

 PhilRatings PHILIPPINE RATING SERVICES CORPORATION <i>The Pioneer Domestic Credit Rating Agency</i>	RATING NEWS September 14, 2026
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BankCom Receives High Credit Rating

Bank of Commerce (BankCom; the bank), the banking arm of the San Miguel Group, was assigned an Issuer Credit Rating of PRS Aa plus (corp.), with a Stable Outlook, by Philippine Rating Services Corporation (PhilRatings). The Issuer Credit Rating was assigned in relation to BankCom's ₱18.0 billion outstanding bonds and its planned bond issuance of ₱5.0 billion, with an option to upsize. The planned bond issuance will be the fourth tranche of the bank's ₱80.0 billion Bond Program.

A company rated '**PRS Aa**' differs from the highest rated corporates only to a small degree and has a **strong capacity** to meet its financial commitments relative to that of other Philippine corporates. The 'plus' further qualifies the rating. A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

The assigned rating and Outlook take into account the following key considerations: (1) BankCom's synergies with the San Miguel Group; (2) its highly-experienced management team; (3) the bank's more than satisfactory asset quality and capitalization; and (4) its sustained growth in profitability.

PhilRatings based its assessment on available information and projections at the time that the rating was assigned. PhilRatings shall continuously monitor developments relating to BankCom and may change the rating at any time, should circumstances warrant a change.

BankCom is a universal bank that is an affiliate of SMC, one of the largest and most diversified conglomerates in the Philippines. As part of its growth strategy, the bank plans to continue to leverage its access to the SMC ecosystem. Acknowledging the need to control the bank's exposure to SMC affiliates, however, BankCom is also actively enhancing its product offerings that will cater to SMC's network of customers, trade partners, suppliers, vendors, distributors, contractors, employees, among others.

BankCom's management is led by Michelangelo R. Aguilar, who is President and Chief Executive Officer (CEO) since July 2018. Mr. Aguilar has over 40 years of banking experience, particularly in the areas of Corporate and Investment Banking, Global Markets and Treasury. Antonio S. Laquindanum has been the Chief Financial Officer (CFO) since 2018. Mr. Laquindanum brings over 28 years of experience in the finance and banking industries. He has also been the Executive Vice President since 2022.

BankCom's total loan portfolio climbed by 40.2% from ₱109.6 billion as of end-2023 to ₱153.6 billion as of end-June 2026, driven by robust lending activity across both corporate and consumer segments. Total gross non-performing loans (NPL) amounted to ₱2.2 billion as of end-June 2026, unmoved from end-2025 levels. Gross NPLs represented a minimal share of the bank's gross loan portfolio. Gross NPL ratio was at 1.4% as of end-June 2026, an improvement from the 1.5% during the comparable period. This was also comfortably lower than the 3.0% industry average for the country's universal and commercial banks (UKBs) as of end-June 2026. BankCom expects its NPL levels to further improve going forward.

The bank's capital adequacy ratio (CAR) was at 17.1% as of end-June 2026. This was higher than the 16.5% recorded as of end-2025, and was also well above the minimum regulatory requirement of 10.0% set by the Bangko Sentral ng Pilipinas (BSP). In the medium-term, BankCom expects its CAR to remain above the regulatory requirement.

BankCom's net interest income was on an uptrend from ₱8.3 billion in 2023 to ₱10.8 billion in 2025, which translated to a compounded annual growth rate (CAGR) of 14.0%. Growth was driven by sustained increases in interest income from the bank's loans, receivables, and investment securities. Interest expenses registered a slightly faster CAGR of 14.4%, from ₱3.5 billion to ₱4.5 billion over the same period. Despite higher funding costs, net interest margin (NIM) was relatively stable, ranging from 4.2% to 4.4% during the period.

Other income contracted slightly by 2.0% to ₱1.6 billion in 2024, due to lower gains in foreclosures and sale of property and equipment, as well as miscellaneous income. Such, however, rebounded by 11.2% to ₱1.8 billion in 2025. As a result, total revenues expanded at a CAGR of 12.4%, increasing from ₱10.0 billion in 2023 to ₱12.6 billion in 2025.

Operating expenses (excluding provisions) climbed from ₱6.2 billion in 2023 to ₱7.4 billion in 2025, partly driven by the growth in compensation and fringe benefits. Provision for credit and impairment losses jumped by a CAGR of 120.2%, from ₱78.8 million in 2023 to ₱382.2 million in 2025, in line with the growth in the bank's unsecured lending activities.

BankCom's net income expanded from ₱2.8 billion in 2023 to a record-high of ₱3.5 billion in 2025, representing a CAGR of 12.4%. Return on average assets (ROAA) marginally improved from 1.2% in 2023 to 1.3% in 2025.

In the first half of 2026 (1H2026), BankCom's interest income increased by 13.4% to ₱8.3 billion, from ₱7.3 billion in 1H2025, driven by stronger contributions of the bank's loan portfolio and investment securities. NIM increased from 4.3% in 1H2025 to 4.7% in 1H2026. This supported the 18.8% growth in net interest income, from ₱5.1 billion to ₱6.1 billion. Led by the sustained performance of the bank's core revenue streams, bottom line expanded by 13.3% from ₱1.9 billion in 1H2025 to ₱2.1 billion in 1H2026. ROAA slightly improved to 1.5% in 1H2026.

Going forward, BankCom expects earnings to sustain its upward momentum, which will be supported by the anticipated growth in bank's loan portfolio. NIM and ROAA will remain within historical levels over the projected period.