August 11, 2023

Director Vicente Graciano Felizmenio, Jr.
Head, Markets and Securities Regulation Department (MSRD) G/F
Secretariat Building
Securities and Exchange Commission PICC
Complex, Roxas Boulevard Pasay City
1307

Dear Director Felizmenio,

We submit herewith the June 30, 2023 SEC 17-Q report of Bank of Commerce.

Thank you.

Very truly yours,

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

cc: The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

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, 2023

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, 2023**
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 __, 2023.
11 AUG 2023

BANK OF COMMERCE
Issuer

By:

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

11 AUG 2023

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	Passport No. P7572781B	DFA Manila	September 9, 2031

Doc. No.: 191
Page No.: 40
Book No.: IX
Series: 2023

Notary Public

EVA Z. BANZON
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0529-23
UNTIL 31 DECEMBER 2024
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
PTR No. 5109323 / 03 JAN 2023 / MANDALUYONG CITY
IBP OR No. 293554 / 10 JAN 2023
ROLL OF ATTORNEYS NO. 62160

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BANK OF COMMERCE

INTERIM CONDENSED FINANCIAL STATEMENTS
As of June 30, 2023 (Unaudited) and December 31, 2022 (Audited)
and for the six months ended June 30, 2023 and 2022 (Unaudited)

BANK OF COMMERCE

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Cash and Other Cash Items		**P2,901,055,263**	P2,735,170,691
Due from Bangko Sentral ng Pilipinas		**22,973,813,828**	23,675,469,821
Due from Other Banks		**1,995,673,632**	1,044,255,360
Interbank Loans Receivable and Securities Purchased under Resale Agreements	*8*	**8,256,060,175**	18,378,744,387
Financial Assets at Fair Value through Profit or Loss	*9*	**1,177,389,435**	381,001,468
Financial Assets at Fair Value through Other Comprehensive Income	*10*	**9,108,835,951**	5,805,050,520
Investment Securities at Amortized Cost	*11*	**44,141,096,051**	52,208,769,061
Loans and Receivables	*12*	**108,472,008,646**	105,091,228,764
Investment in an Associate		**35,897,172**	39,522,627
Property, Equipment and Right-of-Use Assets		**1,493,086,329**	1,425,418,610
Investment Properties		**3,527,293,259**	3,399,986,749
Deferred Tax Assets		**573,268,488**	612,090,088
Other Assets		**2,864,207,425**	2,721,190,526
		P207,519,685,654	P217,517,898,672
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		**P56,364,513,376**	P51,792,969,578
Savings		**89,312,780,601**	101,651,552,858
Time		**13,132,074,924**	17,793,297,530
Long-term negotiable certificates		**5,029,420,000**	5,029,420,000
		163,838,788,901	176,267,239,966
Financial Liabilities at Fair Value through Profit or Loss		**3,405,469**	283,329
Bills Payable	*13*	**880,481,699**	-
Bonds Payable	*14*	**7,460,008,964**	7,442,251,269
Manager's Checks		**1,026,238,510**	661,453,914
Accrued Interest, Taxes and Other Expenses		**1,311,014,070**	1,165,765,820
Other Liabilities		**3,326,856,312**	3,950,329,366
Total Liabilities		**177,846,793,925**	189,487,323,664
Equity			
Capital stock	*15*	**18,196,805,900**	18,196,805,900
Paid-in surplus	*15*	**7,229,275,360**	7,229,275,360
Surplus reserves		**1,003,502,803**	983,407,496
Retained earnings		**3,999,740,206**	2,425,229,109
Net unrealized losses on financial assets at fair value through other comprehensive income	*10*	**(645,287,505)**	(730,966,925)
Remeasurement losses on retirement liability		**(106,536,756)**	(77,723,200)
Share in other comprehensive loss of an associate		**(4,531,362)**	(1,331,685)
Cumulative translation adjustment		**(76,917)**	5,878,953
Total Equity		**29,672,891,729**	28,030,575,008
		P207,519,685,654	P217,517,898,672

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME

	Note	Six Months Ended June 30		Quarter Ended June 30	
		2023	2022	**2023**	2022
INTEREST INCOME					
Interest income calculated using the effective interest method:					
Loans and receivables		**P3,906,319,896**	P2,390,963,162	**P2,023,568,165**	P1,290,795,033
Investment securities at fair value through other comprehensive income and at amortized cost		**1,027,581,641**	760,399,488	**511,473,211**	382,028,919
Interbank loans receivable and securities purchased under resale agreements		**416,094,069**	162,774,054	**197,828,505**	85,766,830
Due from Bangko Sentral ng Pilipinas and other banks		**110,079,756**	150,451,615	**60,924,538**	46,210,300
Other interest income:					
Financial assets at fair value through profit or loss		**14,615,382**	3,832,311	**10,617,205**	1,224,107
		5,474,690,744	3,468,420,630	**2,804,411,624**	1,806,025,189
INTEREST EXPENSE					
Deposit liabilities		**1,288,225,860**	354,134,184	**659,410,465**	182,861,430
Bonds payable		**206,243,951**	-	**103,183,434**	-
Lease liabilities		**14,633,345**	14,068,946	**7,703,317**	6,716,359
Bills payable and others		**11,887,179**	17,472,838	**11,783,848**	1,214,462
		1,520,990,335	385,675,968	**782,081,064**	190,792,251
NET INTEREST INCOME		**3,953,700,409**	3,082,744,662	**2,022,330,560**	1,615,232,938
Service charges, fees and commissions		**448,024,320**	361,522,074	**223,439,429**	202,432,005
Gains on foreclosure and sale of property and equipment and foreclosed assets - net		**251,557,444**	168,400,729	**213,380,822**	83,384,860
Foreign exchange gains - net		**80,806,141**	68,193,812	**36,848,537**	25,605,258
Trading and investment securities gains (losses) - net		**11,713,666**	(39,651,974)	**(5,977,369)**	(10,565,014)
Miscellaneous		**109,093,182**	25,108,606	**92,521,789**	10,948,848
TOTAL OPERATING INCOME		**4,854,895,162**	3,666,317,909	**2,582,543,768**	1,927,038,895
Compensation and fringe benefits		**969,123,433**	901,101,054	**511,223,382**	462,713,077
Taxes and licenses		**473,791,935**	451,930,169	**219,761,457**	211,001,296
Rent and utilities		**319,213,042**	285,601,458	**163,183,370**	152,574,665
Depreciation and amortization		**220,067,548**	211,922,848	**110,686,396**	105,777,574
Insurance		**170,067,671**	174,748,076	**85,033,836**	88,360,578
Service fees and commissions		**140,232,833**	116,421,134	**75,071,638**	68,663,235
Subscription fees		**90,311,875**	46,748,267	**31,384,350**	26,185,109
Management and professional fees		**70,327,566**	47,400,306	**36,544,580**	13,296,724
Amortization of software costs		**33,662,604**	36,186,998	**17,213,157**	21,190,656
Entertainment and recreation		**30,125,699**	37,225,720	**12,267,815**	18,558,628
Provision *for* (reversal of) credit and impairment losses		**(11,828,113)**	(45,535,285)	**27,806,541**	(46,306,835)
Miscellaneous		**219,534,427**	236,046,079	**110,907,449**	132,001,523
TOTAL OPERATING EXPENSES		**2,724,630,520**	2,499,796,824	**1,401,083,971**	1,254,016,230
INCOME BEFORE SHARE IN NET LOSS (INCOME) OF AN ASSOCIATE AND INCOME TAX EXPENSE		**2,130,264,642**	1,166,521,085	**1,181,459,797**	673,022,665
SHARE IN NET LOSS (INCOME) OF AN ASSOCIATE		**425,778**	(134,812)	**128,364**	(389,000)
INCOME BEFORE INCOME TAX EXPENSE		**2,129,838,864**	1,166,655,897	**1,181,331,433**	673,411,665
INCOME TAX EXPENSE		**542,592,455**	279,746,248	**306,982,308**	147,095,587
NET INCOME		**P1,587,246,409**	P886,909,649	**P874,349,125**	P526,316,078
Earnings Per Share Attributable to Equity Holders of the Bank	*18*				
Basic		**P1.07**	P0.65	**P0.59**	P0.39
Diluted		**0.87**	0.53	**0.48**	0.31

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	
	Note	**2023**	2022	**2023**	2022
NET INCOME		**P1,587,246,409**	P886,909,649	**P874,349,125**	P526,316,078
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may not be reclassified to profit or loss					
Net change in remeasurement losses on retirement liability		**(28,813,556)**	-	**-**	-
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	*10*	**1,680,000**	16,574,992	**1,055,000**	765,000
		(27,133,556)	16,574,992	**1,055,000**	765,000
Items that may be reclassified to profit or loss					
Net change in fair value of debt securities at FVOCI	*10*	**95,430,793**	(539,479,762)	**(60,143,571)**	(233,160,733)
Net movement in cumulative translation adjustment		**(5,955,870)**	(4,048,381)	**830,536**	2,334,159
Net change in fair value of debt securities at FVOCI taken to profit or loss	*10*	**(4,071,378)**	-	**-**	-
Share in other comprehensive loss of an associate		**(3,199,677)**	(7,792)	**(400)**	(965)
		82,203,868	(543,535,935)	**(59,313,435)**	(230,827,539)
		55,070,312	(526,960,943)	**(58,258,435)**	(230,062,539)
TOTAL COMPREHENSIVE INCOME		**P1,642,316,721**	P359,948,706	**P816,090,690**	P296,253,539

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Note	**Capital Stock** (Note 15)	**Paid-in Surplus** (Note 15)	**Surplus Reserves**	**Retained Earnings**	**Net Unrealized Losses on Financial Assets at FVOCI** (Note 10)	**Remeasurement Losses on Retirement Liability**	**Cumulative Translation Adjustment**	**Share in Other Comprehensive Loss of an Associate**	**Total Equity**
Balance as at December 31, 2022		**P18,196,805,900**	**P7,229,275,360**	**P983,407,496**	**P2,425,229,109**	**(P730,966,925)**	**(P77,723,200)**	**P5,878,953**	**(P1,331,685)**	**P28,030,575,008**
Net income for the year		**-**	**-**	**-**	**1,587,246,409**	**-**	**-**	**-**	**-**	**1,587,246,409**
Other comprehensive income (loss) for the year:										
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 year		**-**	**-**	**-**	**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	*10*	**-**	**-**	**-**	**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**

Forward

	Note	Capital Stock (Note 15)	Paid-in Surplus (Note 15)	Surplus Reserves	Retained Earnings	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, 2021		P15,390,777,900	P6,776,694,869	P755,806,267	P852,471,738	(P156,154,761)	(P262,547,387)	P7,010,814	(P1,325,908)	P23,362,733,532
Net income for the year		-	-	-	886,909,649	-	-	-	-	886,909,649
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	-	-	-	-	-
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)		-	-	-	-	16,574,992	-	-	-	16,574,992
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	(539,479,762)	-	-	-	(539,479,762)
Net movement in cumulative translation adjustment		-	-	-	-	-	-	(4,048,381)	-	(4,048,381)
Share in other comprehensive income of associate		-	-	-	-	-	-	-	(7,792)	(7,792)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	886,909,649	(522,904,770)	-	(4,048,381)	(7,792)	359,948,706
Issuance of common stock		2,806,028,000	453,959,372	-	-	-	-	-	-	3,259,987,372
Transaction within equity:										
Transfer to surplus reserves		-	-	305,802,131	(305,802,131)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	*10*	-	-	-	140,000	(140,000)	-	-	-	-
		2,806,028,000	453,959,372	305,802,131	(305,662,131)	(140,000)	-	-	-	3,259,987,372
Balance as at June 30, 2022		P18,196,805,900	P7,230,654,241	P1,061,608,398	P1,433,719,256	(P679,199,531)	(P262,547,387)	P2,962,433	(P1,333,700)	P26,982,669,610

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

		Six Months Ended June 30	
	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		**P2,129,838,864**	P1,166,655,897
Adjustments for:			
Gain on foreclosure and sale of property and equipment and foreclosed assets - net		**(251,557,444)**	(168,400,729)
Depreciation and amortization		**220,067,548**	211,922,848
Interest expense on bonds payable		**206,243,951**	-
Amortization of software costs		**33,662,604**	36,186,998
Interest expense on lease liabilities		**14,633,345**	14,068,946
Reversal of credit and impairment losses		**(11,828,113)**	(45,535,285)
Unrealized losses (gains) on financial assets and liabilities at fair value through profit or loss (FVPL)		**(7,227,086)**	17,944,645
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	*10*	**(4,071,378)**	-
Share in net loss (income) of associate		**425,778**	(134,812)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Interbank loans receivables		**(124,011,663)**	-
Financial assets at FVPL		**(786,038,741)**	417,442,488
Loans and receivables		**(3,411,004,575)**	(26,519,460,779)
Other assets		**(166,029,754)**	(68,962,249)
Increase (decrease) in:			
Deposit liabilities		**(12,428,451,065)**	3,344,190,297
Manager's checks		**364,784,596**	(23,753,980)
Accrued interest, taxes and other expenses		**52,299,294**	(86,614,528)
Other liabilities		**(647,384,703)**	783,026,465
Net cash absorbed by operations		**(14,815,648,542)**	(20,921,423,778)
Income taxes paid		**(410,821,899)**	(279,695,611)
Net cash used in operating activities		**(15,226,470,441)**	(21,201,119,389)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale or redemption of:			
Investment securities at amortized cost		**30,817,483,200**	16,362,040,000
Financial assets at FVOCI		**739,389,061**	300,000,000
Investment properties		**99,663,809**	159,853,253
Property and equipment		**19,264,564**	22,304,367
Additions to:			
Investment securities at amortized cost		**(22,748,847,578)**	(21,978,185,123)
Financial assets at FVOCI		**(3,946,354,716)**	(332,430,794)
Property and equipment		**(121,021,994)**	(79,319,134)
Software costs		**(18,587,070)**	(59,895,464)
Investment properties		**(18,124,680)**	(2,372,662)
Net cash provided by (used in) investing activities		**4,822,864,596**	(5,608,005,557)

Forward

	Note	2023	2022
		Six Months Ended June 30	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bills payable		**P880,481,699**	P -
Payment of interest on bonds		**(188,486,255)**	-
Payment of lease liability		**(115,147,669)**	(112,732,491)
Issuance of common stock		**-**	3,259,987,372
Net cash provided by financing activities		**576,847,775**	3,147,254,881
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(5,961,886)**	(3,971,856)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,832,719,956)**	(23,665,841,921)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items		**2,735,170,691**	2,747,780,890
Due from Bangko Sentral ng Pilipinas		**23,678,666,441**	45,373,267,996
Due from other banks		**1,044,396,366**	1,039,596,824
Interbank loans receivable and securities purchased under resale agreements		**18,381,225,853**	19,136,088,591
		45,839,459,351	68,296,734,301
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items		**2,901,055,263**	2,759,871,728
Due from Bangko Sentral ng Pilipinas		**22,976,916,103**	19,001,206,609
Due from other banks		**1,995,942,344**	3,688,469,033
Interbank loans receivable and securities purchased under resale agreements		**8,132,825,685**	19,181,345,010
		P36,006,739,395	P44,630,892,380
CASH FLOWS FROM INTEREST AND DIVIDENDS			
Operating Activities			
Interest received		**P4,501,222,521**	P2,683,896,443
Interest paid		**1,265,954,113**	383,223,483
Investing Activities			
Interest received		**P1,019,467,171**	P755,437,714
Dividends received		**1,612,352**	1,612,352
Financing Activities			
Interest paid		**P203,119,601**	P15,518,510

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, 2023 and December 31, 2022.

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, 2023 and December 31, 2022. 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, 2023 and December 31, 2022.

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, 2022 (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. Summary of 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, 2022, except for the adoption of the following amended standards, which became effective beginning January 1, 2023. 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.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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.

5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2022 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, 2023. 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 2022 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), Corporate Governance Committee, Related Party Transactions Committee (RPTCom), Audit Committee and management committees and independent units such as 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 Senior Executive Team 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 ATMs.

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; CME Term SOFR Reference 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 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.

The Bank makes use of an internally developed Earnings-at-Risk (EAR) model for measuring IRRBB. EAR simulates the contraction of the projected NII over the next 12 months using historical changes in interest rate benchmarks such as BVAL for PHP and CME Term SOFR Reference Rates for USD. The balance sheet size and shape are assumed to remain static for the next 12 months. Non-maturity deposits (NMD) or current-savings accounts (CASA) are split into two classifications, core deposits and volatile deposits.

The volatile or non-core portion of the NMD/CASA is spread over short-term buckets based on behavioral average life. Core deposits are slotted in the 3 - 5 years bucket. Interest rate option risk embedded in loans and time deposits that alter the timing of balance sheet items are incorporated in the model. The model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario simulated by the model impacts the exercise of the interest rate option. More prepayment is expected if interest rates decline while more pre-termination is expected as interest rates increase.

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, 2023 and year ended December 31, 2022, 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 CME Term SOFR Reference 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 CME Term SOFR Reference 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 CME Term SOFR Reference 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, 2023 (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	P883,286	P593,754	P289,532	P -	P883,286
Private debt securities	266,503	-	-	266,503	266,503
Derivative assets	27,600	-	27,600	-	27,600
Financial assets at FVOCI:					
Government securities	8,928,956	1,610,703	7,318,253	-	8,928,956
Equity securities	179,880	141,830	-	38,050	179,880
	P10,286,225	P2,346,287	P7,635,385	P304,553	P10,286,225
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	P3,405	P -	P3,405	P -	P3,405
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P41,936,376	P10,006,813	P29,814,488	P -	P39,821,301
Private debt securities	2,204,720	379,419	1,603,711	-	1,983,130
Loans and receivables:					
Receivables from customers	106,909,496	-	-	108,861,542	108,861,542
Less unearned interest	41,238	-	-	41,238	41,238
	106,868,258	-	-	108,820,304	108,820,304
Sales contract receivables	333,199	-	-	343,755	343,755
	151,342,553	10,386,232	31,418,199	109,164,059	150,968,490
Non-financial Assets					
Investment properties	3,527,293	-	-	10,000,634	10,000,634
	P154,869,846	P10,386,232	P31,418,199	P119,164,693	P160,969,124
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Time	P13,132,075	P -	P13,089,052	P -	P13,089,052
Long-term negotiable certificates	5,029,420	-	4,835,340	-	4,835,340
Bonds payable	7,460,009	-	7,400,895	-	7,400,895
	P25,621,504	P -	P25,325,287	P -	P25,325,287

	December 31, 2022 (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	P7,259	P3,569	P3,690	P -	P7,259
Private debt securities	344,809	-	-	344,809	344,809
Derivative assets	28,933	-	28,933	-	28,933
Financial assets at FVOCI:					
Government securities	5,619,272	511,282	5,107,990	-	5,619,272
Equity securities	185,779	147,253	-	38,526	185,779
	P6,186,052	P662,104	P5,140,613	P383,335	P6,186,052
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	P283	P -	P283	P -	P283
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P49,444,750	P12,626,246	P34,050,746	P -	P46,676,992
Private debt securities	2,764,019	375,615	2,035,004	-	2,410,619
Loans and receivables:					
Receivables from customers	103,340,539	-	-	102,468,646	102,468,646
Less unearned interest	43,155	-	-	43,155	43,155
	103,297,384	-	-	102,425,491	102,425,491
Sales contract receivables	325,653	-	-	380,020	380,020
	155,831,806	13,001,861	36,085,750	102,805,511	151,893,122
Non-financial Assets					
Investment properties	3,399,987	-	-	9,969,666	9,969,666
	P159,231,793	P13,001,861	P36,085,750	P112,775,177	P161,862,788
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Time	P17,793,298	P -	P17,735,829	P -	P17,735,829
Long-term negotiable certificates	5,029,420	-	4,787,902	-	4,787,902
Bonds payable	7,442,251	-	7,386,764	-	7,386,764
	P30,264,969	P -	P29,910,495	P -	P29,910,495

In 2023 and 2022, due to changes in market conditions for certain government securities measured at FVPL and at 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 at FVOCI, with carrying amounts of P3.6 million and P327.4 million, respectively, in 2023, and nil and P306.1 million, respectively, in 2022, were transferred from Level 1 to Level 2 of the fair value hierarchy.

In 2023, securities at FVOCI, with carrying amount of P143.8 million were transferred from Level 2 to Level 1 of the fair value hierarchy since quoted prices in active markets were already available. There have been no transfers from Level 2 to Level 1 of the fair value hierarchy in 2022.

In 2023 and 2022, 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, 2023 and December 31, 2022.

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 Senior Management 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, 2023 and 2022 for statement of income items, and as at June 30, 2023 and December 31, 2022 for statement of financial position items follow (amounts in millions):

	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 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

	June 30, 2023 (Unaudited)					
	Treasury Management Group	**Corporate Banking Group**	**Branch Banking Group**	**Consumer Group**	**Others**	**Total**
Statement of Financial Position						
Total assets	**P64,391**	**P96,656**	**P26,062**	**P12,648**	**P7,763**	**P207,520**
Total Liabilities	**6,578**	**39**	**164,748**	**124**	**6,358**	**177,847**

	June 30, 2022 (Unaudited)					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P1,000	P1,883	(P305)	P445	P60	P3,083
Intersegment	(722)	(1,137)	2,506	(262)	(385)	-
Net interest income	278	746	2,201	183	(325)	3,083
Non-interest income	29	52	44	20	439	584
Total revenues	307	798	2,245	203	114	3,667
Other expenses	101	112	1,046	75	1,212	2,546
Income (losses) before provision for credit losses and income tax expense	P206	P686	P1,199	P128	(P1,098)	P1,121
Reversal of credit and impairment losses						(P46)
Share in net loss of an associate						-
Income tax expense						280
Net income						P887
Other Segment Information						
Capital expenditures	P4	P1	P27	P2	P35	P69
Depreciation and amortization	P2	P1	P27	P4	P178	P212

	December 31, 2022 (Audited)					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P80,035	P93,631	P23,810	P12,063	P7,979	P217,518
Total Liabilities	9,995	35	172,912	116	6,429	189,487

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, entertainment and recreation, 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, 2023 (Unaudited)	December 31, 2022 (Audited)
SPURA	**P3,947,569,685**	P14,538,857,444
Interbank loans receivable	**4,309,267,663**	3,842,368,409
	8,256,837,348	18,381,225,853
Less allowance for credit losses	**777,173**	2,481,466
	P8,256,060,175	P18,378,744,387

SPURA represents overnight lending placements with the BSP where the underlying securities cannot be sold or re-pledged to parties other than the BSP.

Interbank loans receivable consists of short-term loans granted to other banks.

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

Financial assets at FVPL consist of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Government securities held-for-trading	**P883,286,028**	P7,258,797
Private debt securities	**266,503,407**	344,809,237
Derivative assets	**27,600,000**	28,933,434
	P1,177,389,435	P381,001,468

As at June 30, 2023 and December 31, 2022, financial assets and liabilities at FVPL are adjusted for unrealized gain of P7.2 million and P3.0 million, respectively.

As at June 30, 2023 and December 31, 2022, there are no outstanding embedded derivatives.

Derivative Financial Instruments

This includes warrants amounting to $50 thousand 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, 2023, these pertain to five contracts with notional amount of $5.0 million each. The Bank has one contract with notional amount of $1.0 million and three contracts with notional amount of $0.5 million each as at December 31, 2022.

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 and leverage exposure. The leverage exposure 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 leverage exposure indicates the volume of transactions outstanding as at June 30, 2023 and December 31, 2022 and is not indicative of either market risk or credit risk.

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Derivative Assets	**Notional Amount**	**Leverage Exposure**	Derivative Assets	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Warrants	**P27,600,000**	**$50,000**	**$ -**	P27,877,500	$50,000	$ -
Forwards	**-**	**-**	**-**	1,055,934	1,000,000	-
	P27,600,000	**$50,000**	**$ -**	P28,933,434	$1,050,000	$ -

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Derivative Liabilities	**Notional Amount**	**Leverage Exposure**	Derivative Liabilities	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Forwards	**P3,405,469**	**$25,000,000**	**$ -**	P283,329	$1,500,000	$ -

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Government securities	**P8,928,955,512**	P5,619,271,980
Equity securities	**179,880,439**	185,778,540
	P9,108,835,951	P5,805,050,520

As at June 30, 2023 and December 31, 2022, the expected credit loss (ECL) allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P0.9 million and P0.6 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, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of year	**(P730,966,925)**	(P156,154,761)
Net unrealized gains (losses) recognized as OCI	**96,820,345**	(574,495,027)
Realized gains taken to profit or loss	**(4,071,378)**	-
ECL on debt securities at FVOCI	**290,448**	(27,137)
Net change in unrealized gains (losses) recorded in OCI	**93,039,415**	(574,522,164)
Realized gains taken to retained earnings	**(7,359,995)**	(290,000)
Balance at end of year	**(P645,287,505)**	(P730,966,925)

11. Investment Securities at Amortized Cost

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Government securities	**P41,941,240,757**	P49,450,521,816
Private debt securities	**2,204,947,816**	2,764,316,045
	44,146,188,573	52,214,837,861
Less allowance for credit losses	**5,092,522**	6,068,800
	P44,141,096,051	P52,208,769,061

No investment securities at amortized cost were sold in 2023 and 2022.

12. Loans and Receivables

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Receivables from customers:		
Term loans	**P81,583,584,337**	P86,583,033,586
Agri-agra loans	**11,054,675,738**	2,537,887,089
Housing loans	**8,442,350,419**	8,222,608,912
Auto loans	**3,927,293,413**	3,652,024,507
Bills purchased, import bills and trust receipts	**992,059,123**	1,384,577,563
Direct advances	**556,262,459**	605,327,618
Others	**2,645,316,963**	2,597,626,608
	109,201,542,452	105,583,085,883
Less unearned interest income	**41,238,219**	43,154,930
	109,160,304,233	105,539,930,953
Accrued interest receivable:		
Loans and receivables	**836,099,404**	848,790,235
Trading and investment securities	**441,926,837**	422,998,451
Interbank loans receivable and SPURA	**2,897,816**	5,715,175
Due from BSP and other banks	**879,111**	2,193,333
Accounts receivable	**837,108,335**	1,057,747,032
Sales contract receivables	**390,244,239**	382,621,585
Unquoted debt securities	**291,578,212**	291,578,213
RCOCI	**3,801,153**	249,146
	111,964,839,340	108,551,824,123
Less allowance for credit losses	**3,492,830,694**	3,460,595,359
	P108,472,008,646	P105,091,228,764

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" amounting to P891.2 million and P1.3 billion as at June 30, 2023 and December 31, 2022, respectively.

The non-performing loans of the Bank amounted to P2.5 billion as at June 30, 2023 and December 31, 2022. Gross and net NPL ratios of the Bank are 2.13% and 0.56%, respectively, as at June 30, 2023, and 2.10% and 0.60%, respectively, as at December 31, 2022.

13. Bills Payable

As at June 30, 2023, short-term borrowings from local banks and from securities sold under repurchase agreements (SSURA) amounted to P6.5 million and P874.0 million, respectively. As at December 31, 2022, there were no short-term borrowings from local banks and no financial assets pledged and transferred under SSURA transactions.

As at June 30, 2023, the carrying and fair value of foreign currency-denominated financial assets at amortized cost pledged and transferred under SSURA transactions amounted to P1.2 billion and P1.0 billion, respectively.

14. Bonds Payable

On July 29, 2022, the Bank issued P7.5 billion fixed rate bonds due on July 29, 2024. The bonds were priced at par with a coupon rate of 5.0263% payable on a quarterly basis commencing on October 29, 2022. The bonds were listed in Philippine Dealing and Exchange Corporation (PDEx). Transaction costs on the issuance of bonds amounted to P72.4 million.

Interest expense on bonds payable amounted to P206.2 million for the six months ended June 30, 2023. As at June 30, 2023 and December 31, 2022, unamortized bond transaction costs amounted to P40.0 million and P57.7 million, respectively.

15. Capital

As at June 30, 2023 and December 31, 2022, the Bank's capital stock consists of the following:

	Shares		Amount	
	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)	**June 30, 2023 (Unaudited)**	December 31, 2022 (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 25, 2023 and February 28, 2023, respectively, the amendment of the Articles of Incorporation to increase the Bank's authorized capital stock from P21,575,114,700 (divided into 1,702,511,470 common shares and 455,000,000 preferred shares) to P28,198,773,840 (divided into 2,364,877,384 common shares and 455,000,000 preferred shares).

On the same date, the Stockholders and BOD also approved the amendment to the By-laws to (a) change the schedule of the annual stockholders' meeting from April to May, and (b) comply with Section 132 of the MORB, Section 29 and 34 of the Revised Corporation Code and Section 3 of the SEC Memorandum Circular No. 20 series of 2020.

16. 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, 2023 and December 31, 2022, DOSRI loans of the Bank amounted to P0.2 million and P0.3 million, respectively.

17. 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, 2023 and December 31, 2022:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Contingent assets:		
Future/spot exchange bought	**P2,895,990,452**	P1,146,547,214
Fixed income securities purchased	**528,001,097**	5,074,247
Outward bills for collection	**-**	255,590
	P3,423,991,549	P1,151,877,051
Commitments and contingent liabilities:		
Trust department accounts	**P65,854,653,506**	P70,335,329,532
Committed credit line	**11,454,991,291**	7,470,632,437
Unused commercial letters of credit	**6,848,751,506**	15,638,084,869
Outstanding guarantees	**5,833,089,789**	3,438,552,342
Future/spot exchange sold	**3,711,369,758**	1,954,996,944
Credit card lines	**3,582,182,995**	3,601,177,914
Late deposits/payments received	**57,317,475**	137,803,664
Fixed income securities sold	**3,939,529**	5,074,247
Items held for safekeeping/securities held as collateral	**47,750**	44,835
	P97,346,343,599	P102,581,696,784

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.

As at June 30, 2023, the carrying and fair value of assets pledged by the Bank to secure outstanding liabilities amounted to P1.2 billion and P1.0 billion, respectively. The related liability and expense amounted P874.0 million and P11.5 million, respectively, as at June 30, 2023. No asset is being pledged by the Bank to secure outstanding liabilities as at December 31, 2022.

18. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

		Six Months Ended June 30 (Unaudited)	
		2023	2022
a.	Net income	**P1,587,246,409**	P886,909,649
b.	Dividends on preferred shares*	**82,500,001**	68,750,001
c.	Net income to equity holders of the Bank	**1,504,746,408**	818,159,648
d.	Weighted average number of outstanding common shares	**1,403,013,920**	1,265,037,958
e.	Basic earnings per share (c/d)	**P1.07**	P0.65

* *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)	
		2023	2022
a.	Net income to equity holders of the Bank	**P1,587,246,409**	P886,909,649
b.	Weighted average number of outstanding common shares and dilutive preferred shares		
	Outstanding common shares	**1,403,013,920**	1,265,037,958
	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**	1,681,704,628
d.	Diluted earnings per share (a/c)	**P0.87**	P0.53

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

	Six Months Ended June 30 (Unaudited)	
	2023	2022
Return on average equity	**11.00%**	7.05%
Return on average assets	**1.49%**	0.87%
Net interest margin on average earning assets	**4.35%**	3.46%

19. 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, 2023:

- 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 securities; and
- Any material commitments for capital expenditures.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
BANK OF COMMERCE

	June 30, 2023	December 31, 2022
Current ratio	**0.58**	0.61
Acid test ratio	**0.56**	0.60
Debt-to-equity ratio	**5.99**	6.76
Asset-to-equity ratio	**6.99**	7.76
Debt-to-asset ratio	**0.86**	0.87
Loans to deposit Ratio	**0.72**	0.70
Non-performing loans ratio - Gross (%)*	**2.13**	2.10
Non-performing loans ratio - Net (%)*	**0.56**	0.60
Non-performing loan (NPL) cover (%)	**92.92**	89.05
Capital Adequacy Ratio (%)	**19.42**	17.97

	June 30, 2023	June 30, 2022
Return on average assets (%)	**1.49**	0.87
Return on average equity (%)	**11.00**	7.05
Net interest margin (%)	**4.35**	3.46
Net profit margin (%)	**32.69**	24.19
Cost to income ratio	**0.56**	0.69
Interest rate coverage ratio	**2.40**	4.02
Solvency ratio	**0.02**	0.01

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

BANK OF COMMERCE

AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2023
(in thousands)

No. of Days Outstanding	**Amount**
0 to 30 days	P153,330
31 to 60 days	21,275
61 to 90 days	17,663
91 to 360 days	37,635
above 360 days	607,205
Accounts Receivable - Gross	837,108
Less: Allowance for Credit Losses	688,912
Accounts Receivable - Net	**P148,196**

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Condition as of 30 June 2023 vs. 31 December 2022

BankCom's Total Assets stood at ₱207.52 billion as of 30 June 2023, 4.60% or ₱10 billion lower compared to ₱217.52 billion reported as of 31 December 2022. Significant asset movements were recorded in the following accounts:

Cash and Other Cash Items increased by 6.06% to ₱2.90 billion. Due from Other Banks increased by 1.01% to ₱24.97 billion from ₱24.72 billion on account of higher placements with both local and foreign banks, partly offset by lower overnight deposit facility (ODF) placements with the Bangko Sentral ng Pilipinas (BSP).

Financial assets (Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, and Investments Securities at Amortized Cost), accounting 26.23% of the total assets, decreased by 6.79% or ₱3.97 billion to ₱54.43 billion from ₱58.39 billion. This is mainly due to the ₱8.07 billion lower investments at amortized cost amounting to ₱44.14 billion from ₱52.21 billion on account of maturing investments.

Loans and Other Receivables however increased by ₱3.38 billion to ₱108.47 billion from ₱105.09 billion mainly driven by higher volume of corporate loans. Conversely, Interbank loans receivable declined to ₱8.26 billion, 55.08% or ₱10.12 billion down from ₱18.38 billion.

Property and Equipment increased by 4.75% to ₱1.49 billion from ₱1.43 billion mainly due to increase in purchase of computer equipment. Other Assets also increased by 5.26% to ₱2.86 billion from ₱2.72 billion as prepaid expense went up. Investment Properties also grew by 3.74% to ₱3.53 billion from ₱3.40 billion due to accumulated gains from foreclosures and dacion. Investment in Associate, meanwhile, declined by 9.17% to ₱35.90 million.

Total liabilities declined to ₱177.85 billion as of 30 June 2023, 6.14% lower than the ₱189.49 billion as of 31 December 2022, mainly due to the decrease in deposit liabilities.

Deposit liabilities, representing 92% of the Bank's Total Liabilities, went down by 7.05% to ₱163.84 billion from ₱176.27 billion on account of the decline in savings and time deposit levels by 12.14% and 26.20%, respectively, to ₱89.31 billion and ₱13.13 billion. This was due to the Bank turning away higher costing deposits given the Bank had sufficient liquidity. Liquidity remained sufficient given demand deposit levels grew by 8.83% to ₱56.36 billion.

Manager's Checks amounted to ₱1.03 billion, up 55.15% from ₱661.45 million due to increased corporate transactions. Financial Liabilities at FVPL and Accrued Interest, Taxes and Other Expenses respectively rose by 12.02x to ₱3.41 million and 1.12x ₱1.31 billion. Bills Payable and Bonds Payable also increased to ₱880.48 million and ₱7.46 billion. On the other hand, Other Liabilities decreased by 15.78% to ₱3.33 billion from ₱3.95 billion.

The Bank's total capital base grew by 5.86% to ₱29.67 billion as of 30 June 2023 from ₱28.03 billion as of 31 December 2022 due to higher retained earnings for the current period.

Statement of Income for the period ended 30 June 2023 vs 30 June 2022

For the six months ended 30 June 2023, BankCom recorded a Net Income of ₱1.59 billion, a 78.96% growth from the ₱886.91 million in the comparable period last year. This outstanding result is mainly driven by higher interest income, fees and commissions and foreign exchange gains.

Interest income on loans and receivables, representing 80.46% of the total revenue, surged by 63.38% to ₱3.91 billion. The increase is a product of expansion in corporate loans and higher repricing given the rising interest rate environment. Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost also grew by 35.14% to ₱1.03 billion from ₱760.40 million last year.

Interest income on Financial Assets at fair value through profit or loss (FVTPL) and interest on interbank loans receivable and SPURA rose 2.81x and 1.56x, respectively, to ₱14.62 million and ₱416.09 million.

Total Interest Expense increased to ₱1.52 billion from ₱385.68 million last year. This is due to the rising interest rates and issuance of bonds in the second half of 2022. Broken down, Interest Expense on Deposit Liabilities rose by ₱934.09 million to ₱1.29 billion; Interest Expense on Bonds Payable amounted to ₱206.24 million vs nil in the same period last year; Interest expense on lease liabilities also increased by 4.01% to ₱14.63 million, while interest expense on bills payable dropped by 31.97% to ₱11.89 million.

Despite the rising interest rate environment, the bank had still managed its margins and reported a Net Interest Income of ₱3.95 billion, up 28.25% from ₱3.08 billion in the previous year.

Total other income surged to ₱901.19 million, 54.43% more than the previous year. The uptrend was primarily driven by the rise in service charges, fees and commissions reaching ₱448.02 million, up 23.93% from the ₱361.52 million supported by the sustained growth in Trust, Credit Card, Trade Finance and Investment Banking fees.

Foreign exchange gains also rose to ₱80.81 million, 18.49% higher than the ₱68.19 million in the comparable period last year as the volume of transactions went up. Moreover, gains on foreclosure, and sale of property and equipment and foreclosed assets grew by 49.38% to ₱251.56 million. Miscellaneous income also grew by 3.34x to ₱109.09 million against the ₱25.11 million in 2022 mainly from income on recovery on charged-off asset.

Total expenses, excluding provision for credit and impairment losses increased by 7.51% to ₱2.74 billion. Compensation and fringe benefits went up by 7.55% to ₱969.12 million. Taxes and licenses also grew by 4.84% to ₱473.79 million driven by greater business volume. Rent and utilities also increased to ₱319.21 million, up 11.77% from ₱285.60 million on account of higher security, power, light and water cost.

Depreciation and amortization increased by 3.84% to ₱220.07 million primarily from higher depreciation expense from computer equipment and other properties held. On the other hand, insurance declined by 2.68% to ₱170.07 million due to lower PDIC insurance on deposits.

Service fees and commissions went up by 20.45% to ₱140.23 million due to higher revenue generation activities from Trust, Credit Card, Trade Finance and Investment Banking. Subscription fees likewise grew by 93.19% ₱90.31 million as IT subscriptions increased.

Management and professional fees also grew by 48.37% to ₱70.33 million. Meanwhile, amortization of software costs and miscellaneous expenses both declined by 6.98% and 7.00% to ₱33.66 million and ₱219.53 million, respectively.

The Bank booked a reversal of Provision for credit and impairment losses amounting to ₱11.83 million for the period ended 30 June 2023 reflecting continuous improvement in the credit quality of the Bank's portfolio.

The Bank recorded its share in the net loss of associate at ₱0.43 million for the period ended 30 June 2023.

Income Tax expense amounted to ₱542.59 million, higher than the ₱279.75 million in the same period last year mainly due to the higher income.