August 14, 2024

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 June 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

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, 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 **June 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 [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 Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MANDALUYONG CITY on August __, 2024.
13 AUG 2024

BANK OF COMMERCE
Issuer

By:

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

at MANDALUYONG CITY

SUBSCRIBED AND SWORN to before me this 13 day of AUG 2024 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.: 26
Page No.: 7
Book No.: XII
Series: of 2024

EVA Z. BANZON
NOTARY PUBLIC FOR MANDALUYONG CITY
[redacted]
UNTIL 31 DECEMBER 2024
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
[redacted]

Table of Contents

BANK OF COMMERCE

INTERIM CONDENSED FINANCIAL STATEMENTS
As of June 30, 2024 (Unaudited) and December 31, 2023 (Audited)
and for the six months ended June 30, 2024 and 2023 (Unaudited)

BANK OF COMMERCE
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Cash and Other Cash Items		**P3,249,179,774**	P3,500,645,345
Due from Bangko Sentral ng Pilipinas		**21,830,175,421**	24,271,918,477
Due from Other Banks		**1,424,408,640**	1,055,354,600
Interbank Loans Receivable and Securities Purchased under Resale Agreements	*8*	**9,391,407,846**	20,111,780,623
Financial Assets at Fair Value through Profit or Loss	*9*	**1,886,773,542**	398,792,440
Financial Assets at Fair Value through Other Comprehensive Income	*10*	**15,147,758,140**	11,043,804,828
Investment Securities at Amortized Cost	*11*	**44,265,404,544**	52,471,103,294
Loans and Receivables	*12*	**123,711,668,666**	109,566,176,319
Investment in an Associate		**34,618,830**	35,533,764
Property, Equipment and Right-of-Use Assets		**1,942,084,263**	1,791,195,950
Investment Properties		**3,843,381,188**	3,676,126,498
Deferred Tax Assets		**460,277,870**	475,332,923
Other Assets		**3,493,426,733**	3,270,214,009
		P230,680,565,457	P231,667,979,070
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		**P57,119,756,103**	P54,569,494,343
Savings		**98,081,137,556**	109,667,913,265
Time		**17,158,255,117**	16,638,541,473
Long-term negotiable certificates		**5,029,420,000**	5,029,420,000
		177,388,568,776	185,905,369,081
Financial Liabilities at Fair Value through Profit or Loss	*9*	**19,149,612**	6,201,649
Bonds Payable	*13*	**14,012,284,322**	7,478,265,064
Manager's Checks		**1,496,602,719**	1,846,499,855
Accrued Interest, Taxes and Other Expenses		**1,254,417,789**	1,387,189,325
Other Liabilities		**5,172,541,147**	4,193,181,203
Total Liabilities		**199,343,564,365**	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		**1,164,305,860**	1,095,004,461
Retained earnings	*14*	**5,824,523,773**	5,123,378,774
Net unrealized losses on financial assets at fair value through other comprehensive income	*10*	**(714,718,637)**	(421,192,531)
Remeasurement losses on retirement liability		**(365,718,897)**	(365,718,897)
Cumulative translation adjustment		**7,567,386**	(1,742,206)
Share in other comprehensive loss of an associate		**(5,039,653)**	(4,537,968)
Total Equity		**31,337,001,092**	30,851,272,893
		P230,680,565,457	P231,667,979,070

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	**2024**	2023	**2024**	2023
INTEREST INCOME					
Interest income calculated using the effective interest method:					
Loans and receivables		**P4,558,281,824**	P3,906,319,896	**P2,365,738,155**	P2,023,568,165
Investment securities at fair value through other comprehensive income and at amortized cost		**1,415,053,261**	1,027,581,641	**665,975,297**	511,473,211
Interbank loans receivable and securities purchased under resale agreements		**327,368,512**	416,094,069	**159,329,771**	197,828,505
Due from Bangko Sentral ng Pilipinas and other banks		**208,207,536**	110,079,756	**98,597,416**	60,924,538
Other interest income:					
Financial assets at fair value through profit or loss		**28,554,167**	14,615,382	**23,038,509**	10,617,205
		6,537,465,300	5,474,690,744	**3,312,679,148**	2,804,411,624
INTEREST EXPENSE					
Deposit liabilities		**1,718,137,378**	1,288,225,860	**857,785,419**	659,410,465
Bonds payable		**265,847,632**	206,243,951	**162,285,230**	103,183,434
Lease liabilities		**18,279,151**	14,633,345	**8,880,076**	7,703,317
Bills payable and other borrowings		**738,880**	11,887,179	**338,662**	11,783,848
		2,003,003,041	1,520,990,335	**1,029,289,387**	782,081,064
NET INTEREST INCOME		**4,534,462,259**	3,953,700,409	**2,283,389,761**	2,022,330,560
Service charges, fees and commissions		**439,233,973**	448,024,320	**188,327,108**	223,439,429
Gains on foreclosure and sale of property and equipment and foreclosed assets - net		**156,010,920**	251,557,444	**76,410,665**	213,380,822
Foreign exchange gains - net		**60,922,581**	80,806,141	**33,191,203**	36,848,537
Trading and investment securities gains (losses) - net		**(12,146,050)**	11,713,666	**(12,855,185)**	(5,977,369)
Miscellaneous		**54,347,121**	109,093,182	**14,953,211**	92,521,789
TOTAL OPERATING INCOME		**5,232,830,804**	4,854,895,162	**2,583,416,763**	2,582,543,768
Compensation and fringe benefits		**1,262,363,411**	969,123,433	**654,513,949**	511,223,382
Taxes and licenses		**552,432,015**	473,791,935	**264,377,501**	219,761,457
Rent and utilities		**351,125,665**	319,213,042	**175,929,213**	163,183,370
Depreciation and amortization		**295,296,251**	220,067,548	**152,306,223**	110,686,396
Insurance		**182,076,221**	170,067,671	**91,276,302**	85,033,836
Service fees and commissions		**175,448,291**	140,232,833	**86,626,917**	75,071,638
Provision for (reversal of) credit and impairment losses		**101,821,608**	(11,828,113)	**73,167,804**	27,806,541
Subscription fees		**97,850,186**	90,311,875	**50,270,975**	31,384,350
Management and professional fees		**51,733,039**	70,327,566	**29,266,333**	36,544,580
Amortization of software costs		**33,838,484**	33,662,604	**16,876,848**	17,213,157
Miscellaneous		**252,185,437**	249,660,126	**125,127,246**	123,175,264
TOTAL OPERATING EXPENSES		**3,356,170,608**	2,724,630,520	**1,719,739,311**	1,401,083,971
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		**1,876,660,196**	2,130,264,642	**863,677,452**	1,181,459,797
SHARE IN NET LOSS OF AN ASSOCIATE		**413,249**	425,778	**108,862**	128,364
INCOME BEFORE INCOME TAX EXPENSE		**1,876,246,947**	2,129,838,864	**863,568,590**	1,181,331,433
INCOME TAX EXPENSE		**457,766,450**	542,592,455	**214,266,338**	306,982,308
NET INCOME		**P1,418,480,497**	P1,587,246,409	**P649,302,252**	P874,349,125
Earnings Per Share Attributable to Equity Holders of the Bank	*17*				
Basic		**P0.93**	P1.07	**P0.42**	P0.59
Diluted		**0.78**	0.87	**0.36**	0.48

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	
	2024	2023	**2024**	2023
NET INCOME	**P1,418,480,497**	P1,587,246,409	**P649,302,252**	P874,349,125
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)	**15,104,000**	1,680,000	**11,363,747**	1,055,000
Net change in remeasurement losses on retirement liability	**-**	(28,813,556)	**-**	-
	15,104,000	(27,133,556)	**11,363,747**	1,055,000
Items that may be reclassified to profit or loss				
Net change in fair value of debt securities at FVOCI	**(301,727,106)**	95,430,793	**(180,113,308)**	(60,143,571)
Net movement in cumulative translation adjustment	**9,309,592**	(5,955,870)	**6,735,148**	830,536
Share in other comprehensive loss of an associate	**(501,685)**	(3,199,677)	**1,862**	(400)
Net change in fair value of debt securities at FVOCI taken to profit or loss	**-**	(4,071,378)	**-**	-
	(292,919,199)	82,203,868	**(173,376,298)**	(59,313,435)
	(277,815,199)	55,070,312	**(162,012,551)**	(58,258,435)
TOTAL COMPREHENSIVE INCOME	**P1,140,665,298**	P1,642,316,721	**P487,289,701**	P816,090,690

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE

UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock (Note 14)	Paid-in Surplus (Note 14)	Surplus Reserves	Retained Earnings (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		-	-	-	1,418,480,497	-	-	-	-	1,418,480,497
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)		-	-	-	-	15,104,000	-	-	-	15,104,000
Net change in remeasurement losses on retirement liability		-	-	-	-	-	-	-	-	-
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	(301,727,106)	-	-	-	(301,727,106)
Net movement in cumulative translation adjustment		-	-	-	-	-	-	9,309,592	-	9,309,592
Share in other comprehensive loss of associate		-	-	-	-	-	-	-	(501,685)	(501,685)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	1,418,480,497	(286,623,106)	-	9,309,592	(501,685)	1,140,665,298
Cash dividend	*14*	-	-	-	(654,937,099)	-	-	-	-	(654,937,099)
Transaction within equity:										
Transfer to surplus reserves		-	-	69,301,399	(69,301,399)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	*10*	-	-	-	6,903,000	(6,903,000)	-	-	-	-
		-	-	69,301,399	(717,335,498)	(6,903,000)	-	-	-	(654,937,099)
Balance as at June 30, 2024		P18,196,805,900	P7,229,275,360	P1,164,305,860	P5,824,523,773	(P714,718,637)	(P365,718,897)	P7,567,386	(P5,039,653)	P31,337,001,092

Forward

	Capital Stock	Paid-in Surplus	Surplus Reserves	Retained Earnings	Net Unrealized Losses on Financial Assets at FVOCI	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)	P5,878,953	(P1,331,685)	P28,030,575,008
Net income for the period	-	-	-	1,587,246,409	-	-	-	-	1,587,246,409
Other comprehensive income (loss) for the period:									
Items that may not be reclassified to profit or loss:									
Net change in remeasurement losses on retirement liability	-	-	-	-	-	(28,813,556)	-	-	(28,813,556)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	-	-	-	-	1,680,000	-	-	-	1,680,000
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	95,430,793	-	-	-	95,430,793
Net movement in cumulative translation adjustment	-	-	-	-	-	-	(5,955,870)	-	(5,955,870)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	(4,071,378)	-	-	-	(4,071,378)
Share in other comprehensive loss of associate	-	-	-	-	-	-	-	(3,199,677)	(3,199,677)
Total comprehensive income for the period	-	-	-	1,587,246,409	93,039,415	(28,813,556)	(5,955,870)	(3,199,677)	1,642,316,721
Transaction within equity:									
Transfer to surplus reserves	-	-	20,095,307	(20,095,307)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	-	-	-	7,359,995	(7,359,995)	-	-	-	-
	-	-	20,095,307	(12,735,312)	(7,359,995)	-	-	-	-
Balance as at June 30, 2023	P18,196,805,900	P7,229,275,360	P1,003,502,803	P3,999,740,206	(P645,287,505)	(P106,536,756)	(P76,917)	(P4,531,362)	P29,672,891,729

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	**P1,876,246,947**	P2,129,838,864
Adjustments for:		
Depreciation and amortization	**295,296,251**	220,067,548
Interest expense on bonds payable	**265,847,632**	206,243,951
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	**(156,010,920)**	(251,557,444)
Provision for (reversal of) credit and impairment losses	**101,821,608**	(11,828,113)
Amortization of software costs	**33,838,484**	33,662,604
Interest expense on lease liabilities	**18,279,151**	14,633,345
Unrealized loss (gain) on financial assets and liabilities at fair value through profit or loss (FVPL)	**5,472,360**	(7,227,086)
Share in net loss of associate	**413,249**	425,778
Miscellaneous income	**(128,563)**	-
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	**-**	(4,071,378)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivables	**(137,476,458)**	(124,011,663)
Financial assets at FVPL	**(1,480,505,499)**	(786,038,741)
Loans and receivables	**(14,401,227,196)**	(3,411,004,575)
Other assets	**(138,206,433)**	(166,029,754)
Increase (decrease) in:		
Deposit liabilities	**(8,516,800,305)**	(12,428,451,065)
Manager's checks	**(349,897,136)**	364,784,596
Accrued interest, taxes and other expenses	**(187,729,275)**	52,299,294
Other liabilities	**339,485,869**	(647,384,703)
Net cash absorbed by operations	**(22,431,280,234)**	(14,815,648,542)
Income taxes paid	**(431,099,465)**	(410,821,899)
Net cash used in operating activities	**(22,862,379,699)**	(15,226,470,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale or redemption of:		
Investment securities at amortized cost	**73,043,400,000**	30,817,483,200
Investment properties	**56,997,735**	99,663,809
Property and equipment	**24,463,686**	19,264,564
Financial assets at FVOCI	**-**	739,389,061
Additions to:		
Investment securities at amortized cost	**(64,836,641,206)**	(22,748,847,578)
Financial assets at FVOCI	**(4,391,366,352)**	(3,946,354,716)
Property and equipment	**(319,036,669)**	(121,021,994)
Software costs	**(100,455,593)**	(18,587,070)
Investment properties	**(963,278)**	(18,124,680)
Net cash provided by investing activities	**3,476,398,323**	4,822,864,596

Forward

	Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of bonds payable	**P6,510,558,574**	P -
Payment of interest on bonds	**(198,376,219)**	(188,486,255)
Payment of lease liability	**(119,269,576)**	(115,147,669)
Proceeds from bills payable	-	880,481,699
Net cash provided by (used in) financing activities	**6,192,912,779**	576,847,775
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	**9,337,479**	(5,961,886)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(13,183,731,118)**	(9,832,719,956)
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	**3,249,179,774**	2,901,055,263
Due from Bangko Sentral ng Pilipinas	**21,833,122,893**	22,976,916,103
Due from other banks	**1,424,600,963**	1,995,942,344
Interbank loans receivable and securities purchased under resale agreements	**9,255,199,399**	8,132,825,685
	P35,762,103,029	P36,006,739,395
CASH FLOWS FROM INTEREST AND DIVIDENDS		
Operating Activities		
Interest received	**P5,061,907,847**	P4,501,222,521
Interest paid	**1,792,555,052**	1,265,954,113
Investing Activities		
Interest received	**P1,340,411,124**	P1,019,467,171
Dividends received	**1,382,016**	1,612,352
Financing Activities		
Interest paid	**P216,655,370**	P203,119,601

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

Basis of Measurement

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

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 liability	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

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

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

Presentation of Financial Statements

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

3. Material Accounting Policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those applied in the Bank's last annual audited financial statements as at and for the year ended December 31, 2023, except for the adoption of the following amended standards, which became effective beginning January 1, 2024. Unless otherwise indicated, the adoption of these amended standards did not have an impact on the interim condensed financial statements of the Bank. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

4. Critical Judgments and Estimates

The preparation of financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant accounting judgments and estimates of the Bank were the same as those disclosed in the last annual audited financial statements as at and for the year ended December 31, 2023.

5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2023 audited financial statements of the Bank, there have been no changes in the financial risk exposures that materially affect the interim condensed financial statements of the Bank as at June 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.

<u>Risk Management Structure</u>
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 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 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 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 (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 six months ended June 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):

	June 30, 2024 (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 held for trading	P1,732,550	P1,198,620	P533,930	P -	P1,732,550
Private debt securities	117,379	-	-	117,379	117,379
Derivative assets	36,844	-	36,844	-	36,844
Financial assets at FVOCI:					
Government securities	14,950,371	8,694,678	6,255,693	-	14,950,371
Equity securities	197,387	158,450	-	38,937	197,387
	P17,034,531	P10,051,748	P6,826,467	P156,316	P17,034,531
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	P19,150	P -	P19,150	P -	P19,150
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P42,081,181	P14,898,876	P25,613,202	P -	P40,512,078
Private debt securities	2,184,224	265,235	1,705,548	-	1,970,783
Loans and receivables:					
Receivables from customers	121,552,729	-	-	122,562,269	122,562,269
Less unearned interest	47,134	-	-	47,134	47,134
	121,505,595	-	-	122,515,135	122,515,135
Sales contract receivables	312,695	-	-	322,297	322,297
	166,083,695	15,164,111	27,318,750	122,837,432	165,320,293
Non-financial Assets					
Investment properties	3,843,381	-	-	10,596,053	10,596,053
	P169,927,076	P15,164,111	P27,318,750	P133,433,485	P175,916,346
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Time	P17,158,255	P -	P17,133,974	P -	P17,133,974
Long-term negotiable certificates	5,029,420	-	4,927,395	-	4,927,395
Bonds payable	14,012,284	-	14,089,129	-	14,089,129
	P36,199,959	P -	P36,150,498	P -	P36,150,498

	December 31, 2023 (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 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					
Financial Liabilities					
Derivative liabilities	P6,202	P -	P6,202	P -	P6,202
Assets for which Fair Values are Disclosed					
Financial Assets					
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
Non-financial Assets					
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					
Financial Liabilities					
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 P2.1 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 June 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 six months ended June 30, 2024 and 2023 for statement of income items, and as at June 30, 2024 and December 31, 2023 for statement of financial position items follow (amounts in millions):

	June 30, 2024 (Unaudited)					
	Treasury Management Group	**Corporate Banking Group**	**Branch Banking Group**	**Consumer Group**	**Others**	**Total**
Statement of Income						
Net interest income:						
Third party	**P1,648**	**P3,908**	**(P1,605)**	**P520**	**P63**	**P4,534**
Intersegment	**(1,379)**	**(3,254)**	**4,232**	**(382)**	**783**	**-**
Net interest income	**269**	**654**	**2,627**	**138**	**846**	**4,534**
Non-interest income	**46**	**24**	**41**	**25**	**562**	**698**
Total revenues	**315**	**678**	**2,668**	**163**	**1,408**	**5,232**
Other expenses	**164**	**190**	**1,061**	**87**	**1,752**	**3,254**
Income (losses) before provision for credit losses and income tax expense	**P151**	**P488**	**P1,607**	**P76**	**(P344)**	**P1,978**
Provision for credit and impairment losses						**P102**
Share in net loss of an associate						**-**
Income tax expense						**458**
Net income						**P1,418**
Other Segment Information						
Capital expenditures	**P3**	**P3**	**P42**	**P6**	**P230**	**P284**
Depreciation and amortization	**P1**	**P2**	**P41**	**P3**	**P248**	**P295**

	June 30, 2024 (Unaudited)					
	Treasury Management Group	**Corporate Banking Group**	**Branch Banking Group**	**Consumer Group**	**Others**	**Total**
Statement of Financial Position						
Total assets	**P73,718**	**P110,709**	**P23,732**	**P13,942**	**P8,580**	**P230,681**
Total Liabilities	**12,435**	**46**	**178,546**	**149**	**8,168**	**199,344**

	June 30, 2023 (Unaudited)					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P1,256	P3,338	(P1,148)	P462	P46	P3,954
Intersegment	(952)	(2,720)	3,197	(307)	782	-
Net interest income	304	618	2,049	155	828	3,954
Non-interest income	85	45	48	23	700	901
Total revenues	389	663	2,097	179	1,528	4,855
Other expenses	134	179	1,033	88	1,303	2,737
Income (losses) before provision for credit losses and income tax expense	P255	P484	P1,064	P90	P225	P2,118
Reversal of credit and impairment losses						(P12)
Share in net loss of an associate						-
Income tax expense						543
Net income						P1,587
Other Segment Information						
Capital expenditures	P3	P5	P56	P2	P47	P113
Depreciation and amortization	P2	P2	P26	P4	P186	P220

	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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Interbank loans receivable	**P6,392,675,857**	P2,141,147,187
SPURA	**3,000,000,000**	17,973,348,893
	9,392,675,857	20,114,496,080
Less allowance for credit losses	**1,268,011**	2,715,457
	P9,391,407,846	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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities held-for-trading	**P1,732,550,228**	P180,602,626
Private debt securities	**117,379,398**	190,504,814
Derivative assets	**36,843,916**	27,685,000
	P1,886,773,542	P398,792,440

As at June 30, 2024 and December 31, 2023, financial assets and liabilities at FVPL are adjusted for unrealized loss of P5.5 million and unrealized gain of 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 of 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, 2024, these pertain to seven contracts with notional amount of \$5.0 million each, ten contracts with notional amount of \$10.0 million each, one contract with notional amount of \$15.0 million and one contract with notional amount of \$20.0 million. The Bank has two contracts with notional amount of \$1.0 million each, two contracts with notional amount of \$5.0 million each and two contracts with notional amount of \$10.0 million each as at December 31, 2023.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount. 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 June 30, 2024 and December 31, 2023 and is not indicative of either market risk or credit risk.

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Derivative Assets	**Notional Amount**	Derivative Assets	Notional Amount
Freestanding derivatives:				
Warrants	**P29,305,000**	**$50,000**	P27,685,000	$50,000
Forwards	**7,538,916**	**60,000,000**	-	-
	P36,843,916	**$60,050,000**	P27,685,000	$50,000

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Derivative Liabilities	**Notional Amount**	Derivative Liabilities	Notional Amount
Freestanding derivatives:				
Forwards	**P19,149,612**	**$110,000,000**	P6,201,649	$32,000,000

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	**P14,950,371,207**	P10,850,047,722
Equity securities	**197,386,933**	193,757,106
	P15,147,758,140	P11,043,804,828

As at June 30, 2024 and December 31, 2023, the expected credit loss (ECL) allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P1.5 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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**(P421,192,531)**	(P730,966,925)
Net unrealized gains (losses) recognized as OCI	**(287,416,755)**	324,174,117
ECL on debt securities at FVOCI	**430,052**	455,690
Effect of tax	**363,597**	(363,597)
Realized gains taken to profit or loss	**-**	(6,964,361)
Net change in unrealized gains (losses) recorded in OCI	**(286,623,106)**	317,301,849
Realized gains taken to retained earnings	**(6,903,000)**	(7,527,455)
Balance at end of period	**(P714,718,637)**	(P421,192,531)

11. Investment Securities at Amortized Cost

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	**P42,086,116,882**	P50,311,649,891
Private debt securities	**2,184,458,306**	2,165,662,758
	44,270,575,188	52,477,312,649
Less allowance for credit losses	**5,170,644**	6,209,355
	P44,265,404,544	P52,471,103,294

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

12. Loans and Receivables

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables from customers:		
Term loans	**P91,317,698,286**	P81,196,871,925
Agri-agra loans	**14,960,458,465**	11,681,545,957
Housing loans	**8,849,141,669**	8,454,302,941
Auto loans	**4,636,941,295**	4,123,415,068
Bills purchased, import bills and trust receipts	**957,999,306**	1,050,698,899
Direct advances	**414,522,153**	577,211,848
Others	**2,349,914,514**	2,368,875,299
	123,486,675,688	109,452,921,937
Less unearned interest income	**47,133,597**	45,387,843
	123,439,542,091	109,407,534,094
Accrued interest receivable:		
Loans and receivables	**1,035,771,670**	946,846,228
Trading and investment securities	**583,580,776**	483,609,311
Interbank loans receivable and SPURA	**5,027,557**	8,257,598
Due from BSP and other banks	**4,645,567**	4,357,778
Accounts receivable	**1,127,527,652**	1,055,139,512
Sales contract receivables	**369,466,734**	388,560,627
Unquoted debt securities	**291,578,219**	291,578,212
RCOCI	**72,684**	93,452
	126,857,212,950	112,585,976,812
Less allowance for credit losses	**3,145,544,284**	3,019,800,493
	P123,711,668,666	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 P835.4 million and P951.3 million as at June 30, 2024 and December 31, 2023, respectively.

As at June 30, 2024 and December 31, 2023, the non-performing loans of the Bank amounted to P2.20 billion and P1.96 billion, respectively. Gross and net NPL ratios of the Bank are 1.70% and 0.53%, respectively, as at June 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.

Interest expense on bonds payable amounted to P265.8 million and P206.2 million for the six months ended June 30, 2024 and 2023. As at June 30, 2024 and December 31, 2023, unamortized bond transaction costs amounted to P57.5 million and P21.7 million, respectively.

14. Capital

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

	Shares		Amount	
	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	**June 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.

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 June 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 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, 2024 and December 31, 2023:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Contingent assets:		
Future/spot exchange bought	**P9,126,421,279**	P2,683,155,542
Fixed income securities purchased	**2,521,805,953**	6,409,295,659
Outward bills for collection	**978,319**	5,575,925
	P11,649,205,551	P9,098,027,126
Commitments and contingent liabilities:		
Trust department accounts	**P71,505,749,627**	P70,208,670,193
Committed credit line	**13,735,481,464**	16,152,161,850
Future/spot exchange sold	**9,599,483,679**	3,181,038,760
Unused commercial letters of credit	**8,257,005,694**	8,181,592,869
Outstanding guarantees	**3,923,980,779**	4,305,962,435
Credit card lines	**3,719,483,228**	3,600,976,933
Late deposits/payments received	**83,151,368**	67,179,756
Inward Bills For Collection-Domestic	**36,892,262**	3,525,034
Fixed income securities sold	**34,737,328**	6,450,988
Items held for safekeeping/securities held as collateral	**67,142**	45,347
	P110,896,032,571	P105,707,604,165

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

Other Commitments

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

17. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

		Six Months Ended June 30 (Unaudited)	
		2024	2023
a.	Net income	**P1,418,480,497**	P1,587,246,409
b.	Dividends on preferred shares*	**110,000,001**	82,500,001
c.	Net income to equity holders of the Bank	**1,308,480,496**	1,504,746,408
d.	Weighted average number of outstanding common shares	**1,403,013,920**	1,403,013,920
e.	Basic earnings per share (c/d)	**P0.93**	P1.07

** 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)	
		2024	2023
a.	Net income to equity holders of the Bank	**P1,418,480,497**	P1,587,246,409
b.	Weighted average number of outstanding common shares and dilutive preferred shares		
	Outstanding common shares	**1,403,013,920**	1,403,013,920
	Potential common shares from assumed conversion of preferred shares	**416,666,670**	416,666,670
c.	Total weighted average common shares	**1,819,680,590**	1,819,680,590
d.	Diluted earnings per share (a/c)	**P0.78**	P0.87

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

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Return on average equity	**9.12%**	11.00%
Return on average assets	**1.23%**	1.48%
Net interest margin on average earning assets	**4.53%**	4.35%

18. Events after the Reporting Date

On July 15, 2024, the Bank paid cash dividends amounting to P654.9 million to all stockholders of record as of June 19, 2024 (see Note 14).

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.

19. Other Matters

Other than the disclosures enumerated above, the Bank has no significant matters to report on the following during the period ended June 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 cyclicality of interim operations;

- Issuances, repurchases, and repayments of debt and equity securities except for the issuance of the P6.6 billion fixed rate bonds as discussed in Note 13; and

- Any material commitments for capital expenditures.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
BANK OF COMMERCE

	June 30, 2024	December 31, 2023
Current ratio	**0.55**	0.57
Acid test ratio	**0.53**	0.56
Debt-to-equity ratio	**6.36**	6.51
Asset-to-equity ratio	**7.36**	7.51
Debt-to-asset ratio	**0.86**	0.87
Loans to deposit Ratio	**0.75**	0.70
Non-performing loans ratio - Gross (%)*	**1.70**	1.54
Non-performing loans ratio - Net (%)*	**0.53**	0.44
Non-performing loan (NPL) cover (%)	**88.02**	93.21
Capital Adequacy Ratio (%)	**17.97**	19.88

	June 30, 2024	June 30, 2023
Return on average assets (%)	**1.23**	1.49
Return on average equity (%)	**9.12**	11.00
Net interest margin (%)	**4.53**	4.35
Net profit margin (%)	**27.11**	32.69
Cost to income ratio	**0.62**	0.56
Interest rate coverage ratio	**1.94**	2.40
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, 2024
(in thousands)

No. of Days Outstanding	Amount
0 to 30 days	P 430,966
31 to 60 days	18,835
61 to 90 days	17,420
91 to 360 days	56,204
above 360 days	604,103
Accounts Receivable - Gross	1,127,528
Less: Allowance for Probable Losses	702,182
Accounts Receivable - Net	**P 425,346**

MANAGEMENT DISCUSSION AND ANALYSIS

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

BankCom's Total Assets totaled at ₱230.68 billion as of 30 June 2024, slightly down from the ₱231.67 billion as of 31 December 2023 mainly driven by the decline in investment securities and interbank loans receivable. This translated to a return on assets (ROA) of 1.23%.

Material asset movements are as follows:

Cash and Other Cash Items declined by 7.18% amounting to ₱3.25 billion. Due from BSP also decreased by 10.06% to ₱21.83 billion from ₱24.27 billion last year due to a reduction in term deposit facility (TDF) and overnight deposit facility (ODF) placements. Due from Other Banks amounting to ₱1.42 billion increased by 34.97% from ₱1.06 billion due to significant placements with foreign banks.

Financial Assets at Fair Value through Profit or Loss and Financial Assets at Fair Value through Other Comprehensive Income, increased to ₱1.89 billion and ₱15.15 billion, respectively, from ₱398.79 million and ₱11.04 billion due to additional investments. However, Investments Securities at Amortized Cost declined to ₱44.27 billion or 15.64% from ₱52.47 billion due to maturities.

Loans and Other Receivables amounted to ₱123.71 billion, 12.91% higher than the ₱109.57 billion last year driven by growths from corporate and consumer lending. The loan growth resulted in a loan-to-deposit ratio of 75%. Interbank loans receivables, however declined by ₱10.72 billion to ₱9.39 billion from the ₱20.11 billion due to additional investments and lending.

Property & Equipment and Investment Properties grew by 8.42% to ₱1.94 billion and 4.55% to ₱3.84 billion, respectively, from ₱1.79 billion and ₱3.68 billion on account of increases in computer equipment, building costs, and real and other properties acquired (ROPA). In addition, bank premises expanded with the transformation of selected branches to a "Branch of Tomorrow" (BOT) concept apt for customers seeking efficiency, functionality, clarity of boundaries, cosmopolitan aesthetics, and a focus on practicality and sustainability. The current BOT branches include Pasig-C5, General Santos, Tuguegarao, and the Clark Freeport.

On April 29, 2024, the Bank inaugurated its Pasig-C5 Branch, showcasing its new look, the Branch of Tomorrow and continuing its vision to be the best conglomerate Bank in the Philippines.

Furthermore, Other Assets rose by 6.83% to ₱3.49 billion from ₱3.27 billion due to increase in spending for supplies and booking in prepaid expenses. Deferred tax assets, on the other hand, dropped by 3.17% to ₱460.28 million from ₱475.33 million. Investment in Associate also decreased by 2.57% to ₱34.62 million.

Total liabilities slightly declined to ₱199.34 billion as of 30 June 2024, 0.73% down from the ₱200.82 billion as of 31 December 2023 primarily due to lower deposits.

Deposit liabilities, accounting for more than 80% of the Bank's Total Liabilities, moderately declined by 4.58% or ₱8.52 billion, to ₱177.39 billion from ₱185.91 billion as of 31 December 2023 with Bank managing higher cost deposit levels and seeing volatility in its CASA levels given interest rates remaining higher for longer. Broken down, total deposits comprised of ₱155.20 billion CASA, 5.50% lower than last year's ₱164.24 billion; ₱17.16 billion Time Deposits, 3.12% up from ₱16.64 billion in 2023; and ₱5.03 billion Long-term Negotiable Certificate.

Financial Liabilities at FVPL rose 3.09x to ₱19.15 million as foreign exchange derivatives grew. Manager's Checks decreased by 18.95% to ₱1.50 billion due to decrease in stale checks. Accrued Interest, Taxes & Other Expenses declined by 9.57% to ₱1.25 billion. Other Liabilities increased by 23.36% to ₱5.17 billion from ₱4.19 billion due to the booking of provision for dividends.

The Bank's total capital funds stood at ₱31.34 billion as of 30 June 2024, 1.57% more than the ₱30.85 billion as of 31 December 2023 on account of higher retained earnings and surplus reserves for the current period, In 1H2024 the Bank also declared its first dividends in more than 20 years as committed during the Bank's IPO. The Bank set aside ₱0.726 per preferred share for cumulative dividends since 2021 and ₱0.2512 per common share amounting to 23.37% of its previous year's profits.

The bank's capital adequacy ratio (CAR) remained strong at 17.97%, well above the minimum regulatory requirement of 10.0%.

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

Bank of Commerce (BankCom) reported an 8% year-on-year growth in total revenues amounting to ₱5.23 billion for the first semester of 2024.

Topline revenues were mainly driven by expansion across all lending segments resulting from a higher loan and securities portfolio. Meanwhile, corporate loans grew on account of program lending and loans to the SMC ecosystem. However, the bank's recorded Net Income of ₱1.42 billion is 10.63% lower than the ₱1.59 billion in the comparable period last year. This decrease is mainly attributed to significant increase in operating expense such as compensation & fringe benefits, depreciation and service fees & commissions.

Interest income on loans and receivables, representing 87.11% of the total revenue, grew by 16.69% to ₱4.56 billion primarily due to increase in corporate and consumer lending. Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost also increased by 37.71% to ₱1.42 million from ₱1.03 billion in the previous year.

Interest income on Due from Bangko Sentral ng Pilipinas and other banks significantly increased by 89.14% to ₱208.21 million from ₱110.08 million last year due to higher yields. Furthermore, Interest income on Financial Assets at fair value through profit or loss (FVTPL) grew by 95.37% to ₱28.55 million. However, interest on interbank loans receivable and SPURA slipped by 21.32% to ₱327.37 million.

Total Interest Expense increased to ₱2 billion from ₱1.52 billion last year due to high-interest rate environment. Interest expense was comprised of the following: Interest expense on deposit liabilities, which posted a 33.37% increase to ₱1.72 billion. Interest expense on lease liabilities rose by 24.91% to ₱18.28 million from ₱14.63 million last year on the back of lease renewals. Interest expense on bonds payable increased by 28.90% to ₱265.85 million from ₱206.24 million the previous year. Interest expense on bills payable significantly decreased by 93.78% to ₱0.74 million.

As the bank's Interest Income outpaced the growth of interest expense, it posted a Net Interest Income of ₱4.53 billion, 14.69% higher than ₱3.95 billion in the previous year. This translated to a net interest margin (NIM) of 4.53%.

Total other income totaled ₱698.37 million, 22.51% lower than the previous year's ₱901.19 million, mainly due to seasonality in fees, and commissions, lower foreign exchange and trading gains, and decrease in gains on real and other properties acquired (ROPA). The Investment Banking Group and the Acquired Assets Division did not see the same volume of transactions in 1H2024 as the previous year, but the 2024 pipeline remains strong.

Trading and securities gains declined 1.04x to (₱12.15) million from ₱11.71 million last year. Service charges, fees and commissions was slightly lower by 1.96% to ₱439.23 million from ₱448.02 million due to timing of investment banking fees.

Foreign exchange gains posted ₱60.92 million, 24.61% down from the ₱80.81 million in the comparable period last year resulting from the less favorable market conditions.

Gains on foreclosure, and sale of property and equipment and foreclosed assets also registered a decline of 37.98% to ₱156.01 million due to better sales last year. Moreover, miscellaneous income dropped by 50.18% to ₱54.35 million against the ₱109.09 million in comparable period last year due to the decrease in recoveries in charged-off assets.

Total expenses, including provision for credit and impairment losses surged by 23.18% to ₱3.36 billion. Growth in operating expenses was mainly due to the Bank's continued investment in People and Technology. Compensation and fringe benefits increased by 30.26% to ₱1.26 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 34.18% to ₱295.30 million primarily from higher depreciation expense from computer equipment and foreclosed and other properties held by the bank. Meanwhile, amortization of software costs inched up by 0.52% to ₱33.84 million due to investment in technology. Technology investments are geared towards modernization activities which include a new Core Banking System (a partnership with Infosys), upgrading Cash Management and Fraud Management System (for safe and secure digital banking). The Bank believes that sustained investments in these areas will propel the Bank to long term profit growth.

Taxes and licenses also grew by 16.60% to ₱552.43 million driven by larger business volume. Rent and utilities also increased to ₱351.13 million, up by 10% from ₱319.21 million on account of rent renewals, security services and repairs and maintenance.

Insurance went up by 7.06% to ₱182.08 million due to higher PDIC insurance on deposits. Expenditure on service fees and commissions rose by 25.11% to ₱175.45 million from ₱140.23 million. Subscription fees also went up by 8.35% to ₱97.85 million from ₱90.31 million on account of higher IT related subscriptions.

Management and professional fees dropped by 26.44% to ₱51.73 million. Meanwhile, miscellaneous expenses inched up by 1.01% to ₱252.19 million, respectively.

The Bank remained prudent as it set aside ₱101.82 million for Provision for credit and impairment losses for the period ended 30 June 2024. With the increase in the Bank's Gross Non-Performing at 1.70% vs 1.54% at 31 December 2024, these provisions have been booked to manage the possibility that higher interest rates for longer could lead to more past due loans.

The Bank's share in the net loss of associate recorded at ₱0.41 million for the period ended 30 June 2024, compared to ₱0.43 million in the same period in 2023.

Income Tax expense amounted to ₱457.77 million, down by 15.63% from the ₱542.59 million in the same period last year.