



MAY 11 2026

SECURITIES AND EXCHANGE COMMISSION

17/F SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

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

THE PHILIPPINE STOCK EXCHANGE, INC.

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

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

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226


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

Mesdames/Gentlemen:

We submit herewith the March 31, 2026 SEC 17-Q report of Bank of Commerce.

Thank you.

Very truly yours,


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

COVER SHEET

SEC Registration Number

BANK OF COMMERCE

SAN MIGUEL PROPERTIES CENTRE

NO. 7 ST. FRANCIS STREET

MANDALUYONG CITY

ANTONIO S. LAQUINDANUM
Contact Person

89826000
Company Telephone Number

12 31
Month Day
Fiscal Year

17Q
Form Type

Month Day
Annual Meeting

Secondary License Type, If Applicable

SEC
Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Domestic
Total Amount of Borrowings

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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)

March 31, 2026

For the Quarterly Period Ended

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **March 31, 2026**
2. Commission identification number **24221**
3. BIR Tax Identification No **000 440 440**
4. Exact name of issuer as specified in its charter **BANK OF COMMERCE**
5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
SAN MIGUEL PROPERTIES CENTRE, NO. 7 ST FRANCIS STREET, MANDALUYONG CITY 1550, PH
7. Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code **+63-2-8982 6000**
9. Former name, former address and former fiscal year, if changed since last report **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stocks	1,403,013,920

11. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Philippine Stock Exchange, Inc: Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

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

Yes No

SIGNATURES

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

BANK OF COMMERCE

Issuer

By:

[Redacted Signature]

ANTONIO S. LAQUINDANUM
EVP/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this MAY 11 2026 day of _____ 20__ affiant(s) exhibiting to me his/their government issued ID, as follows:

Names	Identification No.	Place of Issue	Expiry Date
Antonio S. Laquindanum	[Redacted]	[Redacted]	[Redacted]

Notary Public

Doc. No.: 228
Page No.: 47
Book No.: 10
Series: 2020

Documentary Stamp numbered
179220186

has been attached on one of the original versions of this document set and has been cancelled to prevent its reuse.

[Redacted Signature]
ATTY. HILARIO M. DE LEON, JR.
NOTARY PUBLIC until Dec. 31, 2026
Appt. No. [Redacted] For Mandaluyong City
Roll of Attorneys No. [Redacted]
PTR No. [Redacted] Mandaluyong City
IBP OR No. [Redacted] Rizal (RSM) Chapter
MCLE Compliance No. [Redacted]
Unit 908 Cityland Shaw Tower
Shaw Blvd. corner St. Francis St., Mandaluyong City

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BANK OF COMMERCE

INTERIM CONDENSED FINANCIAL STATEMENTS

**As of March 31, 2026 (Unaudited) and December 31, 2025 (Audited)
and for the three months ended March 31, 2026 and 2025 (Unaudited)**

BANK OF COMMERCE
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
Cash and Other Cash Items		P4,271,250,495	P3,549,485,190
Due from Bangko Sentral ng Pilipinas		17,576,323,928	18,053,931,266
Due from Other Banks		5,510,593,414	2,105,187,140
Interbank Loans Receivable and Securities			
Purchased under Resale Agreements	8	30,171,743,794	7,647,508,000
Financial Assets at Fair Value through Profit or Loss	9	3,469,686,546	5,169,707,944
Financial Assets at Fair Value through Other Comprehensive Income	10	31,749,122,655	35,018,310,326
Investment Securities at Amortized Cost	11	39,218,144,894	41,371,074,917
Loans and Receivables	12	162,808,538,497	162,819,304,700
Investment in an Associate		33,212,841	33,421,266
Property, Equipment and Right-of-Use Assets		1,941,416,838	2,016,723,212
Investment Properties		4,048,443,438	4,115,809,308
Deferred Tax Assets		421,505,443	269,766,065
Other Assets		4,890,898,798	4,683,302,191
		P306,110,881,581	P286,853,531,525
LIABILITIES AND EQUITY			
Deposit Liabilities			
Demand		P88,137,652,661	P80,072,537,822
Savings		136,528,680,762	118,415,300,363
Time		17,215,179,924	24,826,278,213
		241,881,513,347	223,314,116,398
Financial Liabilities at Fair Value through Profit or Loss	9	57,773,788	2,085,466
Bonds Payable		17,895,905,903	17,881,000,871
Manager's Checks		1,263,303,801	1,797,802,935
Accrued Interest, Taxes and Other Expenses		1,471,697,190	1,349,787,315
Other Liabilities		7,406,403,587	5,930,702,162
Total Liabilities		269,976,597,616	250,275,495,147
Equity			
Capital stock		18,196,805,900	18,196,805,900
Paid-in surplus		7,229,275,360	7,229,275,360
Surplus reserves		1,610,173,149	1,583,791,619
Retained earnings		10,740,504,021	9,790,692,161
Net unrealized gains (losses) on financial assets at fair value through other comprehensive income	10	(1,323,091,448)	99,889,342
Remeasurement losses on retirement asset		(323,799,559)	(323,799,559)
Cumulative translation adjustment		9,592,437	6,579,908
Share in other comprehensive loss of an associate		(5,175,895)	(5,198,353)
Total Equity		36,134,283,965	36,578,036,378
		P306,110,881,581	P286,853,531,525

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME

	Note	2026	2025
Three Months Ended March 31			
INTEREST INCOME			
Interest income calculated using the effective interest method:			
Loans and receivables		P2,899,910,487	P2,571,188,426
Investment securities at fair value through other comprehensive income and at amortized cost		982,238,269	688,327,969
Interbank loans receivable and securities purchased under resale agreements		122,247,769	137,070,611
Due from Bangko Sentral ng Pilipinas and other banks		43,326,695	80,028,978
Other interest income:			
Financial assets at fair value through profit or loss		76,791,710	46,643,626
		4,124,514,930	3,523,259,610
INTEREST EXPENSE			
Deposit liabilities		827,442,055	764,607,399
Bonds payable		296,745,375	255,476,885
Lease liabilities		10,354,315	10,331,194
Bills payable and others		7,902,600	2,769,443
		1,142,444,345	1,033,184,921
NET INTEREST INCOME		2,982,070,585	2,490,074,689
Service charges, fees and commissions		184,670,353	232,161,791
Gains on foreclosure and sale of property and equipment and foreclosed assets - net		164,882,680	144,941,052
Trading and investment securities gains (losses) - net		(153,128,592)	55,617,250
Foreign exchange gains - net		64,864,382	38,028,628
Miscellaneous		43,216,509	32,343,612
TOTAL OPERATING INCOME		3,286,575,917	2,993,167,022
Compensation and fringe benefits		818,152,646	712,733,534
Taxes and licenses		349,509,408	320,796,597
Depreciation and amortization		176,453,305	160,025,712
Rent and utilities		175,846,856	169,211,130
Insurance		108,146,124	99,547,906
Service fees and commissions		81,045,298	88,981,811
Subscription fees		53,875,609	58,893,551
Amortization of software costs		39,814,190	32,838,072
Provision for (reversal of) credit and impairment losses		(27,445,070)	65,056,765
Management and professional fees		20,290,525	19,152,926
Miscellaneous		161,927,787	129,409,126
TOTAL OPERATING EXPENSES		1,957,616,678	1,856,647,130
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		1,328,959,239	1,136,519,892
SHARE IN NET LOSS OF AN ASSOCIATE		230,883	170,336
INCOME BEFORE INCOME TAX EXPENSE		1,328,728,356	1,136,349,556
INCOME TAX EXPENSE		352,534,966	269,563,068
NET INCOME		P976,193,390	P866,786,488
Earnings Per Share Attributable to Equity Holders of the Bank			
	15		
Basic		P0.64	P0.57
Diluted		0.54	0.48

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE
INCOME

	Three Months Ended March 31	
	2026	2025
NET INCOME	P976,193,390	P866,786,488
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)	125,756	530,000
	125,756	530,000
Items that may be reclassified to profit or loss		
Net change in fair value of debt securities at FVOCI	(1,367,318,443)	221,627,875
Net change in fair value of debt securities at FVOCI taken to profit or loss	(55,788,103)	(2,518,376)
Net movement in cumulative translation adjustment	3,012,529	(6,336,401)
Share in other comprehensive income of an associate	22,458	2,217
	(1,420,071,559)	212,775,315
	(1,419,945,803)	213,305,315
TOTAL COMPREHENSIVE INCOME (LOSS)	(P443,752,413)	P1,080,091,803

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Paid-in Surplus	Surplus Reserves	Retained Earnings	Remeasurement Losses on Retirement Asset	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity
Balance as at January 1, 2026	P18,196,805,900	P7,229,275,360	P1,583,791,619	P9,790,692,161	(P323,799,559)	P99,889,342	P6,579,908	(P5,198,353)	P36,578,036,378
Net income for the period	-	-	-	976,193,390	-	-	-	-	976,193,390
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)	-	-	-	-	-	125,756	-	-	125,756
Net change in remeasurement losses on retirement asset	-	-	-	-	-	-	-	-	-
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	-	(1,367,318,443)	-	-	(1,367,318,443)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	-	(55,788,103)	-	-	(55,788,103)
Net movement in cumulative translation adjustment	-	-	-	-	-	-	3,012,529	-	3,012,529
Share in other comprehensive income of associate	-	-	-	-	-	-	-	22,458	22,458
Total comprehensive income (loss) for the period	-	-	-	976,193,390	-	(1,422,980,790)	3,012,529	22,458	(443,752,413)
Transaction within equity:									
Transfer to surplus reserves	-	-	26,381,530	(26,381,530)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	-	-	-	-	-	-	-	-	-
	-	-	26,381,530	(26,381,530)	-	-	-	-	-
Balance as at March 31, 2026	P18,196,805,900	P7,229,275,360	P1,610,173,149	P10,740,504,021	(P323,799,559)	(P1,323,091,448)	P9,592,437	(P5,175,895)	P36,134,283,965

Forward

	Capital Stock	Paid-in Surplus	Surplus Reserves	Retained Earnings	Remeasurement Losses on Retirement Assets	Net Unrealized Losses on Financial Assets at FVOCI	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate	Total Equity
Balance as at January 1, 2025	P18,196,805,900	P7,229,275,360	P1,169,045,556	P7,501,642,690	(P331,673,141)	(P534,761,685)	P4,760,983	(P5,028,412)	P33,230,067,251
Net income for the period	-	-	-	866,786,488	-	-	-	-	866,786,488
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)	-	-	-	-	-	530,000	-	-	530,000
Net change in remeasurement losses on retirement asset	-	-	-	-	-	-	-	-	-
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	-	221,627,875	-	-	221,627,875
Net movement in cumulative translation adjustment	-	-	-	-	-	-	(6,336,401)	-	(6,336,401)
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	-	(2,518,376)	-	-	(2,518,376)
Share in other comprehensive income of associate	-	-	-	-	-	-	-	2,217	2,217
Total comprehensive income (loss) for the period	-	-	-	866,786,488	-	219,639,499	(6,336,401)	2,217	1,080,091,803
Transaction within equity:									
Transfer from surplus reserves	-	-	(7,222,388)	7,222,388	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	-	-	-	630,000	-	(630,000)	-	-	-
	-	-	(7,222,388)	7,852,388	-	(630,000)	-	-	-
Balance as at March 31, 2025	P18,196,805,900	P7,229,275,360	P1,161,823,168	P8,376,281,566	(P331,673,141)	(P315,752,186)	(P1,575,418)	(P5,026,195)	P34,310,159,054

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	P1,328,728,356	P1,136,349,556
Adjustments for:		
Interest expense on bonds payable	296,745,375	255,476,885
Depreciation and amortization	176,453,305	160,025,712
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	(164,882,680)	(144,941,052)
Unrealized losses (gains) on financial assets and liabilities at fair value through profit or loss (FVPL)	161,002,897	(51,835,048)
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	(55,788,103)	(2,518,376)
Amortization of software costs	39,814,190	32,838,072
Provision for (reversal of) credit and impairment losses	(27,445,070)	65,056,765
Interest expense on lease liabilities	10,354,315	10,331,194
Share in net loss of associate	230,883	170,336
Miscellaneous income	-	(96,521)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivables	-	(1,409,436)
Financial assets at FVPL	1,594,706,823	(3,431,589,027)
Loans and receivables	11,217,707	(2,356,319,767)
Other assets	(167,762,474)	(57,043,109)
Increase (decrease) in:		
Deposit liabilities	18,567,396,949	(23,116,746,030)
Manager's checks	(534,499,134)	259,278,512
Accrued interest, taxes and other expenses	(44,813,413)	(71,701,500)
Other liabilities	1,521,642,923	(5,386,929,205)
Net cash generated from (absorbed by) operations	22,713,102,849	(32,701,602,039)
Income taxes paid	(226,530,225)	(201,197,990)
Net cash provided by (used in) operating activities	22,486,572,624	(32,902,800,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale or redemption of:		
Investment securities at amortized cost	104,031,389,600	41,116,750,000
Financial assets at FVOCI	6,860,300,195	940,041,627
Investment properties	204,666,928	281,178,323
Property and equipment	13,261,453	13,240,642
Additions to:		
Investment securities at amortized cost	(101,878,119,466)	(48,419,935,077)
Financial assets at FVOCI	(5,069,025,631)	(3,409,058,842)
Software costs	(61,670,310)	(20,640,631)
Property and equipment	(53,408,307)	(38,808,741)
Investment properties	(6,226,858)	(8,333,701)
Net cash provided by (used in) investing activities	4,041,167,604	(9,545,566,400)

Forward

	Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest on bonds	(P281,840,343)	(P123,592,978)
Payment of lease liability	(71,721,083)	(63,831,589)
Proceeds from bills payable	-	844,591,338
Issuance of bonds payable	-	17,837,609,248
Net cash provided by (used in) financing activities	(353,561,426)	18,494,776,019
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		
	3,057,672	(6,349,051)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	26,177,236,474	(23,959,939,461)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	3,549,485,190	4,244,123,801
Due from Bangko Sentral ng Pilipinas	18,056,368,871	47,919,926,114
Due from other banks	2,105,471,380	3,819,900,855
Interbank loans receivable and securities purchased under resale agreements	7,648,540,553	3,449,297,350
	31,359,865,994	59,433,248,120
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	4,271,250,495	4,105,647,253
Due from Bangko Sentral ng Pilipinas	17,578,697,106	22,333,222,697
Due from other banks	5,511,337,370	3,718,849,198
Interbank loans receivable and securities purchased under resale agreements	30,175,817,497	5,315,589,511
	P57,537,102,468	P35,473,308,659
CASH FLOWS FROM INTEREST AND DIVIDENDS		
Operating Activities		
Interest received	P4,093,774,329	P3,707,384,256
Interest paid	899,252,387	850,412,765
Dividends received	1,048,950	-

See Notes to Interim Condensed Financial Statements.

BANK OF COMMERCE
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, including the Head Office, as at March 31, 2026 and December 31, 2025.

San Miguel Properties, Inc. (SMPI) and San Miguel Corporation Retirement Plan (SMCRP) hold 31.91% and 30.84% ownership of the Bank's issued common shares, respectively, as at March 31, 2026 and December 31, 2025. Each of these shareholders has significant influence over the Bank. SMC Equivest Corporation holds 100% ownership of the Bank's issued non-voting preferred shares as at March 31, 2026 and December 31, 2025.

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

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

2. Basis of Preparation

Statement of Compliance

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

Basis of Measurement

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

<u>Items</u>	<u>Measurement Bases</u>
Financial assets and liabilities at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Lease liability	Present value of remaining lease payments, discounted using the Bank's incremental borrowing rate
Net retirement assets	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

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

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

Presentation of Financial Statements

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

3. Material Accounting Policies

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

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

4. Critical Judgments and Estimates

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

Significant accounting judgments and estimates of the Bank were the same as those disclosed in the last annual audited financial statements as at and for the year ended December 31, 2025.

5. Financial Risk Management Objectives and Policies

Compared with the December 31, 2025 audited financial statements of the Bank, there have been no changes in the financial risk exposures that materially affect the interim condensed financial statements of the Bank as at March 31, 2026. The Bank has exposures to the following risks from its use of financial instruments: (a) credit; (b) interests rate risk in the banking book (IRRBB); (c) liquidity; and (d) market risks. Related discussions below should be read in conjunction with Note 5, Financial Risk Management Objectives and Policies of the Bank's 2025 audited financial statements.

Risk Management Structure

The BOD is ultimately responsible for identifying and controlling risks. Supporting the BOD in this function are certain Board-level committees such as Board Risk Oversight Committee (BROC), Executive Committee, Corporate Governance Committee, Related Party Transactions Committee (RPTCom), Audit Committee and management committees and independent units such as Senior Executive Team (SET), Asset Liability Management Committee (ALCO), Credit and Collections Committee (Crecom), Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee, Internal Audit Division, Legal Services Division, Compliance Division and Risk Management Division (RSK). They are responsible for managing and monitoring financial risk.

Risk Measurement and Reporting Systems

The Bank's capital adequacy is determined by measuring credit, market and operational risk exposures using standardized or basic approaches as suggested by BSP. Risk exposures are measured both individually and in aggregate amounts.

Risk measurements are done by respective risk-taking personnel and groups but are independently validated, analyzed and reported by RSK.

Market risks are measured by mark-to-market and Value-at-Risk (VAR) analyses on the overall exposure, on a portfolio level, and on each individual financial instrument. These exposures are also subjected to stress testing using a variety of historical and hypothetical scenarios.

Quality of credit risks are measured via risk classifications of accounts using Internal Credit Risk Rating System (ICRRS) together with BSP risk classification of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowance for losses including changes thereon, when necessary. All risk information is processed, analyzed and consolidated for proper reporting to the BOD through the BROC, as well as the SET and various management committees of the Bank.

Actual and estimated risk exposures/losses at Treasury, Corporate, Consumer Business and Credit Cards, Operations and Information Technology, Trust and Branches are consolidated for regular reporting. Reports include, among others, portfolio mix, liquidity and maturity matching, interest rate matching, trading gains and losses, sensitivity and back-testing results, top borrowers, non-performing assets and loans, industry exposures, large exposures, fines and penalties, operational losses, and disruptions.

Risk Mitigation

To mitigate market risk exposures, other financial instruments are used to manage exposures resulting from changes in foreign currency and interest rate risk. The Bank also observes limits on positions, losses, and market sensitivities to contain these risk exposures.

The Bank maintains a capital adequacy ratio (CAR) of ten percent (10.0%) or better at all times, for regulatory compliance purposes.

Risk Concentration

The Bank manages loan concentration by controlling its mix of counterparties or borrowers in accordance with conditions permitted by regulators. Borrowers that are considered large in size are regularly monitored and reported to the BROCC. Also, the limits for exposure on specific economic activity groups are in place allowing the Bank to maintain a strategic breakdown of credit risk of the different segments. Having these controls in place allows the Bank to proactively monitor exposures and act upon limit breaches whenever necessary.

Credit Risk

The Bank considers credit risk as the possibility of loss arising from the counterparty's or customer's inability or unwillingness to settle his/her obligations on time or in full as expected or previously contracted.

The Bank has in place a credit policy manual that defines all practices, policies and procedures regarding loan activities from identification of target markets, credit initiation, documentation and disbursement, loan administration, remedial management, and loan unit organization and staffing. Also, it has in place credit approval authorities and respective limits duly approved by the BOD.

The Bank's primary element of credit risk management is the detailed risk assessment of every credit exposure associated with the counterparty. Risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of underlying credit exposures as mandated by the circulars issued by BSP. The risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the monitoring procedure applied to the ongoing exposures.

Liquidity Risk and Funding Management

Liquidity risk is the risk to the Bank's earnings and capital arising from its inability to meet funding requirements in a timely manner. To measure and monitor this risk, the Bank generates a report on future cash flows and liquidity on a daily basis. To ensure sufficient liquidity, the Bank has a set of internal limits incorporated in its annual budget that allocates a portion of its liabilities into cash, investment securities and other liquid assets. Concentration on a single funding source is also regularly monitored to control the Bank's reliance on a specific product, counterparty, or industry.

The Bank has available credit lines from various counterparties that it can utilize to meet sudden liquidity demands. It also maintains a portfolio of high quality liquid assets (HQLA) that can be converted to cash in a short period of time and with minimal loss incurred. This ensures compliance with Liquidity Coverage Ratio (LCR) as required by Basel III regulations. LCR checks if there is sufficient HQLA to offset short-term net outflows or short-term obligations under stressed conditions. The Bank also expands its sources of stable funds in order to support asset growth and meet the Net Stable Funding Ratio (NSFR) regulatory limit. NSFR ensures that the Bank is not overly reliant on short-term funding in funding its long-term assets. The Bank's liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating both to the market in general and to events specific to the Bank. A contingency funding plan, which covers quantitative and procedural measures, is in place and may be applied under different stress scenarios.

The Bank also manages its liquidity position through the monitoring of a Maximum Cumulative Outflow against a Board-approved limit. This process measures and estimates projected funding requirements that the Bank will need at specific time horizons.

Interest Rate Risk in the Banking Book

The loans provided by the Bank to its borrowers are mostly funded by the deposits of its branch and corporate customers. The difference in the interest revenues from loans and the interest expense in servicing deposits provide the bulk of the Bank's Net Interest Income (NII). Aside from loans, interest revenue is also generated from holdings in debt securities, repurchase agreements (repo), and other interest-bearing assets. Occasionally, the Bank taps interbank loans and other sources of funding to supplement deposits, which are subject to additional interest expense.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g., term loans, housing loans) and to compensate fund raisers (e.g., branch deposits). FTP helps units evaluate profitability and calculate returns upon deal origination. Furthermore, the FTP framework insulates them from interest rate risk. The Central Funding Unit (CFU), under the Treasury Management Group, manages the Bank's overall IRRBB. CFU is the first line of defense for both IRRBB and Liquidity Risk. While the Bank does not have intentions to hedge IRRBB via interest rate swaps in the short-term, it actively manages IRRBB by growing its sources of stable funds to match long-term assets.

The FTP policy is properly documented and is transparent to the fund users and fund providers of the Bank. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as Bloomberg Valuation (BVAL) and BSP interest rate corridor rates for Peso; USD Secured Overnight Financing Rates and USD-denominated bonds issued by the Philippines for USD. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

The NII, and ultimately earnings and capital, is vulnerable to adverse fluctuations in interest rates. The Bank also measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of asset-liability gap analysis on a monthly basis. This analysis focuses on the repricing profile of its rate sensitive assets and liabilities, and the impact of interest rate movements on the Bank's accrual earnings. The interest rate repricing gap report assigns all assets and liabilities into various time buckets according to the remaining days to maturity for fixed-rate items, remaining days to next re-pricing for floating-rate items, or based on behavioral assumptions, if more applicable.

The difference between the total of the repricing (interest rate-sensitive) assets and repricing (interest rate-sensitive) liabilities gives an indication of the Bank's repricing risk exposure. A positive gap means more assets mature or have to be repriced than liabilities. In this case, the Bank is said to be "asset sensitive" in that time bucket and it benefits from an increase of interest rates as the assets will be repriced faster than liabilities.

A bank with a negative gap is considered "liability sensitive" since it has more liabilities to be repriced during such period than assets. It is negatively affected by a hike in interest rates. An example would be a bank that uses short-term deposits to fund long-term loans at fixed rates. It may encounter a decline in its net interest income if the interest rates increase since the cost of funds (the deposit rates) will increase while the earnings from loans remain fixed.

RSK monitors the mismatches in the repricing of its assets and liabilities through the interest rate gap reports presented to ALCO and BROCC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

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

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

Market Risk

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

Market Price Risk in the Trading Book

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

Value-at-Risk Methodology

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

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

Currency Risk

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

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

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

Equity Price Risk

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

6. Categories and Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair values of financial and non-financial assets and liabilities are as follows:

Cash and Other Cash Items, Due from BSP and Other Banks and Interbank Loans Receivable and Securities Purchased under Resale Agreements (SPURA) - Fair values approximate carrying amounts given the short-term nature of the instruments.

Debt Securities (Financial Assets at FVPL, Financial Assets at FVOCI, and Investment Securities at Amortized Cost) - Fair values are generally based on quoted market prices. If not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using discounted cash flow methodology.

Equity Securities (Financial Assets at FVOCI) – For quoted securities, fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers. The Bank's unquoted equity securities are classified as Level 3 in the fair value hierarchy. Their fair values are determined using the adjusted net asset value (ANAV) method, which is considered appropriate as the investees' net assets largely represent their fair value.

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

Derivative Instruments (Financial Assets and Financial Liabilities at FVPL) - Fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

Loans and Receivables - The estimated fair values of long-term receivables from customers and sales contract receivables are equal to the estimated future cash flows expected to be received which are discounted using current market rates (i.e., BVAL and USD Secured Overnight Financing Rates (SOFR)). Fair value of short-term receivable from customers, sales contract receivables, accounts receivables, accrued interest receivables, and returned checks and other cash items (RCOCI) approximates carrying amounts given the short-term nature of the accounts.

Investment Properties - Fair value is determined based on valuations performed by external and in-house appraisers using the market data approach. Valuations are derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining the fair values include the following:

Location	Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties along a main road are superior to properties along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current date is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit Liabilities - Fair values of long-term time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and USD SOFR) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term time deposits approximate fair value. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Bonds and Bills Payable - For long-term bonds and bills payable, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and USD SOFR) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term bonds and bills payable approximate fair value.

Manager's Checks, Accrued Interest and Other Expenses and Other Liabilities (excluding non-financial liabilities) - Carrying amounts approximate fair values due to the short-term nature of the accounts. Due to preferred shareholders is determined to be long term in nature due to a pending dispute which affects maturity. Fair value cannot be estimated reliably due to lack of available supportable data.

The following table provides the fair value hierarchy of the Bank's assets and liabilities measured at fair value and those for which fair values should be disclosed (amounts in thousands):

	March 31, 2026 (Unaudited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Government securities	P3,396,656	P2,985,118	P411,538	P -	P3,396,656
Derivative assets	73,031	-	73,031	-	73,031
Financial assets at FVOCI:					
Government securities	31,524,120	18,079,723	13,444,397	-	31,524,120
Equity securities	225,003	500	-	224,503	225,003
	P35,218,810	P21,065,341	P13,928,966	P224,503	P35,218,810
Liabilities Measured at Fair Value					
<i>Financial Liabilities</i>					
Derivative liabilities	P57,774	P -	P57,774	P -	P57,774
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P37,264,106	P15,239,154	P21,239,212	P -	P36,478,366
Private debt securities	1,954,039	-	1,855,891	-	1,855,891
Loans and receivables:					
Receivables from customers	160,146,478	-	-	155,310,042	155,310,042
Less unearned interest	86,336	-	-	86,336	86,336
	160,060,142	-	-	155,223,706	155,223,706
Sales contract receivables	240,853	-	-	250,303	250,303
	199,519,140	15,239,154	23,095,103	155,474,009	193,808,266
<i>Non-financial Assets</i>					
Investment properties	4,048,443	-	-	10,951,516	10,951,516
	P203,567,583	P15,239,154	P23,095,103	P166,425,525	P204,759,782
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P17,215,180	P -	P17,203,923	P -	P17,203,923
Bonds payable	17,895,906	-	17,679,834	-	17,679,834
	P35,111,086	P -	P34,883,757	P -	P34,883,757
December 31, 2025 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Government securities	P5,132,998	P4,560,287	P572,711	P -	P5,132,998
Derivative assets	36,710	-	36,710	-	36,710
Financial assets at FVOCI:					
Government securities	34,793,434	15,314,787	19,478,647	-	34,793,434
Equity securities	224,877	500	-	224,377	224,877
	P40,188,019	P19,875,574	P20,088,068	P224,377	P40,188,019
Liabilities Measured at Fair Value					
<i>Financial Liabilities</i>					
Derivative liabilities	P2,085	P -	P2,085	P -	P2,085
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P39,475,179	P23,056,328	P16,337,158	P -	P39,393,486
Private debt securities	1,895,896	-	1,806,596	-	1,806,596
Loans and receivables:					
Receivables from customers	159,964,965	-	-	161,509,318	161,509,318
Less unearned interest	83,143	-	-	83,143	83,143
	159,881,822	-	-	161,426,175	161,426,175
Sales contract receivables	225,420	-	-	235,932	235,932
	201,478,317	23,056,328	18,143,754	161,662,107	202,862,189
<i>Non-financial Assets</i>					
Investment properties	4,115,809	-	-	11,087,389	11,087,389
	P205,594,126	P23,056,328	P18,143,754	P172,749,496	P213,949,578
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P24,826,278	P -	P24,817,534	P -	P24,817,534
Bonds payable	17,881,001	-	18,077,148	-	18,077,148
	P42,707,279	P -	P42,894,682	P -	P42,894,682

In 2026 and 2025, due to changes in market conditions for certain government securities measured at FVPL and FVOCI, quoted prices in active markets were not available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities at FVPL and FVOCI, with carrying amounts of nil and P4.4 billion, respectively, in 2026 and P225.7 million and P3.3 billion, respectively, in 2025, were transferred from Level 1 to Level 2 of the fair value hierarchy.

In 2026, securities at FVOCI, with a carrying amount of P8.6 billion, were transferred from Level 2 to Level 1 of the fair value hierarchy since quoted prices in active markets were already available. In 2025, securities at FVPL and FVOCI, with carrying amounts of P0.5 million and P4.3 billion, respectively, were transferred from Level 2 to Level 1 of the fair value hierarchy.

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

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

The carrying values of financial assets and liabilities not included in the fair value hierarchy table shown above approximate their respective fair values as at March 31, 2026 and December 31, 2025.

7. Segment Reporting

The Bank's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to SET who is responsible for allocating resources to the segments and assessing their performance. Segment performance is evaluated based on net income before provision/reversal of credit and impairment losses, share in net loss of an associate and income tax expense. The Bank's business segments follow:

Treasury Management Group - principally provides money market, trading and treasury services, as well as management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks.

Corporate Banking Group - principally handles loans and other credit facilities for corporate institutional, and middle market clients.

Branch Banking Group - principally supervises customers' deposits and offers standard customer transactional services through the branch network.

Consumer Group - principally manages home, automobile, and salary loans for individual customers.

Others - includes but not limited to Credit Cards, Transaction Banking, Investment Banking, Trust, and Acquired Assets. Other operations of the Bank also include operations and financial control groups.

Segment assets and liabilities comprise operating assets and liabilities, including borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Bank's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment. Transactions between the business segments are carried out at arm's length. The Bank uses an Internal Funds Transfer Pricing rate to allocate the cost of funds or to recognize internal revenue for deposit takers. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Bank has no significant customers which contributes 10.0% or more of the Bank's revenue net of interest expense. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The segment information of the Bank for the three months ended March 31, 2026 and 2025 for statement of income items, and as at March 31, 2026 and December 31, 2025 for statement of financial position items follow (amounts in millions):

	March 31, 2026 (Unaudited)					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party	P801	P2,423	(P721)	P392	P87	P2,982
Intersegment	(627)	(1,986)	2498	(294)	409	-
Net interest income	174	437	1,777	98	496	2,982
Non-interest income	(88)	12	16	12	353	305
Total revenues	86	449	1,793	110	849	3,287
Compensation and fringe benefits	8	11	137	23	639	818
General and administrative expenses	20	4	338	13	443	818
Taxes and licenses	57	112	166	21	(7)	349
Total expenses	85	127	641	57	1,075	1,985
Income (losses) before provision for credit losses and income tax expense	P1	P322	P1,152	P53	(P226)	P1,302
Reversal of credit and impairment losses						(P27)
Share in net loss of an associate						-
Income tax expense						353
Net income						P976
Other Segment Information						
Capital expenditures	P -	P1	P7	P2	P18	P28
Depreciation and amortization	P1	P1	P26	P2	P186	P216
Statement of Financial Position						
Total assets	P112,919	P143,650	P18,955	P19,844	P10,743	P306,111
Total Liabilities	22,360	222	239,578	118	7,699	269,977

March 31, 2025 (Unaudited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P624	P2,194	(P713)	P308	P77	P2,490
Intersegment	(571)	(1,832)	2,176	(236)	463	-
Net interest income	53	362	1,463	72	540	2,490
Non-interest income	93	23	23	16	348	503
Total revenues	146	385	1,486	88	888	2,993
Compensation and fringe benefits	7	10	143	19	534	713
General and administrative expenses	19	5	319	10	404	757
Taxes and licenses	53	98	117	18	35	321
Total expenses	79	113	579	47	973	1,791
Income (losses) before provision for credit losses and income tax expense	P67	P272	P907	P41	(P85)	P1,202
Provision for credit and impairment losses						65
Share in net loss of an associate						-
Income tax expense						270
Net income						P867
Other Segment Information						
Capital expenditures	P2	P1	P15	P1	P9	P28
Depreciation and amortization	P1	P1	P23	P2	P166	P193
December 31, 2025 (Audited)						
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P95,200	P142,711	P18,286	P19,251	P11,406	P286,854
Total Liabilities	29,466	203	215,464	61	5,081	250,275

Non-Interest income consists of trading and investment securities gains (losses), service charges, fees and commissions, foreign exchange gains, gain on foreclosure, and sale of property and equipment and foreclosed assets and miscellaneous income.

General and administrative expenses consist of rent and utilities, depreciation and amortization, insurance, service fees and commissions, subscription fees, management and professional fees, amortization of software costs, and miscellaneous expense.

8. Interbank Loans Receivable and Securities Purchased under Resale Agreements

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
SPURA	P20,500,000,000	P5,500,000,000
Interbank loans receivable	9,675,817,497	2,148,540,553
	30,175,817,497	7,648,540,553
Less allowance for credit losses	4,073,703	1,032,553
	P30,171,743,794	P7,647,508,000

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 overnight lending placements and short-term loans with original maturities of three months or less from the date of placement granted to other banks.

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

Financial assets at FVPL consist of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	P3,396,655,342	P5,132,997,906
Derivative assets	73,031,204	36,710,038
	P3,469,686,546	P5,169,707,944

As at March 31, 2026 and December 31, 2025, financial assets and liabilities at FVPL are adjusted for unrealized loss of (P161.0 million) and unrealized gain of P65.0 million, respectively.

Derivative Financial Instruments

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

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

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

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Derivative Assets	Notional Amount	Derivative Assets	Notional Amount
Freestanding derivatives:				
Forwards	P42,657,204	\$40,000,000	P7,315,038	\$20,000,000
Warrants	30,374,000	50,000	29,395,000	50,000
	P73,031,204	\$40,050,000	P36,710,038	\$20,050,000

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Derivative Liabilities	Notional Amount	Derivative Liabilities	Notional Amount
Freestanding derivatives:				
Forwards	P56,350,007	\$40,000,000	P1,971,325	\$10,000,000
Bond futures	1,423,781	3,000,000	-	-
Forwards	-	-	114,141	€5,000,000
	P57,773,788	\$43,000,000	P2,085,466	

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	P31,524,120,174	P34,793,433,601
Equity securities	225,002,481	224,876,725
	P31,749,122,655	P35,018,310,326

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

Net Unrealized Gains (Losses) on Financial Assets at FVOCI

The movements of net unrealized gains (losses) on financial assets at FVOCI follow:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of year	P99,889,342	(P534,761,685)
Net unrealized gains (losses) recognized as OCI	(1,477,915,867)	801,574,327
Effect of tax	111,020,831	(136,437,696)
Realized gains taken to profit or loss	(55,788,103)	(16,457,282)
ECL on debt securities at FVOCI	(297,651)	1,254,079
Net change in unrealized gains (losses) recorded in OCI	(1,422,980,790)	649,933,428
Realized gains taken to retained earnings	-	(15,282,401)
Balance at end of period	(P1,323,091,448)	P99,889,342

11. Investment Securities at Amortized Cost

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	P37,268,285,848	P39,479,667,743
Private debt securities	1,954,257,400	1,896,105,862
	39,222,543,248	41,375,773,605
Less allowance for credit losses	4,398,354	4,698,688
	P39,218,144,894	P41,371,074,917

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

12. Loans and Receivables

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Receivables from customers:		
Term loans	P124,446,846,166	P124,556,652,487
Agri-agra loans	14,115,453,068	13,596,027,710
Housing loans	12,678,708,811	12,283,490,731
Auto loans	6,530,394,714	6,335,496,146
Bills purchased, import bills and trust receipts	623,420,321	1,543,834,876
Direct advances	413,220,615	364,480,041
Others	3,154,623,415	3,127,426,049
	161,962,667,110	161,807,408,040
Less unearned interest income	86,336,326	83,143,147
	161,876,330,784	161,724,264,893
Accrued interest receivable:		
Loans and receivables	1,446,938,749	1,222,141,660
Trading and investment securities	795,841,073	955,491,708
Interbank loans receivable and SPURA	2,573,627	2,224,577
Due from BSP and other banks	804,167	1,813,333
Accounts receivable	1,200,956,722	1,452,597,335
Sales contract receivables	296,898,529	281,310,365
Unquoted debt securities	291,578,223	291,578,219
RCOCI	328,333	3,337,849
	165,912,250,207	165,934,759,939
Less allowance for credit losses	3,103,711,710	3,115,455,239
	P162,808,538,497	P162,819,304,700

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" in the statements of financial position amounting to P0.5 billion and P1.5 billion as at March 31, 2026 and December 31, 2025, respectively.

As at March 31, 2026 and December 31, 2025, the non-performing loans of the Bank amounted to P2.26 billion and P2.22 billion, respectively. Gross and net NPL ratios of the Bank are 1.21% and 0.56%, respectively, as at March 31, 2026 and 1.33% and 0.62%, respectively, as at December 31, 2025.

13. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- associates and companies linked directly or indirectly to the Bank through one or more intermediaries or are members of the same group, is controlled by, is under the same significant influence, or is under common control with the Bank; and
- post-employment benefit plans for the benefit of the Bank's employees.

The Bank has various transactions with its related parties and with certain directors, officers, stockholders, and related interests (DOSRI). These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks.

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

14. 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 March 31, 2026 and December 31, 2025:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Contingent assets:		
Future/spot exchange bought	P6,502,086,884	P1,257,580,329
Fixed income securities purchased	2,624,283,483	2,574,327
Outward bills for collection	4,001,778	-
	P9,130,372,145	P1,260,154,656
Commitments and contingent liabilities:		
Trust department accounts	P67,507,866,340	P68,650,340,458
Committed credit line	15,357,397,930	17,379,461,505
Future/spot exchange sold	7,050,260,709	1,837,127,054
Unused commercial letters of credit	6,765,283,290	6,614,545,656
Credit card lines	4,606,221,252	4,427,078,211
Inward Bills for Collection-Domestic	1,364,196,135	197,314,203
Outstanding guarantees	1,226,627,998	2,509,497,648
Fixed income securities sold	196,183,594	2,574,326
Retirement obligations	166,555,598	166,555,598
Late deposits/payments received	632,179	632,179
Items held for safekeeping/securities held as collateral	57,302	58,653
	P104,241,282,327	P101,785,185,491

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

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

Other Commitments

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

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

15. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	Three Months Ended March 31 (Unaudited)	
	2026	2025
a. Net income	P976,193,390	P866,786,488
b. Dividends on preferred shares*	75,625,001	68,750,001
c. Net income to equity holders of the Bank	900,568,389	798,036,487
d. Weighted average number of outstanding common shares	1,403,013,920	1,403,013,920
e. Basic earnings per share (c/d)	P0.64	P0.57

* 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:

	Three Months Ended March 31 (Unaudited)	
	2026	2025
a. Net income to equity holders of the Bank	P976,193,390	P866,786,488
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)	P0.54	P0.48

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

	Three Months Ended March 31	
	(Unaudited)	
	2026	2025
Return on average equity	10.74%	10.27%
Return on average assets	1.32%	1.33%
Net interest margin on average earning assets	4.41%	4.24%

16. Events after the Reporting Date

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period.

17. Other Matters

Other than the disclosures enumerated above, the Bank has no significant matters to report on the following during the quarter ended March 31, 2026:

- Unusual items because of their nature, size or incidents affecting assets, liabilities, equity, net income or cash flows;
- Any known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity and on sales/revenues from continuing operations;
- Explanatory comments about seasonality or cyclical nature of interim operations; and
- Any material commitments for capital expenditures.

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

	March 31, 2026	December 31, 2025
Current ratio	0.46	0.44
Acid test ratio	0.45	0.43
Debt-to-equity ratio	7.47	6.84
Asset-to-equity ratio	8.47	7.84
Debt-to-asset ratio	0.88	0.87
Loans to deposit Ratio	0.77	0.75
Non-performing loans ratio - Gross (%)*	1.21	1.33
Non-performing loans ratio - Net (%)*	0.56	0.62
Non-performing loan (NPL) cover (%)	80.51	82.98
Capital Adequacy Ratio (%)	16.06	16.48

	March 31, 2026	March 31, 2025
Return on average assets (%)	1.32	1.33
Return on average equity (%)	10.74	10.27
Net interest margin (%)	4.41	4.24
Net profit margin (%)	29.70	28.96
Cost to income ratio	0.60	0.60
Interest rate coverage ratio	2.16	2.10
Solvency ratio	0.02	0.02

*Calculated based on BSP Circulars 941 and 1011.

BANK OF COMMERCE
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2026
(in thousands)

No. of Days Outstanding	Amount
0 to 30 days	P 439,617
31 to 60 days	33,492
61 to 90 days	19,516
91 to 360 days	111,916
above 360 days	596,416
Accounts Receivable - Gross	1,200,957
Less: Allowance for Probable Losses	767,964
Accounts Receivable - Net	P 432,993

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Statement of Income for the Quarter Ended March 31, 2026 vs March 31, 2025

For the quarter ended March 31, 2026, Bank of Commerce posted an unaudited net income of P976.19 million, reflecting a 12.62% increase from P866.79 million in the same period in 2025. The growth was primarily attributable to net interest income and foreign exchange gains.

The first quarter results showcase the Bank's sustained momentum and robust performance of its core businesses. This also translated to a return on equity (ROE) of 10.74%, reflecting the continued execution of strategies to optimize the use of capital.

Interest income from loans and receivables, representing 88% of the total revenue, grew by 12.78% to P2.90 billion, up from P2.57 billion in the same period in 2025. The growth was due to the higher average daily balance for the recent quarter across lending segments.

Interest in income from investment securities measured at fair value through other comprehensive income (FVOCI) and at amortized cost rose by 42.70% to P982.24 million, from the P688.33 million posted in the same period last year. Similarly, interest income from financial assets at fair value through profit or loss (FVTPL) posted a P30.15 million growth, amounting to P76.79 million from P46.64 million. These upward trends were mainly driven by higher average daily balances in securities.

Interest income on due from Bangko Sentral ng Pilipinas and other banks declined by 45.86% to P43.33 million from P80.03 million in the same quarter last year due to lower policy interest rates. Furthermore, interest income from interbank loans receivable and SPURA decreased by 10.81% to P122.25 million, compared with P137.07 million in the previous quarter in 2025.

Total interest expense increased to P1.14 billion, up 10.58% from P1.03 billion last year. Interest expense on bonds payable increased to P296.75 million, 16.15% more than the P255.48 million in the first quarter of 2025 due to the full accrual of the bonds' interest expense. This pertains to the Bank's dual tranche bond issuance last 19 February 2025. Interest expense on bills payable posted P7.90 million, more than 2x the P2.77 million last year due to higher costs associated with a property-related transaction. Interest expense on lease liabilities moderately rose by 0.22% to P10.35 million versus the P10.33 million in the same period last year on account of lease renewals. Interest expense on deposit liabilities increased by 8.22% amounting to P827.44 million from P764.61 million, due to the higher volume of current account and savings account (CASA) deposits.

The targeted asset deployment and prudent management of funding translated to a net interest margin (NIM) of 4.41%.

Total other income decreased by 39.47% amounting to P304.51 million from P503.09 million in the same quarter last year mainly due to trading losses and lower service charges, fees, and commissions, partly offset by growth in foreign exchange gains and the increased sales of foreclosed assets.

Trading and investment securities absorbed a loss amounting to ₱153.13 million from the ₱55.62 million gain in the same period last year, mainly due to market volatility driven by geopolitical developments in the Middle East. Similarly, service charges, fees, and commissions declined by 20.46% to ₱184.67 million from ₱232.16 million year-on-year, on account of lower underwriting fees, trust fees, and service and penalty charges.

Meanwhile, foreign exchange (FX) gains reached ₱64.86 million, nearly double the ₱38.03 million recorded in the same period last year, on the back of the growth in client-related FX transactions.

Gains on foreclosure and sale of property, equipment, and foreclosed assets grew by 13.76% to ₱164.88 million, driven by higher gains from the sale of assets. Miscellaneous income also grew by 33.62% to ₱43.22 million from ₱32.34 million owing to higher volume of transactions.

Total operating expenses (OPEX), including provisions for credit and impairment losses, were moderately up by 5.44% to ₱1.96 billion versus the ₱1.86 billion recorded in the same period last year. The growth in operating expenses was mainly due to the Bank's continued strategic investments in human capital, branch lites, information technology infrastructure, alongside a greater volume of business transactions supportive of the Bank's expanding operations. Despite the increase in OPEX, the Bank recorded a cost-to-income ratio of 60.00%, reflecting sustained operational efficiency amid continued revenue growth.

Compensation and fringe benefits grew by 14.79% to ₱818.15 million, driven by an expanded workforce and enhanced retention initiatives.

Taxes and licenses increased by 8.95% from last year to ₱349.51 million, attributable to higher business volumes associated with operational transactions. Rent and utilities rose to ₱175.85 million, a 3.92% increase from ₱169.21 million last year, due to lease renewals, higher utility costs, security services, as well as repairs and maintenance expenses.

Depreciation and amortization grew by 10.27% to ₱176.45 million from last year's ₱160.03 million. The rise was mainly driven by higher depreciation charges on property, plant and equipment, and leasehold rights improvements as existing branches were renovated and branch lites were opened. In addition, amortization of software costs increased to ₱39.81 million, 21.24% higher than the ₱32.84 million in 2025, reflecting continued investments in technology to support operational efficiency and long-term growth such as the new core banking system rolled out in 2025.

Insurance expense rose by 8.64% to ₱108.15 million, attributed to higher PDIC premiums on deposits. Conversely, expenditure on service fees and commissions contracted by 8.92% to ₱81.05 million compared to ₱88.98 million last year, attributed to lower fees on treasury related transactions such as government securities and real time gross settlement fees as well as consumer transaction processes. Subscription fees declined to ₱53.88 million, 8.52% down from ₱58.89 million, due to the Bank's rationalization of various IT-related subscription

services.

Management and professional fees grew by 5.94% to P20.29 million from last year's P19.15 million due to consulting and advisory engagements. On the other hand, miscellaneous expenses increased by 25.13% to P161.93 million from P129.41 million in 2025 on the back of higher marketing and communication expenses.

The Bank booked a reversal of provision for credit and impairment losses amounting to P27.45 million, reflecting improvements in the credit quality of the Bank's portfolio.

The Bank's share in the net loss of its associate amounted to P0.23 million for the period, higher than the P0.17 million recorded in 2025.

Income tax expense increased to P352.54 million, 30.78% up from P269.56 million in the comparable period in 2025 mainly due to higher earnings.

Statement of Comprehensive Income for the period Ended March 31, 2026 vs March 31, 2025

The Bank posted a total comprehensive loss of P443.75 million from the P1.08 billion recorded as of March 31, 2025. This was primarily due to the downward movements in the fair value of FVOCI debt securities.

Statement of Condition as of March 31, 2026 vs. December 31, 2025

The Bank's total assets reached P306.11 billion, marking an increase of 6.71% from P286.85 billion as of 31 December 2025. This translated to a return on assets (ROA) of 1.32%.

Asset movements are as follows:

Cash and other cash items increased by 20.33% to P4.27 billion. Due from BSP slightly decreased by 2.65% to P17.58 billion from P18.05 billion last year primarily reflecting lower local currency placements, partially offset by higher overnight deposit facility (ODF) placements. Due from other banks increased by P3.41 billion to P5.51 billion from P2.11 billion in the previous year, mainly driven by higher placements across local and foreign banks.

Interbank loan receivables totaled P30.17 billion, almost 4x the P7.65 billion in 2025, on account of higher volume of loans and receivables arising from reverse repurchase agreement (RPA), as part of the Bank's balance-sheet management activities.

Financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI), were down to P3.47 billion and P31.75 billion, respectively, from P5.17 billion and P35.02 billion in the previous year. These downward trajectories were primarily attributable to the Bank's portfolio downsizing amid heightened market risks arising from geopolitical conflict in the Middle East. Similarly, investment securities at amortized cost also decreased by 5.20% to P39.22 billion from P41.37 billion last

year, mainly due to maturities.

Loans and other receivables, which accounted for 53% of total assets reached ₱162.81 billion as of end-March 2026, remaining broadly flat compared to ₱162.82 billion in the prior year. This reflected sustained growth of the Bank's lending portfolio, particularly in the consumer segment, with ongoing focus on the SMC ecosystem. This, in turn, supported a loan-to-deposit ratio of 76.98%. Gross non-performing loans (NPL) and net NPL ratios were at 1.21% and 0.56%, respectively, improving from 1.33% and 0.62%, respectively, at the end of 2025.

Property and equipment moderately decreased by 3.73% to ₱1.94 billion from ₱2.02 billion last year. Investment properties declined by 1.64% to ₱4.05 billion from ₱4.12 billion, primarily due to reduction in real and other properties acquired (ROPA). In addition, the Bank's investment in associate marginally declined by 0.62% to ₱33.21 million.

Meanwhile, deferred tax assets increased by 56.25% from last year to ₱421.51 million, while other assets grew by 4.43% to ₱4.89 billion from ₱4.68 billion due to an increase in booking of prepaid expenses and miscellaneous assets.

Total liabilities increased to ₱269.98 billion as of 31 March 2026, 7.87% higher than the ₱250.28 billion as of 31 December 2025.

Deposit liabilities, which comprise almost 90% of the Bank's total liabilities, increased by 8.31% to ₱241.88 billion, from ₱223.31 billion last year. The increase was attributed to the success of one of the bank's promotional strategies and initiatives, namely the "Accelerate Your Savings Part 2" and "Invest and Win Rewards" campaigns.

Broken down, total deposits consisted of ₱224.67 billion in current and savings accounts (CASA), posting a 13.19% increase from ₱198.49 billion in 2025. However, time deposits decreased to ₱17.22 billion, 30.66% down from the ₱24.83 billion recorded last year.

Financial liabilities at FVPL expanded to ₱57.77 million, more than 27x last year's ₱2.09 million, reflecting higher utilization of foreign exchange derivative instruments.

Bonds payable also remained relatively stable at ₱17.90 billion at end-March 2026, broadly unchanged from ₱17.88 billion last year. The balance predominantly relates to the Bank's issuance of the ₱18 billion dual-tranche fixed rate bonds completed on 19 February 2025. The issuance comprised ₱10 billion carrying a 6.1942% coupon rate and ₱8 billion with a 6.3494% coupon rate. Series C Bonds totaling to ₱10 billion and Series D Bonds at ₱8 billion will mature in 2027 and 2030, respectively.

Manager's checks decreased by 29.73%, amounting to ₱1.26 billion versus the ₱1.80 billion in the previous year, due to encashment and reduction in checks written for third party service providers and suppliers. On the other hand, accrued interest, taxes, and other expenses decreased by 9.03% to ₱1.47 billion.

Other liabilities posted ₱7.41 billion, 24.88% up from ₱5.93 billion last year, owing to the rise in accounts payable during the period.

The Bank's total capital funds stood at ₱36.13 billion, slightly lower than ₱36.58 billion last year. The decrease in equity was mainly due to the downward movements in the fair value of securities at FVOCI partially offset by the banks continuing growth in quarterly profits. The bank's capital adequacy ratio (CAR) remained strong at 16.06%, well above the minimum regulatory requirement of 10.0%.