transferred from Level 2 to Level 1 of the fair value hierarchy since quoted prices in active markets were already available.

In 2026 and 2025, there have been no transfers into and out of Level 3 of the fair value hierarchy.

An instrument in its entirety is classified as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived. For unquoted equity securities, fair values are estimated using valuation techniques such as the adjusted net asset value method.

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 June 30, 2026 and December 31, 2025.

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, automobiles, and salary loans for individual customers.

Others - includes but not limited to Credit Cards, Transaction Banking, Investment 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. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Bank has no significant customers which contributes 10.0% 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 six months ended June 30, 2026 and 2025 for statement of income items, and as at June 30, 2026 and December 31, 2025 for statement of financial position items follow (amounts in millions):

	June 30, 2026 (Unaudited)					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P1,751	P4,751	(P1,348)	P773	P186	P6,113
Intersegment	(1,409)	(3,834)	4,971	(605)	877	-
Net interest income	342	917	3,623	168	1,063	6,113
Non-interest income	(24)	33	29	23	724	785
Total revenues	318	950	3,652	191	1,787	6,898
Compensation and fringe benefits	16	20	284	46	1,295	1,661
General and administrative expenses	48	9	691	26	933	1,707
Taxes and licenses	132	220	318	42	(25)	687
Total expenses	196	249	1,293	114	2,203	4,055
Income (losses) before provision for credit losses and income tax expense	P122	P700	P2,359	P77	(P416)	P2,843
Provision for credit and impairment losses						P8
Share in net loss of an associate						-
Income tax expense						726
Net income						P2,109
Other Segment Information						
Capital expenditures	P -	P2	P26	P3	P92	P124
Depreciation and amortization	P3	P2	P57	P4	P378	P444
Statement of Financial Position						
Total assets	P103,047	P132,021	P21,116	P20,685	P10,640	P287,509
Total Liabilities	28,896	212	216,004	166	5,858	251,136

	June 30, 2025 (Unaudited)					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P1,306	P4,448	(P1,413)	P651	P155	P5,147
Intersegment	(1,162)	(3,677)	4,400	(493)	932	-
Net interest income	144	771	2,987	158	1,087	5,147
Non-interest income	141	30	44	28	669	912
Total revenues	285	801	3,031	186	1,756	6,059
Compensation and fringe benefits	15	19	299	40	1,099	1,472
General and administrative expenses	38	9	658	23	824	1,552
Taxes and licenses	112	202	203	37	25	579
Total expenses	165	230	1,160	100	1,948	3,603
Income (losses) before provision for credit losses and income tax expense	P120	P571	P1,871	P86	(P192)	P2,456
Provision for credit and impairment losses						P9
Share in net loss of an associate						-
Income tax expense						586
Net income						P1,861
Other Segment Information						
Capital expenditures	P5	P1	P41	P2	P34	P83
Depreciation and amortization	P2	P3	P47	P4	P331	P387

	December 31, 2025 (Audited)					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P95,200	P142,711	P18,286	P19,251	P11,406	P286,854
Total Liabilities	29,466	203	215,464	61	5,081	250,275

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.

General and administrative expenses consist of 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Interbank loans receivable	**P3,956,085,760**	P2,148,540,553
SPURA	**-**	5,500,000,000
	3,956,085,760	7,648,540,553
Less allowance for credit losses	**534,071**	1,032,553
	P3,955,551,689	P7,647,508,000

Interbank loans receivable consists of overnight lending placements and short-term loans with original maturities of three months or less from the date of placement 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:

	June 30 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	**P3,735,817,859**	P5,132,997,906
Derivative assets	**48,213,268**	36,710,038
	P3,784,031,127	P5,169,707,944

As at June 30, 2026 and December 31, 2025, financial assets and liabilities at FVPL are adjusted for unrealized loss of (P121.1 million) and unrealized gain of P65.0 million, respectively.

Derivative Financial Instruments
This includes warrants amounting to $0.05 million acquired by the Bank in June 2008. The warrants give the Bank the option or right to exchange its holding of certain Republic of the Philippines Global Bonds into peso-denominated government securities upon occurrence of a predetermined credit event. The warrants will mature in November 2032.

Forward swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future. As at June 30, 2026, these pertain to four contracts with notional amount of $10.0 million each and 10 contracts with notional amount of $5.0 million each. The Bank has four contracts with notional amount of $5.0 million each, one contract with notional amount of $10.0 million and two contracts with notional amount of €2.5 million each as at December 31, 2025.

The Bank also enters into bond futures contracts as part of its trading activities. As at June 30, 2026, these pertain to two contracts with notional amount of $3.0 million each. The Bank has no bond future contracts as at December 31, 2025.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount. The notional amount is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amount indicates the volume of transactions outstanding as at June 30, 2026 and December 31, 2025 and is not indicative of either market risk or credit risk.

	June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Derivative Assets	**Notional Amount**	Derivative Assets	Notional Amount
Freestanding derivatives:				
Warrants	**P30,680,000**	**$50,000**	P29,395,000	$50,000
Forwards	**17,073,068**	**60,000,000**	7,315,038	20,000,000
Bond futures	**460,200**	**6,000,000**	-	-
	P48,213,268	**$66,050,000**	P36,710,038	$20,050,000

	June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Derivative Liabilities	**Notional Amount**	Derivative Liabilities	Notional Amount
Freestanding derivatives:				
Forwards	**P15,153,929**	**$30,000,000**	P1,971,325	$10,000,000
Forwards	-	-	114,141	€5,000,000
	P15,153,929	**$30,000,000**	P2,085,466	

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	**P31,522,777,519**	P34,793,433,601
Equity securities	**226,215,016**	224,876,725
	P31,748,992,535	P35,018,310,326

As at June 30, 2026 and December 31, 2025, the expected credit loss (ECL) allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P2.9 million and P3.2 million, respectively.

Net Unrealized Gains (Losses) on Financial Assets at FVOCI
The movements of net unrealized gains (losses) on financial assets at FVOCI follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of year	**P99,889,342**	(P534,761,685)
Net unrealized gains (losses) recognized as OCI	**(1,467,941,902)**	801,574,327
Effect of tax	**110,861,414**	(136,437,696)
Realized gains taken to profit or loss	**(55,788,103)**	(16,457,282)
ECL on debt securities at FVOCI	**(255,151)**	1,254,079
Net change in unrealized gains (losses) recorded in OCI	**(1,413,123,742)**	649,933,428
Realized gains taken to retained earnings	**-**	(15,282,401)
Balance at end of period	**(P1,313,234,400)**	P99,889,342

11. Investment Securities at Amortized Cost

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	**P47,243,646,094**	P39,479,667,743
Private debt securities	**1,968,982,113**	1,896,105,862
	49,212,628,207	41,375,773,605
Less allowance for credit losses	**5,539,983**	4,698,688
	P49,207,088,224	P41,371,074,917

No investment securities at amortized cost were sold in 2026 and 2025.

12. Loans and Receivables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Receivables from customers:		
Term loans	**P113,746,887,463**	P124,556,652,487
Agri-agra loans	**13,525,635,065**	13,596,027,710
Housing loans	**13,323,711,694**	12,283,490,731
Auto loans	**6,791,719,165**	6,335,496,146
Bills purchased, import bills and trust receipts	**1,721,905,613**	1,543,834,876
Direct advances	**392,510,659**	364,480,041
Others	**3,320,567,451**	3,127,426,049
	152,822,937,110	161,807,408,040
Less unearned interest income	**95,546,215**	83,143,147
	152,727,390,895	161,724,264,893
Accrued interest receivable:		
Loans and receivables	**1,081,030,620**	1,222,141,660
Trading and investment securities	**1,016,337,872**	955,491,708
Due from BSP and other banks	**1,435,555**	1,813,333
Interbank loans receivable and SPURA	**529,942**	2,224,577
Accounts receivable	**1,303,885,122**	1,452,597,335
Unquoted debt securities	**291,578,224**	291,578,219
Sales contract receivables	**274,039,725**	281,310,365
RCOCI	**235,081**	3,337,849
	156,696,463,036	165,934,759,939
Less allowance for credit losses	**3,132,529,490**	3,115,455,239
	P153,563,933,546	P162,819,304,700

Bills purchased, import bills and trust receipts include bills purchased with contra account in “Bills purchased - contra” under “Other Liabilities” in the statements of financial position amounting to P1.7 billion and P1.5 billion as at June 30, 2026 and December 31, 2025, respectively.

As at June 30, 2026 and December 31, 2025, the non-performing loans of the Bank amounted to P2.24 billion and P2.22 billion, respectively. Gross and net NPL ratios of the Bank are 1.43% and 0.63%, respectively, as at June 30, 2026 and 1.33% and 0.62%, respectively, as at December 31, 2025.

13. Equity

As at June 30, 2026 and December 31, 2025, the Bank's capital stock consists of the following:

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

Cash Dividend

On May 26, 2026, the BOD declared cash dividends amounting to P906.4 million or equivalent to P0.25 regular dividend per common share, P0.20 special dividend per common share, and P0.66 per preferred share, payable on July 15, 2026 to all stockholders of record as of June 19, 2026.

14. 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.

The Bank has no outstanding DOSRI loans as at June 30, 2026 and December 31, 2025.

15. Commitments and Contingencies

In the normal course of operations, the Bank makes various commitments, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate any material losses as a result of these transactions.

The following is a summary of the Bank's commitments and contingencies at their peso equivalent contractual amounts arising from off-books accounts as at June 30, 2026 and December 31, 2025:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Contingent assets:		
Future/spot exchange bought	**P7,174,644,436**	P1,257,580,329
Fixed income securities purchased	**342,853,812**	2,574,327
Outward bills for collection	**11,168**	-
	P7,517,509,416	P1,260,154,656
Commitments and contingent liabilities:		
Trust department accounts	**P72,303,062,943**	P68,650,340,458
Committed credit line	**16,103,897,930**	17,379,461,505
Future/spot exchange sold	**7,866,278,987**	1,837,127,054
Unused commercial letters of credit	**5,883,939,282**	6,614,545,656
Credit card lines	**4,715,305,284**	4,427,078,211
Outstanding guarantees	**1,475,198,782**	2,509,497,648
Inward Bills for Collection-Domestic	**1,352,723,179**	197,314,203
Fixed income securities sold	**342,853,812**	2,574,326
Retirement obligations	**166,555,598**	166,555,598
Late deposits/payments received	**632,179**	632,179
Items held for safekeeping/securities held as collateral	**217,849**	58,653
	P110,210,665,825	P101,785,185,491

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

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

Other Commitments

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

No asset is being pledged by the Bank to secure outstanding liabilities as at June 30, 2026 and December 31, 2025.

16. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	Six Months Ended June 30 (Unaudited)	
	2026	2025
a. Net income	**P2,108,818,716**	P1,860,692,710
b. Dividends on preferred shares*	**151,250,001**	137,500,001
c. Net income to equity holders of the Bank	**1,957,568,715**	1,723,192,709
d. Weighted average number of outstanding common shares	**1,403,013,920**	1,403,013,920
e. Basic earnings per share (c/d)	**P1.40**	P1.23

** 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:

	Six Months Ended June 30 (Unaudited)	
	2026	2025
a. Net income to equity holders of the Bank	**P2,108,818,716**	P1,860,692,710
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)	**P1.16**	P1.02

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

	Six Months Ended June 30 (Unaudited)	
	2026	2025
Return on average equity	**11.56%**	11.00%
Return on average assets	**1.47%**	1.39%
Net interest margin on average earning assets	**4.68%**	4.27%

17. Events after the Reporting Date

On July 15, 2026, the Bank paid cash dividends amounting to P905.4 million to all stockholders of record as of June 19, 2026 (see Note 13).

18. Other Matters

Other than the disclosures enumerated above, the Bank has no significant matters to report on the following during the quarter ended June 30, 2026:

- 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 cyclicality of interim operations;
- Issuances, repurchases, and repayments of debt and equity securities; and
- Any material commitments for capital expenditures.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
BANK OF COMMERCE

	June 30, 2026	December 31, 2025
Current ratio	**0.45**	0.44
Acid test ratio	**0.43**	0.43
Debt-to-equity ratio	**6.90**	6.84
Asset-to-equity ratio	**7.90**	7.84
Debt-to-asset ratio	**0.87**	0.87
Loans to deposit Ratio	**0.70**	0.75
Non-performing loans ratio - Gross (%)*	**1.43**	1.33
Non-performing loans ratio - Net (%)*	**0.63**	0.62
Non-performing loan (NPL) cover (%)	**83.27**	82.98
Capital Adequacy Ratio (%)	**17.07**	16.48

	June 30, 2026	June 30, 2025
Return on average assets (%)	**1.47**	1.39
Return on average equity (%)	**11.56**	11.00
Net interest margin (%)	**4.68**	4.27
Net profit margin (%)	**30.57**	30.71
Cost to income ratio	**0.59**	0.59
Interest rate coverage ratio	**2.32**	2.15
Solvency ratio	**0.02**	0.02

**Calculated based on BSP Circulars 941 and 1011.*

BANK OF COMMERCE

AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2026
(in thousands)

No. of Days Outstanding		Amount
0 to 30 days	P	550,418
31 to 60 days		20,760
61 to 90 days		18,587
91 to 360 days		108,968
above 360 days		605,152
Accounts Receivable - Gross		1,303,885
Less: Allowance for Probable Losses		761,291
Accounts Receivable - Net	**P**	**542,594**

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Statement of Income for the period ended June 30, 2026 vs June 30, 2025

For the six months ended June 30, 2026, Bank of Commerce recorded an unaudited net income of ₱2.11 billion, reflecting a 13.34% increase from ₱1.86 billion in the same period last year. The robust performance was underpinned by sustained growth across core revenue streams, driven by net interest income, gains from foreign exchange transactions, and sale of properties and assets.

The first half results reflect the Bank's sustained momentum stemming from solid performance of its core businesses supported by the effective execution of its strategies. This translated into a return on equity (ROE) of 11.56%, the highest level achieved since 2010.

Interest income from loans and receivables, contributing around 69% of total interest revenue, rose by 8.47% to ₱5.68 billion, up from ₱5.24 billion in the same period of 2025. This growth was primarily driven by the sustained expansion across the Bank's lending portfolio on an average daily balance basis.

Interest income from investment securities measured at fair value through other comprehensive income (FVOCI) and at amortized cost increased by 34.66% to ₱1.98 billion from ₱1.47 billion in the same period last year, primarily driven by additional investments in government securities. On the other hand, financial assets at fair value through profit or loss (FVTPL) eased by 5.72% to ₱122.38 million from ₱129.80 million year-on-year as the Bank reduced its position at the onset of the war in the Middle East.

Interest income from interbank loans receivable and SPURA rose by 20.30%, reaching ₱324.45 million this year compared to ₱269.70 million recorded a year ago, backed by higher earnings from call loans and term loan placements. While interest income on Due from the Bangko Sentral ng Pilipinas and other banks declined by 13.09% to ₱149.57 million from ₱172.09 million from the previous year mainly attributable to lower returns generated from BSP overnight deposit and term facilities and reduced earnings from placements in local banks.

Total interest expense slightly rose to ₱2.15 billion from ₱2.14 billion in the same period last year, driven by the following: a 5.70% increase on interest on deposit liabilities, amounting to ₱1.52 billion compared to last year's ₱1.44 billion; and a significant increase of 156.92% in interest expense on bills payable totaling ₱11.98 million this year from ₱4.66 million in 2025. Conversely, interest expense from lease liabilities slightly declined to ₱20.29 million, a 2.27% decrease from ₱20.76 million of last year. Interest expense on bonds payable also dropped to ₱593.74 million, down by 11.33%, from ₱669.58 million of the same period last year.

The Bank posted a net interest margin (NIM) of 4.68%, highest since SMC acquisition, reflecting enhanced asset yield management and disciplined management of funding.

Total other income decreased by 13.93%, attaining ₱785.38 million this year from ₱912.52 million in 2025. The decrease was mainly due to trading losses, partially offset by higher foreign exchange gains, ROPA sales-driven gains, and miscellaneous income.

The Bank absorbed trading losses amounting to ₱137.12 million mainly due to persistent geopolitical tensions in the Middle East continued to drive market volatility. Similarly, service charges, fees, and commissions declined by 6.56% to ₱406.87 million from ₱435.45 million of last year.

Foreign exchange gains increased by 5.90% to ₱109.58 million from ₱103.48 million in the same period last year, underscoring the resilience of its treasury operations and ability to capitalize on market opportunities. Gains on foreclosure, and sale of property and equipment and foreclosed assets increased by 18.01% to ₱340.69 million, driven by higher revenues from the sale of bank foreclosed assets. In addition, the Bank recorded higher miscellaneous income of ₱65.36 million, 40.14% higher from ₱46.64 million in the same period last 2025, due to recoveries on charged off assets.

Total expenses, including provisions for credit and impairment losses, increased by 12.48% in the current period of 2026 to ₱4.06 billion, consistent with the continued growth of the Bank's business operations. Despite the increase, the Bank maintained a cost-to-income ratio of 59%, reflecting sustained operational efficiency amid strong revenue growth. The rise in expenses was attributed to strategic investments in human capital, branch lites, technology, and other initiatives aimed at supporting the Bank's long-term growth and business development.

Compensation and fringe benefits registered an increase of 12.61% to ₱1.66 billion, attributed to an expanded workforce and enhanced retention initiatives of the Bank.

Taxes and licenses grew by 15.74% to ₱686.88 million, reflecting increased business activity and transaction volumes. Rent and utilities likewise increased by 7.94% to ₱367.58 million from ₱340.55 million in the prior year, primarily due to higher utility rates and operating requirements across the Bank's network. Nonetheless, ongoing cost optimization initiatives across facilities management, janitorial, and security services helped temper the rise in operating expenses.

Depreciation and amortization increased by 11.40% to ₱357.96 million from last year's ₱321.34 million, reflecting the impact of the Bank's continued investments in technology and infrastructure. Similarly, amortization of software costs increased to ₱85.82 million from ₱65.71 million, owing to the acquisition and utilization of various software solutions during the period.

Insurance expense rose by 7.88% to ₱216.17 million, primarily due to higher PDIC premiums on deposits. Moreover, subscription fees grew a tad bit, translating to a 0.68% increase to ₱114.33 million from ₱113.56 million, driven by the Bank's expanded utilization of IT-related subscription services. Conversely, expenses on service fees and commissions decreased by 4.54%, reaching ₱184.62 million this year due to reduced utilization of third-party services.

Management and professional fees declined by 16.06% from last year's ₱42.55 million to

₱35.72 million. Meanwhile, miscellaneous expenses posted an increase of 34.22%, rising to ₱344.33 million from ₱256.55 million in 2025.

Notably, BankCom maintained strong asset quality, with provisions for credit and impairment losses declining by 13.17% to ₱7.98 million from the same period last year, reflecting disciplined risk management practices.

The Bank maintained its prudent stance on credit risk management, reflected in a non-performing loans coverage ratio of 83.27%.

The Bank's share in the net loss of its associate amounted to ₱0.33 million for the period, 28.27% higher than the ₱0.26 million recorded in 2025.

Income tax expense amounted to ₱726.24 million, reflecting a 23.87% increase from ₱586.28 million in the comparable period of 2025.

Statement of Comprehensive Income for the period ended June 30, 2026 vs June 30, 2025

The Bank posted a total comprehensive income of ₱701.74 million, 66.32% down from the ₱2.08 billion in the same period last year. This was primarily due to the unfavorable movements in the fair value of FVOCI debt securities.

Statement of Condition as of June 30, 2026 vs. December 31, 2025

As of June 30, 2026, the Bank's total assets stood strong at ₱287.51 billion. This translated to a return on assets (ROA) of 1.47%.

Asset movements are as follows:

Cash and other cash items increased by 21.00%, amounting to ₱4.29 billion, reflecting stronger liquidity levels and growth in deposit balances. Similarly, due from BSP rose by 24.77% to ₱22.53 billion from ₱18.05 billion as of 31 December 2025, attributable to higher overnight deposit facility placements. Due from other banks more than tripled to ₱7.24 billion from ₱2.11 billion as of 31 December 2025 due to increased placements in foreign banks. Meanwhile, interbank loan receivables declined by 48.28% to ₱3.96 billion from ₱7.65 billion on the back of the reduced loans and receivables arising from reverse repurchase agreements.

Financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI), decreased to ₱3.78 billion and ₱31.75 billion, respectively, from ₱5.17 billion and ₱35.02 billion. These portfolio reductions were aimed at mitigating the impact of geopolitical tensions in the Middle East. In contrast, investment securities at amortized cost increased by 18.94% to ₱49.21 billion from ₱41.37 billion in 31 December 2025, driven by additional investments in government securities to lock in higher yields.

Loans and receivables, which account for 53.41% of total assets, reached ₱153.56 billion, a 5.68% decrease from ₱162.82 billion as of 31 December 2025. The slight dip was due to scheduled repayments and maturities during the period. Nevertheless, the Bank sustained its lending momentum, particularly in the consumer segment, supported by continued engagement within the client-rich SMC ecosystem. This resulted in a loan-to-deposit ratio of 70%. Gross non-performing loans (NPL) and net NPL ratios were at 1.43% and 0.63%, respectively.

Property and equipment slightly declined by 0.84% to ₱2.00 billion from ₱2.02 billion. Investment properties also posted a decrease of 4.40% to ₱3.93 billion from ₱4.12 billion, primarily due to disposal of bank-owned properties. Furthermore, the Bank's investment in associate marginally dipped by 0.93% to ₱33.11 million.

Deferred tax assets rose by 62.56% from last year to ₱438.52 million. Similarly, other assets edged up by 2.03% to ₱4.78 billion from ₱4.68 billion due to an increase in miscellaneous assets.

Total liabilities slightly increased to ₱251.14 billion as of 30 June 2026, 0.34% higher from the ₱250.28 billion as of 31 December 2025.

Deposit liabilities, which comprise 89.05% of the Bank's total liabilities, increased by 0.14% to ₱223.64 billion from ₱223.31 billion of last year, supported by steady growth in current and savings deposits.

Broken down, total deposits consisted of ₱202.59 billion in current and savings accounts (CASA), posting an increase of 2.07% from ₱198.49 billion as of 31 December 2025. Time deposits declined by 15.22%, settling at ₱21.05 billion compared to the ₱24.83 billion recorded as of 31 December 2025.

Financial liabilities at FVPL surged by more than seven (7) times, amounting to ₱15.15 million this period, owing to higher foreign exchange derivatives.

Bonds payable stayed relatively flat at ₱17.91 billion, marking a 0.17% increase from last year's level of ₱17.88 billion. During the period, the bank successfully maintained its bond funding base, reflecting continued investor confidence with its sound financial position.

Accrued interest, taxes, and other expenses rose by 11.80%, amounting to ₱1.51 billion. Other liabilities also increased by 11.48% to ₱6.61 billion from ₱5.93 billion, largely due to increases in miscellaneous and accounts payable during the period. In contrast, manager's checks posted a decrease of 19.24%, reaching ₱1.45 billion as of June 30, 2026.

The Bank's total capital funds remained stable at ₱36.37 billion as of 30 June 2026, representing a slight decrease of 0.56% from the ₱36.58 billion recorded as of 31 December 2025. Despite the modest decline, the Bank's sustained profitability and continued accumulation of retained earnings helped maintain a strong capital position during the period.

The bank's capital adequacy ratio (CAR) remained strong at 17.07%, still well above the minimum regulatory requirement of 10.0%.