Metrobank
You're in good hands

April 11, 2022

Ms. Alexandra D. Tom Wong
Officer-In-Charge, Disclosure Department
The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Dear Ms. Tom Wong:

Pursuant to the Structured Continuing Disclosure Requirements for Listed Companies of the Exchange, we hereby submit a copy of our SEC Form 17-A with Sustainability Report as of December 31, 2021.

Very truly yours,

Renato K. De Borja, Jr.
Senior Vice President/Controller

cc: Philippine Dealing Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, 1226 Makati City

COVER SHEET

2 0 5 7 3

SEC Registration Number

M E T R O P O L I T A N   B A N K   &   T R U S T   C O M P A N Y

(Company's Full Name)

Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

(Business Address: No. Street City/Town/Province)

RENATO K. DE BORJA, JR.	8537-2892
(Contact Person)	(Company Telephone Number)

1 2	3 1	17-A	0 4	2 7
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

NONE

(Secondary License Type, If Applicable)

Markets and Securities Regulation Department

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2,979
as of 12-31-2021

Total No. of Stockholders

Domestic   Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number 20573
File Number______

METROPOLITAN BANK & TRUST COMPANY

(Company's Full Name)

Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

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(Company's Address)

8537-2892

(Telephone Number)

December 31

(Fiscal year ending)

FORM 17-A
(ANNUAL REPORT)

(Form Type)

(Amendment Designation, if applicable)

December 31, 2021

(Period Ended Date)

None

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1.	For the fiscal year ended	:	**December 31, 2021**
2.	SEC Identification Number	:	**20573**
3.	BIR Tax Identification No.	:	**000-477-863**
4.	Exact name of issuer as specified in its charter	:	**METROPOLITAN BANK & TRUST COMPANY**
5.	Province, Country or other jurisdiction of incorporation or organization	:	**Metro Manila, Philippines**
6.	Industry Classification Code	:	__________ (SEC Use Only)
7.	Address of principal office	:	**Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila**
8.	Issuer's telephone number, including area code	:	**(632) 8898-8000; (632) 8537-2892**
9.	Former name, former address and former fiscal year, if changed since last report	:	**Not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	:	**Common Stock**
Number of Shares of Common Stock Outstanding	:	**4,497,415,555 shares as of December 31, 2021**
Amount of Debt Outstanding	:	**₱2.082 trillion for the Group;** **₱1.789 trillion for the Parent Company (sum of deposit liabilities, bills payable, bonds payable and subordinated debts as of December 31, 2021)**

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

    Yes [**x**] No [ ]

    All of the securities of the issuer are listed in the Philippine Stock Exchange.

12. Check whether the issuer:

    a. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 or Section 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 12 months (or for such shorter period that the registrant was required to file such reports.)

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates based on closing price as of March 31, 2022:

    ₱123.45 billion

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1 – BUSINESS

DESCRIPTION OF BUSINESS

1. Business Development

Metropolitan Bank & Trust Company ("Metrobank" or "the Bank") was incorporated on April 6, 1962 by a group of Filipino businessmen to provide financial services to the Filipino-Chinese community. Since its formation, the Bank has diversified its business, and to date provides a broad range of banking and collateral services to all sectors of the Philippine economy. The original Certification of Incorporation of the Bank was issued by the Securities and Exchange Commission (SEC) for a 50-year corporate term. The SEC approved the renewal on November 19, 2007.

The Bank opened its first office in Binondo, Manila on September 5, 1962. Within a year, the Bank opened its second branch in Divisoria, Manila. Soon after, the Bank started expanding outside Manila with the opening of its first provincial branch in Davao. In 1975, the Bank rolled out its first international branch in Taipei, followed by offices in New York, Guam, Hong Kong, and Tokyo towards the early 1980s. Initially, the role of the Bank's foreign offices was to tap expanding Overseas Filipino Workers (OFW) remittance business and to complement its corresponding branch network. This strategy proved successful as the OFW market grew strongly and the political turbulence in the Philippines made access to foreign exchange difficult. It was during this period that the Bank started its Foreign Currency Deposit Unit (FCDU) operations. The Philippine Central Bank authorized Metrobank to operate its FCDU on April 15, 1977.

In November 1980, the SEC approved and certified the listing of 500,000 common shares of Metrobank's capital stock. On February 26, 1981, Metrobank's common shares were listed on the Makati Stock Exchange Inc. and the Manila Stock Exchange (which has since unified to become The Philippine Stock Exchange, Inc. or PSE), with the trading symbol of ***MBT***.

On August 21, 1981, Metrobank became one of the first to be granted a universal banking license by the Philippine Central Bank, now Bangko Sentral ng Pilipinas (BSP). This license allowed the Bank to engage in "non-allied undertakings" which include automobile manufacturing, travel services and real estate, as well as finance-related businesses such as insurance, savings and retail banking, credit card services and leasing.

On August 13, 2013, the SEC approved the amendment of the Articles of Incorporation of the Bank increasing its authorized capital stock from ₱50 billion to ₱100 billion composed of 4.0 billion common shares and 1.0 billion non-voting preferred shares, each with a par value of ₱20 per share. The Bank declared a 30% stock dividend equivalent to 633.4 million common shares (approved for listing by PSE on September 10, 2013) which was applied as payment for the required minimum 25% subscription to the increase in authorized capital stock. Total outstanding shares increased to 2,744,801,066 after the stock dividend.

On February 24, 2015, the SEC confirmed the exemption of a rights offer for up to ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the Securities Regulation Code. Subsequently, in April 2015, the Bank completed a rights offer for 435,371,720 common shares with par value of ₱20.00. Total outstanding shares increased to 3,180,172,786 after the transaction. On April 12, 2018, the Bank completed another stock rights offer for 799,842,250 common shares with par value of ₱20.00. Total outstanding shares increased to 3,980,015,036 after the transaction.

On October 4, 2019, the SEC approved the amendment of the Articles of Incorporation of the Bank increasing its authorized capital stock from ₱100 billion to ₱140 billion composed of 6.0 billion common shares and 1.0 billion non-voting preferred shares, each with a par value of ₱20 per share. The Bank declared a 13% stock dividend equivalent to 517.4 million common shares (approved for listing by PSE on November 19, 2019) which was applied as payment for the required minimum 25% subscription to the increase in authorized capital stock. Total outstanding shares increased to 4,497,415,555 after the stock dividend.

2. Business of Registrant

Services/Customers/Clients

Metrobank offers a complete range of commercial and investment banking services. The Bank's customer base covers a cross section of the top Philippine corporate market. The Bank has always been particularly strong in the middle market corporate sector, a significant proportion of which consists of Filipino-Chinese business.

The Bank's principal business activities involve deposit-taking and lending, trade finance, remittances, treasury, investment banking and thrift banking. The Bank is also a major participant in the Philippine foreign exchange market. It is accredited as a Government Securities Eligible Dealer (GSED) and has played an active role in the development of the domestic capital markets.

The Bank provides investment banking services through First Metro Investment Corporation (FMIC) and retail banking through the Bank and its subsidiaries Philippine Savings Bank (PSBank) and Metrobank Card Corporation (MCC) (before the merger). On March 13, 2019, the respective BODs of the Bank and MCC approved the proposal to merge MCC into the Bank which will unlock the value of MCC and help realize the following objectives: (1) improve synergy and cross-sell; (2) increase the profitability and improve capital efficiency; and (3) enable the Bank to be more competitive in the credit card business. The proposed merger was ratified by the stockholders of the Bank on April 24, 2019, approved by the BSP on October 23, 2019, and approved by the SEC on January 3, 2020.

Contribution to Sales/Revenues

The net interest income derived from lending, investment and borrowing activities represents 73.98%, 70.64% and 72.01% of the Group's revenue net of interest and finance charges in 2021, 2020 and 2019, respectively. Other operating income (consisting of service charges, fees and commissions; net trading and securities gains; net foreign exchange gain; leasing income; profit from assets sold; income from trust operations; dividend income; gain on disposal of investment securities at amortized cost and miscellaneous income) and share in net income of associates and a joint venture account for 26.02%, 29.36% and 27.99% of the Group's revenue net of interest and finance charges in 2021, 2020 and 2019, respectively.

Contribution of Foreign Offices

The percentage contributions of the Group's offices in Asia, the United States and Europe to the Group's revenue, net of interest and finance charges, and external net operating income for the years 2021, 2020 and 2019 are as follows:

Offices in	Year	Percentage Contribution to	
		Revenue, Net	External Net Operating Income
Asia (Other than Philippines)	2021	3.18	3.35
	2020	2.39	3.34
	2019	2.62	2.68
United States	2021	0.49	0.55
	2020	0.36	0.54
	2019	0.41	0.46
Europe	2021	0.03	0.04
	2020	0.03	0.05
	2019	0.04	0.05

Significant Subsidiaries

1. First Metro Investment Corporation

FMIC is the investment banking arm of the Metrobank Group. It is an investment house incorporated in the Philippines on June 25, 1963 with principal place of business at 45th Floor, GT Tower International, Ayala Avenue corner H.V. dela Costa Street, Makati City. On September 22, 2000, FMIC was merged with Solidbank Corporation (Solidbank). Solidbank became the surviving entity and was subsequently renamed First Metro Investment Corporation. FMIC's shares of stocks (originally Solidbank) were listed on the PSE on October 25, 1963 and were subsequently delisted effective December 21, 2012. FMIC is a 99.27%-owned subsidiary of Metrobank.

FMIC is primarily engaged in investment banking. FMIC and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, government securities and corporate debt trading, equity brokering, online trading, asset management and research. It operates through its two main strategic business units:

- **Investment Banking Group** - the Group manages the investment banking business of the company. FMIC stands at the forefront of the Philippine capital markets as the investment bank of choice for prominent corporations and government agencies. Its track record in debt and equity underwriting rests on its key strength in origination, structuring and execution. The investment bank perennially engages in the lion's share of transactions in the debt and equites markets.

  FMIC is widely recognized as a leader in debt capital market issuances. The company provides debt financing solutions to help achieve client objectives that normally include expansion plans, refinancing, strategic acquisitions or buy-outs, or complex project financing. For years, it has been actively involved in originating and underwriting Philippines equity issuances, whether private placement or public offering. The investment bank integrates its expertise and experience in structuring, execution, and distribution to provide optimal solutions for its clients' capital requirements. FMIC is also a PSE-accredited financial advisor providing strategic advice on enhancing corporate value, selecting optimal fundraising structure, and addressing valuation issues.

- **Sales & Distribution Group** - the Group is primarily responsible for offering the various FMIC underwritten products to the investing public. As an active brokering participant, SDG makes available to its clients the wide range of tradeable fixed income securities in the market. Driving the success of our underwritten deals is the dynamic synergy between the Investment Banking Group and SDG. FMIC's underwriting strength is complemented by its ability to distribute securities widely.

- **Treasury Group -** the Group is responsible for the trading of financial instruments such as peso- and dollar-denominated government securities and corporate papers, as well as managing the liquidity requirements of the company. It is an SEC and BTr-authorized Government Securities Eligible Dealer (GSED) and one of the most active dealing participants in the industry. It has been selected as one of the market makers of the Bureau of Treasury. As a market maker for most corporate issues, it provides counterparties and clients with active two-way quotes, delivering financial solutions that address their specific funding requirements. Its traders are consistently recognized as top dealers by prestigious publications and organizations.

On November 24, 2020, the BOD of FMIC approved the proposal to return the quasi banking license of FMIC with BSP in line with the Company's transformation initiative. This was approved by the BSP on March 25, 2021.

2. Philippine Savings Bank (PSBank)

PSBank was incorporated on June 30, 1959 to primarily engage in savings and mortgage banking. PSBank is the country's first publicly listed thrift bank. Its principal office is located at the PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City. PSBank is 88.38% - owned subsidiary of Metrobank.

It has outpaced some of its key competitors and is the country's second largest thrift bank in terms of assets. It mainly caters the retail and consumer markets and offers a wide range of products and services such as deposits, loans, treasury and trust functions. PSBank's network comprises 250 branches and 547 ATMs in strategic locations nationwide.

PSBank has a 30% interest in Sumisho Motor Finance Corporation (SMFC), a joint venture with Sumitomo Corporation of Japan. SMFC is not listed in the stock exchange.

3. ORIX METRO Leasing and Finance Corporation (ORIX METRO)

ORIX METRO was incorporated in the Philippines and was registered with the SEC on June 28, 1977. Its primary purpose is to engage in financing by leasing all kinds of real and personal property; to extend credit facilities to consumers and enterprises by discounting commercial papers or accounts receivable, or by buying or selling evidences of indebtedness; and to underwrite securities. On August 24, 2007, ORIX METRO was authorized by the BSP to engage in quasi-banking functions. ORIX METRO engaged in quasi-banking functions effective January 1, 2008 as agreed to by the BSP subject to certain conditions.

ORIX METRO is owned by Orix Corporation, Metrobank and FMIC, with shareholdings of 40%, 40%, and 20%, respectively. ORIX METRO and its subsidiaries' parent company is Metrobank. The registered office address of ORIX METRO is at 21st Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, Makati City.

4. Metropolitan Bank (China) Ltd. (MBCL)

MBCL is a wholly-owned subsidiary of Metrobank established in the People's Republic of China with the approval of China Banking Regulatory Commission (CBRC) (now China Banking Regulatory and Insurance Commission) on January 14, 2010. Within the territory of China, MBCL may engage in provision of all kinds of foreign exchange services to all types of customers and except for PRC citizens, provide all kinds of Renminbi services to all types of customers, with the business scope to include: accepting deposits; granting short-term, medium-term and long-term loans; handling acceptance and discount of negotiable instruments; buying and selling treasury bonds, financial bonds and other foreign exchange securities (other than stocks); offering L/C services and guarantees; arranging settlements of both domestic and overseas accounts; buying and selling foreign exchange either for itself or on behalf of its clients; handling insurance business as an agent; undertaking inter-bank borrowing or lending; providing service of safety deposit box; providing credit standing investigation and consultation service; and other business activities as approved by CBRC.

MBCL started its operations on March 2, 2010. Its headquarters is located in Nanjing, Jiangsu Province. It is the first wholly foreign-owned bank incorporated in Jiangsu Province, China. The former Metrobank Shanghai Branch and Pudong Sub-Branch were absorbed by MBCL. At present, aside from its Head Office, MBCL has nine (9) branches/sub-branches as follows: Nanjing Branch, Shanghai Branch, Shanghai-Pudong Sub-Branch, Changzhou Branch, Quanzhou Branch, Changzhou Xinbei Sub-Branch, Changzhou Wujin Sub-Branch, Xiamen Branch and Suzhou Branch.

5. First Metro International Investment Company Limited (FMIIC)

FMIIC is a Hong Kong-registered company incorporated in 1972. It was engaged mainly in deposit-taking, loans, and remittances. However, since 2008, its activity was limited to investment; non-operating entity. Metrobank acquired majority shares in FMIIC in 1978. FMIIC is 100% owned by Metrobank.

6. Metro Remittance (Hong Kong) Limited

A wholly-owned subsidiary of Metrobank incorporated in October 1994 to provide money transmission services in Hong Kong. At present, MRHKL has five (5) branches located in United Centre, Worldwide House, Shatin, Tsuen Wan and Tsueng Kwan O.

7. Metro Remittance (Singapore) Pte. Ltd.

A wholly-owned remittance subsidiary of Metrobank established in April 2004 to conduct money-changing businesses and provide remittance services to Filipinos and other nationals in Singapore. The Company started commercial operations on November 12, 2004.

8. Metro Remittance (USA), Inc. (MRUSA)

   A wholly-owned remittance subsidiary of Metrobank was initially established to pursue the plan of expanding its remittance operations in California, U.S.A. MRUSA merged with Metro Remittance Center, Inc. (MRCI) effective December 28, 2017. MRCI was a wholly-owned subsidiary of Metrobank incorporated under the General Corporation Law of the State of Delaware on November 12, 1992. MRUSA, as a surviving company reclassified its type of business from a money service business to a holding company effective August 1, 2019. Its subsidiaries are:

   - Metro Remittance (Canada), Inc.
     The Company was established to further strengthen the Bank's presence and address the remittance needs of the growing number of Filipinos in Canada. Its branches are located in Vancouver and Toronto which opened on August 1 and November 6, 2006, respectively.

   - MB Remittance Center Hawaii, Ltd.
     The Company, established in 2002 and acquired by MRCI in 2005, provides money transmission services to Filipinos in Hawaii.

9. Metro Remittance (UK) Limited (MRUK)

   Metrobank acquired all of the outstanding shares of MRUK in May 2004. It was incorporated on September 24, 2002 in England as a private limited company and commenced trading at its premises at Kensington Church Street in London on June 4, 2003. The Company provides fast, secure and affordable money transmission services to the Philippines. It utilizes on-line, real-time computerized links with Metrobank which completes the funds delivery processes to named beneficiaries.

10. Metro Remittance (Japan) Co. Ltd. (MR Japan)

    A wholly-owned subsidiary of Metrobank incorporated in Yokohama, Japan on May 8, 2013. It started its remittance operations on October 31, 2013. The Company was established to expand the Bank's presence as well as to strengthen its remittance business in Japan.

<u>Distribution Methods of Products and Services</u>

To remain strongly positioned and retain its leadership, Metrobank continued to upgrade and expand its distribution channels:

1. Branches

   Metrobank ended 2021 and 2020 with 701 and 706 branches, respectively. The Bank believes that it has reached its optimal state in terms of its branch network and is confident that it has the size and scale to pursue its growth plans.

2. Remittance Centers

   To further expand the remittance business of the Bank and its presence in the international market, remittance alliances were established between the Bank and several well-established businesses in the country.

   <u>2021 - New International Remittance Tie-Ups</u>

   a. Buckzy Payments Inc.
   b. Chime Inc. dba Sendwave
   c. Finshot, Inc.
   d. Gmoney Trans Co. Ltd.
   e. Japan Remit Finance Co LTD
   f. NBL Money Transfer Pte Ltd.
   g. NBL Money Transfer SDN BHD
   h. Orient Exchange Company (HK) Limited
   i. The Commercial Bank of Qatar
   j. Tranglo PTE LTD
   k. Transferto Mobile Financial Services LTD
   l. Viamericas Corporation
   m. Western Union Network (Canada) Company

3. ATMs

   All of Metrobank's 1,770 ATMs are full-featured and allow a wide array of financial and non-financial transactions for its clients and those of BancNet member banks. Apart from being the first bank to secure EMV-chip (Euro MasterCard VISA) certification in the Philippines, it has deployed 178 Cash Accept Machines to allow clients to make real-time cash deposits to their accounts. We have installed security device in machines, thus providing more secure and convenient solutions to meet its clients' banking needs.

4. Mobile Banking

   Metrobank Mobile Banking is an electronic banking channel that enables customers to perform various financial transactions via Apple iOS and Android mobile banking devices. Enrollment is done via Metrobank Online, making banking transactions within a customer's reach anytime, anywhere.

5. Online Banking

   Metrobank Online (onlinebanking.metrobank.com.ph) is Metrobank's new online banking platform with an enhanced user experience and interface. This allows clients to have instant access to their accounts and do banking transactions in the most convenient way anytime, anywhere, using any device. Features include: Balance Inquiry, Transaction History, Fund Transfers, Bill Payments, Online Time Deposits, UITF Online, QR Code Transfers, and more.

6. MBOS (Metrobank Business Online Solution) is a web-based application that provides real-time access to client account statement and transaction history. Corporate enrolled in the facility can likewise initiate transactions at their own convenience. A fully integrated platform that supports latest technology that the market needed. MBOS embodied new functionalities for Cash and Trade solution for corporate clients.

7. E-Government Facilities

   - Tax Direct facility is a web based payment facility of Metrobank that allows both retail and corporate clients to pay their tax dues on tax returns filed through the BIR EFPS website.

   - Bancnet's eGov Payment facility is a highly convenient online service that allows clients to electronically remit their monthly SSS, Philhealth and PAG-IBIG contributions and loan payments.

Competition

The Bank faces competition from both domestic and foreign banks. The number of foreign banks operating in the country has increased in recent years, in part as a result of the liberalization of the banking industry by the Government in 1994 and again in 2014.

As of December 31, 2021, the Philippine universal/commercial banking sector consisted of 46 banks, including 26 foreign bank entities. In terms of classification, there are 21 universal banks and 25 commercial banks. Of the 21 universal banks, 12 are private domestic banks, three are government banks and six are branches of foreign banks. Of the 25 commercial banks, five are private domestic banks, two are subsidiaries of foreign banks and 18 are branches of foreign banks. The ten largest universal/commercial banks in the country accounted for over 80% of total assets, loans and total deposits of the universal/commercial banking system based on published statements of condition as of September 30, 2021.

Products and services offered by the larger commercial banks are fairly similar, and banks have used competitive pricing to attract clients. Customer coverage, accessibility and customer experience also act as other key differentiating factors. The smaller domestic banks and foreign banks, on the other hand usually operate in smaller niche markets.

The BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidations may result in greater competition as it strengthens the financial capabilities of a smaller group of "top tier" banks. In December 2016, the BSP issued a memorandum providing regulatory incentives for mergers, consolidations and acquisition of majority or all outstanding shares of stock of a bank or quasi bank.

<u>Innovations and Promotions</u>

In 2021, the Metrobank Group continued to introduce campaigns and promotions to address the market's needs.

- Metrobank continues to enhance clients' online banking experience through Metrobank Online, the revamped online banking facility. The platform is an upgrade with new and enhanced features from *Metrobankdirect Personal* which was closed on October 2021. The new features include, among others, online time deposit account opening; online UITF access that allows clients to view, add and redeem investments; and online wealth management services through which clients can request a call with an investment specialist.

- In its commitment to make banking more meaningful to customers, the Bank introduced *Cash Pick-Up* through the Metrobank Mobile App. This service expanded the Bank's reach, enabling clients to send up to PHP 30,000 anywhere in the Philippines through over 10,200 remittance partner outlets.

- Lowered PESONet fees to Php 50.00 from Php 100.00 per transaction for online bank transfers using Metrobank Online and the Metrobank Mobile App for transactions worth up to Php 200,000 a day. PESONet is an online bank transfer solution that can be used by small to large businesses to facilitate secure and convenient payments for salaries, supplier, government goods and services, and other similar transactions.

- Partnered with Western Union to expand direct bank account payout partners for inbound money transfers in the Philippines. Global senders can send money using Western Union's digital services in more than 75 countries and territories or via Western Union's retail Agent network in more than 200 countries and territories.

- Metrobank Cashback Visa Card, wherein cardholders were given up to 8% rebate on their essential spend – groceries, telecoms, school and bookstore purchases. Credit card clients also enjoyed promos with several food and grocery delivery providers such as GrabFood, Pick-A-Roo, PureGo as the Bank helped clients make purchases in a safe manner. Clients were also given perks through shopping platforms such as Lazada and The SM Store. When travel restrictions were eased in the latter part of the year, the Bank offers clients with discounts, stay packages, and other deals with hotels and resorts.

- Promoted Home and Auto Loan Deals that helped clients purchase their dream homes and dream cars through low interest rates, waived fees, and included a pre-qualified Metrobank Credit Card or Metrobank Toyota Mastercard.

- Encouraged migration to online channels through Metrobank Online and Metrobank Mobile App accounts through raffles of electronic Gift Certificates and electronic vouchers for new enrollments.

- Launched a Metro Multi-Themed Equity Fund of Funds that allow clients to invest in overseas digital industries. This UITF enables clients to invest in multiple, high-growth potential industries such as digital health, disruptive innovation, digital security, technology, and consumer trends.

- Metrobank donated to various organizations in support of economic recovery of the Philippines. Since the beginning of the pandemic, more than Php 346 million pesos have been released towards various pandemic aid programs. As part of Metrobank's 59th anniversary, Php 15 million worth of grants was extended to 12 partner organizations whose programs are aligned with the thrusts in health, education, and livelihood.

- Partnership with AXA Philippines to offer a free AXA Personal Accident Insurance worth Php 100,000-coverage, daily in-hospital benefit of Php 500 per day due to accident-related confinement, and free access to emergency services such as roadside ambulance, fire and police assistance via AXA Rescue Line. This is available to for retail and payroll clients who will open a qualified Savings or Checking deposit account with Metrobank during the promotion period.

- PSBank introduced online account opening through its Mobile App, with just one government ID and a selfie, making banking simpler and safer. Customers can open up to two accounts online and new customers may also request a PSBank Debit or Prepaid Mastercard for their newly opened deposit account and have it ready for pick up at any PSBank branch or delivered to their registered mailing address. PSBank likewise partnered with Electronic Commerce Payments Inc. (ECPay), the leading electronic payment service provider in the

Philippines. With this, customers can now pay their Auto Loan, Home Loan, Flexi Personal Loan, and Business Loan through 7-Eleven, one of ECPay's merchant partners, the biggest convenience store chain in the country with more than 3,000 branches nationwide or through the 7-Eleven CLiQQ app.

- AXA Philippines continued its partnership with Cebu Pacific for customers to get a free life and personal accident insurance coverage as it celebrates the first anniversary of the launch of *CEB Health Protect*. The special promo covers three months, worth Php 25,000 for life insurance, and Php 25,000 for personal accident insurance. AXA also launched the *Adopt a Mangrove Seedling* promo to allow customers to give back and help raise mangroves with their registration on Emma by AXA. This was for the benefit of the non-profit organization, Communities Organized for Resource Allocation (CORA)'s program, *CORA WoMANGROVE Warriors*, an environment and livelihood program for women communities in Leyte.

- First Metro Investment Corporation (FMIC) launched *The Trading Room*, a virtual business talk show that gathered an audience of about 300 institutional and retail investors, and corporate issuers. FMIC enabled clients to engage with market experts, foremost executives, policymakers, and market movers and shakers in an insightful and informative but less formal conversation about prevailing market issues and developments. FMIC closed 22 investment banking deals with different private companies and facilitated Retail Treasury Bonds with the government.

- First Metro Securities Brokerage Corporation (FMSBC) launched several investment literacy webinars to provide clients with economic and market information, analysis and guidance. In 2021, FMSBC continued to innovate to best serve the needs of its growing customers. It introduced a newly redesigned standard trading platform optimized to provide exceptional user experience for desktop and laptop, featuring a fresh look and additional tools to give investors the edge they need to reach their investment goals. FMSBC was awarded as the *Best Online Broker* and *Best Online Trading Platform* by London-based publishing firm International Finance. It was also awarded as *Best Brokerage House* and *Most Innovative Online Trading Platform* by Global Economics. It named the *Best Stock Brokerage House*, *Most Innovative Online Broker* and *Best Trading Platform* by The Global Brands Magazine Awards.

- First Metro Asset Management Inc. (FAMI) conducted financial literacy online sessions to guide clients on financial management. FAMI also launched a *You Always Remember Your Firsts* online campaign, which aims to highlight one's firsts, considered as milestones and memorable in a person's life. Since one's firsts are unforgettable, FAMI wants to ensure you're doing it right the first time when it comes to investing. The series feature guests who share their firsts and also imparted financial advice and tips to FAMI viewers.

Transactions with and/or Dependence on Related Parties

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Notes 32 and 37 of the audited financial statements of the Group as presented in Exhibit 4.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

The Bank's major products and service lines are sold through Metrobank trade names or trademarks, among others:

1. For ATMs: Metrobank Prime Debit Card, Metrobank Debit Card and Metrobank Prepaid Card
2. For credit cards: Metrobank Rewards Plus Visa; Metrobank Titanium Mastercard; Metrobank Cashback Visa; Metrobank Femme Signature Visa; Metrobank Travel Platinum Visa; Metrobank Peso Platinum Mastercard; Metrobank World Mastercard; Metrobank ON Mastercard; Metrobank MFree Mastercard; Toyota Mastercard; PSBank Credit Mastercard. Features: Cash2Go; Balance Transfer; Bills2Pay; M Here (Shopping Perks & Privileges); Rewards and PayNow.
   Prepaid Card: YAZZ Reloadable Prepaid Visa; Victory Liner Premiere Visa; NWorld Prepaid Visa; PisoPay Prepaid Visa; AXA Rewards Card; Ardeur Bonus Card; JAC Liner My Ride Prepaid VISA; WeEvolve Prepaid VISA; UniPrint Elite Prepaid VISA; IAM Worldwide Prepaid VISA; GMBT Premier Prepaid VISA; Synergreens Prepaid Visa; Rusty Lopez Rewards Prepaid VISA; Metrobank Prepaid Mastercard; Metrobank PayCard; Sta. Ana Multipurpose Cooperative Prepaid Mastercard and STI Alumni Association Prepaid Mastercard.
3. For internet banking: Online Banking and MBOS

4. For mobile banking: Metrobank Mobile Banking
5. For remittance services: Metro Remit, PayStation, CollectAnywhere, PayAnywhere and Payroll Plus
6. For consumer lending: MetroHome and MetroCar
7. For special current account: AccountOne
8. For special savings account for kids below 18 years old.: Fun Savers Club
9. For Trust products: Metro Money Market Fund; Metro Short Term Fund; Metro Max-3 Bond Fund; Metro Max-5 Bond Fund; Metro Corporate Bond Fund; Metro Balanced Fund; Metro Unit Paying Fund; Metro Equity Fund; Metro Philippine Equity Index Tracker Fund; Metro High Dividend Yield Fund; Metro Multi-Themed Equity Fund of Funds; Metro$ Money Market Fund; Metro$ Short Term Fund; Metro$ Max-3 Bond Fund; Metro$ Max-5 Bond Fund; Metro$ Asian Investment Grade Bond Fund; Metro $ World Equity Feeder Fund; Metro$ Eurozone Equity Feeder Fund; Metro$ US Equity Feeder Fund; Metro$ Japan Equity Feeder Fund; Metro$ US Investment Grade Corporate Bond Feeder Fund; Metro Aspire Bond Feeder Fund; Metro Aspire Balanced Feeder Fund, Metro Aspire Equity Feeder Fund, Metrobank PERA Money Market Fund; Metrobank PERA Bond Fund and Metrobank PERA Equity Fund.

Corporate licenses include the following:

1. For Metrobank: expanded commercial banking license, FCDU license, license for trust operations, type 2 limited dealer authority, government securities eligible dealer (GSED) with broker-dealer of securities functions
2. For PSBank: thrift banking license, FCDU license, license for trust operations, GSED (non-market maker) as dealer-broker, type 3 limited user authority and quasi-banking license
3. For FMIC: investment house and investment company adviser (ICA)
4. For ORIX Metro: financing company and quasi-banking license
5. For MBCL: financial license to expire on January 13, 2040

All the Bank's trademark registrations are valid for 10 years. The Bank closely monitors the renewal dates of registrations to protect and secure its rights to these trademarks. Corporate licenses issued by different regulatory bodies have no specific expiration dates except for the GSED licenses of Metrobank and PSBank which is renewable annually every November.

Government Approval of Principal Products or Services

The Group regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Government Regulations

BSP Reporting

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. BSP Circular No. 781 sets out a minimum CET1 ratio of 6.00% and Tier 1 capital ratio of 7.50%; capital conservation buffer of 2.50% comprised of CET1 capital and Total Capital Adequacy Ratio (CAR) of 10.00%. These ratios shall be maintained at all times. Further, BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer.

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The Internal Capital Adequacy Assessment Process (ICAAP) supplements the BSP's risk-based capital adequacy framework. In compliance with this, the Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget as well as regulatory edicts.

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

Liquidity Coverage Ratio (LCR)

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets to total net cash outflows which should not be lower than 100.00%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019.

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – NSFR. The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. An observation period was set from July 1 to December 31, 2018. Effective, January 1, 2019, banks shall comply with the prescribed minimum ratio of 100%.

The details of CAR, BLR, LCR and NSFR of the Group and the Bank, as reported to the BSP, are discussed in Note 4 of the Audited Financial Statements as presented in Exhibit 4.

Applicable Tax Regulations

Under Philippine tax laws, the RBU of the Bank and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) was signed into law. CREATE reduced the RCIT rate from 30% to 25% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as a deductible expense shall be reduced by 20.0% of the interest income subjected to final tax compared to the 33.0% reduction prior to the Act.

The regulations also provide for MCIT of 2.0% (prior to CREATE) and 1.0% from (July 1, 2020 to June 30, 2023 before reverting to 2.0%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's and the Bank's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five consecutive taxable years, pursuant to Revenue Regulation (RR) No. 25-2020. Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

The applicable taxes and tax rates for the foreign branches of the Bank are discussed in Note 28 of the Audited Financial Statements as presented in Exhibit 4.

Research and Development Costs

For the last three fiscal years, the Bank has not incurred any expenses for research and development.

Employees

Metrobank had 13,651 employees (including foreign branches) as of December 31, 2021. By year-end 2022, the Bank projects to have 14,451 employees.

	Officers	Rank and File	Total
As of year-end 2021:			
AVPs and up	590		590
Senior Managers and down	6,158	6,903	13,061
	6,748	6,903	13,651
By year-end 2022 (projected):			
AVPs and up	569		569
Senior Managers and down	6,204	7,678	13,882
	6,773	7,678	14,451

Majority of the registrant's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by the Collective Bargaining Agreement (CBA) that is effective for three years. The Bank continues to ensure that its employees are properly compensated. The latest CBA that is effective for three years beginning January 2022 will end in December 2024. The Bank has not experienced any labor strikes and the management of the Bank considers its relations with its employees and the Union to be harmonious.

Risk Management

The Group has exposure to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Detailed discussions and analysis on Risk Management of the Group are disclosed in Note 4 of the Audited Financial Statements as presented in Exhibit 4.

Risk management framework

The Board of Directors (BOD) has overall responsibility for the oversight of the Bank's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. Supporting the BOD in this function are certain Board-level committees such as Risk Oversight Committee (ROC), Audit Committee (AC) and senior management committees through the Executive Committee (EXCOM) and Asset and Liability Committee (ALCO) among others.

The ROC, which is composed primarily of independent members of the BOD, is responsible for overseeing the Bank's risk infrastructure, the adequacy and relevance of risk policies, and the compliance to defined risk appetite and levels of exposure. The ROC is assisted in this responsibility by the Risk Management Group (RSK). The RSK undertakes the implementation and execution of the Bank's Risk Management framework which involves the identification, assessment, control, monitoring and reporting of risks.

The Bank and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of the Bank. To a certain extent, the respective risk management programs and objectives are the same across the Group. The risk management policies adopted by the subsidiaries and affiliates are aligned with the Bank's risk policies. To further promote compliance with PFRS and Basel III, the Bank created a Risk Management Coordinating Council (RMCC) composed of risk officers of the Bank and its financial institution subsidiaries.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, market segments, and industry concentrations, and by monitoring exposures in relation to such limits, among others. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by the RSK and Internal Audit Group, respectively.

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from the inability to meet obligations when they become due. This may be caused by the inability to liquidate assets or to obtain funding to meet the liquidity needs. The Group manages its liquidity risk by holding adequate stock of high-quality liquid assets, analyzing net funding requirements over time, diversifying funding sources and contingency planning. To measure the prospective liquidity needs, the Group uses Maximum Cumulative Outflow (MCO), a liquidity gap tool to project short-term and long-term cash flow expectations on a business-as-usual condition. The MCO is generated by distributing the cash flows of the Group's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns, projections on business strategies, and/or optionality of certain products. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

Cash flows from assets are considered as cash inflows, while cash flows from liabilities are considered cash outflows. The net cash flows are determined for each given time period. If the inflows exceed the outflows, the Group is said to have a positive liquidity gap or excess funds for the given time bucket. Conversely, if the outflows exceed the inflows, the Group is said to have a negative liquidity gap or has funding need for the given time bucket.

The MCO is monitored regularly to ensure that it remains within the set limits. The Bank generates and monitors daily its MCO, while the subsidiaries generate the report at least monthly. The liquidity profile of the Group is reported monthly to the Parent Company's ALCO and ROC. To supplement the business-as-usual scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and/or events to the Group's liquidity profile. Liquidity stress testing exercise is performed quarterly on a per firm basis, and at least annually on the Group-wide level.

Market Risk

Market risk is the possibility of loss to future earnings, fair values, or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. Market risk originates from holdings in foreign currencies, debt securities, and derivatives transactions. Depending on the business model for the product, that is, whether they belong to the trading book or banking book, the Group applies different tools and processes to manage market risk exposures. Risk limits, approved by the BOD, are enforced to monitor and control this risk. RSK, as an independent body under the ROC, performs daily market risk analyses to ensure compliance to policies and limits, while Treasury Group manages the asset/liability risks arising from both banking book and trading operations in financial markets. The ALCO, chaired by the President, manages market risks within the parameters approved by the BOD.

As part of group supervision, the Bank regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and to ensure alignment of risk management practices. Each subsidiary has its own risk management unit responsible for monitoring its market risk exposures. The Bank, however, requires regular submission of market risk profiles from subsidiaries which are presented to ALCO and ROC in both individual and consolidated forms to provide senior management and ROC a holistic perspective, and ensure alignment of strategies and risk appetite across the Group.

Market Risk - Trading Book
In measuring the potential loss in its trading portfolio, the Bank uses Value-at-Risk (VaR). VaR is an estimate of the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period. The Bank measures and monitors the Trading Book VaR daily and this value is compared against the set VaR limit. Meanwhile, the Group VaR is monitored and reported monthly. The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the Group and the Bank, even before the VaR limit is hit.

Stress testing is performed by the Bank on a quarterly basis and the results are reported to the ALCO and, subsequently, to the ROC and BOD. On a group-wide perspective, stress testing is done, at least, annually. The results are reported by the Bank's Risk Management Group to the BOD through ROC.

Market Risk - Banking Book
The Group has in place their own risk management system and processes to quantify and manage market risks in the banking book. To the extent applicable, these are generally aligned with the Bank's framework/tools.

Interest rate risk
The Group assesses interest rate risk in the banking book using measurement tools such as Interest Rate Repricing Gap, Earnings-at-Risk (EaR), Delta Economic Value of Equity (ΔEVE) and Sensitivity Analysis.

Interest Rate Repricing Gap is a tool that distributes rate-sensitive assets and liabilities into pre-defined tenor buckets according to time remaining to their maturity (if fixed rate) or repricing (if floating rate). Items lacking definitive repricing schedules (for example, current and savings account) and items with actual maturities that could vary from contractual maturities (for example, securities with embedded options) are assigned to repricing tenor buckets based on an analysis of historical patterns, past experience and/or expert judgment.

The Group calculates EaR using Historical Simulations (HS) approach, with one-year horizon and using five years data. EaR is then derived as the 99th percentile biggest drop in net interest income.

Foreign currency risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

ITEM 2 – PROPERTIES

Metrobank's Head Office is located at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila. The Bank owns the premises occupied by its Head Office, including most of its branches (41% of its branch sites are owned). Presented in Exhibit 1 is the list of Bank-owned nationwide branches as of December 31, 2021. The Bank also owns the premises occupied by the Cash Management Services Unit (CMSU) located at Metropolitan Technological Park which becomes the main hub of all CMSU operations and the premises occupied by various support units including Trust Banking Group located at Metrobank Center, Bonifacio Global City, Taguig City. The Bank holds clean titles to these properties.

The Bank leases the premises occupied by many of its branches. Generally, lease contracts are for periods ranging from 1 to 10 years and are renewable under certain terms and conditions. Presented in Exhibit 2 is a summary of the Bank's nationwide branches as of December 31, 2021 that occupy leased premises.

The Bank has no current plans to acquire properties in the next twelve (12) months other than those discussed in Item 6, Management's Discussion and Analysis or Plan of Operations under Material Commitments for Capital Expenditures Section.

The composition of and movements in the properties of the Bank are disclosed in Note 10 of the Audited Financial Statements as presented in Exhibit 4.

ITEM 3 – LEGAL PROCEEDINGS

Several suits and claims relating to the Group's operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5 – MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

In November 1980, the SEC approved and certified the listing of 500,000 common shares of Metrobank's capital stock with par value of ₱100.00 each. On February 26, 1981, the listing and trading of Metrobank's common shares with the Makati Stock Exchange, Inc. and Manila Stock Exchange (which unified to become The PSE) took effect with the trading symbol of ***MBT***. Today, the Bank's common shares are all listed at the PSE.

Average market prices per share for each quarter within the last two years and subsequent interim periods were as follows:

		MARKET PRICES			
YEAR	**QUARTER ENDED**	**HIGH**	**LOW**	**CLOSE**	**AVERAGE**
2022	March 31	60.75	52.00	57.00	56.74
	February 28	60.75	53.50	57.10	58.00
	January 31	59.20	53.50	58.90	56.67
2021	March 31	51.60	44.40	44.40	47.77
	June 30	50.10	43.55	48.70	46.46
	September 30	49.50	43.00	43.70	45.88
	December 31	57.00	43.70	55.70	50.34
2020	March 31	67.00	35.30	40.00	56.16
	June 30	43.00	33.20	37.00	37.77
	September 30	39.20	33.10	38.20	35.65
	December 31	51.75	38.60	49.05	45.02

Closing price as of April 7, 2022 was ₱54.05 per share.

Holders

The Bank has 2,979 stockholders as of December 31, 2021.

Top Twenty Stockholders

Following are the top 20 stockholders as of December 31, 2021:

	NAME OF STOCKHOLDER	NO. OF SHARES AS OF DECEMBER 31, 2020	ADDITIONS/ (DISPOSALS)	NO. OF SHARES AS OF DECEMBER 31, 2021	PERCENT TO TOTAL NO. OF OUTSTANDING COMMON SHARES
1	GT Capital Holdings, Inc. [a]	1,670,611,010	-	1,670,611,010	37.146
2	PCD Nominee Corporation (Filipino) [b]	1,067,580,780	86,764,383	1,154,345,163	25.667
3	PCD Nominee Corporation (Non-Filipino)	1,010,840,721	(84,948,564)	925,892,157	20.587
4	Grand Titan Capital Holdings, Inc.	203,246,909	-	203,246,909	4.519
5	Philippine Securities Corp.	113,000,000	-	113,000,000	2.513
6	Nove Ferum Holdings, Inc.	76,226,918	-	76,226,918	1.695
7	82 Alpha Holdings Corporation	54,871,292	-	54,871,292	1.220
8	Neiman Rhodes Holdings, Inc.	28,607,046	-	28,607,046	0.636
9	Philippine Geiko Holdings, Inc.	28,276,333	-	28,276,333	0.629
10	Metrobank Foundation, Inc. [c]	25,379,981	-	25,379,981	0.564
11	Go, James	20,192,545	-	20,192,545	0.449
12	Ty, George Siao Kian	19,717,814	-	19,717,814	0.438
13	Ty, Alfred Vy	17,087,722	-	17,087,722	0.380
14	Ty, Arthur [d]	15,601,513	26,000	15,627,513	0.347
15	Bloomingdale Enterprises, Inc.	15,027,844	-	15,027,844	0.334
16	Asia Pacific Capital Equities and Securities Corp.	10,914,927	-	10,914,927	0.243
17	Solid State Multi-Products Corporation	10,547,559	-	10,547,559	0.235
18	Ty, Alesandra Vy [e]	7,703,038	-	7,703,038	0.171
19	Grand Asia Realty Investment Corp.	7,537,152	-	7,537,152	0.168
20	Dy Buncio, Anjanette	7,377,216	-	7,377,216	0.164

December 31, 2021 balances are:
a. Inclusive of 35,482,859 shares lodged with PCD Nominee Corporation
b Net of 35,482,859 shares owned by GT Capital Holdings, Inc.; 7,465,361 shares owned by Metrobank Foundation, Inc.; 645,036 shares owned by Arthur Ty; and 259,900 shares owned by Alesandra V. Ty.
c. Inclusive of 7,465,361 shares lodged with PCD Nominee Corporation
d. Inclusive of 645,036 shares lodged with PCD Nominee Corporation
e. Inclusive of 259,900 shares lodged with PCD Nominee Corporation

As of December 31, 2021, public ownership on the Bank was at 48.16%. Of the total shares issued, 20.62% represents foreign ownership.

Dividends

There are no restrictions that limit the ability of the Bank to pay cash dividends. Details of cash dividend distribution from 2019 to 2021 follow:

Date of Declaration	Per Share	Amount (In Millions)	Record Date	Payment Date
February 17, 2021	₱1.00 (regular)	₱4,497	March 5, 2021	March 18, 2021
February 17, 2021	₱3.00 (special)	₱13,492	March 5, 2021	March 18, 2021
February 19, 2020	₱1.00	₱4,497	March 6, 2020	March 20, 2020
February 13, 2019	₱1.00	₱3,980	March 1, 2019	March 14, 2019

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

Recent Sales of Unregistered or Exempt Securities

The information required under Part II paragraph (A) (4) of Annex C of the Securities Regulation Code (SRC) under SRC Rule 12 is not applicable to the Bank.

Compliance with Lead Practice on Corporate Governance

Businesses must have learned from painful lessons in 2020 when the coronavirus arose to wreak havoc on operations. However, just like the virus, the financial and operational challenges faced by the business leaders also evolved while they continue to promptly address the needs of people, customers and suppliers. Indeed, running a business remains to be an unprecedented challenge for business leaders in the midst of this pandemic, including significant challenges as regards to corporate governance. The pandemic presented complex issues on business operations like disruptions to meetings, risk management, internal control, disclosure, etc. It is therefore imperative to ensure that appropriate strategies remain in place to anticipate and to mitigate further impact and ensure compliance with the rapidly evolving regulatory landscape.

Integrity, accountability, fairness and transparency, the four pillars upon which the Bank's governance policies rest, are maintained during these difficult times. The corporate governance framework as embodied in the Corporate Governance Manual setting out the roles and responsibilities within the Bank as well as the practices and procedures that are adopted is sustained to ensure that the organization remains to be governed with the highest standards of good governance. These principles and values are continued to be observed in all our operations and dealings.

Board of Directors

A competent Board of Directors (Board) that has collective responsibilities for leadership and control of the Bank's affair ensuring its long-term sustainability and success heads the Bank. The Board sets the Corporate Governance tone in the Bank by collectively directing the company's affairs, whilst meeting the appropriate interest of all stakeholders. It leads the process of developing and reviewing the Bank's strategies annually. It oversees the development, review and approval of the Bank's mission vision, a sound corporate governance framework, strategic and business plans, risk management, internal control system, financial performance and environmental, social and governance issues. The detailed responsibilities of the Board are disclosed in the Corporate Governance Manual posted on the Bank's website through the Corporate Governance page.

The Board is comprised of a diverse group of proficient people who combine insight and good judgment in implementing good governance. Diversity takes various forms and is inclusive of different elements such as gender, expertise, policy-making experience, ethnicity and independence. The members of the Board possess integrity, probity, physical & mental fitness, competence, education, financial literacy, training, diligence, knowledge and experience relevant to the banking industry.

To adequately fulfill their responsibilities, the Board has separate and independent access to the Corporate Secretary who manages the flow of information to the Board prior to the meetings.

Board Composition

The Bank consistently maintained the Board composition of twelve (12) directors. Ten (10) are non-executive directors of which five (5) are independent including one (1) female independent director, a deliberate stance to promote objectivity and strong element of independence in the Board. The number of independent director constitutes 42% of the Board, bringing focus, clear perspective and the ability to lead objective board discussions and better decision-making.

The members of the Board are elected annually. In accordance with Bank's By-Laws, any stockholder may submit nominations for directorial positions to represent their interest in promoting long-term value creation. The Nominations Committee is responsible for screening and recommending candidates to the full Board, based on its screening policies and parameters, including among others, alignment with the strategic directions of the Bank. The Nominations Committee assesses the qualifications of the nominees as defined in the Bank's By-laws and Corporate Governance Manual and with due consideration of the relevant regulations of Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC). The Board through its Nominations Committee strives to ensure the optimal mix of skills and talent and balanced membership of the Board to achieve its strategic objectives.

When identifying or screening potential candidates, the Committee may use whatever resources it deems appropriate, including but not limited to, referrals from existing directors and officers, recommendations and suggestions from stockholders. To the extent possible, they also make use of external databases or external search firms. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.

The directors are committed to actively engage in their role in the Board, with sufficient time to carry out the duties of the Board and their Board committee memberships. As a rule, the non-executive directors of the Board may concurrently serve as directors only to a maximum of five (5) publicly listed companies, making sure however that the shareholders' legal right to vote and be voted directors remains inviolable. None of the Bank's directors serve in more than five (5) publicly listed companies.

The independent directors are independent of management and major shareholders. They have not engaged and do not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or a company of which they are directors or substantial shareholders, other than transactions which are conducted at arm's-length and could not materially interfere with or influence the exercise of their judgment. The independent directors, as a rule, may serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such, but may continue to qualify for nomination and election as a regular director. Reckoned from 2012 election, none of the independent directors have reached the maximum cumulative term of more than nine (9) years.

In 2021, the Board approved the retirement of Mr. Jesli A. Lapus. In his replacement, the Board welcomed Mr. Marcelo C. Fernando, Jr. as Independent Director effective April 28, 2021. With extensive experience in banking and finance, he brings valuable contributions, capabilities and exceptional leadership in the Board.

The Chairman of the Board and the President

The roles of the Chairman of the Board and the President are separate but complementary positions that work together for the good of the Bank. This split balances power, responsibility and accountability while preserving the independent decision-making of the Board. Each has clearly defined responsibilities in the Bank's By-Laws and Corporate Governance Manual.

The Chairman of the Board provides leadership in the Board. He ensures effective functioning of the Board, including maintaining a relationship of trust with Board members. In addition, the Chairman ensures a sound decision making process and encourages and promotes critical discussions and makes sure that dissenting views can be expressed within the decision-making process. On the other hand, the President exercises direct and active management of the business and operations of the Bank, conducting the same according to the orders, resolutions and instructions of the Board and according to his own discretion whenever the same is not expressly limited by such orders, resolutions and instructions. He communicates and implements the vision, mission, values and overall strategy of the Bank and promotes any organization change in relation to the same. He exercises general superintendence and direction over the other officers and the employees of the Bank and to see to it that their respective duties are properly performed.

The Chairman of the Board is Arthur Ty while the President is Fabian S. Dee.

Board Meetings

Directors of companies have a continuing duty to carry out their responsibilities no matter what the situation is. The pandemic forced most corporate boards to change how they work. In Metrobank, since face-to-face meetings have not yet resumed, virtual meeting practices still continue. The Bank still holds the Board as well as the committee meetings virtually with the use of WebEx video conferencing tool. Board meetings are held to keep directors up to date on the Bank's performance as well as approve strategies, appointments, and other decisions requiring their attention. The Regular Board meetings are held every second Wednesday of each month. Special meetings may be called at any time by the Chairman, or, in his absence, by the Vice Chairman, or pursuant to the written request of any four (4) directors. An organizational meeting is held immediately after the Annual Stockholder's Meeting (ASM) and the Board-level committees are reconstituted during this meeting.

As COVID-19 continues to dominate our lives, virtual meetings tend to be more efficient where the decisions are made and time is saved. To keep the virtual meeting running smoothly, the pertinent meeting materials are provided to the directors five (5) days in advance via a website URL's to address the administrative, technical and logistical issues of the current situation.

In 2021, the Board held a total of twelve (12) meetings. The Board meeting attendance, which is at 100%, exhibits active participation among the directors. The Office of the Corporate Secretary, which plays a significant role in supporting the Board in discharging its responsibilities, prepares the agenda and sends out notices and materials at least five (5) business days before the meeting dates. It also prepares and distributes the minutes of the previous meeting and keeps full minutes of all Board and stockholder meetings.

Directors	Attendance
Arthur V. Ty, Group Chairman (NED)	12/12
Francisco C. Sebastian, Vice Chairman (NED)	12/12
Fabian S. Dee, President (ED)	12/12
Vicente R. Cuna, Jr. (ED)	12/12
Alfred V. Ty (NED)	12/12
Solomon S. Cua (NED)	12/12
Edgar O. Chua (ID)	12/12
Atty. Angelica H. Lavares (ID)	12/12
Francisco F. Del Rosario, Jr. (ID)	12/12
Philip G. Soliven (Lead ID)	12/12
Marcelo C. Fernando, Jr.* (ID)	9/9
Jesli A. Lapus** (ID)	3/3
Edmund A. Go***(NED)	9/9

Note: Non-Executive Director (NED); Independent Director (ID)
**Elected director on April 28, 2021*
***Dir. JALapus served as director until the 2021 Annual Stockholders' Meeting*
****Dir. EAGo passed away in October 2021*

The Bank's Non-Executive Directors (NEDs) also met separately and conducted its annual meeting virtually, together with the Bank's External Auditors, Risk Officer, Compliance Officer and Chief Audit Executive, without the presence of any executive directors. The meeting is organized by the Compliance Officer, Mr. Arnulfo B. Pascioles, Jr., in coordination with various stakeholders. For 2021, the NED meeting was conducted on November 17, 2021 and led for the first time by a Lead Independent Director, Dir. Philip G. Soliven. All NEDs were present in the meeting and they invited the Head of Investor Relations Department, Ms. Minda Olonan, to expound on matters related to investors perception and expectations from the Bank. Also in the meeting are representatives from SGV who shared insights on sustainable finance and environmental, social and governance matters. Moreover, the Heads of Compliance, Risk and Internal Audit provided updates on their respective areas.

The Annual Stockholders' Meeting was also held exclusively in digital form without requiring the physical presence of the Board members and shareholders via WebEx Events on April 28, 2021. All Board members were present in the meeting.

Board-level Committees

The Board assigns specific tasks to committees to help them fulfill their diverse range of responsibilities. It delegates particular matters or affairs of the Bank to the committees to prepare the groundwork for decision-making and eventually report to the Board for notation or approval. In 2021, the Bank has ten (10) board-level committees that assist the Board in the optimal performance of its roles and responsibilities. Seven (7) committees namely Anti-Money Laundering Committee, Audit Committee, Corporate Governance and Compensation Committee, Nominations Committee, Related Party Transactions Committee, Risk Oversight Committee and Trust Committee, are chaired by an independent director. The Board-level committees have their own respective charters which set out their mandate, scope and working procedures and can be found in the Bank's website.

The ***Anti-Money Laundering Committee (AMLACOM)*** is tasked to assist the Board in fulfilling its oversight responsibility over the Bank's AML Compliance Management to make sure that the Bank complies with the provisions of the AMLA, as amended, its Revised Implementing Rules and Regulations (RIRR), and BSP regulations. This committee is comprised of four members, of which three (3) are independent directors. The Committee conducted six (6) meetings in 2021.

Members	Committee Membership	Attendance
Atty. Angelica H. Lavares, ID	Chairman	6/6
Arthur V. Ty, Chairman	Regular Member	6/6
Edgar O. Chua, ID	Regular Member	6/6
Philip G. Soliven*, Lead ID	Regular Member	4/6

**Director PGSoliven joined the committee in May 2021*

The ***Audit Committee (AUDITCOM)*** is tasked to assist the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through effective oversight of internal and external audit functions, transparency and proper reporting, compliance with laws, rules and regulations and codes of conduct, and adequate and effective internal controls. This committee is primarily responsible for the appointment/selection, re-appointment and dismissal of internal auditor, as well as the independent external auditor based on fair and transparent criteria. It is comprised of four (4) members, three (3) of whom are independent, including the Chairman, who is not the chairman of the Board or of any other Board-level committee. In 2021, the Committee had its monthly meetings.

Members	Committee Membership	Attendance
Edgar O. Chua, ID	Chairman	12/12
Solomon S. Cua, NED	Regular Member	12/12
Francisco F. Del Rosario, ID	Regular Member	12/12
Atty. Angelica H. Lavares, ID	Regular Member	12/12

The ***Corporate Governance and Compensation Committee*** assists the Board in fulfilling its corporate governance responsibilities and in providing oversight on the implementation of the Bank's Compliance System. The committee is tasked with establishing a formal and transparent procedure in determining the remuneration of directors and officers that is consistent with the Bank's culture, strategy, business environment and industry practice. The Committee is composed of three (3) members, all members are independent director. The Committee convened four (4) times in 2021.

Members	Committee Membership	Attendance
Atty. Angelica H. Lavares, ID	Chairman	4/4
Francisco F. Del Rosario, ID	Regular Member	4/4
Marcelo C. Fernando, Jr*. ID	Regular Member	3/3
Jesli A. Lapus**, ID	Regular Member	1/1
Arnulfo B. Pascioles, Jr.	Corporate Governance Officer	4/4

**Director MCFernando joined the Committee on April 28, 2021*
***Director JALapus retired as ID on April 28, 2021*

The ***Executive Committee*** *is* primarily responsible for the review and approval of credit proposals and credit policies within its authority and limits as well as provides recommendations or conditions to lending. The Committee may also act on other matters as delegated by the stockholders and the Board within its competence and in accordance with the By-Laws of the Bank. The Committee had 51 meetings in 2021.

Members	Committee Membership	Attendance
Arthur V. Ty, Chairman	Chairman	50/51
Francisco C. Sebastian, Vice-Chairman	Vice Chairman	47/51
Fabian S. Dee, President	Regular Member	47/51
Vicente R. Cuna Jr., Director	Regular Member	46/51
Mary Mylene A. Caparas	Regular Member	50/51
Corazon Ma. Therese B. Nepomuceno	Regular Member	50/51
Charlotte T. Bilongilot*	Regular Member	29/51

**Ms. Bilongilot joined the committee in June 2021*

The ***Information Technology Steering Committee*** provides governance and oversight in the management of the Bank's information technology (IT) resources. Its principal function is to ensure that IT strategies are consistent with the overall business objectives. It shall have oversight of the IT Risk Management Program of the Bank and the development of policies, controls, and specific accountabilities consistent with the Bank's IT Risk Management Framework. As delegated by the Board, it shall also approve IT-related requests and other IT-related services/arrangements, including outsourcing/insourcing activities. It should regularly render periodic report to the Board regarding overall IT performance, status of major projects and other significant issues related to IT risks. The Committee is composed of a non-executive director, Heads of Financial and Control Sector and Information Technology Group. The Committee convened five (5) times in 2021.

Members	Committee Membership	Attendance
Vicente R. Cuna Jr., Director	Chairman	5/5
Edmund A. Go*, NED	Regular Member	2/2
Fabian S. Dee, President	Regular Member	4/5
Joshua E. Naing, Head, Financial and Control Sector	Regular Member	5/5
Bernardino V. Ramos, Head, Information Technology Group	Regular Member	5/5

**Director EAGo passed away in October 2021*

The ***Nominations Committee*** reviews and evaluates the qualifications of all persons nominated to the Board. Moreover, it also reviews the qualifications of those nominated to other positions requiring approval by the Board. The Committee is composed of three (3) independent directors, including the Chairman. The Committee meets as needed.

Members	Committee Membership	Attendance
Marcelo C. Fernando, Jr., ID	Chairman	8/8
Edgar O. Chua, ID	Regular Member	12/12
Philip G. Soliven, Lead ID	Regular Member	12/12
Jesli A. Lapus*, ID		4/4

** Previously chaired by Director JALapus, retired as ID on April 28, 2021, replaced by Director MCFernando, Jr.*

The ***Overseas Banking Committee*** assists the Board in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries, and Metrobank expatriates assigned in countries without foreign office but with remittance tie-up arrangement, their compliance with the rules and regulations of their respective host countries and their adherence to the parent Bank's business and corporate governance policies as prescribed by the BSP and SEC. The Committee convened six (6) times in 2021.

Members	Committee Membership	Attendance
Francisco A. Sebastian, Vice Chairman	Chairman	6/6
Francisco F. Del Rosario Jr., ID	Regular Member	6/6
Alfred V. Ty, NED	Regular Member	6/6
Solomon S. Cua, NED	Regular Member	6/6

The ***Related Party Transactions Committee*** assists the Board in ensuring that transactions with related parties (including internal group transactions) are reviewed to assess risk and subject to appropriate restrictions to ensure that such are conducted at arm's-length terms and that corporate or business resource of the Bank are not misappropriated or misapplied. The Committee is entirely composed of three (3) independent directors. The Committee, which meets monthly, is supported by the Bank's Chief Compliance Officer (CCO), Mr. Arnulfo B. Pascioles, Jr.

Members	Committee Membership	Attendance
Philip G. Soliven, Lead ID	Chairman	14/14
Edgar O. Chua, ID	Regular Member	14/14
Atty. Angelica H. Lavares, ID	Regular Member	14/14

The ***Risk Oversight Committee (ROC)***, as an extension of the Board, is primarily responsible for the development and oversight of the risk management framework of the Bank, its affiliates and subsidiaries, and its Trust Banking arm. The Committee is majority composed of independent directors, including the Chairman who is not a Chairman of the Board or of any other committee. The ROC members possess a range of risk management expertise and adequate knowledge of the Group's risk exposures. The Committee is supported by the Bank's Chief Risk Officer, Mr. Christian D. San Juan and held twelve (12) meetings in 2021.

Members	Committee Membership	Attendance
Francisco F. Del Rosario Jr., ID	Chairman	12/12
Jesli A. Lapus*, ID	Vice-Chairman	4/4
Edmund A. Go**, NED	Regular Member	8/8
Marcelo C. Fernando, Jr.***, ID	Regular Member	8/8

***Director JALapus served as director until the 2021 Annual Stockholders' Meeting*
***Director EAGo passed away in October 2021*
****Director MCFernando, Jr. elected director on April 28, 2021*

The ***Trust Committee*** is responsible for the oversight of all Trust activities and shall act within the sphere of authority as provided by the pertinent rules and regulations in the exercise of fiduciary powers under the Manual or Regulations for Banks. The Committee is composed of five (5) members, three (3) members of the Board, President and Trust Officer. The Committee convened twelve (12) times in 2021.

Members	Committee Membership	Attendance
Philip G. Soliven, Lead ID	Chairman	12/12
Edmund A. Go*, NED	Vice-Chairman	8/8
Marcelo C. Fernando, Jr.**, ID	Regular Member	8/8
Fabian S. Dee, President	Regular Member	12/12
Leandro Antonio G. Santillan, Head, Trust Banking Group	Regular Member	12/12

**Director EAGo passed away in October 2021*
***Director MCFernando Jr. elected director on April 28, 2021*

<u>Company's Policies</u>

Orientation Program for New Directors
In accordance with applicable SEC rules and as expressly stated in the Bank's CGM, orientation for first time directors shall be for at least eight (8) hours. Each first-time director is provided with orientation kit, which contains a copy of the Bank's Articles of Incorporation, By-Laws, Code of Conduct, Bank's CGM and applicable Board Committee Charters. They are also provided with the general responsibilities and specific duties of the Board and of an individual director. Directors are required to certify under oath that they have received copies and fully understand and accept the general responsibilities and specific duties. In addition, each director certifies that he or she has all the prescribed qualifications and none of the disqualification as a director in compliance with the requirements of Sec.136 of the BSP Manual of Regulations for Banks.

Continuing Education
The Covid-19 global pandemic crisis is an adaptive and transformative challenge especially in keeping the Board well informed of developments in the evolving corporate governance norms as well as being attuned to the rapidly changing external situation. Given these challenges, the Bank still recognizes the value of continuing education for its Directors.

The Bank arranged two sessions for the annual corporate governance seminar. The directors, Corporate Secretary, and key officers have attended the online four (4)-hour training requirement facilitated by the Institute of Corporate Directors (ICD) on March 5 and 12, 2021 via Zoom meeting platform. Among the topics presented by the ICD facilitators focused on the Risk Management in the Age of COVID-19 and Building Resilience in the Corporate Strategy. The certification for the list of attendees was submitted online to the SEC on 19 March 2021.

Corporate Governance Manual
Metrobank has a strong corporate governance framework that is embodied in the Corporate Governance Manual (CGM), which sets out the roles and responsibilities within the Bank and the practices and procedures that are adopted to ensure that the organization is directed with the highest standards of good governance. The Corporate Governance Department regularly conducts review and evaluation of the CGM to ensure that it remains relevant and align with the new regulatory issuances and best industry practices. The CGM has been revised and approved by the Board in August 2021. The Bank enjoins everyone, the Board, Management, Officers and Staff of the Bank to fully commit themselves to the principles contained in the manual and acknowledge that the same will guide them in the development and achievement of the Bank's corporate goals. The Board-approved CGM has been uploaded in the Bank's intranet (Insight Online) and publicly-disclosed and accessible in the Bank's website.

In 2021, the Bank has fully complied with the provisions of the Bank's Corporate Governance Manual.

Compliance System
The Bank's Compliance Division implements an enterprise-wide compliance program which is an integral part of the Bank's culture and risk governance framework. It provides reasonable assurance that the Bank and its directors, officers and employees comply with all banking and corporate laws, regulations, rules, and standards. The Chief Compliance Officer is the lead Senior Officer in the administration of the Bank's Compliance Policy Manual.

Compliance Division is headed by the Chief Compliance Officer, Mr. Arnulfo B. Pascioles, Jr, who functionally reports to the Board of Directors through Corporate Governance and Compensation Committee. He exercises functional supervision over the designated Compliance Coordinators of the Head Office units and domestic branches relative to the compliance functions being performed/handled by them, as well as the Compliance Officers of the financial subsidiaries and affiliates.

Compliance Division performs a robust and periodic risk-based independent compliance testing in various forms using its own sampling methodology as basis to identify/select the risk areas/activities subject to testing. It performs an independent assessment of compliance with relevant laws, rules and regulations, as well as internal policies to identify and mitigate risks that may erode the franchise value of the Bank such as risk of legal, or regulatory sanctions, material financial loss, or loss to reputation. The Board of Directors through the Corporate Governance and Compensation Committee and the President are advised on a regular basis, or as necessary, of material regulatory breaches, if any and the general status of the Bank's level of regulatory compliance.

Code of Conduct and Ethics for Bank Directors

The Bank is unwavering on the conduct of its business with the highest ethical standard of fairness, accountability and transparency, taking into account the interest of all stakeholders. These values are the guiding principles of good corporate governance adopted by the Bank in its Code of Conduct and Ethics for Directors.

The Code of Conduct and Ethics for Directors articulates the standards of conduct for ensuring the proper discharge of duties and responsibilities befitting their position. It imposes guidelines which meet the requirements of the organization and regulators that remind directors not to use their position to make profit, or acquire a benefit or prioritize self-interests, and avoid situations that may compromise their impartiality. It reiterates the need to maintain professional integrity, enhancement of skills and knowledge and understanding of bank-related activities.

The Code is incorporated in the Bank’s Corporate Governance Manual and should be read in conjunction of Articles of Incorporation, By-laws and applicable internal policies and procedures. The Code can be accessed by both internal and external stakeholders as it is posted in the Bank’s intranet and company’s website through the Corporate Governance page.

Code of Conduct for Employees

The Code of Conduct for Employees emphasizes the performance of duties and responsibilities, avoidance of conflict of interest between the Bank’s business and personal activities, preservation of confidential information and the prohibition of accepting any form of gift or gratuity from any person which may influence the employee’s judgement or action in performing the responsibilities.

The Human Resource Management Group (HRMG) has disseminated the Bank of Code of Conduct to all employees including the new hires. Employees are required to acknowledge in writing that they have read, understood and will observe the code of conduct. HRMG also regularly circulates core advisories which serve as a reminder on the values that the Bank wishes to foster by its employees. An annual refresher course was also conducted on November 12, 2021 to monitor compliance with the code and the required acknowledgement was done electronically. Both internal and external stakeholders can access the Bank’s Code of Conduct for Employees as it is posted in the Bank’s intranet and company’s website through the Corporate Governance page.

Performance Evaluation and Self-Assessment

The best measure of the Board effectiveness is through an assessment process. Metrobank conducts its annual performance assessment of the Board, Chairman of the Board, President, Board Committees and each of the individual directors using Board-approved rating sheets through the Corporate Governance and Compensation Committee.

It has adopted an internal self-rating system and procedures to determine and measure compliance vis-à-vis good corporate governance principles and practices as prescribed in the Code of Corporate Governance: (i) Each Director self-rates and collectively rates the Board, the Chairman of the Board and the President; (ii) Corporate Governance, Audit, Risk Oversight and other Board committees conduct self-rating. The performance rating sheet normally circulated on paper or online using questionnaires that are tailor-made to the Bank’s needs and objectives. This evaluation process allows the Board to consider the accomplishments of individuals and the group of individuals within the Board and this serves as an avenue to revisit existing process or areas in need of improvement within the Board.

In line with the SEC rules and best practices for Publicly-Listed Companies, the annual performance evaluation covering the period of 2020 was assessed by an external facilitator, Reyes Tacandong & Co. (R&T), in February to May 2021. The principal objective of the review was to provide an independent assessment of the effectiveness of the Board, Board Committees and Chairman of the Board and the efficiency of the execution of the roles and responsibilities of the board in conformance with the requirements of the SEC related to the Code of Corporate

Governance for Publicly Listed Companies and requirements of the BSP for Board of Directors based on the Manual of Regulations for Banks.

As reported by R&T, on the overall, the Bank's corporate governance is effective, with substantially all the regulatory requirements being met by the Board, Board Committees and Chairman of the Board.

The results of the self-assessment were presented to the Board in its May meeting and various recommendations had been addressed in the same year. As part of the improvement of the self-assessment forms and based on the recommendations of R&T, CGCC endorsed to the Board in its November meeting the revised self-assessment forms which will be used in 2021 performance evaluation. The assessment forms will be having a five-point rating system.

Fair Business Transactions & Managing Conflicts of Interest
The Bank has adopted the Anti-Bribery and Corruption Policy, which requires the directors and employees to conduct business in accordance with the highest possible standards of ethics, honesty, accountability and good governance. The Bank does not tolerate any form of bribery or corruption to obtain an unfair advantage. Directors, officers and employees are prohibited in taking advantage of their positions in the Bank to directly or indirectly derive personal gain or profit.

The members of the Board conduct fair business transactions with the Bank and ensure that personal interest does not bias Board decisions. All directors are expected to act ethically at all times, notify promptly of any material facts or potential conflict of interest and take appropriate corrective action. Employees are expected to effectively manage their personal affairs and avoid any situation or business endeavors arising from associations, interest or relationships that may lead to conflict or potential conflict between their personal interest and of the Bank.

It is also part of the Bank's corporate governance framework that all related parties are properly identified and related party transactions are vetted and approved either by Related Party Transactions Management Committee (RPTMC), a management-level committee composed of senior officers or the Related Party Transactions Committee (RPTC), a Board-level committee composed of independent directors, depending on the materiality threshold set by the Bank. Directors and officers with personal interest in the transaction abstain from the discussion, approval and management of transaction. No director or officer participates in the RPTC or RPTMC or Board discussion of a related party transaction for which he, she or any member of his or her close family or related interest is involved, including transactions of subordinates, except in order to provide material information on the related party transaction. The material related party transactions that reach ten percent (10%) or higher of the Bank's total consolidated assets are required to be evaluated by an appointed external independent party to ensure the fairness of the terms. All acts of the Board, including related party transactions, are confirmed by the majority vote of the Bank's stockholders during the Annual Stockholders' Meeting.

Policy on Insider Trading

As a publicly listed company, Metrobank is regulated by measures and regulations under the SEC. It dutifully complies with its Insider Trading Policy to uphold applicable laws and ensure the protection of its shareholders from individuals who may take advantage of information not readily available in the market. The policy calls for the disclosure of material, non-public information about any of the companies within the Metrobank Group or any partner shall be on a need-to-know basis, based on a legitimate business agenda.

The policy prohibits trading during blackout periods by specific individuals which include all directors and specific employees within the Metrobank Group, and their immediate family members residing in the same household, and corporations, other entities, and funds subject to their influence or control. It mandates the reporting insiders to disclose their respective beneficial ownership of listed shares of stock in their various companies, if any, and report any changes on the next trading day following the date of the change, as per SEC and the PSE requirements.

Whistle Blowing Policy
The Whistleblowing policy is a sign of strong corporate governance and company culture that takes such claims seriously. In strengthening the Bank's integrity, all employees and stakeholders are encouraged to participate in an atmosphere of openness and trust and seize opportunities to raise concerns or immediately report whenever there are acts of fraud, malpractice, conflict of interest, or violation of internal or regulatory policies, procedures, and control, to the Chief Audit Executive. The policy requires that the Bank secures the identity of the reporting entity and protects the person from any undue retaliation. Complaints or concerns may be filed through the Bank's website or sent via email (whistleblowing@metrobank.com.ph) or text hotline (+639427471359).

Customer/Creditor's Welfare
In Metrobank, Customer Protection is part of the Bank's culture. It is not a responsibility of only one person or a single unit. It is a collective and shared responsibility of each and everyone, from the Board, to Management, and to all employees.

The five pillars of consumer protection standards namely: a) Disclosure and Transparency; b) Protection of client information; c) Fair treatment; d) Effective Recourse and e) Financial Education and Awareness, govern the conduct of the Bank in dealing with its customers and creditors. As such, the Customer Protection Policy Manual is created to ensure that customer protection is inherent in the day-to-day operations, providing the foundation in ensuring the Bank's adherence to customer protection standards of conduct. The Board, through the Executive Committee, provides effective oversight of the Bank's Financial Customer Protection while the Senior Management, through the Customer Experience Committee, ensures that the Bank developed a Customer Protection Risk Management System.

The Bank continuously adapts to regulatory requirements particularly on standardizing the process in the handling of complaints across all segments, redefining the turnaround time in resolving incidents to meet the client's expectation. In compliance with BSP Circular No. 949, the Bank also has a Social Media Risk Management Policy that provides guidance to covered individuals in the business and legal risks associated with the use of social media. Specifically, these rules require respecting co-workers privacy, respecting customer privacy, protecting confidentiality and security, safeguarding and proper use of the Bank's information and assets.

Stockholders' Rights and Protection of Minority Stockholders' Interests
In accordance with the Bank's CGM, the Bank treats all its shareholders fairly and equitably, and also recognize, protects and facilitates the exercise and their rights. The Board respects the rights of the stockholders as provided for in the Corporation Code. It promotes transparency and fairness in conducting annual and special stockholders' meeting. The Bank encourages active shareholders to participate in the meeting by sending Notice of Annual and Special Shareholders' meeting with sufficient relevant information. The notice for the Bank's 2021 Annual Stockholders Meeting (ASM) was published and distributed to all stockholders as of record date of March 12, 2021 pursuant to the SEC rules of sending notices of at least twenty (21) days before the meeting. If they cannot attend, they are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. For 2021, there is no physical venue for the meeting and held on purely virtual mode due to the COVID-19 pandemic. The stockholders who participated pre-registered at ASMRegistration@metrobank.com.ph. The Minutes of the Annual Stockholders' Meeting was available and posted in the Bank's website five (5) business days from the end of the meeting.

Every stockholder entitled to vote on a particular question or matter involved is entitled to one (1) vote for each share of stock in his name. Minority stockholders have the right to vote on all matters that require their consent or approval including but not limited to the approval of shareholders on sale of corporate assets. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name. Matters submitted to stockholders for the ratification shall be decided by the required vote of stockholders present in person or by proxy. The Bank has not solicited any discretionary authority to cumulative voting.

Majority vote is required for the following: (a) approval of the minutes of the annual meeting of the stockholders; (b) ratification of corporate acts; (c) election of external auditors. On the election of directors, nominees receiving the highest number of votes shall be declared elected following the provision of the Corporation Code. SGV & Co. validated all votes cast in the Bank's ASM in 2021.

Policy on Health, Safety and Welfare of Employees
The Bank understands the magnitude of a safe and healthy workplace during a pandemic; as such, the Bank has instituted health and safety protocols that are aligned with Department of Health and the Centers for Disease Control and Prevention on the onset of the Covid-19 pandemic. It is committed to mitigation and prevention strategies in response to the Covid-19 pandemic to ensure the health and safety of each Metrobanker. Employees have been properly guided through various communications on good hygiene and appropriate disinfection procedures; available personal protective equipment (PPE) for employees and how to wear, use, clean and store it properly and disinfectant supplies such as alcohol, hand soaps etc.; social distancing strategies, including avoiding close physical contact and large gathering of people.

Metrobank has been very adaptive to the change brought upon by the pandemic. The Bank has modified immediately the work environment and changes the work practices to provide additional protection for its employees, clients and other stakeholders such as providing physical barriers, installation of temperature checking machines, installation of hand sanitizers and additional disinfection methods such as UV filtration and improve social distancing set-up. It has provided options to employees on flexible working schedules and working remotely. It implemented work-from-home policies and revises work schedules and/or create staggered shifts to limit the number of workers on-site at a given time.

It actively promotes a safe and healthy work environment that is conducive to the well-being and professional development of its employees. Among the programs instituted are wellness check of employees, results of which are the basis of choosing relevant health interventions for the workforce. Medical services have been properly set up for all employees and the availability of Bank's health partner from ActiveOne was made sure to answer common questions about COVID-19. The Bank has also provided series of webinars to employees which focuses on active and healthy lifestyle habits to combat diseases (e.g. hypertension, diabetes and obesity) through SEED (Sleep, Eat Right, Exercise and De-stress) Campaign.

The Bank acknowledges that it has a responsibility to ensure the safety and security of its employees and clients. The Bank also believes that providing them with a secure and safe work environment greatly enhances business and work productivity. In particular, the Bank ensures a drug-and alcohol-free work environment at all times. The Bank also conducted lectures on bank security to equip personnel.

The Bank also strives to empower Metrobankers with the right skills, knowledge, work ethics and expertise that are relevant to the stakeholders. It is fully committed to ensure that all employees perform their work consistently to high standards and achieve their full potential. It recognizes that training and development is fundamental to the improvement of the Bank's operational performance and the achievement of strategies and goals. The Metrobank Academy provides all employees with a wide range of suitable programs to assist in their continuing professional development, so that the organization will have the right quality of people for the business to grow and achieve its goals.

Supplier & Contractor Selection

To mitigate the risk of dealing with unqualified suppliers/contractor, the Bank maintains policies and guidelines in the accreditation/re-accreditation and selection process of supplier and contractor that is in accordance and compliant with BSP regulations. Annual performance evaluation is being conducted as part of appropriate control in determining the ability and performance of the contractor/service provider.

The Bank practices also the policy of canvassing and bidding services in the conduct of purchase of products or contracts for services to ensure that Bank secure the best deal in terms of price, quality of materials or work services, delivery time frame and related terms and conditions.

The Bank also maintains an Outsourcing Policy that serves as reference whenever the business unit intends to outsource an activity or function. The policy is aligned with the outsourcing regulations of BSP to ensure that all outsourced activities are conducted in compliance with the applicable laws.

Environment Protection

Metrobank is committed to sound environmental stewardship. It consistently strives to look for areas to improve its operations towards the conservation of energy, water and resources. Various policies on optimizing the use of paper, power shutdown of office equipment to minimize resource usage and to save on electricity costs, use of vehicles for carpool and regular maintenance and servicing of vehicles to reduce transportation cost and carbon emissions are in place.

As part of Metrobank's core value of being a responsible corporate citizen, it believes that sustainable development is a fundamental aspect of sound business management and recognizes that this must rank among the top priorities of its lending portfolio. Metrobank is focused on developing a loan portfolio that directly protects and promotes environmental and social care, and likewise instilling in the borrowers, the awareness that social and environmental care are inextricable to economic growth in order to achieve sustainable development.

The Metrobank Purple Hearts Club (PHC) has "You're In Green Hands" (YIGH), an environmental stewardship program which centers on combating various environmental issues faced by the country through restoration activities such as tree planting, mangrove planting, seashore, and coastal clean-up drives.

Corporate Governance Scorecard
The Bank's Integrated Annual Corporate Governance Report (I-ACGR) was submitted to SEC on May 26, 2021 and a copy was posted in the Bank's website. The I-ACGR provides a consolidated reporting tool to disclose compliance/non-compliance with the recommendations provided under the Corporate Governance Code for Publicly-Listed Companies as well as practices under the PSE CG Guidelines and the ASEAN Corporate Governance Scorecard.

As of December 31, 2021, the Bank has substantially complied with the recommendations of the Code of Corporate Governance for Publicly-Listed Companies.

Plans for Improvement of Corporate Governance
Commitment to having good corporate governance remains at the heart of the Bank's overall strategy and strong risk culture. The Board plays a key role in overseeing management performance and ensuring that controls and systems of check and balance are in place and effective. Hence, continuous adoption of best practices in corporate governance coupled with the aim of facilitating sustained growth and steady improvement of the corporate value in the medium and long term will be the foremost focus.

Awards

- The Asian Banker, Strongest Bank in the Philippines 2021
- Asiamoney, Best Domestic Bank in the Philippines 2021
- 2021 Annual Philippine Dealing System Awards
    - Cesar EA Virata Award for Best Securities House (Bank Category)
    - Top Dealing Participant for Corporate Securities
    - Top Brokering Participant - Retail Transactions
    - Top Fixed Income Dealing Participant
- The Asset Benchmark Research Awards 2021
    - Top sellside firm in the secondary market, Government bonds, PHP (Rank 1)
    - Top sellside firm in the secondary market, Corporate bonds, PHP (Rank 1)
    - Top arranger - Investors' Choice for primary issues, Government bonds, PHP (Rank 1)
    - Top arranger - Investors' Choice for primary issues, Corporate bonds, PHP (Rank 3)
- The Asset Best Local Currency Bond Individuals
    - Best Local Currency Bond Individuals #1 in Trading
    - Best Local Currency Bond Individuals #2 & #3 in Sales
    - Best Local Currency Bond Individuals #4 in Research
- The Bureau of Treasury, Top GSED-Market Maker
- 2021 Fund Managers Association of the Philippines Bankers and Brokers Awards
    - Best Fixed Income Trader (Local)
    - Best Fixed Income Trader (Foreign) (Rank 2)
    - Best Fixed Income Sales (Rank 2)
    - Best Fixed Income Strategist (Rank 3)
- 2021 Global Retail Banking Innovation Awards Best New Product Launch of the Year for Payments
- LinkedIn Talent Awards, Best Talent Acquisition Team (above 1000 employees) Finalist,
- LinkedIn 8th Best Workplace to Grow Your Career – Philippines
- Bronze Stevie® Award in the Corporate & Community-Customer Engagement Event category, 18th Annual International Business Awards
- League of Corporate Foundations Outstanding CSR Collaboration Project, CSR Guild Awards
- Outstanding Personal Information Controllers, Privacy Awareness Week Awards of the National Privacy Commission (NPC)

Deviations

This is not applicable to the Group.

ITEM 6 – MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The audited financial statements of the Group and the Bank are presented in Exhibit 4 as an attachment to this report.

Details of the Group’s financial statements as of and for the years ended December 31, 2021, 2020, 2019 and 2018 are presented below.

Statements of Financial Position

(Amounts in millions)

	December 31				**Increase (Decrease) 2021 vs. 2020**		**Increase (Decrease) 2020 vs. 2019**		**Increase (Decrease) 2019 vs. 2018**	
	2021	**2020**	**2019**	**2018**	**Amount**	%	**Amount**	%	**Amount**	%
Assets										
Cash and Other Cash Items	₱41,302	₱38,469	₱32,956	₱33,091	₱2,833	**7.36**	₱5,513	**16.73**	(₱135)	(0.41)
Due from Bangko Sentral ng Pilipinas (BSP)	253,257	304,906	219,994	240,134	(51,649)	**(16.94)**	84,912	**38.60**	(20,140)	**(8.39)**
Due from Other Banks	48,831	38,233	54,767	45,802	10,598	**27.72**	(16,534)	**(30.19)**	8,965	**19.57**
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	70,447	79,394	72,174	50,719	(8,947)	**(11.27)**	7,220	**10.00**	21,455	**42.30**
Investment Securities at Fair Value Through Profit or Loss (FVTPL)	50,792	77,551	61,867	39,689	(26,759)	**(34.51)**	15,684	**25.35**	22,178	**55.88**
Fair Value Through Other Comprehensive Income (FVOCI)	648,808	569,445	202,520	111,288	79,363	**13.94**	366,925	**181.18**	91,232	**81.98**
Amortized Cost	83,810	23,293	251,628	265,376	60,517	**259.81**	(228,335)	**(90.74)**	(13,748)	**(5.18)**
Loans and Receivables	1,236,071	1,252,929	1,483,568	1,391,034	(16,858)	(1.35)	(230,639)	**(15.55)**	92,534	**6.65**
Property and Equipment	25,783	24,617	25,700	21,954	1,166	(4.74)	(1,083)	(4.21)	3,746	**17.06**
Investments in Associates and a Joint Venture	5,851	6,248	6,591	5,947	(397)	**(6.35)**	(343)	**(5.20)**	644	**10.83**
Goodwill	5,194	5,199	5,200	5,200	(5)	(0.10)	(1)	(0.02)	-	-
Investment Properties	7,327	7,667	7,762	7,500	(340)	(4.43)	(95)	(1.22)	262	3.49
Deferred Tax Assets	13,094	14,028	10,512	10,238	(934)	**(6.66)**	3,516	**33.45**	274	2.68
Other Assets	12,249	13,184	15,574	15,721	(935)	**(7.09)**	(2,390)	**(15.35)**	(147)	(0.94)
Total Assets	₱2,502,816	₱2,455,163	₱2,450,813	₱2,243,693	₱47,653	1.94	₱4,350	0.18	₱207,120	**9.23**
Liabilities and Equity										
Liabilities										
Deposit Liabilities										
CASA	₱1,462,717	₱1,311,357	₱1,077,507	₱964,944	₱151,360	**11.54**	₱233,850	**21.70**	₱112,563	**11.67**
Demand	*588,434*	*515,378*	*411,873*	*355,473*	*73,056*	***14.18***	*103,505*	***25.13***	*56,400*	***15.87***
Savings	*874,283*	*795,979*	*665,634*	*609,471*	*78,304*	***9.84***	*130,345*	***19.58***	*56,163*	***9.22***
Time	438,046	450,103	592,897	548,019	(12,057)	(2.68)	(142,794)	**(24.08)**	44,878	**8.19**
Long-Term Negotiable Certificates	29,521	35,755	43,740	43,790	(6,234)	**(17.44)**	(7,985)	**(18.26)**	(50)	(0.11)
	1,930,284	1,797,215	1,714,144	1,556,753	133,069	**7.40**	83,071	4.85	157,391	**10.11**
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA)	70,334	139,614	238,281	259,607	(69,280)	**(49.62)**	(98,667)	**(41.41)**	(21,326)	**(8.21)**
Derivative Liabilities	8,349	13,465	7,427	6,537	(5,116)	**(37.99)**	6,038	**81.30**	890	**13.61**
Manager’s Checks and Demand Drafts Outstanding	5,396	6,024	6,806	7,565	(628)	**(10.42)**	(782)	**(11.49)**	(759)	**(10.03)**
Income Taxes Payable	1,749	2,711	4,188	2,830	(962)	**(35.49)**	(1,477)	**(35.27)**	1,358	**47.99**
Accrued Interest and Other Expenses	9,858	9,149	10,499	9,619	709	**7.75**	(1,350)	**(12.86)**	880	**9.15**
Bonds Payable	79,823	91,397	80,486	30,743	(11,574)	**(12.66)**	10,911	**13.56**	49,743	**161.80**
Subordinated Debts	1,168	1,167	7,660	26,618	1	0.09	(6,493)	**(84.77)**	(18,958)	**(71.22)**
Non-equity Non-controlling Interest	10,619	8,315	6,553	6,747	2,304	**27.71**	1,762	**26.89**	(194)	(2.88)
Other Liabilities	57,504	52,931	56,278	45,970	4,573	**8.64**	(3,347)	**(5.95)**	10,308	**22.42**
Total Liabilities	2,175,084	2,121,988	2,132,322	1,952,989	53,096	2.50	(10,334)	(0.48)	179,333	**9.18**

	December 31				Increase (Decrease) 2021 vs. 2020		Increase (Decrease) 2020 vs. 2019		Increase (Decrease) 2019 vs. 2018	
	2021	2020	2019	2018	Amount	%	Amount	%	Amount	%
Equity										
Equity Attributable to Equity Holders of the Bank										
Common stock	₱89,948	₱89,948	₱89,948	₱79,600	₱-	-	₱-	-	₱10,348	13.00
Capital paid in excess of par value	85,252	85,252	85,252	85,252	-	-	-	-	-	-
Treasury stock	(70)	(65)	(72)	(67)	(5)	(7.69)	7	9.72	(5)	(7.46)
Surplus reserves	2,442	2,260	2,098	1,956	182	8.05	162	7.72	142	7.26
Surplus	157,260	153,282	144,154	130,550	3,978	2.60	9,128	6.33	13,604	10.42
Net unrealized loss on investment securities at FVOCI	(3,751)	7,611	2,629	(2,994)	(11,362)	(149.28)	4,982	189.50	5,623	187.81
Remeasurement losses on retirement plan	(4,747)	(4,778)	(5,531)	(3,591)	31	0.65	753	13.61	(1,940)	(54.02)
Equity in other comprehensive income (losses) of investees	(118)	(22)	345	(27)	(96)	(436.36)	(367)	(106.38)	372	1,377.78
Translation adjustment and others	(7,711)	(9,284)	(9,269)	(7,719)	1,573	16.94	(15)	(0.16)	(1,550)	(20.08)
	318,505	**324,204**	**309,554**	**282,960**	**(5,699)**	(1.76)	**14,650**	4.73	**26,594**	9.40
Non-controlling Interest	9,227	8,971	8,937	7,744	256	2.85	34	0.38	1,193	15.40
Total Equity	327,732	333,175	318,491	290,704	(5,443)	(1.63)	14,684	4.61	27,787	9.56
Total Liabilities and Equity	₱2,502,816	₱2,455,163	₱2,450,813	₱2,243,693	₱47,653	1.94	₱4,350	0.18	₱207,120	9.23

Statements of Income

Interest Income	₱87,177	₱107,787	₱116,183	₱97,186	(₱20,610)	(19.12)	(₱8,396)	(7.23)	₱18,997	19.55
Interest and Finance Charges	12,128	21,680	39,186	28,364	(9,552)	(44.06)	(17,506)	(44.67)	10,822	38.15
Net Interest Income	75,049	86,107	76,997	68,822	(11,058)	(12.84)	9,110	11.83	8,175	11.88
Provision for Credit and Impairment Losses	11,834	40,760	10,078	7,770	(28,926)	(70.97)	30,682	304.45	2,308	29.70
Net Interest Income After Provision for Credit and Impairment Losses	63,215	45,347	66,919	61,052	17,868	39.40	(21,572)	(32.24)	5,867	9.61
Other Operating Income	25,831	35,129	29,054	22,910	(9,298)	(26.47)	6,075	20.91	6,144	26.82
Other Operating Expenses	59,473	60,120	57,906	53,656	(647)	(1.08)	2,214	3.82	4,250	7.92
Income Before Share in Net Income of Associates and a Joint Venture	29,573	20,356	38,067	30,306	9,217	45.28	(17,711)	(46.53)	7,761	25.61
Share in Net Income of Associates and a Joint Venture	568	664	868	874	(96)	(14.46)	(204)	(23.50)	(6)	(0.69)
Income Before Income Tax	30,141	21,020	38,935	31,180	9,121	43.39	(17,915)	(46.01)	7,755	24.87
Provision for Income Tax	7,777	7,046	10,061	7,745	731	10.37	(3,015)	(29.97)	2,316	29.90
Net Income	₱22,364	₱13,974	₱28,874	₱23,435	₱8,390	60.04	(₱14,900)	(51.60)	₱5,439	23.21
Attributable to:										
Equity holders of the Bank	₱22,156	₱13,831	₱28,055	₱22,008	₱8,325	60.19	(₱14,224)	(50.70)	₱6,047	27.48
Non-controlling interest	208	143	819	1,427	65	45.45	(676)	(82.54)	(608)	(42.61)
	₱22,364	₱13,974	₱28,874	₱23,435	₱8,390	60.04	(₱14,900)	(51.60)	₱5,439	23.21

Statements of Comprehensive Income

	December 31				Increase (Decrease) 2021 vs. 2020		Increase (Decrease) 2020 vs. 2019		Increase (Decrease) 2019 vs. 2018	
	2021	2020	2019	2018	Amount	%	Amount	%	Amount	%
Net Income	₱22,364	₱13,974	₱28,874	₱23,435	₱8,390	**60.04**	(₱14,900)	**(51.60)**	₱5,439	23.21
Other Comprehensive Income for the Year, net of tax										
Items that may not be reclassified to profit or loss:										
Change in net unrealized gain (loss) on equity securities at FVOCI	137	(94)	(414)	(351)	231	**245.74**	320	**77.29**	(63)	**(17.95)**
Change in remeasurement gain (loss) on retirement plan	99	794	(2,038)	498	(695)	**(87.53)**	2,832	**138.96**	(2,536)	**(509.24)**
Items that may be reclassified to profit or loss:										
Change in net unrealized gain (loss) on investment on debt securities at FVOCI	(11,505)	5,038	6,142	(2,443)	(16,543)	**(328.36)**	(1,104)	**(17.97)**	8,585	**351.41**
Change in equity in other comprehensive income (loss) of investees	(96)	(370)	375	(50)	274	**74.05**	(745)	**(198.67)**	425	**850.00**
Translation adjustment and others	1,702	(23)	(399)	(309)	1,725	**7,500.00**	376	**94.24**	(90)	**(29.13)**
	(9,899)	4,645	6,118	(2,802)	(14,544)	**(313.11)**	(1,473)	**(24.08)**	8,920	**318.34**
Total Comprehensive Income for the Year	₱12,701	₱19,319	₱32,540	₱20,780	(₱6,618)	**(34.26)**	(₱13,221)	**(40.63)**	₱11,760	**56.59**
Attributable to:										
Equity holders of the Bank	₱12,296	₱19,140	₱31,214	₱19,665	(₱6,844)	**(35.76)**	(₱12,074)	**(38.68)**	₱11,549	**58.73**
Non-controlling Interest	405	179	1,326	1,115	226	**126.26**	(1,147)	**(86.50)**	211	**18.92**
	₱12,701	₱19,319	₱32,540	₱20,780	(₱6,618)	**(34.26)**	(₱13,221)	**(40.63)**	₱11,760	**56.59**

Key Performance Indicators

The performance of the Bank and its significant majority-owned subsidiaries are measured by the following key indicators:

Company Name	Performance Indicators				
	Book Value Per Share	**Basic/ Diluted Earnings Per Share**	**Return on Average Equity**	**Return on Average Assets**	**Net Interest Margin on Average Earning Assets**

For the Year 2021

Metrobank Group	₱70.84	₱4.93	6.89%	0.89%	3.39%
FMIC (a)	41.69	0.91	2.23%	1.02%	1.86%
MBCL	9.07	0.26	3.04%	0.44%	2.30%
ORIX METRO	131.72	0.71	0.55%	0.14%	4.57%
PSBank	81.75	3.61	4.44%	0.64%	5.81%

For the Year 2020

Metrobank Group	₱72.10	₱3.08	4.36%	0.56%	3.98%
FMIC (a)	40.26	0.98	2.45%	1.05%	2.18%
MBCL	8.28	0.22	2.66%	0.42%	2.32%
ORIX METRO	124.45	0.44	0.36%	0.07%	4.64%
PSBank	80.85	2.60	3.21%	0.50%	7.26%

(a) FMIC and Subsidiaries

A separate schedule showing financial soundness indicators of the Group as of December 31, 2021 and 2020 is presented in Exhibit 5 as an attachment to this report.

Book value per share
Book value per share is computed by dividing the equity attributable to equity holders of the Parent Company by the total number of common shares outstanding.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing the net income by the weighted average number of common shares outstanding after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits made during the period, if any. As of December 31, 2021, 2020 and 2019, the Parent Company had no shares of stock that had a dilutive effect on its basic earnings per share.

Return on Average Equity
Return on average equity (ROE) or the ratio of net income attributable to equity holders of the Parent Company for the year divided by average total equity attributable to the Parent Company, measures the return on capital provided by the stockholders.

Return on Average Assets
Return on average assets (ROA) or the ratio of net income attributable to equity holders of the Parent Company for the year divided by average total assets, measures the return on money provided by both stockholders and creditors, as well as how efficiently all assets are managed.

Net Interest Margin
Net interest margin (NIM) is the ratio of net interest income for the year divided by average interest-earning assets.

2021 Performance

Financial Position

As of December 31, 2021, the Metrobank Group posted a total assets of ₱2.50 trillion or higher by ₱47.65 billion compared with ₱2.46 trillion as of December 31, 2020. Total liabilities of the Group increased to ₱2.18 trillion from ₱2.12 trillion or by ₱53.10 billion. On the other hand, equity attributable to equity holders of the Parent Company was lower by ₱5.70 billion from ₱324.20 billion to ₱318.51 billion.

Cash and Other Cash Items increased by ₱2.83 billion or 7.36%. Due from BSP which represents 10.12% of the Group's total assets decreased by 16.94% on account of lower level of overnight deposit facility placement partially offset by the increases in term deposit and reserve requirement. Due from Other Banks increased by ₱10.60 billion or 27.72% as a result of the net movements in the balances maintained with various local and foreign banks. Interbank Loans Receivable and SPURA went down by ₱8.95 billion or 11.27% due to the ₱22.12 billion decrease in SPURA offset by the ₱13.17 billion increase in interbank loans receivable.

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost and represents 31.30% and 27.30% of the Group's total assets as of December 31, 2021 and 2020, respectively, went up by ₱113.12 billion or 16.88%. The increase was due to the net effect of the growth in FVOCI and securities at amortized cost and decrease in FVTPL securities. FVOCI securities increased by ₱79.36 billion particularly on treasury notes and bonds (₱90.88 billion) and BSP bonds (₱48.42 billion) offset by the decrease in treasury bills (₱63.44 billion). Securities at amortized cost went up by ₱60.52 billion particularly on treasury bills, notes and bonds. In 2020, the Group disposed of investment securities at amortized cost with total carrying value of ₱113.5 billion as disclosed in Note 8 of the audited financial statements of the Group as presented in Exhibit 4. FVTPL securities consist of HFT securities and derivative assets amounting to ₱40.94 billion and ₱9.85 billion, respectively, as of December 31, 2021 and ₱65.71 billion and ₱11.85 billion, respectively, as of December 31, 2020.

Net loans and receivables, representing 49.39% and 51.03% of the Group's total assets as of December 31, 2021 and 2020, respectively, went down by ₱16.86 billion or 1.35% due to lower portfolio of consumer loans offset by the higher portfolios of corporate loans. Investments in Associates and a Joint Venture went down by ₱0.40 billion or 6.35% due to lower net income of the associates and additional impairment recognized on the investment in LCMC (as discussed on Note 11 of the audited financial statements of the Group as presented in Exhibit 4). Deferred Tax Assets decreased by ₱0.93 billion or 6.66% due to net effect of the decrease in tax rate under the CREATE Law and movements on temporary tax differences . Other Assets decreased by ₱0.94 billion or 7.09% from ₱13.18 billion to

₱12.25 billion primarily due to movements in miscellaneous assets, chattel properties acquired in foreclosures, amortization of software cost and prepaid expenses.

Deposit liabilities represent 88.75% and 84.69% of the consolidated total liabilities as of December 31, 2021 and 2020, respectively, wherein, low cost deposits represent 75.78% and 72.97% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.93 trillion as of December 31, 2021, an increase of ₱133.07 billion or 7.40% from ₱1.80 trillion as of December 31, 2020. The increment came from demand and savings deposits by ₱73.06 billion and ₱78.30 billion, respectively, while time deposits went down by ₱12.06 billion. Further, the P6.25 billion LTNCD of the Parent Company had matured in November 2021.

Bills Payable and SSURA representing 3.23% and 6.58% of the Group's total liabilities as of December 31, 2021 and 2020, respectively, went down by ₱69.28 billion or 49.62% due to the ₱42.26 billion decrease in SSURA and lower borrowings from foreign banks, local banks and deposit substitutes by ₱12.09 billion, ₱10.66 billion and ₱4.27 billion, respectively. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps, credit default swaps and foreign currency options with negative fair value decreased by ₱5.12 billion or 37.99%.

The decrease of ₱0.63 billion or 10.42% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable decreased by ₱0.96 billion or 35.49% due to lower tax base and new tax rate and Accrued Interest and Other Expenses went up by ₱0.71 billion or 7.75% due to the increase in accruals of other bank expenses. Total bonds payable decreased by ₱11.57 billion on account of the movements on the fixed rate bonds issued by the Parent Company - ₱19.0 billion additional bonds issued in June 2021 and redemption of the ₱11.25 billion and ₱10.5 billion bonds in July and September of this year, respectively; and the redemption of the ₱6.3 billion fixed rate bonds of PSBank in July 2021 and the ₱4.16 billion fixed rate bonds of ORIX METRO. Details of these bonds are discussed in Note 19 of the audited financial statements of the Group as presented in Exhibit 4.

Non-equity Non-controlling Interest representing the portion of net income and net assets of the mutual fund subsidiaries of FMIC not attributed to the Group went up by ₱2.30 billion or 27.71% on account of the net increase in income of these mutual funds. Other Liabilities increased by ₱4.57 billion or 8.64% primarily due to the ₱7.83 billion increase in marginal deposits offset by the ₱4.76 billion decrease in bills purchased contra.

Equity attributable to equity holders of the Parent Company decreased by ₱5.70 billion or 1.76% primarily due to the ₱17.99 billion total cash dividends paid by the Bank, net unrealized loss on investments securities at FVOCI recognized during the year offset by the ₱22.16 billion net income for the year.

Results of Operations

For the year ended December 31, 2021, interest income went down by ₱20.61 billion or 19.12% mainly due to lower interest income on loans and receivables by ₱20.17 billion (volume related and interest rate cap on credit card) and interest income on investment securities by ₱0.96 billion partially offset by the ₱0.52 billion increase in interest income on deposit with banks and others. Meanwhile, lower interest expense on deposit liabilities by ₱5.82 billion and on borrowings by ₱3.73 billion accounted for the decrease of ₱9.55 billion or 44.06% in interest and finance charges. These resulted to a ₱11.06 billion or 12.84% decline on net interest income.

Other operating income of ₱25.83 billion decreased by ₱9.30 billion or 26.47% from ₱35.13 billion in 2020 on account of lower net trading and securities gain by ₱11.38 billion (due to last year's disposal of investment securities at amortized cost by the Group with total carrying value of ₱113.5 billion as discussed in Note 8 of the audited financial statements of the Group as presented in Exhibit 4) and the ₱2.46 billion decrease in foreign exchange gain offset by the increases in fee-based income by ₱1.71 billion, profit from assets sold by ₱0.37 billion and miscellaneous income by ₱2.33 billion.

Total operating expenses was maintained at same level with slight decrease of ₱0.65 billion or 1.08% from ₱60.12 billion to ₱59.47 billion with lower occupancy and equipment-related costs by ₱0.13 billion or 6.35% and taxes and licenses by ₱2.0 billion or 20.09% offset by the increases in miscellaneous expenses by ₱0.21 billion or 1.21% and compensation and fringe benefits by ₱0.38 billion or 1.52%. Total provision for credit and impairment losses of the Group amounted to ₱11.83 billion for the year ended December 31, 2021 or ₱28.93 billion lower compared with ₱40.76 billion provision in 2020. Provision for income tax, after considering the net impact of the new tax rate under

CREATE Law, was higher by ₱0.73 billion from ₱7.05 billion to ₱7.78 billion due to net movements in corporate, final and deferred income taxes.

Income attributable to non-controlling interests went up to ₱0.21 billion from ₱0.14 billion or by ₱0.07 billion or 45.45% due to higher net income of majority owned subsidiaries.

As a result, net income attributable to equity holders of the Parent Company for the year ended December 31, 2021 improved by ₱8.33 billion or 60.19% to P22.16 billion from the P13.83 billion net income reported in 2020.

Total comprehensive income went down by ₱6.62 billion from ₱19.32 billion to ₱12.70 billion for the year ended December 31, 2021 and 2020, respectively, due to the net effect of the net unrealized loss recognized this year on FVOCI investments compared with gain in previous year, mitigated by the higher net income and increase in translation adjustment and others. This caused the total comprehensive income attributable to equity holders of the Parent Company to decrease by ₱6.84 billion from ₱19.14 billion in 2020 to ₱12.30 billion for the year ended December 31, 2021.

Market share price as of December 31, 2021 was at ₱55.70 (from ₱49.05 as of December 31, 2020) with a market capitalization of ₱250.51 billion.

2020 Performance

Financial Position

As of December 31, 2020, the Metrobank Group posted a total assets of ₱2.46 trillion or higher by ₱4.35 billion compared with ₱2.45 trillion as of December 31, 2019. Total liabilities of the Group decreased to ₱2.12 trillion from ₱2.13 trillion or by ₱10.33 billion. On the other hand, equity attributable to equity holders of the Parent Company was higher by ₱14.65 billion from ₱309.55 billion to ₱324.20 billion.

Cash and Other Cash Items increased by ₱5.51 billion or 16.73%. Due from BSP which represents 12.42% of the Group's total assets increased by 38.60% due to the net effect of the increase in overnight deposit facility placement and term deposit with the BSP and lower reserve requirement. Due from Other Banks decreased by ₱16.53 billion or 30.19% as a result of the net movements in the balances maintained with various local and foreign banks. Interbank Loans Receivable and SPURA went up by ₱7.22 billion or 10.0% due to the ₱20.25 billion increase in interbank loans receivable reduced by the ₱13.03 billion decrease in securities under resale agreement with the BSP.

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost and represents 27.30% and 21.05% of the Group's total assets as of December 31, 2020 and 2019, respectively, went up by ₱154.27 billion or 29.90%. FVTPL securities consist of HFT securities and derivative assets amounting to ₱65.71 billion and ₱11.85 billion, respectively, as of December 31, 2020 and ₱53.38 billion and ₱8.49 billion, respectively, as of December 31, 2019. The ₱366.93 billion increase in FVOCI securities was mainly due to the net effect of the increases in investments in treasury notes and bonds (₱230.56 billion), treasury bills (₱81.50 billion) and BSP bonds (₱30.05 billion). In 2020, the Group disposed of investment securities at amortized cost as discussed in Note 8 of the audited financial statements of the Group as presented in Exhibit 4.

Net loans and receivables, representing 51.03% and 60.53% of the Group's total assets as of December 31, 2020 and 2019, respectively, went down by ₱230.64 billion or 15.55% due to lower portfolios of corporate, commercial and consumer loans. Investments in Associates and a Joint Venture went down by ₱0.34 billion or 5.20% due to lower net income and other comprehensive income of the associates and a joint venture. Deferred Tax Assets increased by ₱3.52 billion or 33.45% due to movements on temporary tax differences. Other Assets decreased by ₱2.39 billion or 15.35% from ₱15.57 billion to ₱13.18 billion primarily due to the decreases in interoffice float items and creditable withholding tax.

Deposit liabilities represent 84.69% and 80.39% of the consolidated total liabilities as of December 31, 2020 and 2019, respectively, wherein, low cost deposits represent 72.97% and 62.86% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.80 trillion as of December 31, 2020, an increase of ₱83.07 billion or 4.85% from ₱1.71 trillion as of December 31, 2019. The increment came from demand and savings by ₱103.51billion and ₱130.35 billion, respectively, while time deposits went down by ₱142.79 billion. Further, the ₱8.00 billion long-term negotiable certificates of deposits of the Parent Company had matured in April 2020.

Bills Payable and SSURA representing 6.58% and 11.17% of the Group's total liabilities as of December 31, 2020 and 2019, respectively, went down by ₱98.67 billion or 41.41% due to the net effect of lower borrowings from foreign banks by ₱38.43 billion, local banks by ₱7.81 billion and deposit substitutes by ₱53.99 billion offset by the ₱1.57 billion increase in SSURA. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps, credit default swaps and foreign currency options with negative fair value increased by ₱6.04 billion or 81.30%.

The decrease of ₱0.78 billion or 11.49% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable decreased by ₱1.48 billion or 35.27% and Accrued Interest and Other Expenses went down by ₱1.35 billion or 12.86% due to decrease in accruals of interest expenses. Bonds payable increased by ₱10.91 billion or 13.56% on account of the ₱4.65 billion fixed rate bonds issued by PSBank, the ₱10.50 billion fixed rate bonds and USD500 million senior unsecured notes net of the maturity of ₱28.0 billion fixed rate bonds issued by the Parent Company. Details of these bonds are discussed in Note 19 of the audited financial statements of the Group as presented in Exhibit 4. On August 8, 2020, the Parent Company redeemed its 2025 Notes ahead of its maturity, which caused the decrease in Subordinated Debts.

Non-equity Non-controlling Interest representing the portion of net income and net assets of the mutual fund subsidiaries of FMIC not attributed to the Group went up by ₱1.76 billion or 26.89% due to the net effect of the increase in income and the decrease in ownership of these mutual funds. Other Liabilities decreased by ₱3.35 billion or 5.95% primarily due to the decreases in bills purchased contra (₱3.10 billion), notes payable (maturity in 2020 of the unsecured notes issued by ORIX Metro amounting to ₱2.59 billion) and marginal deposits (₱0.77 billion) offset by the increases in accounts payable (₱2.59 billion) and miscellaneous liabilities (₱2.84 billion).

Equity attributable to equity holders of the Parent Company increased by ₱14.65 billion or 4.73% mainly due to the net income reported during the year and improvement in net unrealized gain on investment securities at FVOCI.

Results of Operations

For the year ended December 31, 2020, interest income went down by ₱8.40 billion or 7.23% resulting from lower interest income on loans and receivables by ₱10.16 billion partially offset by the improvements in interest income on investment securities by ₱0.54 billion and on interbank loans receivable, deposit with banks and others by ₱1.22 billion. Meanwhile, lower interest expense on deposit liabilities by ₱12.08 billion and on borrowings by ₱5.43 billion accounted for the decrease of ₱17.51 billion or 44.67% in interest and finance charges. These resulted to a ₱9.11 billion or 11.83% improvement on net interest income.

Other operating income of ₱35.13 billion increased by ₱6.08 billion or 20.91% from ₱29.05 billion in 2019 on account of higher net trading and securities and gain by ₱9.27 billion and foreign exchange gain by ₱0.61 billion net of the decreases in fee-based income by ₱2.56 billion and miscellaneous income by ₱0.73 billion. The disposal of investment securities at amortized cost by the Group in 2020 (as discussed in Note 8 of the audited financial statements of the Group as presented in Exhibit 4) resulted to a gain of ₱8.18 billion.

Total operating expenses increased by ₱2.21 billion or 3.82% from ₱57.91 billion to ₱60.12 billion with higher compensation and fringe benefits by ₱1.18 billion or 4.99%, occupancy and equipment-related costs by ₱0.21 billion or 11.41% and miscellaneous expenses by ₱1.10 billion or 6.66%. To recognize the impact of the current COVID-19 pandemic, the Group's provision for credit and impairment losses was increased to ₱40.76 billion from ₱10.08 billion in previous year. Provision for income tax was lower by ₱3.02 billion from ₱10.06 billion to ₱7.05 billion due to net movements in corporate, final and deferred income taxes.

Income attributable to non-controlling interests went down to ₱0.14 billion from ₱0.82 billion or by ₱0.68 billion or 82.54% due to lower net income. The audited income attributable to equity holders of the Parent Company for the year 2020 went down by ₱14.22 billion or 50.70% to P13.83 billion from the P28.06 billion net income reported in 2019.

Total comprehensive income went down by ₱13.22 billion from ₱32.54 billion to ₱19.32 billion for the year ended December 31, 2020 and 2019, respectively, due to the net effect of the decrease in net income, lower net unrealized gain recognized this year on FVOCI investments and the gain recognized in retirement liability. Total comprehensive income attributable to equity holders of the Parent Company for the year ended December 31, 2020, went down to ₱19.14 billion or by ₱12.07 billion from ₱31.21 billion for the same year in 2019.

Market share price was at ₱49.05 from ₱66.30 as of December 31, 2019 with a market capitalization of ₱220.60 billion as at December 31, 2020.

2019 Performance

Financial Position

As of December 31, 2019, the Metrobank Group posted a 9.23% growth in total assets from ₱2.24 trillion as of December 31, 2018 to ₱2.45 trillion. Total liabilities of the Group increased to ₱2.13 trillion from ₱1.95 trillion or by 9.18%. Moreover, equity attributable to equity holders of the Parent Company was higher by 9.40% from ₱282.96 billion to ₱309.55 billion.

Due from BSP which represents 8.98% of the Group's total assets decreased by 8.39% due to the various reserve cuts in 2019. Due from Other Banks increased by ₱8.97 billion or 19.57% as a result of the net movements in the balances maintained with various local and foreign banks. Interbank Loans Receivable and SPURA went up by ₱21.46 billion or 42.30% primarily due to the increase in securities under resale agreement with the BSP.

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost went up by ₱99.66 billion or 23.94%. The increase was mainly due to the net effect of the ₱91.23 billion increase in investments in FVOCI securities particularly on government securities and treasury notes and bonds; the ₱13.75 billion decrease in hold-to-collect securities; and the ₱22.18 billion increase in investment in FVTPL securities.

Loans and Receivables, representing 60.53% and 62.0% of the Group's total assets as of December 31, 2019 and 2018, respectively, went up by ₱92.53 billion or 6.65% driven by the strong demand for loans from all segments. Non-performing loans were at 1.30% of the total receivables from customers as of December 31, 2019. Investments in Associates and a Joint Venture went up by ₱0.64 billion or 10.83% due to the share in net income and other comprehensive income of the associates of FMIC. Property and equipment increased by ₱3.75 billion or 17.06% from ₱21.95 billion to ₱25.70 billion resulting from the adoption of PFRS 16 effective January 1, 2019 which requires recognition by lessees of the assets and related liabilities for most leases on their balance sheets and subsequently depreciates the lease assets and recognizes interest on the lease liabilities in their profit or loss. Upon adoption, initial recognition of right-of-use asset classified under "Property and Equipment" amounted to ₱4.2 billion and lease liability classified under "Other Liabilities" amounted to ₱4.5 billion.

Deposit liabilities represent 80.39% and 79.71% of the consolidated total liabilities as of December 31, 2019 and 2018, respectively, wherein, low cost deposits represent 62.86% and 61.98% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.71 trillion as of December 31, 2019, an increase of ₱157.39 billion or 10.11% from ₱1.56 trillion as of December 31, 2018. The increment came from CASA by ₱112.56 billion or 11.67% and time deposits by ₱44.88 billion or 8.19%.

Bills Payable and SSURA representing 11.17% and 13.29% of the Group's total liabilities as of December 31, 2019 and 2018, respectively, went down by ₱21.33 billion or 8.21% due to the net effect of lower borrowings from local banks by ₱23.95 billion, from BSP by ₱21.50 billion and SSURA by ₱3.76 billion offset by the increases in borrowings from foreign banks by ₱19.90 billion and deposits substitutes by ₱7.97 billion. Derivative Liabilities which represent mark-to-market of foreign currency forwards, cross currency swaps and foreign currency options with negative fair value increased by ₱0.89 billion or 13.61%.

The decrease of ₱0.76 billion or 10.03% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable increased by ₱1.36 billion or 47.99% while Accrued Interest and Other Expenses went up by ₱0.88 billion or 9.15% due to increase in accruals of other bank expenses. Bonds payable increased by ₱49.74 billion or 161.80% on account of the ₱17.50 billion, ₱11.25 billion and ₱13.75 billion fixed rate bonds issued by the Parent Company on April 11, 2019, July 3, 2019 and October 24, 2019, respectively; the ₱6.30 billion fixed rate bonds issued by PSBank on July 24, 2019; and the ₱4.16 billion fixed rate bonds issued by ORIX Metro on November 15, 2019 reduced by the maturity of the ₱2.92 billion fixed rate bonds of FMIC in August 2019. Details of these bonds are discussed in Note 19 of the audited financial statements of the Group as presented in Exhibit 4. On June 27, 2019 and August 23, 2019, the Parent Company and PSBank redeemed their 2024 Peso Notes amounting to ₱16.0 billion and ₱3.0 billion, respectively, ahead of its maturity, which caused the decrease in Subordinated Debts.

Other Liabilities increased by ₱10.31 billion or 22.42% primarily due to the recognition of lease liability as a result of the adoption of PFRS 16 (₱4.04 billion) and increases in marginal deposits (₱2.14 billion), bills purchased contra (₱1.92 billion) and accounts payable (₱1.81 billion).

The ₱1.19 billion or 15.41% increase in equity of non-controlling interest was attributed to the net income generated by the majority-owned subsidiaries for the year ended December 31, 2019 and the net effect of PSBank's stock rights in January 2019 and the increase in the ownership of the Bank. Equity attributable to equity holders of the Parent Company increased by ₱26.59 billion or 9.40% mainly due to the net effect of the net income reported during the year and improvement in net unrealized gain on FVOCI.

Results of Operations

Net income attributable to equity holders of the Bank amounted to ₱28.06 billion for the year 2019 or 27.48% higher compared with ₱22.01 billion net income for the year 2018.

Interest income improved by ₱19.0 billion or 19.55% resulting from higher interest income on loans and receivables by ₱16.19 billion, on investment securities at FVTPL and FVOCI by ₱2.73 billion and on deposit with banks and others by ₱0.23 billion. Meanwhile, higher interest expense on deposit liabilities by ₱4.44 billion and on borrowings by ₱6.38 billion accounted for the increase of ₱10.82 billion or 38.15% in interest and finance charges. These resulted to a ₱8.18 billion or 11.88% improvement on net interest income.

Other operating income of ₱29.05 billion increased by ₱6.14 billion or 26.82% from ₱22.91 billion in 2018 on account of higher net trading and securities and foreign exchange gains by ₱6.52 billion and fee-based income by ₱1.57 billion reduced by the ₱1.01 billion lower miscellaneous income.

Total operating expenses increased by ₱4.25 billion or 7.92% from ₱53.66 billion to ₱57.91 billion with higher compensation and fringe benefits by ₱1.34 billion or 5.98%, taxes and licenses by P1.44 billion or 16.44%, depreciation and amortization of ₱1.45 billion or 35.60%, of which ₱1.30 billion pertains to the depreciation expense recognized in 2019 due to the adoption of PFRS 16 (resulted in the decline in occupancy and equipment related expenses by ₱1.33 billion), and miscellaneous expenses by ₱1.34 billion or 8.80%. Provision for credit and impairment losses increased by ₱2.31 billion from ₱7.77 billion to ₱10.08 billion and provision for income tax was higher by ₱2.32 billion from ₱7.75 billion to ₱10.06 billion due to net movements in corporate, final and deferred income taxes.

Income attributable to non-controlling interests went down to ₱0.82 billion from ₱1.43 billion or by ₱0.61 billion or 42.61% due to decrease in ownership of minority particularly on MCC and PSBank.

Total comprehensive income went up by ₱11.76 billion from ₱20.78 billion to ₱32.54 billion for the year ended December 31, 2018 and 2019, respectively, due to the net effect of the increase in net income; the net unrealized gain recognized this year on FVOCI investments compared with the net unrealized loss recognized in previous year; and the loss recognized in retirement liability. Total comprehensive income attributable to equity holders of the Parent Company for the year ended December 31, 2019, went up to ₱31.21 billion or by ₱11.55 billion from ₱19.67 billion for the same year in 2018.

Market share price was at ₱66.30 from ₱80.95 as of December 31, 2018 with a market capitalization of ₱298.18 billion as at December 31, 2019.

Key Variable and Other Qualitative and Quantitative Factors

Plans for 2022

Amid global economic rebound and expectations of a continued recovery, Metrobank remains focused on providing Meaningful Banking services by sustaining and increasing market relevance through continuous improvement in customer experience, operational efficiency and people development. These efforts are anchored on the Bank's Core Values program, reinforcing its commitment to deliver the "You're in Good Hands" promise to each client.

As business activities increase, Metrobank looks forward to grow alongside the economy in support of client needs. Key strategies include building capacity to improve operational efficiency, maximize cross-selling opportunities, and enhance customer experience. The Bank likewise continues its financial education initiatives across new and underserved markets, offering a range of services through traditional face-to-face banking relations to electronic channels such as ATMs, Cash Accept Machines, mobile applications and online capabilities. As the Bank pivots towards recovery, it continues to support CSR activities, recognizing its role of being an active participant in the pursuit of nation-building.

The Bank believes that the evolving operating environment calls for a robust IT infrastructure and strong control and risk management practices. Thus, the Bank's investments in its people are supported by investments in IT and information security, process efficiencies, as well as risk and control systems.

Capital position

The Bank will continue to actively improve on the Group's strong capital position. The Bank has benefited from a series of capital markets transactions to raise Tier 1 and Tier 2 capital.

In 2006, the Bank issued US$125.0 million Hybrid Tier 1 capital security in February and 173,618,400 common shares at ₱38.00 per common share in October. In May 2010, the Bank raised an additional ₱5.0 billion in capital through a private placement of common shares. In January 2011, the Bank raised approximately US$220.0 million through a rights offer for 200 million common shares at the offer price of P50.00 per rights share. In August 2013, the Bank increased its capital stock from P50 billion to P100 billion and on September 16, 2013, it issued a stock dividend equivalent to 633,415,049 common shares (with a par value of P20) that was applied as payment of the required subscription to the increase in capital stock. In April 2015, the Bank raised ₱32.0 billion through a rights offer for 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share. The newly issued shares were listed on the PSE on April 7, 2015. Further, in April 2018, the Bank raised ₱60.0 billion through a rights offer for 799,842,250 common shares with par value of ₱20.00 priced at ₱75.00 per share. The newly issued shares were listed on the PSE on April 12, 2018. In October 2019, the Bank increased its capital stock from ₱100 billion to ₱140 billion and on November 26, 2019, it issued a stock dividend equivalent to 517,401,955 common shares (with a par value of ₱20) that was applied as payment of the required subscription to the increase in capital stock, which further improved the Bank's capital position.

The Bank also issued Tier 2 instruments to boost its capital adequacy ratio. The Bank issued Basel II compliant Tier 2 subordinated notes in October 2007 for ₱8.5 billion with a coupon of 7.0%; in October 2008 for ₱5.5 billion with a coupon of 7.75%; and in May 2009 for ₱4.5 billion with a coupon of 7.5%. With the advent of Basel III, the Bank subsequently redeemed these previously issued subordinated debt issuances as they would not have been considered as capital beginning January 1, 2014. The Bank exercised the call option on its ₱8.5 billion 7.0%; ₱5.5 billion 7.75% and ₱4.5 billion 7.5% Lower Tier 2 Notes on October 22, 2012, October 4, 2013 and May 6, 2014, respectively. The early redemptions of these instruments were in accordance with the terms and conditions of the notes when they were originally issued. By redeeming the notes, the Bank avoided a step-up in the interest rate and the capital decay from the instruments. In 2014, the Bank raised a total of ₱22.5 billion in subordinated debt wherein ₱16.0 billion was issued on March 27, 2014 at a coupon rate of 5.375% and ₱6.5 billion on August 8, 2014 at 5.25%. The terms of the notes contain a loss absorption feature, allowing them to be recognized as bank capital in accordance with Basel III standards. The transactions were done in part to replace the Basel II Tier 2 notes which were redeemed on their call option dates. As approved by the BSP on April 25, 2019, on June 27, 2019, the Bank redeemed its 2024 Peso Notes amounting to ₱16.0 billion, ahead of its maturity. Likewise, on August 8, 2020, the Bank redeemed the 2025 Peso Notes amounting to P6.5 billion, ahead of its maturity after approval by the BSP on May 7, 2020.

As part of the Group's capital efficiency initiatives, the Group has been active in optimizing its allied and non-allied undertakings. Among the initiatives include the sale of the Bank's ownership in Toyota Motor Philippines Corporation in tranches between 2012 and 2013 as well as the sale of FMIC's holdings in Global Business Power Corporation in tranches between 2013 and 2016 and FMIC's holdings in Charter Ping An Insurance Corporation in 2014. In 2014, the Bank and PSBank also disposed of its holdings in Toyota Financial Services Philippines Corporation. Altogether, these sales further improved the Bank's capital adequacy under Basel III. As discussed in Part I - Business item number 2 "Description of Business-Business of Registrant", on March 13, 2019, the respective BODs of the Bank and MCC approved the proposal to merge MCC into the Bank. The proposed merger was ratified by the stockholders of the Bank on April 24, 2019, approved by the BSP on October 23, 2019, and approved by the SEC on January 3, 2020.

As of December 31, 2021, the Group's Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) Ratio are 20.13% and 19.28%, respectively, both well above the regulatory requirements.

2021 Economic Performance

2021 saw the global economy rebound from the 2020 slump as countries started to re-open and mobility restrictions were eased. The Philippines, along with most of the world's economies, was on a sustained climb out of the recession. Second quarter growth posted the sharpest increase in a year, mostly on base effects. The positive expansion continued well into the last quarter, wherein growth was reported to be one of the highest in Asia. Compared to 2020, the economy has adapted and adjusted in terms of dealing and living with the surge and lockdown cycle.

Full-year average inflation came in higher at 4.5% compared to 2.6% in 2020 amid the faster annual increases in some commodity groups, especially food, transportation, and oil. The price of food, a heavily-weighted commodity, was persistently higher through most the year as weather-related disturbances and the African Swine Fever outbreak adversely affected domestic supply conditions. Furthermore, global commodity prices surged mid-2020 amid supply chain disruptions alongside increased global demand.

Movement of domestic interest rates were mixed on factors such as ample liquidity condition, inflation fears, and expectations of higher interest rates. Short-term rates were pinned within the 1% levels as the Bangko Sentral ng Pilipinas kept policy rates steady throughout 2021. Meanwhile, tenors above 1 year inched up towards their 2019 levels amid more issuances of longer-dated debt securities, rising global bond yields, and still elevated inflation.

Surging inflation and expectations of a more hawkish Federal Reserve are the factors that supported the US dollar versus its peers. US consumer prices rose at the highest rate since 1990, while money markets are said to be pricing in a high probability of Fed rate hikes in 2022. The Philippine peso generally stayed within the P50:$1 level in the second half of last year amid tapering signals from the Fed, higher global crude oil prices, and the gradual reopening of the domestic economy. As of the last day of 2021, the domestic currency depreciated by 6% from the start of the year close.

Currently, the near-term outlook for the global economy remains highly uncertain as a resurgence in Covid infections, amid the highly contagious omicron variant, is likely to disrupt economic activity. Furthermore, global growth could see a slowdown this year as more economies start exiting unprecedented levels of fiscal and monetary policy support.

For the Philippine economy, while rebound back to pre-pandemic nominal GDP levels is likely to happen this year, the economy is not expected to reach full capacity just yet given the lingering risks. The threat posed by omicron and other emerging virus variants continues to loom over our heads, especially as potential super spreader events like the campaign period and national elections could exacerbate our current Covid situation.

Liquidity

To ensure that funds are more than adequate to meet its obligations, the Bank proactively monitors its liquidity position daily. Based on this system of monitoring, the Bank does not anticipate having any cash flow or liquidity problem within the next twelve months. As of December 31, 2021, the contractual maturity profile shows that the Bank has at its disposal about ₱1.046 trillion of cash inflows in the next twelve (12) months from its portfolio of cash, placements with banks, debt securities and receivable from customers. This will cover 63.84% of the ₱1.639 trillion total deposits that may mature during the same period. These cash inflows exclude securities booked in FVOCI whose maturities beyond one (1) year but may easily be liquidated in an active secondary market. Inclusive of these securities, the total current assets will cover 93.41% of the total deposits that may mature within one (1) year. On the other hand, historical balances of deposits showed that no substantial portion has been withdrawn in one year.

Events That Will Trigger Material Direct or Contingent Financial Obligation

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. No material losses are anticipated as a result of these transactions.

Several suits and claims relating to the Group's operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

The summary of the commitments and contingent liabilities of the Group is discussed in Note 30 of the audited financial statements of the Group as presented in Exhibit 4.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

The summary of off-balance sheet transactions, arrangement or obligations (including contingent obligations) is discussed in Note 30 of the audited financial statements of the Group as presented in Exhibit 4.

Other Relationships of the Registrant with Unconsolidated Entities or Other Persons

The Group has ownership in the following significant unconsolidated entities as of December 31, 2021:

	Effective % of Ownership
Taal Land, Inc.	35.00%
Cathay International Resources Corporation	34.49%
Sumisho Motor Financing Corporation*	26.52%
SMBC Metro Investment Corporation	30.00%
Philippine AXA Life Insurance Corporation	27.97%
Northpine Land, Inc.	20.00%
Lepanto Consolidated Mining Company	13.35%

* Represents investments in a joint venture of the Group and effective ownership interest of the Bank through PSBank.

Material Commitments for Capital Expenditures

For the year 2022, the Bank estimates to incur capital expenditures of about ₱3.0 to ₱5.0 billion, of which 70% is estimated to be incurred for information technology.

Significant Elements from Continuing Operations

Standards Issued But Not Yet Effective

Standards issued but not yet effective up to date of issuance of the Group's financial statements are listed in Note 2 of the audited financial statements of the Group as presented in Exhibit 4. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements. The Group will assess impact of these amendments on its financial position or performance when they become effective.

Material Subsequent Events

a. On January 17, 2022, the BOD of PSBank declared 7.50% regular cash dividend for the fourth quarter of 2021 amounting to ₱320.14 million or ₱0.75 per share, payable on February 16, 2022 to all stockholders of record as of February 2, 2022.

b. On February 23, 2022, the BOD of the Bank approved a new dividend policy of increasing the regular cash dividends from ₱1.00 to ₱1.60 per share for the year, payable on a semi-annual basis at ₱0.80 per share. In addition, a special cash dividend of ₱1.40 per share was also declared. The first tranche of the regular cash dividend of ₱0.80 per share and the special cash dividend of ₱1.40 per share are payable on March 31, 2022 to all stockholders of record as of March 17, 2022.

Others

As of December 31, 2021, the Group has no significant matters to report on the following:

1. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues except that in order to anticipate the impact of COVID-19 pandemic, as required by the expected credit loss model of PFRS 9, the Group recorded provisions for credit and impairment losses by ₱11.8 billion for the year ended December 31, 2021.

2. Explanatory comments about the seasonality or cyclicality of operations.

3. Issuances, repurchases and repayments of debt and equity securities except for (a) issuance of the ₱19.0 billion fixed rate bonds and redemptions of ₱11.25 billion and ₱10.5 billion fixed rate bonds and ₱6.25 billion LTNCD of the Bank; (b) redemption of the ₱6.3 billion fixed rate bonds of PSBank, and (c) redemption of the ₱4.16 billion fixed rate bonds of ORIX METRO, as discussed in Notes 16 and 19 of the audited financial statements of the Group as presented in Exhibit 4.

4. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payment of cash dividends by the Bank, as discussed in Note 23 of the audited financial statements of the Group as presented in Exhibit 4; and

5. Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations (except as discussed in Note 11 of the audited financial statements of the Group as presented in Exhibit 4).

ITEM 7 – FINANCIAL STATEMENTS

Presented in Exhibit 4 is the Audited Financial Statements of Metrobank and its Subsidiaries as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019. SyCip Gorres Velayo & Co. (SGV) audited such financial statements.

Attached to the audited financial statements is the notarized Statement of Management Responsibility for Financial Statements which was signed by Messrs. Arthur Ty (Chairman), Fabian S. Dee (President), Joshua E. Naing (Head of Financial and Control Sector), Fernand Antonio A. Tansingco (Treasurer and Head of Financial Markets Sector) and Mr. Renato K. De Borja, Jr. (Controller).

Information on Independent Accountant

1. SGV has been the external auditors of the registrant since 1962. In compliance with the revised SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002 (increased to seven cumulative years effective August 2019 per Professional Regulatory Board of Accountancy Resolution No. 53, Series of 2019). The following SGV Partners have reviewed/audited the financial statements of the registrant and signed the reports of the independent auditors for the years ended as indicated below:

SGV Partner	Years Ended December 31
Ms. Janeth T. Nuñez-Javier	2021 and 2020
Ms. Josephine Adrienne A. Abarca	2020 and 2019 2019 and 2018
Ms. Janeth T. Nuñez-Javier	2018 and 2017 2017 and 2016 2016 and 2015 2015 and 2014 2014 and 2013
Mr. Aris C. Malantic	2013 and 2012 2012 and 2011 2011 and 2010 2010 and 2009 2009 and 2008

2. The Bank intends to retain SGV as its external auditors for the year 2022. The external auditors are appointed annually by the registrant's Board of Directors in its organizational meeting held immediately after the Annual Stockholders' Meeting.

Professional Services and Fees

The aggregate fees billed and paid for each of the last two fiscal years for professional services rendered by the registrant's external auditors are summarized below:

Nature of Services Rendered		**Aggregate Fees (in millions)**	
		2021	**2020**
Audit and Audit-Related Fees	Annual and interim audit of the Consolidated, Parent Company and FCDU Financial Statements in connection with statutory and regulatory filings; annual audit of the Combined Financial Statements of Trust and Managed Funds Operated by the Trust Banking Group with Supplementary Combined Information; limited review of financial statements and offering circulars based on agreed-upon procedures and issuance of comfort letters relative to the issuances of debt securities (MTN, bonds).	₱20.27	₱24.50
Tax Fees		-	-
All Other Fees	Seminar fees and others	0.53	0.89
Total Fees		**₱20.80**	**₱25.39**

Audit Committee's Approval Policies and Procedures for Above Services

The Institutional Accounting Division of the Bank's Controllership Group, upon consultation with the Controller, the Financial and Control Sector Head and the President, reviews the continuing eligibility of the Bank's external auditor and/or other probable candidates, considering certain criteria.

Upon selection by the Controller, the Financial and Control Sector Head and the President, the recommendation for engaging the preferred external auditor shall be presented by the Controller to the Audit Committee, which shall then evaluate and endorse the appointment of the external auditor to the Board of Directors for approval.

On March 24, 2021, the Board of Directors approved the endorsement of the Audit Committee re-appointing SyCip Gorres Velayo & Co. (SGV) as the external auditors for 2021, and it was ratified by the stockholders during the Annual Stockholders' Meeting on April 28, 2021.

Appointment of Members and Composition of the Audit Committee

The members of the Audit Committee are appointed annually by the Board of Directors. It shall be composed of at least three (3) qualified non-executive directors, and majority of whom shall be independent directors, including the Chairperson. All of the members of the Audit Committee must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance commensurate with the size, complexity of operations and risk profile of the bank. It shall have access to independent experts to assist them in carrying out its responsibilities. The Chairman of the Audit Committee should not be the chairman of the board or of any other board-level committees.

Each member shall serve for a maximum tenure of nine years. If a member does not serve the position of director within the term, his/her Audit Committee membership is automatically removed; the vacancy should then be filled up by the remaining Board of Directors, if still constituting a quorum. Once an independent director loses his/her independent director's position within the term, he/she will automatically lose qualification of Audit Committee chairperson. A new chairperson shall be appointed subject to the approval of the Board of Directors. The Audit Committee chairperson or member so appointed to fill a vacancy shall be appointed only for the unexpired term of his predecessor in office. The committee members, including the chairperson, may also be occasionally rotated.

Metrobank's Audit Committee is composed of the following:

Name of Member	Designation - Audit Committee	Designation - Registrant
Edgar O. Chua	Chairman	Independent Director
Francisco F. Del Rosario, Jr.	Regular Member	Independent Director
Solomon S. Cua	Regular Member	Director
Atty. Angelica H. Lavares	Regular Member	Independent Director

As provided for in its amended charter, among the duties and responsibilities of the Audit Committee is the exercise of an effective oversight of external audit function. With respect to the registrant's independent external auditor, the Audit Committee is responsible to:

1. Recommend the appointment or selection, re-appointment and dismissal of the independent external auditor based on fair and transparent criteria. The external auditor shall be selected from the List of Selected External Auditors for Bangko Sentral Supervised Financial Institutions and the recommendation should be approved by the Board and ratified by the stockholders. If the external auditor resigns or communicates an intention to resign, the Audit Committee should follow up the reasons or explanations giving rise to such resignation, and should consider whether it needs to take any action in response to those reasons. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures. The external auditor, including the engagement and quality control partners, shall be periodically rotated in accordance with the relevant regulatory requirements.

2. Discuss and agree to the terms of the engagement letter issued by the external auditor prior to the approval of the engagement; obtain an understanding of the nature, audit approach, and scope of work covering areas specifically prescribed by the Bangko Sentral ng Pilipinas and other regulators and those relevant to the Bank's operations and risk exposures. These include (i) review of the adoption of applicable reporting framework as well as the assessment of the accuracy, adequacy, and reliability of accounting records and financial reports; (ii) assessment of the propriety and adequacy of disclosures in the financial statements; (iii) assessment of the adequacy and effectiveness of internal controls and risk management systems; (iv) assessment of the quality of capital in relation to risk exposures; and (v) evaluation of the quality of corporate governance, among others.

3. Set compensation of the external auditor in relation to the scope of its duties upon recommendation of Controller and ensure coordination where more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

4. Ensure that the external auditor shall have free and full access to all the Bank's records, properties and personnel relevant to the audit activity, and that audit be given latitude in determining the scope of auditing examinations, performing work, and communicating results and shall be free from interference by outside parties in the performance of work.

5. Assess the extent of cooperation provided by the management during the conduct of external audit.

6. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to the significance to the total annual income of the external auditor and in relation to the Bank's total expenditure on consultancy and disallow any non-audit work that will conflict with or pose a threat to the independence of the external auditor. The non-audit work, if allowed, should be disclosed in the Annual Report and Annual Corporate Governance Report.

7. Review management representation letters before these are transmitted to the external auditor to ensure that items in the letter are complete and appropriate.

8. Review the disposition of the recommendations in the external auditor's management letter.

9. Review and monitor the overall suitability and effectiveness and conduct of regular performance appraisal of external auditor on an annual basis. These shall involve assessing and monitoring the integrity, independence and objectivity of external auditor, and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

10. Continually engage external auditor on matters concerning audit quality and enhancements in audit processes.

11. Oversee the financial reporting process, practices, and controls; and ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports. The Audit Committee shall perform review of independent external auditor's report on the results of the financial statements audit, focusing particularly on any change/s in accounting policies and procedures; major estimates, assumptions and judgmental areas; unusual or complex transactions; significant adjustments, material errors and fraud; going concern assumption; compliance with accounting standards, and tax, legal and regulatory requirements; and, fully funding of employee pension funds or recognition of corresponding liability in the books; and conduct discussion with external auditor and management to decide on the appropriate action to be taken to address issues noted before these are submitted to the Board of Directors for approval.

12. Understand and assess the external auditor's opinion regarding the capability of the management and the adequacy of accounting or information systems to comply with the financial and prudential reporting responsibilities.

13. Meet with external auditor every semester or as the need arises.

ITEM 8 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

SGV has been the external auditors of the Bank since 1962 with engagement partner being changed every five (5) years effective 2002 (increased to seven cumulative years effective August 2019 per Professional Regulatory Board of Accountancy Resolution No 53, Series of 2019) in accordance with SEC and BSP regulations. There have been no disagreements with the Bank's independent accountants on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9 – DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Directors and Executive Officers of the Issuer

The names and ages of all directors and executive officers as of December 31, 2021 are as follows:

Directors - 11

	Office	Name	Citizenship	Age
1	Chairman	Arthur Ty	Filipino	55
2	Vice-Chairman	Francisco C. Sebastian	Filipino	67
3	President	Fabian S. Dee	Filipino	59
4	Director	Alfred V. Ty	Filipino	54
5	Director	Vicente R. Cuna, Jr.	Filipino	59
6	Director	Solomon S. Cua	Filipino	66
7	Independent Director	Francisco F. Del Rosario, Jr.	Filipino	74
8	Independent Director	Edgar O. Chua	Filipino	65
9	Independent Director	Angelica H. Lavares	Filipino	68
10	Lead Independent Director	Philip G. Soliven	Filipino	60
11	Independent Director	Marcelo C. Fernando, Jr.	Filipino	61

Note: Director Edmund A. Go passed away in October 2021

The Independent Directors, namely, Mr. Francisco F. Del Rosario, Jr., Mr. Edgar O. Chua, Atty. Angelica H. Lavares, Mr. Philip G. Soliven and Mr. Marcelo C. Fernando, Jr. have always possessed the qualifications, and none of the disqualifications of an independent director.

Officers - Sectors and Group Heads - 31

	Office	Name	Citizenship	Age
1	Senior Executive Vice-President	Joshua E. Naing	Filipino	61
2	Senior Executive Vice-President	Fernand Antonio A. Tansingco	Filipino	55

Office		Name	Citizenship	Age
3	Executive Vice-President	Mary Mylene A Caparas	Filipino	57
4	Executive Vice-President	Paul Robert Y. Murga	Filipino	56
5	Executive Vice-President	Corazon Ma. Therese B. Nepomuceno	Filipino	59
6	Executive Vice-President	Richard Benedict S. So	Filipino	56
7	Executive Vice-President	Aniceto M. Sobrepeña	Filipino	68
8	Senior Vice-President	Charlotte T. Bilongilot	Filipino	41
9	Senior Vice-President	Christine Y. Carandang	Filipino	55
10	Senior Vice-President	Hiroko M. Castro	Filipino	52
11	Senior Vice-President	Anna Therese Rita D. Cuenco	Filipino	48
12	Senior Vice-President	Renato K. De Borja, Jr.	Filipino	50
13	Senior Vice-President	Ramon Jaime L.V. Del Rosario	Filipino	45
14	Senior Vice-President	Pocholo V. Dela Peña*	Filipino	55
15	Senior Vice-President	Hierbert A. Dimagiba	Filipino	44
16	Senior Vice-President	Rommel Enrico C. Dionisio	Filipino	49
17	Senior Vice-President	Ferlou I. Evangelista	Filipino	60
18	Senior Vice-President	Harrison C. Gue	Filipino	56
19	Senior Vice-President	David Holmes	British	46
20	Senior Vice-President	Antonio R. Ocampo, Jr.	Filipino	51
21	Senior Vice-President	Homer Gerrard L. Ortega	Filipino	55
22	Senior Vice-President	Bernardino D. Ramos	Filipino	56
23	Senior Vice-President	Angelica S. Reyes	Filipino	48
24	Senior Vice-President	Christian D. San Juan	Filipino	45
25	Senior Vice-President	Leandro Antonio G. Santillan	Filipino	53
26	Senior Vice-President	Lita S. Tan	Filipino	58
27	Senior Vice-President	Anthony Paul C. Yap	Filipino	45
28	First Vice-President	Leo R. Fragante	Filipino	56
29	First Vice-President	Ely Roy B. Lindo	Filipino	57
30	First Vice-President	Rey T. Maraingan	Filipino	58
31	First Vice-President	Christian Paul Philippe L. Orlino	Filipino	44

** Retired effective January 1, 2022*

Directors - 11

Name	Experience
ARTHUR TY Chairman Chairman, Executive Committee Member, Anti-Money Laundering Committee Adviser, Corporate Governance Committee Information Technology Steering Committee	Mr. Arthur Ty, Filipino, 55 years old, has been the Chairman of Metrobank since 2012. He was the Bank's President from 2006 to 2012. He has been the Chairman of GT Capital Holdings, Inc. (GTCAP) since May 2016 and Metropolitan Bank China (Ltd.) (MBCL) since 2010, Vice-Chairman of Philippine Savings Bank (PSBank) since 2001, First Metro Investment Corporation (FMIC) since 2012 and AXA Philippines since 2017. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York. He is married to Zandra M. Ty, Metrobank First Vice-President. His brother Alfred Ty is a Director of the Bank.
FRANCISCO C. SEBASTIAN Vice-Chairman Chairman, Overseas Banking Committee Vice-Chairman, Executive Committee Adviser, Risk Oversight Committee	Mr. Francisco C. Sebastian, Filipino, 67 years old, has been the Vice-Chairman of the Bank since 2006. He has been the Vice-Chairman of GTCAP since May 2016. He joined the Metrobank Group in 1997 as FMIC President until he was appointed Chairman in 2011. He was the Chairman of GTCAP from 2014 to April 2016. He earned his AB degree in Economics, Magna Cum Laude, from the Ateneo de Manila University in 1975.

Name	Experience
FABIAN S. DEE President Member, Executive Committee Information Technology Steering Committee Trust Committee	Mr. Fabian S. Dee, Filipino, 59 years old, became President of Metrobank in 2012. Before becoming President, he headed the National Branch Banking Sector (2006-2012), Account Management Group (2002-2006) and Marketing Center (2001-2002) of Metrobank. He has been a Trustee of Metrobank Foundation, Inc. (MBFI) since 2012; the President of Bancnet, Inc. since April 16, 2021; and Director of Bankers Association of the Philippines from 2014 to 2017 and from 2019 to present. He was the Chairman and Director of Metrobank Card Corporation (MCC) from 2006 to January 2020; Chairman of Metro Remittance Singapore PTE Ltd. from 2010 to 2019; Chairman of LGU Guarantee Corporation from 2017 to 2019; Chairman of SMBC Metro Investment Corporation (SMBC Metro) from 2014 to 2017; and Director of Bancnet from 2015 to 2017. He holds a degree in Management Engineering from the Ateneo de Manila University.
ALFRED V. TY Director Member, Overseas Banking Committee	Mr. Alfred V. Ty, Filipino, 54 years old, was first elected director of Metrobank in September 2015. He has been the Chairman of Toyota Motor Philippines Group of Companies and Federal Land Group of Companies. He has been the Vice-Chairman of Metro Pacific Investment Corp. since March 2018 and GTCAP since 2012. He graduated with a Bachelor of Science degree in Business Administration from the University of Southern California in 1989. His brother Arthur Ty is the Chairman of the Bank. He is the brother-in-law of Zandra M. Ty, Metrobank First Vice-President.
VICENTE R. CUNA, JR. Director Chairman, Information Technology Steering Committee Member, Executive Committee Adviser, Risk Oversight Committee	Mr. Vicente R. Cuna, Jr., Filipino, 59 years old, became a director of Metrobank in 2014. He has been the Head of the Enterprise Services Sector of Metrobank since April 2018. Prior to this, he was the President of PSBank from 2013 to 2018; Head of Institutional Banking Sector (2012-2013) and Corporate Banking Group (2006-2012) of Metrobank. He is the Chairman of ORIX Metro Leasing and Finance Corporation (ORIX Metro) since March 2016 and Vice-Chairman of PSBank since April 2018. He was the Director of FMIC from 2011 to 2015. He graduated from De La Salle University with a degree in AB Economics.
SOLOMON S. CUA Director Member, Audit Committee Overseas Banking Committee	Mr. Solomon S. Cua, Filipino, 66 years old, is a former Undersecretary of the Department of Finance. He became a director of Metrobank in 2018. He is currently the Chairman of AXA Philippines since April 2010 and Charter Ping An Insurance Corporation since April 2016. He has been the Vice-Chairman since June 2012 and Director since 2001 of Philippine Racing Club, Inc.; Adviser of MBCL since 2018; Director of Global Treasure Holdings, Inc. since 2011 and Grand Titan Capital Holdings, Inc. since 2011. He is also the President/Director of SC & SSC Holdings, Inc. since 2015 and Director/Treasurer of Palm Integrated Commodities, Inc. since 2011. He obtained his Bachelor of Arts (Mathematical Sciences and Economics) in University of Melbourne, Australia; Bachelor of Law in University of Queensland, Australia and Masters of Laws in London School of Economics & Political Science, England.

Name	Experience
FRANCISCO F. DEL ROSARIO, JR. Independent Director Chairman, Risk Oversight Committee Member, Audit Committee Corporate Governance and Compensation Committee Overseas Banking Committee	Mr. Francisco F. Del Rosario, Jr., Filipino, 74 years old, was first elected independent director of Metrobank in 2013. He has been a director of Omnipay, Inc. since 2014 and DMCI Homes, Inc. since 2011. He has been a Senior Executive Director of PWC Isla Lipana and Chairman for Institute for Solidarity in Asia since 2017 and Trustee for Center for Family Ministries from 2009 to 2014. He was the President and CEO of the Development Bank of the Philippines from 2010 to 2012. He obtained his BSC Accounting and BA Economics degrees from De La Salle University, and his MBM degree from the Asian Institute of Management.
EDGAR O. CHUA Independent Director Chairman, Audit Committee Member, Anti-Money Laundering Committee Nominations Committee Related Party Transactions Committee	Mr. Edgar O. Chua, Filipino, 65 years old, became an independent director of Metrobank in 2017. He is currently the President and Chief Executive of Cavitex Holdings, Inc. He has been an Independent Director of PhilCement, PHINMA and First Gen since 2021 and Integrated Micro-Electronics, Inc. since 2014. He is also the Chairman of Philippine Business for the Environment, Philippine Eagle Foundation since 2017, De La Salle Philippines, De La Salle Science Foundation since 2017 and Makati Business Club since 2016. He is currently the Chairman for the College of Saint Benilde and University of La Salle Bacolod. He is a Trustee/Treasurer of Philippine Business for Education and Trustee for the De La Salle Greenhills, De La Salle National Mission Council, Integrity Initiative, Gawad Kalinga Community Development Foundation, Inc. since 2005, Zuellig Family Foundation, Pilipinas Shell Foundation, Inc. since 2003, Philippine Disaster Relief Foundation and Alvarez Foundation Philippines. He is the Chairman of The English-Speaking Union of the Philippines, Inc. since 2009. He is the Co Vice-Chairman of National Resilience Council and Governor of Employers Confederation of the Philippines. He is also the Board Advisor of Mitsubishi Motors Phil. Corp. and Coca Cola Bottlers Philippines. He was the Chairman of Pilipinas Shell Petroleum from September 2003 to May 2017 and the Country Chairman of Shell companies in the Philippines from September 2003 to October 2016. He obtained his Bachelor of Science in Chemical Engineering from De La Salle University in 1978.
ATTY. ANGELICA H. LAVARES Independent Director Chairman, Anti-Money Laundering Committee Corporate Governance and Compensation Committee Member, Audit Committee Related Party Transactions Committee	Atty. Angelica H. Lavares, Filipino, 68 years old, is a Teaching Fellow at the Institute of Corporate Directors. She became an independent director of Metrobank in 2019. She is also an Independent Director of several companies, namely, Prulife UK and MCC (April 2018 - January 2020). She is a member of NextGen Organization of Women Corporate Directors Phils., Inc. Her other affiliations include being Head of Strategic Support Group of Bank of Commerce from 2009 to 2015, and as a Consultant starting November 2015 up to present. Prior to joining Bank of Commerce, she served as Chief Legal Counsel (2003 to 2007), concurrent Chief Compliance Officer and Chief Legal Officer - Legal Services Department (2007 to 2009) and Assistant Corporate Secretary (2007-2009) of Metrobank. She was also the Chief Legal Counsel and Head of Legal Services Division for United Coconut Planters Bank (UCPB) from 1999 to 2002 acting concurrently as its Head for Human Resource Division. Previous to that, she was the Vice-President for Sales Documentation and Head of Collection

Name	Experience
ATTY. ANGELICA H. LAVARES (continuation)	Department of Filinvest Land Inc. and Special Assistant to the Commissioner for the Bureau of Customs in 1987. She obtained her degree in AB Psychology, Cum Laude, from St. Theresa's College, QC in 1973 and Bachelor of Laws, First Honorable Mention, from the University of the Philippines in 1981.
PHILIP G. SOLIVEN Lead Independent Director Chairman, Related Party Transactions Committee Trust Committee Member, Anti-Money Laundering Committee Nominations Committee	Mr. Philip G. Soliven, 60 years old, is the Lead Independent Director of Metrobank. He became an independent director of Metrobank in 2020. He is also the Vice Chairman of Multico Prime Power Inc. and Treasurer and Director of The American Chamber of Commerce of the Philippines. He was the former President and Chairman of Cargill Philippines, Inc.; President of Philippine Bio-Industries; and Director of C-Joy Poultry Meats, Inc. He began his professional career with the First National Bank of Boston, working in Manila, Philippines branch as foreign exchange trader. He moved to the Bank of Boston's corporate headquarters in Boston, Masachussetts in 1984 to assume a role within corporate banking. In 1985, he was assigned to Hong Kong as manager of the Bank's corporate banking business where he occupied a number of positions across Corporate Loan Recovery, Treasury Sales-Foreign Exchange, Debt Trading and Trade Services. He relocated to Singapore in 1991 as Vice-President for Corporate Banking covering corporate banking clients in Singapore, Indonesia and Thailand. Apart from his professional affiliations, he holds Directorships in non-profit institutions such as The Rotary Club of Makati and the Advancement for Rural Kids. He holds a degree in Business Management from the Ateneo de Manila University.
MARCELO C. FERNANDO, JR. Independent Director Chairman, Nominations Committee Member, Corporate Governance and Compensation Committee Risk Oversight Committee Trust Committee	Mr. Marcelo C. Fernando, Jr., 61 years old became an independent director of Metrobank in 2021. He is a Director of AIC Group of Companies Holding Corp. since September 2018 and the Group Treasury Head/Corporate Treasurer of SM Investments Corporation (SMIC), a minority shareholder of the former from 2015 to 2020. He is also the President of Fuego Y Hielo, Inc., a family-owned publishing company that prints titles of Filipino authors. He was the Managing Director of Citibank, N.A. Philippines, Citi Markets Cluster Head for Brunei, Indonesia, Malaysia, Philippines, Thailand and Vietnam for Asia Pacific Markets and concurrent Markets Head and Country Treasurer from 2009 to 2015. He also served as Citibank's Thailand Branch Managing Director, Fixed Income and Commodities Head and Country Treasurer from 2004 to 2008 both primarily responsible for the sales, trading and structuring activities in foreign exchange, fixed income, money markets, commodities, credits and their corresponding derivatives products. A three-time recipient of Citicorp's Service Excellence Awards and Citicorp Team Awards together with UP's School of Economics Distinguished Alumni Award where he graduated cum laude with a degree in Bachelor of Arts in Economics. He also holds a Master's Degree in Business Management with distinction from the Asian Institute of Management (AIM). The youngest son of former MERALCO SVP and Finance Undersecretary and Energy Regulatory Board (ERB) Chairman, Marcelo N. Fernando. He was an Open Market Committee Member (2001-2004, 2009), Sub-Committee Chairman for Risk Management (2001) and Sub-Committee Chairman for Derivatives (2000) of the Bankers Association of the Philippines. He is currently a Fellow of the Institute of Corporate Directors since March 2015.

The Directors of the Bank are elected during the Annual Stockholders' Meeting. Each director holds office until the Annual Stockholders' Meeting in the succeeding year, or until a successor is elected, appointed or shall have been qualified.

Executive Officers - 31

Name	Experience
Joshua E. Naing Senior Executive Vice-President	Mr. Joshua E. Naing, Filipino, 61 years old, has been the Head of the Financial and Control Sector since November 2013 after serving as Controller from October 2002 to November 2013. He has been a director of FMIC since April 2015; Manila Medical Service, Inc. (MMSI) since April 2018; Metro Remittance (Hong Kong) Limited since January 2009; and MB Remittance Center (Hawaii), Ltd. from April 2010 to May 2019.
Fernand Antonio A. Tansingco Senior Executive Vice-President	Mr. Fernand Antonio A. Tansingco, Filipino, 55 years old, has been the Head of Financial Markets Sector since 2013, and Treasurer since 2007. He was a director from 2012 to 2016 and adviser of MBCL since 2016, Chairman of Metrobank Bahamas from August 2010 to April 2019 and Vice-Chairperson of AXA Philippines since 2010. He is the Adviser to the Board of FMIC since 2019.
Mary Mylene A. Caparas Executive Vice-President	Ms. Mary Mylene A. Caparas, Filipino, 57 years old, has been the Head of the Institutional Banking Sector since 2014. She is the Vice-Chairman of FMIC since June 2020. She was the Director of ORIX Metro from 2015 to March 2020. From 2013 to 2014, she was the Managing Director, Regional Head of Client Delivery, Treasury and Trade Solutions of Citibank N.A., Hong Kong Branch. From 2011 to 2013, she was the Managing Director, Country Head of Citi Transaction Services of Citibank N.A., Manila Branch.
Paul Robert Y. Murga Executive Vice-President	Mr. Paul Robert Y. Murga, Filipino, 56 years old, has been the Head of Operations Group since March 2014 after serving as Assistant to the Operations Group Head from 2013 to 2014. He is a member of the Board of Directors of the Philippine Clearing House Corporation since 2014.
Corazon Ma. Therese B. Nepomuceno Executive Vice-President	Ms. Corazon Ma. Therese B. Nepomuceno, Filipino, 59 years old, served as the Chief Credit Officer and Head of Credit Group from 2012 until July 1, 2021 after serving as its Deputy from 2005 to 2012. She now sits as a permanent member of the Executive Committee.
Richard Benedict S. So Executive Vice-President	Mr. Richard Benedict S. So, Filipino, 56 years old, is the Head of Products, Channels and Overseas Banking Group since October 2020. He was the Head of Countryside Branch Banking under the National Branch Banking Sector from March 2016 to September 2018 and was the Retail Banking Sector Head from September 2018 to September 2020. He serves as a member of the Board of Directors of several foreign subsidiaries wholly-owned by Metrobank. He has been a Vice-Chairman of Metro Remittance Singapore Pte. Ltd. since 2010. He was a director of Metrobank Bahamas from 2009 to 2019, MCC from 2010 to 2019, Metro Remittance Italia Spa from 2010 to January 2021 and Corporate Secretary of MBCL from 2014 to 2019. He was appointed as Head of the International Offices and Subsidiaries Group (IOSG) from 2009 to 2016 after serving as its Deputy from 2007 to 2009; and Head of the Transaction Banking Segment in 2014.
Aniceto M. Sobrepeña Executive Vice-President	Mr. Aniceto M. Sobrepeña, Filipino, 68 years old, has been the President of MBFI since 2006 and Executive Director of GT Foundation, Inc. (GTFI) since January 2010. He is also the Chairman of Manila Tytana Colleges (MTC) and Vice-Chairman of MMSI. He is a member of the Board of Trustees of PinoyMe Foundation since 2007 and Philippine Business for Education since 2008. He is also a member of Galing Pook Foundation since 2000, International Center for Innovation Transformation and Excellence in Governance since 2006 and Philippine Institute of Environmental Planners since 1995.

Name	Experience
Charlotte T. Bilongilot Senior Vice-President	Ms. Charlotte T. Bilongilot, Filipino, 41 years old, has joined the Bank in April 2021. She assumed the position of Head of Credit Group effective July 2021 after serving as Deputy Head from April to June 2021. She previously served as the Business Unit Head and Credit Risk Officer of Global Institutional Credit Group Risk Analysis Unit – Manila, Citibank N.A. Regional Operating Head Quarters from November 2014 to March 2021.
Christine Y. Carandang Senior Vice-President	Ms. Christine Y. Carandang, Filipino, 55 years old, has been the Head of General Services Group since June 2014, and the President of Circa 2000 Homes, Inc. since 2009. She has been the Head of Acquired Assets Management and Disposition Group from May 2007 to December 2015.
Hiroko M. Castro Senior Vice-President	Ms. Hiroko M. Castro, Filipino, 52 year old, assumed the position of Head of Credit Operations Group under the Consumer Business Sector since January 2020. Prior to this, she was the Head of Credit Operations Group (April 2012 to December 2019), Credit Risk (2008 to 2012) and Credit Acquisition (2005 to 2008) of MCC (before the merger with Metrobank in January 2020).
Anna Therese Rita D. Cuenco Senior Vice-President	Ms. Anna Therese Rita D. Cuenco, Filipino, 48 years old, assumed the position of Head, Consumer Lending Group under the Consumer Business Sector effective January 2020. She was previously seconded from MCC to Metrobank as Head of Consumer Lending Group from 2018 to 2019. She also served as the Deputy Cards Head, Marketing and Service Quality Group (2009 to 2018) and the Head of Sales, Marketing and Portfolio Management (2008 to 2009) of MCC.
Renato K. De Borja, Jr. Senior Vice-President	Mr. Renato K. De Borja, Jr., Filipino, 50 years old, has joined the Bank as Controller on November 16, 2020. He previously served as a Group Head of Remittance, Cards and Contact Center of China Banking Corporation from 2016 to 2020 and was a Director of China Bank Insurance Brokers, Inc. from 2017 to 2019. He was the Chief Finance Officer of East West Banking Corporation from 2009 to 2016.
Ramon Jaime L.V. Del Rosario Senior Vice-President	Mr. Ramon Jaime L.V. Del Rosario, Filipino, 45 years old, assumed the position of Head, Consumer Business Sector in September 2020 after serving as Head of Cards and Personal Credit Sector from January to August 2020. Prior to this, he was the President of MCC from July to December 2019 (before the merger with Metrobank in January 2020) and the Director of Cards and Loans Business of Citibank Indonesia from 2016 to June 2019.
Pocholo V. Dela Peña * Senior Vice-President	Mr. Pocholo V. Dela Peña, Filipino, 55 years old, has been the Head of Business Banking Center of Institutional Banking Sector from October 2018 to December 2021 after serving as Head of Special Accounts Management Group from 2014 to 2018 and Head of Special Accounts Management Division II from 2005 to 2014. He was the Corporate Secretary of PSBank from 2011 to 2021 and Director of SMFC from August 2017 to 2021.
Hierbert A. Dimagiba Senior Vice-President	Mr. Hierbert Dimagiba, Filipino, 44 years old, is the Chief Marketing Officer and Head of the Analytics, Brand, Communications & Marketing Technology (ABCMT) Group (formerly ABCMT Division) since 2017. He has been elected as the 2022 President of the Internet & Mobile Marketing Association of the Philippines (IMMAP) industry group of which he has served as a Director and Executive Officer from 2018 to 2021. He is also an incorporator and member of the board of directors of the H&D Group of Companies since 1999. He was the first Country Director of Facebook Philippines from 2016 to 2017 and the Country Director of the IT & Mobile Business Unit of Samsung Philippines from 2014 to 2016 and has also served with Unilever from 1999 to 2016 in international Senior Brand Marketing Director positions.

Name	Experience
Rommel Enrico C. Dionisio Senior Vice-President	Mr. Rommel Enrico C. Dionisio, Filipino, 49 years old, assumed the position as Head of Markets Sales Group effective January 1, 2020. He was the Head of Institutional Sales Division from February 2017 to December 2019 after serving as Deputy Head from July 2016 to February 2017. He was the Head of Corporate Sales Department under Sales and Structuring Division - Markets Sales Group from October 2014 to July 2016 and Head of Multinational Corporations Division under Corporate Banking Group from November 2011 to September 2014.
Ferlou I. Evangelista Senior Vice-President	Mr. Ferlou I. Evangelista, Filipino, 60 years old, has been the Head of Commercial Banking Group since May 2017. He joined the Bank in 2011 as Division Head and later as Center Head of Commercial Banking Metro Manila under the Institutional Banking Sector.
Harrison C. Gue Senior Vice-President	Mr. Harrison C. Gue, Filipino, 56 years old, assumed the position of Head of Operations Group under Consumer Business Sector since September 2020 after serving as the Head of Operation, Cards and Personal Credit Sector from January to August 2020. Prior to this, he was the Senior Vice-President for Operation of MCC from January 2015 to December 2019 (before the merger with Metrobank in January 2020) and Credit Acquisition Head of Citibank Philippines from January 2008 to March 2009. He was also the Operation Head of Equitable Card Network, Inc. from June 2003 to December 2006 and Head of Banco de Oro's Consumer Lending Group from January to December 2007. He is a member of the Board of Directors of the Credit Card Association of the Philippines since September 2009.
David Holmes Senior Vice-President	Mr. David Holmes, British, 46 years old, assumed the position of Head of Customer Engagement Group under Branch Banking Sector since July 2020. He also served as the Head of Centralized Processing Division from October 2019 to August 2020 concurrent to his position as Deputy Head of Branch Support Center (now Customer Engagement Group) from June 2019 to November 2020. Before joining Metrobank, he was the Head of Customer Experience for Europe, the Middle East and Africa of Citibank and prior to that for Asia Pacific between 2014 and 2018.
Antonio R. Ocampo, Jr. Senior Vice-President	Mr. Antonio R. Ocampo, Jr., Filipino, 51 years old, has been the Head of Corporate Banking Group since 2014. He was the Head of Large Corporate Division from 2013 to 2014 after serving as Deputy Head from 2012 to 2013. He is a member of the Bank's Senior Credit Committee, Budget Committee and Non-Performing Assets Committee. Professional organizations memberships include the Financial Executives Institute of the Philippines since 2016 and a member of the Makati Business Club since 2018. Before joining Metrobank, he was the Vice-President and Head of Global Network Banking at Deutsche Bank, AG, Manila Branch.
Homer Gerrard L. Ortega Senior Vice-President	Mr. Homer Gerrard L. Ortega, Filipino, 55 years old, assumed the position of Head of Human Resources Management Group effective February 1, 2021 after serving as Deputy Head from September 2018 to January 2021. Before joining Metrobank, he was the Vice-President and Country HR Manager for Shell Companies in the Philippines (2007-2018) and Cluster HR Manager for Shell in Japan and South Korea (2013-2018).
Bernardino D. Ramos Senior Vice-President	Mr. Bernardino D. Ramos, Filipino, 56 years old, has been the Head of Information Technology Group since August 2015. He also served as the Head of Program Management Division from July 2013 to July 2015.

Name	Experience
Angelica S. Reyes Senior Vice-President	Ms. Angelica S. Reyes, Filipino, 48 years old, assumed the position as Head of Treasury Group effective January 1, 2020. She was the Head of the Markets Sales Group from 2013 to 2019 after serving as Head of Sales and Structuring Division from 2010 to 2013. She was the concurrent Head of Investment Distribution Division from 2012 to 2013. She serves as Corporate Secretary of AXA Philippines since 2015 and Charter Ping An Insurance Corporation since 2016.
Christian D. San Juan Senior Vice-President	Mr. Christian D. San Juan, Filipino, 45 years old, was appointed Chief Risk Officer and Head of Risk Management Group effective February 1, 2021 after serving as Deputy Head from July 2017 to January 2021. Before joining Metrobank, he was the Enterprise Risk Officer and Head of Credit and Group Risk Division of Rizal Commercial Banking Corporation from March 2010 to June 2017.
Leandro Antonio G. Santillan Senior Vice-President	Mr. Leandro Antonio G. Santillan, Filipino, 53 years old, has been the Head of Trust Banking Group since May 1, 2018 after serving as Deputy Head from January 2017 to April 2018. He was the Head of Fixed Income Division from 2013 to 2015 and Treasurer of PSBank from June 30, 2015 to December 2016.
Lita S. Tan Senior Vice-President	Ms. Lita S. Tan, Filipino, 58 years old, assumed the position of Branch Banking Group Head last October 2020. She was the Head of Retail Banking Sector (RBS / now Branch Banking Sector) from September 2018 to September 2020. She also served as the Head of Branch Banking Group for Metro Manila branches under National Branch Banking Sector; Region Head of Central Metro Manila Region from 2015 to 2016 and Area Head from 2006 to 2015. She has been the Director of ORIX Metro from June 2016 to December 2021.
Anthony Paul C. Yap Senior Vice-President	Mr. Anthony Paul C. Yap, Filipino, 45 years old, assumed the position of Head of Branch Banking Sector on October 1, 2020. He was the Head of RBS Strategy & Transformation from January to September 2020 (now BBS Analytics Insight and Strategy Unit); Head of Treasury Group from January 2018 to December 2019; Head of Trading from July 2016 to December 2017; and Head of Rates and Foreign Exchange Division from December 2013 to July 2016 after serving as Deputy Head from August to December 2013.
Leo R. Fragante First Vice-President	Mr. Leo R. Fragante, Filipino, 56 years old, has been the Head of Internal Audit Group since April 2017 after serving as Head of Special Audit Division and Branch Audit Division.
Ely Roy B. Lindo First Vice-President	Mr. Ely Roy B. Lindo, Filipino, 57 years old, assumed the position of Head of Operations Control Group effective January 1, 2020. He was the Head of Branch Operations Control Division from December 2013 to 2019 after serving as Deputy Head from June 2012 to November 2013. He was the Head of Booking and Reconciliation Unit from October 2001 to June 2012.
Rey T. Maraingan First Vice-President	Mr. Rey T. Maraingan, Filipino, 58 years old, assumed the position of Head of Special Accounts Management Group effective June 1, 2021. He has been the Head of Commercial Banking - Countryside from August 2020 to May 2021 after serving as Deputy Head from March to July 2020; and the Head of Commercial Banking Center - South Luzon from June 2019 to June 2020.
Christian Paul Philippe L. Orlino First Vice-President	Mr. Christian Paul Philippe L. Orlino, Filipino, 44 years old, has been the Group/Division Head of Institutional Transaction Banking Group (formerly Institutional Banking Division) under the Institutional Banking Sector from August 2017 to April 2021 (as Division Head) and since May 2021 (as Group Head). He also served as the Head of Sales and Marketing Department under the same Division from July 2016 to July 2017. Before joining Metrobank, he was the Vice President, Philippine Solution Sales Officer, for the Treasury and Trade Solutions Group of Citibank N.A. from July 2010 to June 2016.

Principal officers are elected annually by the BOD at the organizational meeting held immediately following the Annual Stockholders Meeting.

Significant Employees

Except for the above list of executive officers, there are no other significant employees as contemplated under the Securities Regulation Code.

Family Relationships Among the Directors and Officers of the Bank

The family relationships among the directors and/or senior officers of the Bank are:

1. Chairman, Arthur Ty is related to the following:

Name	Position Held in the Bank	Relationship
Alfred Ty	Director	Brother
Zandra M. Ty	First Vice President	Wife

3. Director Alfred Ty, is related to the following:

Name	Position Held in the Bank	Relationship
Arthur Ty	Chairman	Brother
Zandra M. Ty	First Vice President	Sister-in-law

Involvement in Certain Legal Proceedings

To the Bank’s best knowledge and information, there are no material legal proceedings filed by or against its directors and executive officers specified under Part IV (A)(4) of Annex C of SRC Rule 12 during the past five (5) years such as:

a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self- regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

ITEM 10 – COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Information as to the aggregate compensation paid during the last two fiscal years and to be paid in the ensuing fiscal year to the Bank's Chief Executive Officer and each of Metrobank's four other most highly compensated executive officers follows:

SUMMARY OF COMPENSATION TABLE

Name and Principal Position	2022 (Estimate)		
	Salary	**Bonus**	**Other Annual Compensation ***
Fabian S. Dee - President Vicente R. Cuna, Jr. - Senior Executive Vice President Joshua E. Naing - Senior Executive Vice President Fernand Antonio A. Tansingco - Senior Executive Vice President Mary Mylene A. Caparas - Executive Vice President			
Total for the President and four (4) other highest paid executive officers named above	**₱226.20 million**	**₱15.23 million**	
All executive officers as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	**₱513.03 million**	**₱25.16 million**	
All Directors			**₱66.50 million**

Name and Principal Position	2021		
	Salary	**Bonus**	**Other Annual Compensation ***
Fabian S. Dee - President Vicente R. Cuna, Jr. - Senior Executive Vice President Joshua E. Naing - Senior Executive Vice President Fernand Antonio A. Tansingco - Senior Executive Vice President Mary Mylene A. Caparas - Executive Vice President			
Total for the President and four (4) other highest paid executive officers named above	**₱213.39 million**	**₱14.37 million**	
All executive officers as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	**₱483.99 million**	**₱23.73 million**	
All Directors			**₱68.00 million**

Name and Principal Position	2020		
	Salary	**Bonus**	**Other Annual Compensation ***
Arthur Ty - Chairman Fabian S. Dee - President Vicente R. Cuna, Jr. - Senior Executive Vice President Joshua E. Naing - Senior Executive Vice President Fernand Antonio A. Tansingco - Senior Executive Vice President			
Total for the President and four (4) other highest paid executive officers named above	**₱254.19 million**	**₱45.07 million**	
All executive officers as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	**₱501.02 million**	**₱65.65 million**	
All Directors			**₱67.00 million**

* Inclusive of directors per diem and transportation allowances amounting to ₱41.64 million, ₱42.72 million and ₱37.57 million as of December 31, 2022, 2021, and 2020, respectively, or an average of ₱289,166.67, ₱296,645.83 and ₱260,888.89 per month/per director in 2022, 2021 and 2020, respectively.

For the protection and security of its directors and officers, the Bank is unable to provide their individual compensation.

The directors receive other fees that are already included in the amounts stated above. Aside from the said amounts, they have no other compensation plan or arrangement with the registrant. The directors receive compensation based on their banking or finance experience and their attendance in the meetings of the board and the committees where they are members or chairs of.

The executive officers receive salaries, bonuses and other usual cash benefits that are also already included in the amounts stated above. Aside from the said amounts, they have no other compensation plan or arrangement with Metrobank.

Warrants and Options Outstanding: Repricing

The information required under Part IV, Paragraph B (5) of the SRC is not applicable to the Bank. None of the directors and officers holds any warrant or option related to Metrobank.

ITEM 11 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

The following stockholders own more than 5% of the common voting securities as of December 31, 2021:

	Class of Shares	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
1	Common	***GT CAPITAL HOLDINGS, INC.*** Stockholder 43/F GT Tower International Ayala Avenue Corner H.V. Dela Costa Street, Makati City Arthur Ty is authorized to vote the shares of GT Capital Holdings, Inc. (GTCAP) in Metrobank.	Beneficial and Record Owner *The following persons own more than 5% of the outstanding voting shares of GTCAP as of December 31, 2021:* *Grand Titan Capital Holdings, Inc. - 55.93%* *PCD Nominee Corporation (Non-Filipino) – 21.69%* *PCD Nominee Corporation (Filipino) – 21.96%* GTCAP is a publicly-listed company that is majority owned and controlled by the family of the late George S.K. Ty through Grand Titan Capital Holdings, Inc.	Filipino	1,670,611,010	37.146%
2	Common	***PCD NOMINEE CORPORATION (Filipino)*** 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, 1226 Makati City	Various Scripless Stockholders *There is no beneficial owner of PCD who holds more than 5% of the common stock of Metrobank.*	Filipino	1,154,345,163	25.667%

	Class of Shares	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
3	Common	***PCD NOMINEE CORPORATION (Non-Filipino)*** 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, 1226 Makati City	Various Scripless Stockholders *There is no beneficial owner of PCD who holds more than 5% of the common stock of Metrobank.*	Foreign	925,892,157	20.587%
		TOTAL			**3,750,848,330**	**83.400%**

PCD Nominee Corporation (Filipino and Non-Filipino) (PNC) is a wholly-owned subsidiary of the Philippine Central Depository (PCD) and acts as trustee-nominee for all shares lodged in the PCD system where trades effected on the PSE are finally settled and lodged. Persons who opt to trade through the PCD do not receive stock certificates as an evidence of ownership as trading using the PCD is completely scripless. Beneficial ownership of shares lodged with the PCD remains with the lodging stockholder.

Voting Trust Holders of 5% or More

There are no persons who own more than 5% of the registrant's securities under a voting trust or similar agreement.

Changes in Control

There are no arrangements that may result in a change in control of the registrant. There is no change in control that has occurred since the beginning of the last fiscal year.

Security Ownership of Management

The Bank's directors and officers as a group held a total of **34,873,193** common voting shares as of December 31, 2021. This is broken down as follows:

	Class of Shares	Name of Beneficial Owner	Citizenship	No. of Shares as of December 31, 2020	Additions/ (Disposal)	No. of Shares as of December 31, 2021	Nature	Percent of Class
Directors (11)								
1	Common	ARTHUR TY	Filipino	15,601,513	26,000	15,627,513	Direct	0.347
2	Common	FRANCISCO C. SEBASTIAN	Filipino	1,442,283	-	1,442,283	Direct	0.032
3	Common	FABIAN S. DEE (a)	Filipino	734	-	734	Direct	0.000
4	Common	ALFRED V. TY	Filipino	17,087,722	-	17,087,722	Direct	0.380
5	Common	VICENTE R. CUNA, JR. (b)	Filipino	129	-	129	Direct	0.000
6	Common	SOLOMON S. CUA	Filipino	113	-	113	Direct	0.000
7	Common	FRANCISCO F. DEL ROSARIO, JR. (c)	Filipino	146	-	146	Direct	0.000
8	Common	EDGAR O. CHUA (c)	Filipino	113	-	113	Direct	0.000
9	Common	ANGELICA H. LAVARES (c)	Filipino	113	-	113	Direct	0.000
10	Common	PHILIP G. SOLIVEN (c)	Filipino	100	30,000	30,100	Direct	0.001
11	Common	MARCELO C. FERNANDO, JR. (c)	Filipino	-	100	100	Direct	0.00
Sub-total				34,132,966	56,100	34,189,066		0.760

Class of Shares		Name of Beneficial Owner	Citizenship	No. of Shares as of December 31, 2020	Additions/ (Disposal)	No. of Shares as of December 31, 2021	Nature	Percent of Class
Officers (31)								
Senior Executive Vice Presidents (2)								
1	Common	JOSHUA E. NAING	Filipino	339,000	-	339,000	Direct	0.008
2	Common	FERNAND ANTONIO A. TANSINGCO	Filipino	102,184	100,000	202,184	Direct	0.004
Executive Vice Presidents (5)								
3		MARY MYLENE A. CAPARAS	Filipino	-	-	-		
4		PAUL ROBERT Y. MURGA	Filipino	-	-	-		
5		CORAZON MA. THERESE B. NEPOMUCENO	Filipino	-	-	-		
6		RICHARD BENEDICT S. SO	Filipino	-	-	-		
7	Common	ANICETO M. SOBREPEÑA	Filipino	10,370	-	10,370	Direct	0.000
Senior Vice Presidents (20)								
8		CHARLOTTE T. BILONGILOT	Filipino			-		
9		CHISTINE Y. CARANDANG	Filipino	-	-	-		
10		HIROKO M. CASTRO	Filipino			-		
11		ANNA THERESE RITA D. CUENCO	Filipino	-	-	-		
12	Common	RENATO K. DE BORJA, JR.	Filipino	-	25,000	25,000	Direct	0.001
13		RAMON JAIME L.V. DEL ROSARIO	Filipino	-	-	-		
14		POCHOLO V. DELA PEÑA	Filipino	-	-	-		
15		HIERBERT A. DIMAGIBA	Filipino	-	-	-		
16		ROMMEL ENRICO C. DIONISIO	Filipino	-	-	-		
17	Common	FERLOU I. EVANGELISTA	Filipino	-	10,000	10,000	Direct	0.000
18		HARRISON C. GUE	Filipino			-		
19		DAVID HOLMES	British	-	-	-		
20		ANTONIO R. OCAMPO, JR.	Filipino	-	-	-		
21		HOMER GERRARD L. ORTEGA	Filipino			-		
22	Common	BERNARDINO D. RAMOS	Filipino	4,657	10,000	14,657	Direct	0.000
23	Common	ANGELICA S. REYES	Filipino	-	21,000	21,000	Direct	0.000
24		CHRISTIAN D. SAN JUAN	Filipino			-		
25		LEANDRO ANTONIO G. SANTILLAN	Filipino	-	-	-		
26	Common	LITA S. TAN	Filipino	18,365	-	18,365	Direct	0.000
27	Common	ANTHONY PAUL C. YAP	Filipino	43,551	-	43,551	Direct	0.001
First Vice President (4)								
28		LEO R. FRAGANTE	Filipino	-	-	-		
29		ELY ROY B. LINDO	Filipino	-	-	-		
30		REY T. MARAINGAN	Filipino			-		
31		CHRISTIAN PAUL PHILIPPE L. ORLINO	Filipino			-		
	Sub-total			518,127	166,000	684,127		0.015
	Total (Directors and Officers)			**34,651,093**	**222,100**	**34,873,193**		**0.775**

(a) Director and President
(b) Director and Senior Executive Vice-President
(c) Independent Directors

ITEM 12 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectibility and did not present other unfavorable conditions.

The Bank has a Related Party Transactions Committee (RPTC) and a Related Party Transactions Management Committee (RPTMC), both of which are created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Bank are not misappropriated or misapplied. After appropriate review, RPTMC (through RPTC) and RPTC disclose all information and endorses to the BOD with recommendations, the proposed related party transactions. Major subsidiaries, which include FMIC, PSBank and MBCL, have their own respective RPTCs which assist their respective BODs in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that their corporate or business resources are not misappropriated or misapplied.

Moreover, in the ordinary course of business, the Group has loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI) based on BSP Circular No. 423 dated March 15, 2004, as amended. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed the respective total equity or 15.00% of the respective total loan portfolio, whichever is lower, of the Bank, PSBank, FMIC, and ORIX Metro.

Transactions with related parties and with DOSRI are discussed in Note 32 and 37 of the audited financial statements of the Group as presented in Exhibit 4.

In 2021, none of the Bank's directors had self-dealing/related party transactions with the Bank directly by themselves that required disclosure.

PART IV – EXHIBITS AND SCHEDULES

ITEM 13 – EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

EXHIBIT 1 Nationwide Branches Bank-Owned as of December 31, 2021

EXHIBIT 2 Nationwide Branches Under Lease as of December 31, 2021

EXHIBIT 3 Events Previously Reported under SEC Form 17-C (Current Report)

EXHIBIT 4 Audited Financial Statements as of December 31, 2021 and 2020 and Years Ended December 31, 2021, 2020 and 2019
(together with the notarized Statement of Management's Responsibility for Financial Statements signed by the registrant's Chairman, President, Head of Financial and Control Sector, Treasurer/Head of Financial Market Sector and Controller)

EXHIBIT 5 Index to Consolidated Financial Statements and Supplementary Schedules (together with Independent Auditors' Report)

EXHIBIT 6 Sustainability Report

Reports on SEC Form 17-C

Summarized in Exhibit 3 are the reports filed under SEC Form 17-C during the year 2021 up to the date of filing of the report under SEC Form 17-A.

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 Makati on April 7, 2022.

FABIAN S. DEE
President

JOSHUA E. NAING
SEVP and Head of Financial and Control Sector

FERNAND ANTONIO A. TANSINGCO
SEVP, Treasurer and Head of Financial Markets Sector

RENATO K. DE BORJA, JR.
SVP and Controller

REGIS V. PUNO
Corporate Secretary

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this APR 0 7 2022, affiants exhibiting to me their respective Passports/Driver's License with the following details:

Names	Passport No./Driver's License No.	Date/Place of Issue	Valid Until
FABIAN S. DEE	P5978556A	Feb. 9, 2018/DFA Manila	Feb. 8, 2028
JOSHUA E. NAING	P1590471B	May 7, 2019/DFA NCR East	May 6, 2029
FERNAND ANTONIO A. TANSINGCO	P7538932B	September 7, 2021/DFA Manila	September 6, 2031
RENATO K. DE BORJA, JR.	N01-97-208802	April 30, 2018/LTO	September 2, 2022
REGIS V. PUNO	P7776562A	July 3, 2018/DFA Manila	July 2, 2028

Doc. No. 442;
Page No. 89;
Book No. 2;
Series of 2022

ATTY. JAN PATRICK O. MIRAFLOR
Notary Public City of Makati
Appointment No. M-51 – Extended until June 30, 2022
Per SC Resolution dtd. 09-28-2021
10/F, Metrobank Plaza
Sen. Gil Puyat Avenue, Makati City 1200
Roll of Attorneys No. 60380
PTR No. MKT 8853739/01-07-2022/Makati City
IBP No. 197305/01-07-2022/Quezon City
MCLE Certificate No. VI-0021504; 04.14.2022

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2021

	BRANCH NAME	BRANCH ADDRESS
	METRO MANILA BRANCHES	
1	A. ARNAIZ-SAN LORENZO	908 Arnaiz Avenue, Makati City
2	A. MACEDA	1174 A. Maceda St., Sampaloc, Manila
3	ACROPOLIS	E. Rodriguez Ave. Acropolis, Quezon City
4	ADDITION HILLS	204 Wilson St., San Juan, MM
5	ANGONO	Along M. L. Quezon Ave., Brgy. San Isidro, Angono, Rizal
6	ANNAPOLIS-GREENHILLS	14 Annapolis St. corner La Salle St., North Greenhills, San Juan
7	ARRANQUE CENTER	1346 Soler St., Sta. Cruz Manila
8	ASUNCION	Chinatown Steel Tower, Asuncion St., Tondo, Manila
9	B. F. HOMES	22 Aguirre Ave., B.F. Homes, Paranaque City
10	BACLARAN	Quirino Avenue corner M. Roxas St., Baclaran, Parañaque City
11	BAGBAGUIN-VALENZUELA	Gen. Luis St. corner J. Molina St., Bagbaguin, Valenzuela City
12	BALINTAWAK	295 Del Monte Avenue corner G. Roxas Street, Barangay Manresa, Quezon City
13	BAYVIEW	Bayview International, Roxas Blvd., Paranaque City
14	BINANGONAN	Along National Road, Binangonan, Rizal
15	BLUE RIDGE	No. 222 Katipunan Avenue, Blue Ridge, Quezon City
16	BLUMENTRITT-STA. CRUZ	2460 Rizal Avenue corner Cavite St., Sta. Cruz, Manila
17	BONI AVENUE	743 Boni Ave., Brgy. Malamig, Mandaluyong City
18	BONI SERRANO	45 Boni Serrano Avenue corner Greenview Compound, Quezon City
19	BUENDIA-DIAN	Buendia Avenue corner Dian St., Makati City
20	C. M. RECTO-MENDIOLA	2046-2050 CM Recto Ave., Sampaloc, Manila
21	CAINTA	Felix Avenue, Cainta, Rizal
22	CALOOCAN	315 Rizal Avenue Ext., Grace Park, Caloocan City
23	CALUMPANG-MARIKINA	J. P. Rizal St., Calumpang, Marikina
24	CAMARIN ROAD-CALOOCAN	Camarin Road cor. Susano Road, Caloocan City
25	CIRCUMFERENTIAL ROAD-ANTIPOLO	Along Circumferential Rd., Antipolo City
26	CONCEPCION-MARIKINA	15 Bayan-Bayanan Ave., Concepcion, Marikina City
27	CONGRESSIONAL AVENUE	141 Congressional Ave., Bahay Toro 1, Q.C.
28	CORINTHIAN PLAZA-MAKATI	G/F Corinthian Plaza Bldg., 121 cor Paseo de Roxas & Gamboa Sts., Legaspi Village, Makati City
29	CUBAO-P. TUAZON	210 P. Tuazon cor. 12th Ave., Cubao, Quezon City
30	DASMARIÑAS-T. PINPIN	321 Dasmarinas St. cor. Ugalde St., Binondo, Manila
31	DEL MONTE	295 Del Monte Avenue, Quezon City
32	DON ANTONIO HEIGHTS	Lot 20, Blk.6, Holy Spirit Drive, Don Antonio Heights, Diliman, Quezon City
33	DOÑA SOLEDAD AVE.-BICUTAN	65 Doña Soledad Ave., Better Living Subd., Bicutan, Paranaque City
34	DOWNTOWN CENTER	Tytana Plaza, Plaza Lorenzo Ruiz, Binondo, Manila
35	E. RODRIGUEZ-CORDILLERA	E. Rodriguez Sr. Blvd. cor. Cordillera St., Doña Aurora Dist. 4, Quezon City
36	EDSA-KALOOCAN CENTER	487 EDSA cor. A. De Jesus St., Caloocan City
37	EDSA-SHAW	Beside Shangrila Shopping Center, Shaw Blvd., Mandaluyong City
38	EL GRANDE-B.F. HOMES	Aguirre St., cor. Tehran El Grande Phase 3, B.F. Homes, Paranaque City
39	F. B. HARRISON-GIL PUYAT AVENUE	Gil J. Puyat Ave., cor. F.B. Harrison St., Pasay City
40	FAIRVIEW	Commonwealth Ave. cor. Winston St., Quezon City
41	FEDERAL TOWER	Dasmarinas St. cor. Muelle de Binondo, San Nicolas, Manila
42	FELIX AVENUE	Along Felix Avenue, Brgy. Tatlong Kawayan, Pasig City
43	FILINVEST CORPORATE CITY	Asean Drive cor. Singapura Lane, Filinvest Corp. City, Alabang, Muntilupa City
44	FORT-GRAND HYATT	Veritown, 8th Ave. & 35th St., Bonifacio Global City, Fort, Taguig City
45	GIL PUYAT - BURGUNDY TOWER	Unit A1, Burgundy Corporate Tower, Sen. Gil Puyat Ave., Makati City
46	GRACE PARK CENTER	446 Rizal Ave. Ext., Grace Park, Caloocan City
47	GT TOWER CENTER	GT Tower , Ayala Ave. corner dela Costa St., Makati City
48	H. V. DE LA COSTA	G/F Westgate Condominium Plaza, 120 H.V. dela Costa St., Salcedo Village, Makati City
49	HEAD OFFICE CENTER	Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City
50	J. NAKPIL-TAFT AVENUE	Along Taft Ave. near cor. J. Nakpil St., Manila
51	J.P. RIZAL	Along J. P. Rizal St., Makati City
52	KALAYAAN-BEL AIR	G/F Primetown Tower, Kalayaan Ave., Bel-air, Makati City
53	KAMAGONG-SAMPALOC	Kamagong corner Sampaloc St., San Antonio Vill., Makati City
54	KAMIAS	#39 Kamias Road cor. K-H St., Diliman, Quezon City
55	KAMUNING	22 Kamuning Road, Kamuning, Quezon City
56	KATIPUNAN	339 Katipunan Road, Loyola Heights, Quezon City
57	LAS PIÑAS-ALABANG ZAPOTE ROAD	Real St., Alabang Zapote Road, Las Pinas City
58	LEGASPI VILLAGE-MIDORI TOWER	Unit G01, The Grand Midori Makati Tower 1, Legaspi St., Legaspi Village, Makati City
59	M. NAVAL-NAVOTAS	767 M. Naval St., Navotas, MM
60	MAGALLANES VILLAGE	Lot 3, Block 5, Paseo de Magallanes, Magallanes Village, Makati City
61	MALABON	696 Rizal Avenue, Malabon City
62	MALANDAY-VALENZUELA	Km 16, MacArthur H-Way, Malanday, Valenzuela City
63	MARIKINA CENTER	321 J. P. Rizal St., Sta. Elena, Marikina City
64	MARULAS-VALENZUELA	Km. 12 MacArthur H-Way, Marulas, Valenzuela, MM
65	MASANGKAY	942 G. Masangkay St., Binondo, Manila
66	MAYON-STA. TERESITA	177 Mayon St., Brgy. Sta. Teresita, Quezon City
67	MIDTOWN- U. N. AVE.	G/F Manila Doctors Hospital, 667 U.N. Ave., Ermita, Manila
68	MOTHER IGNACIA-TIMOG	#23 Carlos P. Garcia Ave., Quezon City
69	MUNTINLUPA	Along National Road Poblacion, Muntinlupa City
70	NORTH BAY BLVD.-NAVOTAS	130 Northbay Blvd., Navotas MM
71	NOVALICHES	Quirino Highway Gulod, Novaliches, Quezon City
72	OCEAN TOWER	Ocean Tower, Roxas Blvd. Manila
73	ONGPIN	910 Ongpin St., Sta. Cruz, Manila
74	ORTIGAS AVE. EXT.-CAINTA	Fairtrade Comm'l Center, Ortigas Ave. Ext., Cainta, Rizal
75	ORTIGAS COMM'L. COMPLEX CENTER	Banker's Plaza Bldg., J. Vargas St., cor. San Miguel Ave., Ortigas Comm'l. Center, Pasig City
76	ORTIGAS-EMERALD AVENUE	G/F Wynsum Corp. Plaza, Emerald Ave., Pasig City
77	PASAY-BUENDIA AVENUE	2183 Taft Avenue near Gil Puyat Ave., Pasay City
78	PASAY-LIBERTAD	232 Libertad St., Pasay City
79	PASIG MABINI	A. Mabini St., Brgy. Kapasigan, Pasig City
80	PASO DE BLAS-MAYSAN	179 Paso De Blas, Valenzuela City
81	PASONG TAMO-BAGTIKAN	G/F Unit A BM Lou-Bel Plaza, Bagtikan cor. Pasong Tamo, Makati City
82	PASONG TAMO-JAVIER	The Oriental Place, Chino Roces Avenue, Makati City

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2021

	BRANCH NAME	BRANCH ADDRESS
83	PRITIL-TONDO	1995 Juan Luna St., Tondo, Manila
84	Q. C. ROTONDA CENTER	17 Quezon Ave. cor. Speaker Perez St., Quezon City
85	QUEZON AVENUE	982 Quezon Ave., Quezon City
86	QUIRINO AVE.-LEON GUINTO	Quirino Ave. cor. Leon Guinto St., Malate, Manila
87	RADA-RODRIGUEZ	Unit 101 La Maison Condo., 115 Rada St., Legaspi Village, Makati City
88	RAON	633 Gonzalo Puyat St., Sta. Cruz, Manila
89	ROCKWELL CENTER	Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City
90	ROOSEVELT	285 Roosevelt Ave., San Antonio 1, Quezon City
91	ROXAS BLVD. VITO CRUZ	G/F Legaspi Towers 300 Inc., 2600 Roxas Blvd. cor. Vito Cruz, Manila
92	SALCEDO VILLAGE	G/F Plaza Royale Bldg., 120 LP Leviste St., Salcedo Village, Makati City
93	SAMSON ROAD-CALOOCAN	Cor. U.E. Tech. & Samson Road, Caloocan City
94	SAN MATEO	121 Gen. Luna St., Guitnangbayan 1, San Mateo, Rizal
95	SAN ROQUE-MARIKINA	67 Tuazon corner Chestnut St., San Roque, Marikina City
96	SANTOLAN-PASIG	A. Rodriguez Ave. cor. Santolan St., Santolan, Pasig City
97	SEAFRONT	Seafront Garden Homes, Roxas Blvd., Pasay City
98	SHAW BLVD.	676 Shaw Blvd., Pasig City
99	SHAW BLVD.-ORANBO	Along Shaw Blvd., near Hill Crest Circle, Pasig City
100	SHAW BLVD.-PINAGTIPUNAN	Shaw Blvd., corner Pinagtipunan St., Mandaluyong City
101	SIKATUNA VILLAGE-ANONAS	Anonas Road, corner K-7th St., Proj. 2, Quezon City
102	STA. CRUZ-MANILA	582 Gonzalo Puyat St., Raon, Sta. Cruz Manila
103	STA. MESA	73 Aurora Blvd. corner G. Araneta Bgy. Santos Dist. 4, Quezon City
104	SUCAT-GATCHALIAN	8165 Dr. A. Santos Ave., Parañaque City
105	SUCAT-IRENEVILLE	Dr. A. Santos Ave. cor. Ireneville Ave., Sucat Pque. City
106	SUCAT-SAN ANTONIO VALLEY	Along Dr. A. Santos Ave. Beside Uniwide, Parañaque City
107	TAFT AVENUE	1915 Taft Ave., Pasay City
108	TANDANG SORA	185 Tandang Sora Ave., Quezon City
109	TAYTAY	East Road Avenue (fronting New Taytay Public Market) Taytay, Rizal
110	TAYUMAN-FELIX HUERTAS	Tayuman cor. Felix Huertas Sts., Sta. Cruz, Manila
111	THE CAPITAL TOWERS	222 E. Rodriguez Senior Blvd., Barangay Kalusugan, Quezon City
112	TIMOG	Timog Ave. cor. Scout Torillo St., Quezon City
113	TUGATOG-MALABON	139 M.H. del Pilar St., Tugatog, Malabon City
114	UST-ESPANA	1364 Espana cor. Centro St., Sampaloc, Manila
115	V. MAPA	3244 V. Mapa St. corner Valenzuela, Sampaloc, Manila
116	VALENCIA HILLS	Valencia St. corner N. Domingo, Quezon City
117	VALLE VERDE	73 E. Rodriguez cor. P.E. Antonio St., Bo. Ugong, Pasig City
118	VASRA-VISAYAS AVENUE	Along Visayas Ave., Proj. 6, Quezon City
119	WEST AVENUE	98 West Avenue, Quezon City
120	WEST TRIANGLE	1387 Quezon Avenue, Quezon City
121	YLAYA-TONDO	1057 Ylaya Mansion, Ylaya St., Tondo, Manila

COUNTRYSIDE BRANCHES

1	ALAMINOS, PANGASINAN	Quezon Avenue, Poblacion Alaminos, Pangasinan
2	ALBAY-TABACO	Corner Luna & Llorente Sts., Tabaco, Albay
3	ANGELES-BALIBAGO	MacArthur Highway, Balibago, Angeles City
4	ANGELES–MAIN	Henson Street, Angeles City, Pampanga
5	ANTIQUE	T.A. Fornier St., San Jose, Antique
6	APALIT	MacArthur Highway, San Vicente, Apalit, Pampanga
7	APARRI	Rizal St. Aparri, Cagayan
8	BACAO-CEPZ	Bacao Diversion Road, Gen. Trias, Cavite
9	BACOLOD-ARANETA	Araneta St., Bacolod City, Negros Occidental
10	BACOLOD-CAPITOL	Capitol Shopping Ctr., Hilado St. cor. Yakal St., Bacolod City, Negros Occ.
11	BACOLOD-GATUSLAO	175-177 Gov. Gatuslao St., Bacolod City, Negros Occidental
12	BACOLOD-NORTH DRIVE	B.S. Aquino Drive, Bacolod City
13	BACOOR-CAVITE	206 Gen. Aguinaldo Hi-way, Bacoor, Cavite
14	BAGUIO-BONIFACIO	Bonifacio Street, Baguio City
15	BAGUIO-MAGSAYSAY	Magsaysay Ave. cor. Gen. Luna Road, Baguio City
16	BALAGTAS-BULACAN	McArthur Highway, Wawa, Balagtas (Bigaa), Bulacan
17	BALANGA MAIN	Paterno St. cor. Hugo St., Balanga, Bataan
18	BALIUAG-J. P. RIZAL	J.P.Rizal St., San Jose, Baliuag, Bulacan
19	BASILAN	J.S. Alano St. cor. L. Magno St., Isabela, Basilan
20	BATANGAS-BALAYAN	Antorcha cor. Emma Sison St., Balayan, Batangas
21	BATANGAS-LEMERY	Along Independencia & Ilustre Sts., Lemery, Batangas
22	BATANGAS-MAIN	Corner J.P. Rizal & P. Burgos Sts., Batangas City
23	BATANGAS-TANAUAN JP LAUREL	J.P. Laurel Highway, Tanauan, Batangas
24	BIÑAN	A. Bonifacio St. Canlalay, Binan, Laguna
25	BOCAUE-BULACAN	23 McArthur Highway, Wakas, Bocaue, Bulacan
26	BUKIDNON-VALENCIA	Apolinario Mabini St., Valencia Bukidnon
27	BUTUAN-MAIN	San Francisco St. cor. P. Burgos St., Butuan City
28	CABANATUAN-MAHARLIKA SOUTH	Maharlika Highway, Cabanatuan
29	CABANATUAN-MAIN	Burgos Avenue cor. Sanciangco St., Cabanatuan City
30	CABUYAO-LAGUNA	Along Nat'l. Highway near cor. F. Bailon St., Sala, Cabuyao
31	CAGAYAN DE ORO-CARMEN	Cor. Max Suniel & Ipil Sts., Carmen Market, Cag. De Oro City
32	CAGAYAN DE ORO-COGON	Osmeña St., Cogon, Cagayan de Oro City
33	CAGAYAN DE ORO-DIVISORIA PARK	G/F RN Abejuela Pabayo St., Cagayan de Oro City
34	CAGAYAN DE ORO-J.R. BORJA	J.R. Borja St., Cagayan de Oro City
35	CAGAYAN DE ORO-LAPASAN	National Highway cor. Agora Road, Lapasan District, Misamis Oriental
36	CAGAYAN DE ORO-MAIN	Corales Avenue, Cag. de Oro City
37	CAGAYAN DE ORO-OSMENA	Osmena, Capitol Comp., Poblacion, Cagayan de Oro City
38	CAGAYAN DE ORO-VELEZ	A. Velez St. cor. Yacapin St., Cagayan de Oro City
39	CALAMBA-CROSSING	J.P. Rizal Street, Calamba, Laguna
40	CALAPAN	J.P. Rizal St., Calapan, Oriental, Mindoro
41	CANDON	National Highway cor. Calle Gray, Candon, Ilocos Sur

Exhibit 1

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2021

	BRANCH NAME	BRANCH ADDRESS
42	CARIDAD-CAVITE	P. Burgos Avenue, Caridad, Cavite
43	CARMEN ROSALES, PANGASINAN	MacArthur Highway, Carmen West, Rosales, Pangasinan
44	CATARMAN	Cor. Bonifacio St. & P. Garcia St., Brgy. Mabolo, Catarman, Northern Samar
45	CATBALOGAN	Lot 116 Rizal Ave. corner Callejon St., Catbalogan, Western Samar
46	CATICLAN	Catiklan, Malay, Aklan 5608
47	CAUAYAN-MAIN	Rizal Ave. cor. Roxas & Reyes Sts., Cauayan, Isabela
48	CEBU-BANILAD	Metrobank Bldg. Gov. Cuenco Ave., Banilad Road, Banilad, Cebu City
49	CEBU-BORROMEO	Borromeo St. cor. Lopez St., Cebu City
50	CEBU-BUSINESS PARK	Mindanao Ave. cor. Cardinal Rosales Ave., Cebu Business Park, Cebu City
51	CEBU-CAPITOL	N. Escario St. cor. M. Zosa St., Cebu City
52	CEBU-COLON CENTER	0251 Palaez Street, Cebu City
53	CEBU-DOWNTOWN CENTER	191 Plaridel St., Cebu City
54	CEBU-FUENTE OSMEÑA CENTER	Metrobank (Cebu) Plaza, Osmeña Blvd near Rotonda, Cebu City
55	CEBU-LAPU LAPU	Nat'l Highway, Pusok, Lapu Lapu City
56	CEBU-MABOLO	1956 M. J. Cuenco Ave. Mabolo, Cebu City
57	CEBU-MAGALLANES	Magallanes St., Barangay Ermita, Cebu City
58	CEBU-MANDAUE CENTER	Corner Nat'l Highway & Jayme St., Mandaue, Cebu City
59	CEBU-MANGO AVENUE	Metrobank Bldg., Gen. Maxilom Ave., Cebu City
60	CEBU-NORTH ROAD	Metrobank Bldg., North Nat'l Road, Bgy. Tabok, Mandaue City
61	CEBU-OPON	G.Y. dela Serna St. Poblacion, Lapu Lapu City
62	CEBU-RAMOS	Metrobank Bldg. F. Ramos St. cor. Junguera Ext., Cebu City
63	CEBU-SUBANGDAKU	Lopez Jaena St., Subangdaku, Mandaue City
64	CEBU-TABO-AN	Along B. Aranas St., Taboan, Cebu City
65	CEBU-TABUNOK	South National Road, Bulacao, Talisay, Cebu City
66	COTABATO-MAIN	Makakua St., Cotabato City
67	DAET	Vinzons Avenue, Daet, Camarines Norte
68	DAGUPAN-MAIN	A. B. Fernandez Avenue, Dagupan City
69	DASMARIÑAS-CAVITE	Aguinaldo Hi-way, Dasmariñas, Cavite
70	DAU	MacArthur Highway, Dau, Mabalacat, Pampanga
71	DAVAO–AGDAO	J.P. Cabaguio Ave., Agdao, Davao City
72	DAVAO–BANKEROHAN	Corner Quirino Ave. & Pichon St., Davao City
73	DAVAO–BUHANGIN	Along Kilometer 5, Buhangin Road, Davao City
74	DAVAO-CENTER	Magsaysay Ave. cor. J. dela Cruz St., Davao City
75	DAVAO-RIZAL	J. Rizal St. cor. F. Inigo St., Davao City
76	DAVAO–STA. ANA	Monteverde Ave. cor. Lizada St., Sta. Ana District, Davao City
77	DAVAO–TAGUM	JP Rizal St. cor. Abad Santos St., Tagum, Davao Del Norte
78	DAVAO-TORIL	61 Saavedra St., cor. D. Agaton St., Toril, Davao City
79	DIGOS	Estrada St. cor. Cabrillo St., Digos
80	DIPOLOG-GEN. LUNA	Gen. Luna St. Dipolog City, Zamboanga del Norte
81	DUMAGUETE-MAIN	Dr. Vicente Locsin St., Dumaguete City, Negros Oriental
82	DUMAGUETE-REAL	131 Real St., Dumaguete City
83	GAPAN	Gen. Tinio St., Sto. Niño, Gapan, Nueva Ecija
84	GENERAL SANTOS-MAKAR	Makar-National Highway, Purok Bagong Silang, Brgy. Labangal, General Santos City
85	GENERAL SANTOS-NATIONAL HIGHWAY	Along National Highway, General Santos City
86	GENERAL SANTOS-PIONEER	Pioneer Ave., General Santos City
87	GENERAL SANTOS–SANTIAGO BLVD.	I. Santiago Blvd., General Santos City
88	GUAGUA	Sto. Cristo, Guagua, Pampanga
89	GUMACA	A. Bonifacio St., Gumaca Quezon
90	ILAGAN	Rizal St., Ilagan, Isabela
91	ILIGAN–MAIN	# 0055 Gen. Aguinaldo St., Iligan City
92	ILOILO-DELGADO	Delgado St., Iloilo City
93	ILOILO-GEN. LUNA	Gen. Luna St., Iloilo City
94	ILOILO-IZNART	Iznart St., Iloilo City
95	IMUS-CAVITE	Along Nuevo Ave., Tansang Luma, Imus, Cavite
96	IRIGA, CAMARINES SUR	Poblacion, Iriga, Camarines Sur
97	JOLO	Gen. Arolas St., Jolo, Sulu
98	KALIBO	Along Roxas Ave., Kalibo, Aklan
99	KAWIT-CAVITE	National Road corner Visita, Binakayan , Kawit, Cavite
100	KIDAPAWAN	Along National Highway, Kidapawan, North Cotabato
101	KORONADAL-NATIONAL HIGHWAY	Southwest National Highway, Koronadal City, South Cotabato
102	LA UNION-MAIN	Quezon Ave., Along Nat'l. Highway, San Fernando, La Union
103	LAGUNA BEL-AIR STA. ROSA	Sta. Rosa Tagaytay Nat'l. Road cor. Rodeo Drive, Sta. Rosa, Laguna
104	LAGUNA TECHNOPARK	LTI Complex Spine Road, Biñan, Laguna
105	LAOAG–RIZAL	Rizal cor. Guerrero Streets, Brgy. 19, Sta. Marcella, Laoag City
106	LEGAZPI-MABINI	Rizal St. cor. Mabini St., Legazpi City
107	LEGAZPI-RIZAL	85 Rizal St. Brgy. 35, Tinago, Legazpi City, Albay
108	LIPA–B. MORADA	B. Morada Avenue, Lipa City
109	LUCENA-MAIN	Cor. Enriquez/Magallanes St., Lucena City
110	LUCENA-QUEZON	Enriquez near cor. San Fernando St., Lucena City
111	MACARIA BUS. CENTER-CARMONA	Blk 2, Lot 4, Macaria Business Center, Governors Drive, Carmona, Cavite
112	MALOLOS-PASEO DEL CONGRESO	Paseo del Congreso, Catmon, Malolos, Bulacan
113	MARBEL	Gen Santos Drive, Nat'l. Highway, Marbel, South Cotabato
114	MARILAO-BULACAN	MacArthur Highway, Abangan Norte, Marilao, Bulacan
115	MEYCAUAYAN-MC ARTHUR HIGHWAY	MacArthur Highway, Calvario, Meycauayan, Bulacan
116	MOLINO-BACOOR CAVITE	Molino II, Molino Road, Bacoor, Cavite
117	NAGA-GEN. LUNA	Gen. Luna St., Naga City
118	NAGA-MAIN	Caceres cor. Dela Rosa St., Naga City
119	NAGA-PEÑAFRANCIA	Peñafrancia Ave. cor. Arana St., Naga
120	NAIC-CAVITE	Governor's Drive, Ibayo Silangan, Naic, Cavite
121	OCCIDENTAL MINDORO SAN JOSE	C. Liboro St. cor. Rajah Soliman St., San Jose, Occidental Mindoro
122	OLONGAPO-MAIN	# 1967 Rizal Ave., West Bajac-Bajac, Olongapo City
123	ORMOC	Real St., cor. Lopez Jaena St., Ormoc City, Leyte
124	OZAMIS–BURGOS	602-604 Burgos St., Ozamis City
125	OZAMIS-RIZAL	38-C Rizal Ave., Ozamis City
126	PAGADIAN-RIZAL	Cor. Rizal Ave. & J.S. Alano Sts., Pagadian City

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2021

	BRANCH NAME	BRANCH ADDRESS
127	PANIQUI-TARLAC	M.H. del Pilar St., Paniqui, Tarlac
128	PLARIDEL-BULACAN	Gov. Padilla Road, Banga, Plaridel, Bulacan
129	PUERTO PRINCESA-RIZAL AVENUE	Rizal Ave., Puerto Princesa City, Palawan
130	ROSARIO-CAVITE	Along Gen. Trias Drive, Rosario, Cavite
131	ROXAS	Roxas Ave., Roxas City, Capiz
132	SAN CARLOS–NEGROS OCC.	Carmona St., San Carlos City, Negros Occidental
133	SAN FERNANDO-DOLORES	MacArthur Highway, Dolores, San Fernando, Pampanga
134	SAN FERNANDO - JASA	Jose Abad Santos Ave., City of San Fernando, Pampanga
135	SAN FERNANDO–MAIN	V. Tiomico Street, San Fernando, Pampanga
136	SAN JOSE DEL MONTE-QUIRINO HIGHWAY	#27 Quirino Highway, Pecsonville Subdivision, Bo. Tungkong Mangga, San Jose Del Monte, Bulacan
137	SAN JOSE, NUEVA ECIJA	Maharlika Highway cor. Market Road, San Jose City, Nueva Ecija
138	SAN PABLO-COLAGO	Colago Avenue, San Pablo City
139	SAN PABLO–MAHARLIKA	Maharlika Highway, San Pablo City
140	SAN PABLO-MAIN	Corner Regidor & Paulino Sts., San Pablo City
141	SANTIAGO-MAHARLIKA	Daang Maharlika St. cor. Camacam St., Santiago, Isabela
142	SILANG-CAVITE	139 J. Rizal St., Bgy. I, Silang, Cavite
143	SILAY-NEGROS OCCIDENTAL	Rizal St., Silay City
144	SOLANO	National Highway cor. Mabini St., Solano, Nueva Vizcaya
145	STA. MARIA-BULACAN	Corazon De Jesus St., Poblacion, Sta. Maria, Bulacan
146	STA. ROSA-BALIBAGO	Old Nat'l. Highway, Balibago, Sta. Rosa, Laguna
147	SURIGAO	Borromeo St., Surigao City, Surigao del Norte
148	SULTAN KUDARAT-ISULAN	National Highway, Brgy. Poblacion (Kalawag III), Isulan, Sultan Kudarat
149	TACLOBAN-P. BURGOS	P. Burgos cor. Del Pilar St., Tacloban City
150	TACLOBAN-MAIN	P. Zamora St., Tacloban City
151	TACLOBAN–RIZAL AVENUE	109 Rizal Ave. Tacloban City
152	TACURONG	Tacurong, Sultan Kudarat
153	TAGAYTAY	Foggy Heights Subd., San Jose, Tagaytay City, Cavite
154	TAGBILARAN-MAIN	20 C.P. Garcia Ave., Tagbilaran, City 6300 Bohol
155	TANZA-CAVITE	Along A. Soriano Highway, Daang Amaya I, Tanza, Cavite
156	TARLAC-F. TAÑEDO	F. Tañedo St., Poblacion, Tarlac, Tarlac
157	TARLAC-MACARTHUR HIGHWAY	MacArthur Highway, Tarlac, Tarlac
158	TARLAC-MAIN	MacArthur Highway, San Roque, Tarlac City
159	TRECE MARTIRES-CAVITE	Governor's Drive, Bgy. San Agustin, Trece Martires, Cavite City
160	TUGUEGARAO-MAIN	Luna St. cor. Blumentritt, Tuguegarao, Cagayan
161	URDANETA, PANGASINAN	Alexander Street, Urdaneta, Pangasinan
162	ZAMBOANGA–GALLERIA	Gov. Lim Ave. cor. Almonte St., Zamboanga City
163	ZAMBOANGA–GOV. LIM	Gov. Lim Ave., Zamboanga City
164	ZAMBOANGA–VETERANS AVE.	Cor. Veterans & Gov. Alvarez Ave., Zamboanga City

Exhibit 2

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2021

METRO MANILA BRANCHES

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
1	168 MALL	6th Floor, Unit 607, 168 Shopping Mall, Sta. Elena/Soler Streets, Binondo, Manila	79,621.77	July 31, 2023	renewable upon mutual agreement of both parties
2	20TH AVE.-CUBAO	No. 100, 20th Ave., Cubao, Quezon City	125,014.82	December 14, 2023	renewable upon mutual agreement of both parties
3	A. LACSON AVE.-SAMPALOC	Mother Rosario Bldg., 1234 Lacson Ave., Sampaloc, Manila	229,686.34	November 30, 2025	renewable upon mutual agreement of both parties
4	ACACIA-AYALA ALABANG	Unit 101, Alabang Business Tower, Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City	341,091.89	February 18, 2026	renewable upon mutual agreement of both parties
5	ADB	6 ADB Avenue 1501, Mandaluyong City	Rent Free	Auto-Renewal	renewable upon mutual agreement of both parties
6	ADRIATICO	1633 M. Adriatico Street, Malate, Manila	283,618.13	November 4, 2023	renewable upon mutual agreement of both parties
7	AGUIRRE-SALCEDO	G/F Cattleya Condominium Salcedo cor. Aguirre Sts., Legaspi Village, Makati City	344,842.68	July 31, 2025	renewable upon mutual agreement of both parties
8	ALABANG	JM Bldg., West Service Road cor. Montillano St., Alabang Viaduct, Muntinlupa City	303,066.23	July 31, 2027	renewable upon mutual agreement of both parties
9	ALFARO	G/F ALPAP Building, 140 LP Leviste St., Salcedo Vill., Makati City	382,589.71	December 15, 2024	renewable upon mutual agreement of both parties
10	ANDA CIRCLE-PORT AREA	Knights of Rizal Bldg., Bonifacio Drive, Port Area, Manila	156,610.28	May 31, 2022	renewable upon mutual agreement of both parties
11	ANTIPOLO-iMALL	iMall Antipolo Bayan, J. Sumulong cor. M.L. Quezon, Brgy. San Roque, Antipolo City	304,943.62	May 29, 2024	renewable upon mutual agreement of both parties
12	AURORA BLVD.-MANHATTAN PARKWAY	Parkway Shopping Arcade, Manhattan Garden City, Aurora Blvd., Araneta Center, Cubao, Quezon City	359,970.00	September 30, 2025	renewable upon mutual agreement of both parties
13	AURORA BLVD-ANONAS	986 Caly Bldg., cor. F. Castillo, Aurora Blvd., Cubao, Quezon City	261,800.00	December 31, 2024	renewable upon mutual agreement of both parties
14	AYALA ALABANG	Sycamore Prime Bldg., Alabang-Zapote Rd. cor. Buencamino St., Alabang, Muntinlupa	455,043.75	February 29, 2024	renewable upon mutual agreement of both parties
15	AYALA AVENUE-BANKMER	Bankmer Bldg., 6756 Ayala Avenue, Makati City	519,092.00	December 31, 2027	renewable upon mutual agreement of both parties
16	AYALA AVENUE-VA RUFINO	GF Rufino Bldg., 6784 Ayala Ave., Makati City	273,486.60	June 30, 2022	renewable upon mutual agreement of both parties
17	AYALA MALLS MANILA BAY	Unit 2009, 2F Macapagal Blvd. cor. Asean Ave., Brgy. Tambo, Paranaque City	396,075.00	September 30, 2024	renewable upon mutual agreement of both parties
18	AYALA TRIANGLE	Units E1 & E2, Tower One and Exchange Plaza, Ayala Triangle, Ayala Ave., cor. Paseo de Roxas, Makati City	663,599.48	January 31, 2023	renewable upon mutual agreement of both parties
19	BACLARAN-MILENYO	2nd Floor, Baclaran Bagong Milenyo Plaza, F.B. Harrison cor. Russel Ave., Baclaran	319,130.38	September 19, 2026	renewable upon mutual agreement of both parties
20	BAESA	131 Quirino Highway corner Palm Road, Baesa, Quezon City	150,000.00	April 15, 2030	renewable upon mutual agreement of both parties
21	BARANGKA-RIVERBANKS	164 A. Bonifacio Avenue, Brgy. Tañong, Marikina City	133,705.69	May 15, 2026	renewable upon mutual agreement of both parties
22	BENAVIDEZ	943-945 Benavidez St., Sta. Cruz, Manila	159,203.21	November 1, 2024	renewable upon mutual agreement of both parties
23	BETTER LIVING-RUSSIA	Russia St., Better Living Subd., Brgy. Don Bosco, Parañaque City	130,000.00	December 31, 2025	renewable upon mutual agreement of both parties
24	BRIXTON HILL	118 G. Araneta Ave. Sta. Mesa, Quezon City	162,640.11	January 31, 2024	renewable upon mutual agreement of both parties
25	BUSTILLOS-SAMPALOC	Dona Paz Bldg., 443 J. Figueras St., Sampaloc, Manila	203,550.30	June 30, 2026	renewable upon mutual agreement of both parties
26	C-3-A. MABINI	G/F Marea Commercial Complex, 200 A. Mabini St., Maypajo, Caloocan City	161,662.26	May 31, 2026	renewable upon mutual agreement of both parties
27	CALOOCAN-DEPARO	Puregold, Deparo Road cor. Road Lot. 1, Villa Maria Subd., Deparo, Caloocan City	91,593.89	July 31, 2026	renewable upon mutual agreement of both parties
28	CHINA PLAZA-TOMAS MAPUA	645 Tomas Mapua Street, Sta. Cruz, Manila	115,762.50	July 31, 2023	renewable upon mutual agreement of both parties
29	COMMONWEALTH	UGF, Lenjul Bldg., Commonwealth Ave., Quezon City	204,416.95	May 31, 2023	renewable upon mutual agreement of both parties
30	CONCEPCION-MALABON	G/F Domana Bldg., Gen Luna St., Concepcion, Malabon City	121,557.60	September 30, 2025	renewable upon mutual agreement of both parties
31	CUBAO	922 Aurora Blvd., Cubao, Quezon City	273,488.91	March 31, 2026	renewable upon mutual agreement of both parties
32	CUBAO-ARANETA CYBERPARK	Telus Building, Araneta Center Cubao, Quezon City	395,720.00	September 30, 2022	renewable upon mutual agreement of both parties
33	CULIAT-TANDANG SORA	No. 96859 D & B Royal Midway Plaza, 419 Tandang Sora, Brgy. Culiat, Quezon City	110,496.17	March 31, 2031	renewable upon mutual agreement of both parties
34	D. TUAZON-DEL MONTE(DEL MONTE-TALAYAN)	Along D. Tuazon near corner Del Monte Avenue, Quezon City	88,200.00	July 19, 2029	renewable upon mutual agreement of both parties
35	DAPITAN-BANAWE	Unit 1-4 Solmac Bldg., Dapitan corner Banaue Sta. Teresita, Quezon City	197,984.66	March 31, 2024	renewable upon mutual agreement of both parties
36	DELA ROSA-SALCEDO ST.	Unit I, Kalayaan Bldg., 164 Salcedo St., Legaspi Village, Makati City	252,402.21	June 30, 2025	renewable upon mutual agreement of both parties
37	DIVISORIA CENTER	Doña Salustiana Bldg., Ylaya St., Binondo, Manila	355,914.79	February 28, 2022	renewable upon mutual agreement of both parties
38	DOMESTIC AIRPORT	Salem Int'l Comml Complex, Domestic Road, Pasay City	136,485.09	February 15, 2022	renewable upon mutual agreement of both parties
39	DON BOSCO-MAKATI	La Fuerza Plaza Bldg., 2241 Don Chino Roces Ave., Makati	396,900.00	May 31, 2024	renewable upon mutual agreement of both parties
40	E. RODRIQUEZ	1661 E. Rodriguez Sr., Blvd., Quezon City	140,441.82	November 1, 2024	renewable upon mutual agreement of both parties
41	EAST SERVICE ROAD-BICUTAN	East Service Road, South Superhighway, Bicutan Interchange, Paranaque City	70,630.47	November 14, 2025	renewable upon mutual agreement of both parties
42	EASTWOOD CITY	Techno Plaza One Bldg., 118 E. Rodriguez, Brgy. Bagumbayan, Quezon City	659,289.26	April 30, 2025	renewable upon mutual agreement of both parties
43	EDSA-CONGRESSIONAL	Global Trade Center Building, 1024 North EDSA, Quezon City	232,699.94	March 14, 2022	renewable upon mutual agreement of both parties
44	EDSA-CORINTHIAN	219-223 CLMC Building, Edsa, Mandaluyong City	157,726.37	June 30, 2024	renewable upon mutual agreement of both parties
45	EDSA-MUNOZ MARKET	1199 E. Delos Santos Avenue, Brgy. Katipunan, Quezon City	91,011.66	November 14, 2026	renewable upon mutual agreement of both parties
46	EDSA-POEA	GF Lobby, POEA Building, Ortigas Ave. cor EDSA, Mandaluyong	25,010.00	December 31, 2024	renewable upon mutual agreement of both parties
47	EDSA-TRAMO	453 Highway Master Bldg. EDSA, Pasay City	450,000.00	July 31, 2024	renewable upon mutual agreement of both parties
48	ERMITA	Metrobank Bldg., A. Mabini cor. A. Flores Sts., Ermita, Manila	200,000.00	January 31, 2022	renewable upon mutual agreement of both parties
49	ESCOLTA TOWER	288 Escolta Twin Tower, Escolta St., Binondo, Manila	133,223.16	August 31, 2023	renewable upon mutual agreement of both parties
50	ESPANA	España Blvd., corner Vicente Cruz St., Sampaloc, Manila	269,551.53	October 31, 2025	renewable upon mutual agreement of both parties
51	EVANGELISTA-BANGKAL	1645 Evangelista Street, Brgy. Bangkal, Makati City	182,870.73	November 30, 2027	renewable upon mutual agreement of both parties
52	EVANGELISTA-QUIAPO	675-679 B. Evangelista St., Quiapo, Manila	117,406.00	May 31, 2023	renewable upon mutual agreement of both parties
53	EXAMINER-QUEZON AVENUE	Ave Maria Bldg., 1517 Quezon Ave., West Triangle, Quezon City	251,315.17	October 14, 2023	renewable upon mutual agreement of both parties
54	FAIRVIEW-REGALADO AVE.	College Square Dormitory cor. Lyric St. & Regalado Ave., West Fairview, Quezon City	212,721.06	July 31, 2024	renewable upon mutual agreement of both parties
55	FARMERS PLAZA	LGF Farmers Plaza, Araneta Center, Cubao, Quezon City	387,185.00	March 31, 2026	renewable upon mutual agreement of both parties
56	FOLGUERAS	918 Folgueras Street, Tondo, Manila	114,950.00	March 31, 2024	renewable upon mutual agreement of both parties
57	FORT MILESTONE-5TH AVE.	Milestone Bldg., 5th Ave., Bonifacio Global City, Taguig City	823,964.40	August 31, 2024	renewable upon mutual agreement of both parties
58	FORT SEIBU TOWER	Seibu Tower, 24th St. cor. 6th Ave., Bonifacio Global City, Taguig City	642,316.50	January 31, 2025	renewable upon mutual agreement of both parties
59	FORT SOUTH OF MARKET	North Tower Bldg. Cor. 11th Ave. and 26th St. South of Market, Fort Bonifacio Global City, Taguig	291,092.18	October 31, 2023	renewable upon mutual agreement of both parties

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2021

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
60	FORT-BAYANI ROAD	Ground Flr., GPI Bldg., 9A Bayani Road, Fort Bonifacio, Taguig City	238,130.33	September 30, 2023	renewable upon mutual agreement of both parties
61	FORT-BONIFACIO GLOBAL CITY	32nd St., 5th Avenue, Bonifacio Global City, Taguig, MM	457,001.41	August 31, 2023	renewable upon mutual agreement of both parties
62	FORT-BURGOS CIRCLE	Ground Floor, The Fort Residences, 30th Street cor 2nd Ave., cor Padre Burgos Circle, Crescent Park, West Bonifacio Global City, Taguig	419,788.57	July 15, 2026	renewable upon mutual agreement of both parties
63	FORT-CLIPP CENTER	11th Ave. Corner 39th Street, Bonifacio Global City, Taguig City	345,288.98	May 31, 2023	renewable upon mutual agreement of both parties
64	FORT-ECOPRIME TOWER	Ecoprime Tower, 32nd St., cor. 9th Ave., Bonifacio Global City, Taguig City	950,937.12	August 31, 2024	renewable upon the written agreement of both parties
65	FORT-FINANCE CENTRE	The Finance Centre, 26th St., Bonifacio Global City, Taguig City	687,629.25	November 14, 2023	renewable upon mutual agreement of both parties
66	FORT-MCKINLEY	Unit B, McKinley Hill 1820 Bldg., McKinley Hill, Fort Bonifacio, Taguig City	630,148.64	July 31, 2020	under negotiation
67	FORT-TEN WEST CAMPUS	Ten West Campus, Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	359,710.47	September 30, 2024	renewable upon mutual agreement of both parties
68	FORT-TFT	GF-07 TFT, 7th Ave. cor. 32nd St., BGC, Fort, Taguig City	680,200.00	June 30, 2026	renewable upon mutual agreement of both parties
69	FORT-W 5TH AVE.	W. Fifth Bldg., 5th Ave., Bonifacio Global City, Taguig City	512,559.80	May 14, 2024	renewable upon the written agreement of both parties
70	FTI COMPLEX-TAGUIG	Old Admin Bldg., FTI Ave., FTI Complex, Taguig, Metro Manila	145,020.15	December 31, 2022	renewable upon mutual agreement of both parties
71	G ARANETA-QUEZON AVENUE	Ground Floor, C. Ramirez Company Bldg., G. Araneta corner Quezon Ave., Quezon City	286,650.00	November 30, 2022	renewable upon mutual agreement of both parties
72	GEN LUIS-NOVALICHES	St. Claire Building, Gen. Luis St., Novaliches, Quezon City	167,456.23	November 15, 2022	renewable upon mutual agreement of both parties
73	GEN. LUNA-PACO	1547 Gen. Luna St., Paco, Manila	246,655.71	January 31, 2026	renewable upon mutual agreement of both parties
74	GREENBELT	G/F Pioneer House Bldg., 108 Paseo de Roxas cor. Legaspi St., Makati	356,368.20	September 30, 2021	under negotiation
75	GREENHILLS NORTH	338 Ortigas Avenue, San Juan, Metro Manila	169,338.03	March 3, 2026	renewable upon mutual agreement of both parties
76	GREENHILLS-EISENHOWER	G/F Goldland Plaza Bldg., Eisenhower St., Greenhills, San Juan	184,741.24	June 30, 2022	renewable upon mutual agreement of both parties
77	GREENHILLS-PROMENADE	Unit #131 Ground Flr., Promenade Bldg., Greenhills, Shopping Center, San Juan City	250,355.29	September 30, 2023	renewable upon mutual agreement of both parties
78	GREENHILLS-V MALL	GF, Unit V-108B1, V-Mall Greenhills	616,105.95	September 15, 2023	renewable upon mutual agreement of both parties
79	GREENHILLS-WILSON	One Wilson Square, Ortigas Ave. cor. Wilson St., Greenhills, San Juan City	1,002,496.91	August 31, 2029	renewable upon mutual agreement of both parties
80	HONORIO LOPEZ BLVD.-BALUT TONDO	262 Honorio Lopez Blvd. cor. Rodriguez St., Balut, Tondo, Manila	73,409.44	December 31, 2025	renewable upon mutual agreement of both parties
81	INTRAMUROS	FEMII Bldg., A. Soriano Jr. Avenue, Intramuros, Manila	121,963.20	March 31, 2026	renewable upon mutual agreement of both parties
82	INTRAMUROS-CBCP	CBCP Building, 470 General Luna St., Intramuros, Manila	166,376.79	June 30, 2023	renewable upon mutual agreement of both parties
83	J. ABAD SANTOS-MAYHALIGUE	1385 Jose Abad Santos Avenue, Tondo, Manila	167,163.53	October 31, 2024	renewable upon mutual agreement of both parties
84	J.P. LAUREL-SAN MIGUEL MANILA	G/F First Residences, 1557 J.P. Laurel St. cor. Matienza St., San Miguel, Manila	207,678.50	April 30, 2025	renewable upon mutual agreement of both parties
85	JUPITER-68TH BEL-AIR	68 Jupiter St., Bel-Air, Makati City	352,253.71	February 28, 2025	renewable upon mutual agreement of both parties
86	JUPITER-BEL AIR	112 Jupiter St., Bel-Air, Makati City	283,996.79	October 31, 2026	renewable upon mutual agreement of both parties
87	KALAW HILL	Commonwealth Ave. cor. Kalaw Hill Subd., Culiat, Quezon City	160,430.44	July 7, 2023	renewable upon mutual agreement of both parties
88	KALAYAAN - CENTURY CITY	Unit GF 9 & 10 Centuria Medical Makati, Century City, Kalayaan Ave., Makati City	675,616.18	April 1, 2025	renewable upon mutual agreement of both parties
89	KALAYAAN AVENUE	Odelco Bldg., 128 Kalayaan Avenue, Diliman, Quezon City	136,602.26	September 15, 2022	renewable upon mutual agreement of both parties
90	KALENTONG-MANDALUYONG	188 Gen. Kalentong, Daang Bakal, Mandaluyong City	180,913.00	May 4, 2025	renewable upon mutual agreement of both parties
91	KARUHATAN-VALENZUELA	235-I McArthur Highway, Karuhatan, Valenzuela City	185,172.19	August 17, 2022	renewable upon mutual agreement of both parties
92	KAYAMANAN C	2300 PIFCO Bldg., Pasong Tamo Ext., Makati City	484,790.40	October 31, 2025	renewable upon mutual agreement of both parties
93	LAGRO	KM 21 Lester Bldg., Quirino Highway, Lagro, Novaliches, Quezon City	227,570.91	October 31, 2024	renewable upon mutual agreement of both parties
94	LAS PIÑAS-ALMANZA	Cillben Bldg., 467 Alabang-Zapote Road, Almanza Uno, Las Piñas City	187,613.39	December 15, 2025	renewable upon mutual agreement of both parties
95	LAS PIÑAS-BF RESORT	Lot 18 & 20, Block 18, BF Resort Drive, Las Pinas City	92,486.60	May 31, 2022	renewable upon mutual agreement of both parties
96	LAS PIÑAS-NAGA ROAD	Naga Road, Pulang Lupa II, Las Piñas City	121,392.82	June 15, 2023	renewable upon mutual agreement of both parties
97	LAVEZARES	403 CDC Building, Lavezares St. cor. Asuncion St., Binondo, Manila	203,614.27	July 31, 2022	renewable upon mutual agreement of both parties
98	LEGASPI VILLAGE-MAKATI	Don Pablo Bldg., 114 Amorsolo St., Legaspi Village, Makati City	409,500.00	August 31, 2024	renewable upon mutual agreement of both parties
99	LIBERTAD-MANDALUYONG	G/F PGMC Bldg., Domingo M. Guevarra St., corner Calbayog Street, Mandaluyong City	238,239.23	March 31, 2025	renewable upon mutual agreement of both parties
100	LUNETA-T.M. KALAW	470 T.M. Kalaw cor. Cortada St., Ermita, Manila	279,686.60	May 15, 2023	renewable upon mutual agreement of both parties
101	MADRIGAL BUSINESS PARK-ALABANG	El Molito Bldg., Madrigal Business Park, Alabang-Zapote Road., Muntinlupa City	560,071.68	August 31, 2025	renewable upon mutual agreement of both parties
102	MANDALUYONG - PIONEER	Sunshine 100 City, Plaza Pioneer, Pioneer St., Mandaluyong City	216,809.20	January 31, 2023	renewable upon mutual agreement of both parties
103	MARIKINA-LILAC	3 Lilac St., Hacienda Heights Subd., Concepcion 2, Marikina City	112,017.39	July 12, 2024	renewable upon mutual agreement of both parties
104	MASANGKAY-LUZON	1161-1163 Masangkay St., Sta. Cruz, Manila	171,547.83	July 31, 2022	renewable upon mutual agreement of both parties
105	MASANGKAY-MAYHALIGUE	1348-1352 Broadview Towers, G. Masangkay St., Sta. Cruz, Manila	202,360.44	July 31, 2024	renewable upon mutual agreement of both parties
106	MASINAG-MARCOS H-WAY	Kingsville Arcade, Marcos Highway, Mayamot, Antipolo City	331,055.86	September 30, 2025	renewable upon mutual agreement of both parties
107	MAYSILO CIRCLE-MANDALUYONG (MINI)	344 Maysilo St., Jojemar Bldg., Boni Avenue, Mandaluyong City	109,677.70	October 31, 2022	renewable upon mutual agreement of both parties
108	MCARTHUR HIGHWAY-MALINTA	Km 14, McArthur Highway, Malinta, Valenzuela City	107,041.65	March 20, 2026	renewable upon mutual agreement of both parties
109	METROPOLITAN PARK-iMET	iMET Bldg., Metropolitan Park, Bay Area, Roxas Blvd., Pasay City	230,457.78	May 31, 2028	renewable upon mutual agreement of both parties
110	METROPOLITAN PARK-ROXAS BLVD.	Bldg. M, Blue Bay Walk, Metropolitan Ave. cor. EDSA Extension, Bay Area, CBD, Pasay City	246,140.02	January 31, 2021	under negotiation
111	MINDANAO AVENUE	Units 1-3 Ground Floor, Puregold, Mindanao Avenue, Quezon City	185,895.80	January 31, 2026	renewable upon mutual agreement of both parties
112	MORAYTA	870 Nicanor Reyes Sr. Ave., Sampaloc , Manila	222,472.26	September 30, 2023	renewable upon mutual agreement of both parties
113	MUNTINLUPA-LAKEFRONT	Space No. B 04, Presidio Walk Lakefront, Sucat, Muntinlupa City	108,019.79	July 31, 2023	renewable upon mutual agreement of both parties
114	MUNTINLUPA-TUNASAN	Gian Plaza, Blk. 9, Lot 1, Carolina Subd., National Road, Brgy. Tunasan, Muntinlupa City	121,000.00	September 30, 2024	renewable upon mutual agreement of both parties
115	N. DOMINGO-SAN JUAN	128-132 N. Domingo St., San Juan, M.M.	419,540.49	August 31, 2029	renewable upon mutual agreement of both parties
116	NAIA	Columbia Airfreight Complex Building, Ninoy Aquino Ave., Parañaque City	171,033.93	April 30, 2022	renewable upon mutual agreement of both parties
117	NEW MANILA	676 Aurora Blvd., New Manila, Quezon City	408,864.85	May 31, 2024	renewable upon mutual agreement of both parties
118	NORTH EDSA	Rockwell Business Center, Tower2 Level 1, Units No. 6 & 7, Meralco Complex Center, Pasig	147,242.28	February 15, 2022	renewable upon mutual agreement of both parties
119	NOVALICHES-TALIPAPA	Qurino Highway cor. Marigold St. Brgy. Talipapa, Novaliches, Q.C.	150,150.00	August 15, 2031	renewable upon mutual agreement of both parties
120	NUEVA	562-568 Nueva St., Binondo, Manila	209,840.00	April 30, 2025	renewable upon mutual agreement of both parties
121	ORTIGAS-SAN MIGUEL AVENUE	G/F Belevedere Tower Condominium, San Miguel Ave., Pasig	328,058.87	November 14, 2025	renewable upon mutual agreement of both parties

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122	ORTIGAS-SAPPHIRE	Unit G105-B, GF AIC Gold Tower, F. Ortigas Jr. Ave. (formerly Emerald Ave.) cor. Garnet & Sapphire Sts., Ortigas Center, Pasig City	535,787.87	July 15, 2024	renewable upon mutual agreement of both parties
123	ORTIGAS-TAIPAN	G/F Taipan Place Bldg., Emerald Ave., Ortigas, Pasig City	383,924.30	August 31, 2026	renewable upon mutual agreement of both parties
124	ORTIGAS-XAVIER	Ortigas Ave. corner Xavier St., San Juan, Metro Manila	209,737.09	January 31, 2022	renewable upon mutual agreement of both parties
125	PACO	1756 Singalong St., Paco, Manila	226,497.80	May 31, 2026	renewable upon mutual agreement of both parties
126	PARANG-MARIKINA	94 Balagtas St., cor. Tanguille St., Parang, Marikina	129,602.39	December 16, 2021	under negotiation
127	PASAY-BACLARAN	Kapt. Ambo St., Pasay City	546,658.52	August 1, 2030	renewable upon mutual agreement of both parties
128	PASAY-NAIA 3	Stall No. 10, Arrival Lobby, NAIA Terminal III, Pasay City	22,744.20	August 31, 2022	renewable upon mutual agreement of both parties
129	PASAY-ROTONDA	2717 Taft Ave. Ext., Pasay City	169,162.50	September 30, 2026	renewable upon mutual agreement of both parties
130	PASEO DE ROXAS	Ground Floor, 777 Paseo de Roxas, Makati City	671,422.50	August 31, 2024	renewable upon mutual agreement of both parties
131	PASEO-MAKATI AVE.	8735 Makati Avenue cor. 1226 Paseo de Roxas, Makati City	867,116.25	October 15, 2023	renewable upon mutual agreement of both parties
132	PASIG-C. RAYMUNDO	Along C. Raymundo Ave., Brgy. Rosario, Pasig City	118,196.44	January 31, 2022	renewable upon mutual agreement of both parties
133	PASIG-ESTANCIA MALL	LG-12B Estancia East Wing, Capitol Commons, Pasig City	354,475.49	January 31, 2026	renewable upon mutual agreement of both parties
134	PASIG-ROSARIO	Choice Market Ortigas, #68 Ortigas Ave. Ext., Brgy. Rosario, Pasig City	191,839.44	January 25, 2029	renewable upon mutual agreement of both parties
135	PASIG-SILVER CITY	KPO-2 Plaza, Silver City 2, Frontera Verde, Pasig City	296,762.46	December 31, 2024	renewable upon mutual agreement of both parties
136	PASONG TAMO	2300 Leelin Building, Pasong Tamo St., Makati City	413,209.35	August 15, 2024	renewable upon mutual agreement of both parties
137	PASONG TAMO EXTENSION	UPRC VII, 2287 Pasong Tamo Extension, Makati City	453,349.10	March 31, 2023	renewable upon mutual agreement of both parties
138	PASONG TAMO-BUENDIA	Unit A, Lilac Tower, Oriental Garden Makati, Chino Roxes Ave., Makati City	401,316.72	August 9, 2025	renewable upon mutual agreement of both parties
139	PASONG TAMO-METROPOLITAN AVENUE	Prudence Building, 1140 Pasong Tamo, Brgy. San Antonio Village, Makati City	248,779.18	September 15, 2026	renewable upon mutual agreement of both parties
140	PATEROS	No. 104 M. Almeda Street, Pateros, Metro Manila	152,425.49	February 28, 2030	renewable upon mutual agreement of both parties
141	PEREA-GALLARDO	G/F Century Plaza Condominium, 120 Perea St., Legaspi Village, Makati City	234,028.94	January 31, 2022	renewable upon mutual agreement of both parties
142	PLAZA CERVANTES	State Investment Center Bldg., No. 333 Juan Luna St., Binondo, Manila	472,818.15	November 30, 2024	renewable upon mutual agreement of both parties
143	PLAZA LORENZO RUIZ	475 Juan Luna St., Binondo, Manila	178,435.95	August 31, 2022	renewable upon mutual agreement of both parties
144	POTRERO-MALABON	Ponciana Center, Along McArthur Highway corner Del Monte Avenue, Potrero, Malabon City	220,488.95	November 30, 2022	renewable upon mutual agreement of both parties
145	PROJECT 8-SHORTORN	No. 37 Shortorn St., Project 8, Quezon City	250,484.52	January 2, 2025	renewable upon mutual agreement of both parties
146	PUREZA-R. MAGSAYSAY BLVD.	2244 De Ocampo Memorial School Annex Bldg., R. Magsaysay Blvd. near cor. Pureza Sts., Sta. Mesa, Manila	113,759.07	August 31, 2025	renewable upon mutual agreement of both parties
147	QUEZON AVE.-CORDILLERA	EU State Tower, No. 30 Quezon Avenue, Quezon City	116,388.65	January 15, 2024	renewable upon mutual agreement of both parties
148	QUIAPO	No. 117 & 119 C. Palanca St., Quiapo, Manila	116,109.79	July 15, 2031	renewable upon mutual agreement of both parties
149	QUINTIN PAREDES	No. 457-459 Quintin Paredes Street, Binondo, Manila	192,937.50	March 31, 2024	renewable upon mutual agreement of both parties
150	REINA REGENTE	852-882 Reina Regente St., Binondo, Manila	197,544.19	June 30, 2023	renewable upon mutual agreement of both parties
151	RETIRO-CORDILLERA	N. S. Amoranto corner Cordillera St., Quezon City	139,089.50	November 15, 2022	renewable upon mutual agreement of both parties
152	RETIRO-MAYON	314 N. Amoranto Ave. cor. Mayon St., Quezon City	322,500.00	February 28, 2025	renewable upon mutual agreement of both parties
153	RIZAL AVENUE EXT.-3RD AVE.	213-C Rizal Ave. Ext. Bet. 2nd & 3rd, Caloocan	98,772.07	December 31, 2024	renewable upon mutual agreement of both parties
154	RIZAL-RODRIGUEZ	100 J.P. Rizal Ave., Brgy. Manggahan, Rodriguez, Rizal	298,224.38	February 28, 2031	renewable upon mutual agreement of both parties
155	ROBINSON'S PLACE-ADRIATICO	1413 M. Adriatico St., Ermita, Manila	550,000.00	March 28, 2024	renewable upon written agreement of both parties
156	ROCES AVENUE	Roces Avenue cor Scout Reyes St., Quezon City	164,875.97	March 15, 2026	renewable upon mutual agreement of both parties
157	ROXAS BLVD.-PADRE FAURA	Units C2, C3 & C4, Grand Riviera Suites, Roxas Blvd., cor. Padre Faura St., Ermita, Manila	353,478.93	May 31, 2025	renewable upon mutual agreement of both parties
158	SAN AGUSTIN-HV DELA COSTA	Unit 101 Liberty Center Bldg., 104 HV dela Costa St. cor. San Agustin St., Salcedo Vill., Makati	350,650.00	October 31, 2026	renewable upon mutual agreement of both parties
159	SAN JOAQUIN-PASIG	25 R. Jabson St., San Joaquin, Pasig City	341,818.14	February 28, 2029	renewable upon mutual agreement of both parties
160	SAN LORENZO VILLAGE	G/F la O' Ctr. 1000 A. Arnaiz Ave., Makati City	347,902.26	May 31, 2024	renewable upon mutual agreement of both parties
161	SAN NICOLAS CENTER	455 and 457 Clavel St., San Nicolas, Binondo, Manila	270,884.25	January 31, 2023	renewable upon mutual agreement of both parties
162	SHAW BLVD-CBC CENTER	CBC Corporate Center, Shaw Blvd., Mandaluyong City	136,562.13	October 15, 2025	renewable upon mutual agreement of both parties
163	SHAW BLVD-J.M. ESCRIVA	J. M. Escriva, Shaw Blvd., Pasig City	373,978.76	November 30, 2022	renewable upon mutual agreement of both parties
164	SKYLAND PLAZA	G/F Skyland Plaza Condominium, Sen. Gil Puyat Ave., Makati City	110,122.95	December 31, 2024	renewable upon mutual agreement of both parties
165	SOLER	1064-1074 Soler, Binondo Manila	223,079.06	August 31, 2026	renewable upon mutual agreement of both parties
166	STA. ANA-MANILA	G/F Commercial Bldg., 2447 Pedro Gil St., Sta. Ana, Manila	187,000.00	July 31, 2022	renewable upon written agreement of both parties
167	STA. ANA-PEDRO GIL	1929 Pedro Gil, Sta. Ana, Manila	82,958.30	December 15, 2024	renewable upon written agreement of both parties
168	STA. ELENA	602 Bodega Sales Bldg., Sta. Elena St., San Nicolas St., Manila	163,225.13	May 31, 2023	renewable upon mutual agreement of both parties
169	STA. MONICA-NOVALICHES	1035 Quirino Highway, Sta. Monica, Novaliches, Quezon City	68,000.00	August 31, 2023	renewable upon mutual agreement of both parties
170	STO. CRISTO-C.M. RECTO	859 Sto. Cristo Street, Binondo, Manila	101,200.00	June 30, 2026	renewable upon mutual agreement of both parties
171	STO. CRISTO-SAN NICOLAS ST.	600 Sto. Cristo St. cor. San Nicolas St., Binondo, Manila	92,000.00	April 30, 2026	renewable upon mutual agreement of both parties
172	STO. NINO-MARIKINA	Sumulong Highway, Toyota Ave. Brgy. Sto. Niño, Marikina City	159,399.01	June 30, 2023	renewable upon mutual agreement of both parties
173	SUMULONG-FATIMA	Unit R-106, Antipolo Valley Mall, Brgy. Sta. Cruz, Sumulong Highway, Antipolo City	155,989.97	August 20, 2027	renewable upon mutual agreement of both parties
174	SUSANO ROAD-NOVALICHES	29 Susano Road, Novaliches Proper, Novaliches, Quezon City	255,256.31	April 30, 2026	renewable upon mutual agreement of both parties
175	TAFT AVE.-P. OCAMPO	2456 Taft Avenue, Manila	178,679.42	October 31, 2022	renewable upon mutual agreement of both parties
176	TAFT-APACIBLE	883 G. Apacible cor. Leon Guinto Sts., Ermita Manila	198,030.00	January 31, 2030	renewable upon mutual agreement of both parties
177	TAGUIG-PUREGOLD	Commercial Units 7-10, Puregold, Taguig, Gen. Luna St., Tuktukan, Taguig City	137,781.35	September 26, 2021	under negotiation
178	THE FORT MARAJO	G/F, Marajo Tower 4th Ave. cor. 26th St., Bonifacio Global City, Taguig	528,176.88	July 14, 2023	renewable upon mutual agreement of both parties
179	TOMAS MAPUA-FUGOSO	1052-1056 Tomas Mapua corner Fugoso St., Sta. Cruz, Manila	117,873.59	September 30, 2022	renewable upon mutual agreement of both parties
180	TOMAS MORATO	46 Tomas Morato Ave. corner Scout Gandia St., Quezon City	214,702.11	August 8, 2023	renewable upon mutual agreement of both parties
181	TONDO-GAGALANGIN	2569 Juan Luna St., Gagalangin, Tondo, Manila	140,431.03	December 31, 2024	renewable upon mutual agreement of both parties
182	TORDESILLAS-GIL PUYAT AVE.	Condominium Units 102 and 103 G/F Le Triomphe Condominium, Sen. Gil Puyat Ave. cor. Dela Costa St., Salcedo Village Makati City	512,494.40	March 31, 2026	renewable upon mutual agreement of both parties
183	TUTUBAN	L5. CM17, Tutuban Centermall II along Loop Road, East and CM Recto Ave., Manila	n/a	n/a	renewable upon mutual agreement of both parties

Exhibit 2

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2021

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
184	TUTUBAN PRIME BLOCK	Tutuban Prime Block C. M. Recto Ave., Tondo, Manila	n/a	n/a	renewable upon mutual agreement of both parties
185	U.N. AVENUE	G/F Manila Doctors Hospital, 667 U.N. Avenue, Ermita, Manila	613,798.00	December 31, 2023	renewable upon mutual agreement of both parties
186	V.LUNA-EAST AVENUE	18 Lyman Bldg., V. Luna Road cor East Ave., Diliman, Quezon City	236,671.79	November 2, 2028	renewable upon mutual agreement of both parties
187	VALENZUELA-GEN. T. DE LEON	Our Lady of Lourdes College, Gen. T. De Leon St., Valenzuela City	150,073.04	August 31, 2024	renewable upon mutual agreement of both parties
188	VALENZUELA-NLEX GATEWAY	Unit LG-4, Valenzuela Gateway Complex, #318 Paso de Blas St., Brgy. Paso de Blas, Valenzuela City	101,998.34	December 31, 2026	renewable upon mutual agreement of both parties
189	VISAYAS AVENUE	Visayas Avenue cor. Congressional Ave., Quezon City	124,647.74	August 15, 2023	renewable upon mutual agreement of both parties
190	WACK-WACK	S & R Compound, 514 Shaw Blvd., Mandaluyong City	173,630.83	December 1, 2023	renewable upon mutual agreement of both parties
191	WEST SERVICE ROAD-ALABANG HILLS	G/F Don Jesus Blvd. cor. West Service Road, South Superhighway, Muntinlupa City	103,830.85	April 30, 2026	renewable upon mutual agreement of both parties
192	WEST SERVICE ROAD-MERVILLE	Km. 12, West Service Road, Pasay City	130,881.34	April 30, 2022	renewable upon mutual agreement of both parties
193	XAVIERVILLE	Xavierville Avenue, corner B. Gonzales Street, Loyola Heights, Quezon City	81,033.46	July 31, 2025	renewable upon mutual agreement of both parties
194	ZABARTE ROAD-NOVALICHES	C.I. Plaza, 1151 Old Zabarte Road cor. Quirino Highway, Kaligayahan, Novaliches, Quezon City	241,891.03	November 30, 2025	renewable upon mutual agreement of both parties
195	ZURBARAN	1662 V. Fugoso St., corner Oroquieta St., Sta. Cruz, Manila	240,546.07	December 5, 2023	renewable upon mutual agreement of both parties

COUNTRYSIDE BRANCHES

1	AGUINALDO-IMUS	Aguinaldo Highway, Brgy. Tanzang Luma, Imus, Cavite	132,300.00	October 18, 2029	renewable upon mutual agreement of both parties
2	AGUSAN DEL SUR	Bonifacio Street, San Francisco, Agusan Del Sur	142,462.36	August 31, 2023	renewable upon mutual agreement of both parties
3	ALBAY-DARAGA	Vicente Dy Bldg., Along Rizal St., Daraga, Albay	65,597.58	March 31, 2026	renewable upon mutual agreement of both parties
4	ANGELES-MARQUEE MALL	Space MG0017, GF Marquee Mall, Francisco G. Nepomuceno Ave., Angeles City	163,871.45	September 30, 2026	renewable upon written agreement of both parties
5	ANGELES-MC ARTHUR HI-WAY	Lot 22-27, Blk. 42, Mc Arthur Hi-way, Brgy. Lourdes, Angeles City	89,426.53	January 31, 2027	renewable upon mutual agreement of both parties
6	ANGELES-STO DOMINGO	Lot 408, Sto. Rosario, Sto. Domingo, Angeles City	75,045.36	June 30, 2025	renewable upon mutual agreement of both parties
7	ANGELES-STO. ROSARIO	772 Santo Rosario St., Brgy. Santo Rosario, Angeles City	199,500.00	September 15, 2030	renewable upon mutual agreement of both parties
8	BACOLOD-AYALA CAPITOL CENTRAL	Ayala Malls Capitol Central, Gatuslao St., Brgy. 8, Bacolod City, Negros Occidental	126,869.80	October 31, 2024	renewable upon mutual agreement of both parties
9	BACOLOD-EASTSIDE	Villa Angela Arcade Annex, Circumferential Road, Bacolod City	90,015.82	April 30, 2025	renewable upon mutual agreement of both parties
10	BACOLOD-GONZAGA	MGL Bldg., Gonzaga Street, Bacolod City	127,690.13	August 31, 2024	renewable upon mutual agreement of both parties
11	BACOLOD-LACSON	Lacson-San Sebastian Sts., Brgy. 37, Bacolod City	125,371.19	April 15, 2022	renewable upon written agreement of both parties
12	BACOLOD-LIBERTAD	San Lorenzo Ruiz Bldg., Lopez Jaenan St., Bacolod City	146,328.44	May 31, 2023	renewable upon written agreement of both parties
13	BACOLOD-MANDALAGAN	Paseo Verde, Lacson St., Brgy. Mandalagan, Bacolod City	83,722.47	June 10, 2024	renewable upon written agreement of both parties
14	BACOLOD-SINGCANG	UTC Building corner Araneta-Alunan Street, Bacolod City	107,000.00	February 28, 2025	renewable upon mutual agreement of both parties
15	BACOOR-BAYANAN BACOOR BLVD.	Altrove Building, Bacoor Blvd., Brgy. Bayanan, Bacoor City	168,750.00	March 31, 2030	renewable upon mutual agreement of both parties
16	BAGUIO BURNHAM	Heritage Mansion, Kisad Rd. thru Abanao Ext. cor. G. Del Pilar St., Baguio City	308,512.80	September 14, 2023	renewable upon mutual agreement of both parties
17	BAGUIO-LUCBAN	F2 Building, No. 532 Magsaysay Avenue, Baguio City	79,505.57	January 31, 2024	renewable upon mutual agreement of both parties
18	BAGUIO-MARCOS HIGHWAY	GF Dacanay Building, Marcos Highway, Barangay Imelda Marcos, Baguio City	173,775.00	July 31, 2031	renewable upon mutual agreement of both parties
19	BAGUIO-SESSION ROAD	Porta Vaga Bldg., Session Road, Baguio City	262,678.36	December 31, 2020	under negotiation
20	BAIS CITY, NEGROS ORIENTAL	National Highway Cor. Aguinaldo St., Bais City, Negros Oriental	93,170.00	August 15, 2023	renewable upon mutual agreement of both parties
21	BALANGA-DON M. BANZON AVE.	Don Manuel Banzon Ave., Balanga, Bataan	102,620.36	October 21, 2023	renewable upon mutual agreement of both parties
22	BALIUAG-TRINIDAD HIGHWAY	Doña Remedios Trinidad Highway, Baliuag	168,952.88	September 14, 2023	renewable upon mutual agreement of both parties
23	BATAAN-MARIVELES	172 Lakandula St., Poblacion, Mariveles, Bataan	66,522.35	March 31, 2024	renewable upon mutual agreement of both parties
24	BATAC, ILOCOS NORTE	Washington St., Brgy., Ablan, Batac, Ilocos Norte	115,599.37	November 30, 2025	renewable upon mutual agreement of both parties
25	BATANGAS-CALICANTO	P. Burgos St. Extension, Brgy. Calicanto, Batangas City	111,850.76	August 8, 2025	renewable upon mutual agreement of both parties
26	BATANGAS-KUMINTANG ILAYA	PPG Building, National Highway, Kumintang Ilaya, Batangas City	77,725.55	April 14, 2025	renewable upon mutual agreement of both parties
27	BATANGAS-LIMA PARK	Units R01-S01, Block D, The Outlets at Lipa, Lima Technology Center, Brgy. Bugtong na Pulo, Lipa City, Batangas	97,808.04	August 31, 2023	renewable upon mutual agreement of both parties
28	BATANGAS-MABINI	Along National Road, Poblacion, Mabini, Batangas	55,404.58	November 15, 2022	renewable upon mutual agreement of both parties
29	BATANGAS-SAN JUAN	Gen. Luna cor. Dandan Sts., Poblacion, San Juan, Batangas	86,741.71	January 31, 2025	renewable upon mutual agreement of both parties
30	BATANGAS-STO. TOMAS	Brgy. 2, Maharlika Highway, Sto. Tomas, Batangas	96,921.08	July 31, 2023	renewable upon mutual agreement of both parties
31	BATANGAS-V. LUNA	V. Luna St., Batangas City	79,197.26	June 30, 2023	renewable upon mutual agreement of both parties
32	BAUAN-BATANGAS	National Highway, Poblacion I, Bauan, Batangas City	101,826.74	May 31, 2025	renewable upon mutual agreement of both parties
33	BAYAWAN CITY, NEGROS ORIENTAL	Purok 1, National Highway, Tinago, Bayawan City, Negros Oriental	84,061.97	October 27, 2023	renewable upon mutual agreement of both parties
34	BAYBAY	Magsaysay Ave. cor. Tres Martires St., Baybay City	79,197.26	July 14, 2023	renewable upon mutual agreement of both parties
35	BOHOL-TALIBON	Blk. 248, Talibon Commercial Building 1, Carlos P. Garcia Street, Talibon, Bohol	57,339.34	May 31, 2023	renewable upon mutual agreement of both parties
36	BORACAY	Brgy Balabag, Boracay, Malay, Aklan (infront of Astoria Boracay)	153,499.85	July 14, 2023	renewable upon mutual agreement of both parties
37	BORACAY-STATION II	Brgy. Balabag, Boracay, Malay Aklan (beside Boracay Crown Regency Resort)	318,953.48	January 14, 2024	renewable upon mutual agreement of both parties
38	BORONGAN, SAMAR	Real cor. G. Abogado Street, Borongan, Eastern Samar	85,057.55	June 14, 2023	renewable upon mutual agreement of both parties
39	BUKIDNON-MALAYBALAY	Sayre Highway, Brgy. 3 Fortich St., Malaybalay City, Bukidnon	126,076.20	November 30, 2028	renewable upon mutual agreement of both parties
40	BUKIDNON-MARAMAG	JBC Tyson Bldg., National Highway, North Poblacion, Maramag, Bukidnon	66,334.73	September 20, 2029	renewable upon mutual agreement of both parties
41	BULACAN-NORZAGARAY	786 Crossing, Partida, Norzagaray, Bulacan	96,486.89	October 31, 2024	renewable upon mutual agreement of both parties
42	BULACAN-SAN ILDEFONSO	Brgy. San Juan, San Ildefonso, Bulacan	82,478.95	January 27, 2022	renewable upon mutual agreement of both parties
43	BULACAN-SAN MIGUEL	Zone 5, Tecson St., San Jose, San Miguel, Bulacan	60,455.12	January 29, 2026	renewable upon mutual agreement of both parties
44	BUTUAN-JC AQUINO	JC Aquino Ave., Butuan City	102,182.29	August 31, 2024	renewable upon mutual agreement of both parties
45	BUTUAN-MONTILLA BLVD.	Montilla corner Villanueva Sts., Butuan City, Agusan del Norte	137,279.65	March 14, 2022	renewable upon mutual agreement of both parties

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2021

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
46	CABANATUAN-MAHARLIKA H. CONCEPCION	Priscilla Bldg., Brgy. H. Concepcion, Maharlika Highway, Cabanatuan City	124,106.26	July 7, 2026	renewable upon mutual agreement of both parties
47	CABANATUAN-MAHARLIKA NORTH	Maharlika Highway, Sangitan, Cabanatuan City	165,129.49	January 2, 2030	renewable upon the option of the lessee
48	CAGAYAN DE ORO GAISANO-C.M. RECTO	Ground Level, Gaisano City Mall, C.M. Recto Ave., cor. Corrales Ext., Cagayan de Oro City	77,691.99	August 5, 2023	renewable upon mutual agreement of both parties
49	CALAMBA CARMELRAY	Aries 1400 Bldg., Carmelray Industrial Park (CIP) II, along National Highway, Brgy. Tulo, Calamba, Laguna	115,011.03	October 15, 2028	renewable upon mutual agreement of both parties
50	CALAMBA MARKET	Pabalan St., Calamba, Market Site, Calamba City	106,105.25	October 31, 2029	renewable upon mutual agreement of both parties
51	CALAMBA-PARIAN	728 South Nat'l. Highway Brgy., Parian, Calamba, Laguna	122,709.74	March 31, 2023	renewable upon mutual agreement of both parties
52	CALAMBA-REAL	PJM Bldg., Along National Highway Brgy. Real Calamba, Laguna	132,359.53	December 31, 2023	renewable upon mutual agreement of both parties
53	CALAPAN-LALUD	J.P. Rizal cor. Bayabas St., Brgy. Laud, Calapan City, Oriental Mindoro	89,627.96	February 22, 2024	renewable upon mutual agreement of both parties
54	CALASIAO-PANGASINAN	MacArthur Highway, San Miguel, Calasiao, Pangasinan	152,539.82	May 12, 2024	renewable upon mutual agreement of both parties
55	CALBAYOG	G/F Gaisano Mall Corner Orquin and Gelera Sts., Brgy. Central, Calbayog City	130,666.92	November 30, 2027	renewable upon mutual agreement of both parties
56	CAMARINES SUR-GOA	Jose Remo Bldg., San Jose St. cor. Scout Funtabella, Goa, Camarines Sur	42,213.01	November 30, 2023	renewable upon mutual agreement of both parties
57	CAMILING-TARLAC	Quezon Avenue, Camiling Tarlac	56,104.12	March 31, 2024	renewable upon the option of the lessee
58	CANLUBANG-CARMELRAY	Integrity corner Excellence Avenue, Carmelrary Industrial Park I, Canlubang, Laguna	143,033.39	June 30, 2024	renewable upon mutual agreement of both parties
59	CARMONA BINAN-HIGHWAY	88 National Highway, Brgy. Maduya, Carmona, Cavite	75,628.83	June 15, 2024	renewable upon mutual agreement of both parties
60	CARMONA-CAVITE	Grandville Ind. Complex, Bangkal, Carmona, Cavite City	103,421.88	June 30, 2026	renewable upon mutual agreement of both parties
61	CAUAYAN-MAHARLIKA	Highway Renew Lumber Bldg., Maharlika Highway, Cauayan City	76,325.34	October 14, 2024	renewable upon mutual agreement of both parties
62	CAVITE ECONOMIC ZONE	Lot A, Cavite Economic Zone, Rosario, Cavite	15,975.04	October 11, 2024	renewable upon mutual agreement of both parties
63	CEBU M.C. BRIONES	La Nueva Supermart, City Hall Center, M.C. Briones St., Cebu City	166,648.11	June 30, 2022	renewable upon mutual agreement of both parties
64	CEBU-A.S. FORTUNA OAKRIDGE	Ground Floor Unit 3-102 & Unit 3-103, OITC 3, Oakridge Business Park, A.S. Fortuna Street, Banilad, Mandaue City, Cebu	192,841.12	June 30, 2022	renewable upon mutual agreement of both parties
65	CEBU-ARGAO	Prince Warehouse Club, Lakandula St., cor. Kintanar St., Argao, Cebu City	48,120.72	January 15, 2024	renewable upon mutual agreement of both parties
66	CEBU-AYALA CENTER MALL	Stall PL1J/EBB1, Basement Level 1, Ayala Center Cebu, Archbishop Reyes Ave., Cebu Business Park, Cebu City	267,534.00	November 30, 2020	under negotiation
67	CEBU-BALAMBAN	E.S. Binghay St., Balamban, Cebu City	50,253.59	July 31, 2023	renewable upon mutual agreement of both parties
68	CEBU-BOGO	SIM Building, P. Rodriguez St., Bogo City, Cebu	66,485.49	August 15, 2022	renewable upon mutual agreement of both parties
69	CEBU-CARCAR	Gaisano Price Club Carcar, Poblacion III, Awayan, Carcar City, Cebu	136,516.89	August 31, 2022	renewable upon mutual agreement of both parties
70	CEBU-CONSOLACION	Cansaga Road, National Highway, Consolacion, Cebu	143,537.92	July 15, 2026	renewable upon mutual agreement of both parties
71	CEBU-DANAO CITY	C.P. Garcia Avenue, Danao City, Cebu	83,834.09	January 16, 2022	renewable upon mutual agreement of both parties
72	CEBU-FLB CORPORATE CENTER	FLB Corporate Center, Bohol Ave., Cebu Business Park, Cebu City	141,029.20	April 30, 2025	renewable upon mutual agreement of both parties
73	CEBU-GORORDO	117 Gorordo Avenue, Lahug, Cebu City	177,992.61	March 14, 2023	renewable upon mutual agreement of both parties
74	CEBU-GUADALUPE	No. 97 M. Velez St., Guadalupe Cebu	198,000.00	December 31, 2024	renewable upon mutual agreement of both parties
75	CEBU-IT PARK	Ayala Malls Central Bloc, Blk. 10 Cebu IT Park, Apas, Cebu City	222,100.30	November 24, 2024	renewable upon mutual agreement of both parties
76	CEBU-LAHUG	JEG Tower, Arch. Reyes Ave. cor. Acacia St., Cebu City	167,195.00	November 30, 2031	renewable upon mutual agreement of both parties
77	CEBU-LEON KILAT	Gaisano Capital South cor. Colon & Leon Kilat Sts., Cebu City	89,153.88	July 9, 2023	renewable upon mutual agreement of both parties
78	CEBU-LILOAN	Gaisano Grandmall, Purok Sampaguita, Poblacion, Liloan Cebu	79,762.49	January 31, 2026	renewable upon mutual agreement of both parties
79	CEBU-MACTAN MEPZ	Mactan Economic Zone 1, Lapu-lapu City	93,475.89	June 30, 2023	renewable upon mutual agreement of both parties
80	CEBU-MAMBALING	N. Basalco Avenue (Cebu South Road), Mambaling, Cebu City	124,687.50	August 30, 2028	renewable upon mutual agreement of both parties
81	CEBU-MEPZ II	N.G.A. Devt. Corp. Bldg., MEPZ II, Basak, Lapu Lapu City	164,782.38	July 15, 2021	under negotiation
82	CEBU-MINGLANILLA	Carlita Uno Building, Cebu South Road, Poblacion Barangay Ward 1, Minglnilla Cebu	140,326.20	July 15, 2028	renewable upon mutual agreement of both parties
83	CEBU-NORKIS CYBERPARK	GF, Unit 3, Cyberpark BPO Bldg., A.S. Fortuna St. Cor. V. Albano St., Brgy. Bakilid, Mandaue City, Cebu	105,761.50	July 14, 2021	under negotiation
84	CEBU-NORTH RECLAMATION AREA	APM Mall, A. Soriano Avenue Cebu Port Centre, Cebu North Reclamation Area Cebu City	134,034.75	January 17, 2025	renewable upon mutual agreement of both parties
85	CEBU-PARK DISTRICT	Ground Flr., 2 Quad Bldg., Cardinal Rosales Ave. cor. Sumilon Road, Cebu Business Park, Cebu City	112,233.04	December 31, 2023	renewable upon mutual agreement of both parties
86	CEBU-PARKMALL	North Reclamation Area, Mandaue City	185,977.24	February 28, 2024	renewable upon mutual agreement of both parties
87	CEBU-SRP TALISAY	Gaisano Capital SRP Mall, Brgy. San Roque, SRP Highway, Talisay City, Cebu	88,795.92	January 7, 2023	renewable upon mutual agreement of both parties
88	CEBU-TALAMBAN	PNF Commercial Bldg., Talamban, Cebu City	79,007.91	August 31, 2022	renewable upon mutual agreement of both parties
89	CEBU-TOLEDO	Along Diosdado Macapagal Highway, Barangay Poblacion, Toledo City, Cebu	139,148.06	June 21, 2024	renewable upon mutual agreement of both parties
90	CLARK	Unit 24, The Pavilion Mall, PhilExcel Business Park Clark Freeport Zone, Pampanga	96,921.08	March 15, 2023	renewable upon mutual agreement of both parties
91	CONCEPCION-TARLAC	Concepcion Consumers Marketing Bldg., Poblacion, Concepcion, Tarlac	81,611.92	October 31, 2025	renewable upon mutual agreement of both parties
92	COTABATO-QUEZON	Crossroads Arcade Building, Quezon Ave., Cotabato City	83,383.89	May 31, 2031	renewable upon mutual agreement of both parties
93	DAGUPAN-FERNANDEZ AVENUE	Vicar Bldg., AB Fernandez Avenue, Dagupan City	130,641.08	June 30, 2021	under negotiation
94	DAGUPAN-PEREZ	Siapno Bldg., Perez Boulevard, Dagupan City	140,710.04	December 31, 2022	renewable upon mutual agreement of both parties
95	DAGUPAN-TAPUAC	No. 371, Tapuac District, Dagupan City, Pangasinan	77,197.05	July 10, 2026	renewable upon mutual agreement of both parties
96	DASMARIÑAS-SALAWAG	Molino, Paliparan Road Brgy., Salawag, Dasmariñas City	108,900.00	November 30, 2031	renewable upon mutual agreement of both parties
97	DAVAO C.M. RECTO	Hotel UNO, C.M. Recto Street, Davao City	203,800.05	May 15, 2023	renewable upon mutual agreement of both parties
98	DAVAO ORIENTAL-MATI	Andrada Bldg., 56 Rizal St., Mati City, Davao Oriental	79,960.19	December 14, 2021	under negotiation
99	DAVAO-ABREEZA	Ground Floor, Abreeza Mall, J.P. Laurel Avenue, Brgy. 20-B, Davao City	269,690.00	April 30, 2023	renewable upon mutual agreement of both parties
100	DAVAO-AIRPORT VIEW	LDL Commercial Bldg., Phil-Japan Friendship Highway, Catitipan, Davao City (Fronting Davao International Airport)	112,568.03	July 31, 2023	renewable upon mutual agreement of both parties
101	DAVAO-BAJADA	JP Laurel Avenue, Bajada, Davao City	130,556.69	June 30, 2026	renewable upon mutual agreement of both parties
102	DAVAO-BANGOY CHINATOWN	Delgar Commercial Bldg., F. Bangoy St., Davao Ctiy	196,994.06	October 15, 2023	renewable upon mutual agreement of both parties
103	DAVAO-D. SUAZO	Sta. Ana Avenue corner Damaso Suazo Street, Davao City	103,500.00	January 31, 2026	renewable upon mutual agreement of both parties
104	DAVAO-DAMOSA	Damosa Business Center, Angliongto Ave., Lanang, Davao City	95,290.33	June 14, 2023	renewable upon mutual agreement of both parties
105	DAVAO-DOCTORS	Davao Doctors Medical Tower, Quirino Avenue, Davao City	97,919.24	March 19, 2022	renewable upon mutual agreement of both parties
106	DAVAO-ECOLAND	Quimpo Blvd. Cor. Eco W. Drive, Ecoland District, Davao City	174,128.17	September 15, 2022	renewable upon mutual agreement of both parties
107	DAVAO-GAISANO J.P. LAUREL	Upper Ground Level, Gaisano Mall, J.P. Laurel Ave., Davao City	135,044.25	October 31, 2024	renewable upon mutual agreement of both parties

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	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
108	DAVAO-I.T. PARK MATINA	GF, Bldg. 2, Matina I.T. Park, McArthur Highway, Matina, Davao City	173,643.75	May 31, 2028	renewable upon mutual agreement of both parties
109	DAVAO-LANANG	Insular Village Phase 1, Lanang, Davao City	98,899.06	May 31, 2025	renewable upon mutual agreement of both parties
110	DAVAO-MATINA	Catotal Building, Km 5, MacArthur Highway, Matina, Davao City	87,638.00	March 15, 2023	renewable upon mutual agreement of both parties
111	DAVAO-PANABO	Poblacion, Panabo, Davao del Norte	167,412.63	June 14, 2022	renewable upon mutual agreement of both parties
112	DAVAO-TIONKO	Tionko Ave., Brgy. 10-A Poblacion, Davao City	118,220.14	November 15, 2026	renewable upon mutual agreement of both parties
113	DINALUPIHAN, BATAAN	No. 3 San Ramon Highway, Dinalupihan, Bataan	81,900.00	October 4, 2025	renewable upon mutual agreement of both parties
114	DIPOLOG-QUEZON	Grnd. Flr., Top Plaza Hotel Cor., Quezon Ave., & Echaves St., Dipolog City	155,317.08	December 31, 2021	renewable upon mutual agreement of both parties
115	DUMAGUETE-CAPITOL	Victoria Residence Condominium Bldg., Capitol Front, North National Highway, Dumaguete City	93,894.40	July 15, 2023	renewable upon mutual agreement of both parties
116	FPIP-STO TOMAS, BATANGAS	First Philippine Industrial Park (FPIP), Sto. Tomas, Batangas	104,714.66	July 31, 2023	renewable upon mutual agreement of both parties
117	GEN. TRIAS-CAVITE	Governor's Drive, Manggahan, Gen. Trias, Cavite	50,000.00	February 28, 2026	renewable upon mutual agreement of both parties
118	GUIGUINTO-BULACAN	Puregold Guiguinto, Brgy. Sta. Cruz, Guiguinto, Bulacan	146,300.12	June 14, 2021	under negotiation
119	GUIGUINTO-RIS	RIS 5, Industrial Complex, Tabe, Guiguinto, Bulacan	38,587.50	January 15, 2028	renewable upon mutual agreement of both parties
120	GUIUAN, EASTERN SAMAR	Lugay St., Brgy. 08, Guiuan, Eastern Samar	50,000.00	July 24, 2026	renewable upon mutual agreement of both parties
121	HAGONOY-BULACAN	Poblacion, Hagonoy, Bulacan	76,576.89	March 2, 2025	renewable upon mutual agreement of both parties
122	IBA-ZAMBALES	G/F Magsaysay National Highway, Iba, Zambales	76,000.00	March 31, 2021	under negotiation
123	ILIGAN-ROXAS AVENUE	Eltanal Building, Roxas Avenue corner Zamora St., Iligan City	82,730.66	September 30, 2024	renewable upon mutual agreement of both parties
124	ILOCOS NORTE-SAN NICOLAS	McKinley Bldg., National Highway, San Nicolas, Ilocos Norte	103,318.04	December 31, 2022	renewable upon mutual agreement of both parties
125	ILOCOS SUR-TAGUDIN	JTC Tagudin Central, Brgy. Del Pilar, National Highway, Tagudin, Ilocos Sur	64,051.21	October 30, 2024	renewable upon mutual agreement of both parties
126	ILOILO-DIVERSION ROAD	JSD Bldg., 88 B.S. Aquino Avenue (Iloilo Diversion Road), Mandurriao, Iloilo City	107,427.60	October 14, 2025	renewable upon mutual agreement of both parties
127	ILOILO-GUANCO	Guanco Street, Iloilo City	144,523.65	December 31, 2021	renewable upon mutual agreement of both parties
128	ILOILO-JARO	JEC Diakonia Bldg. cor. Plaza Rizal & E. Lopez Sts., Jaro, Iloilo City	124,843.95	August 31, 2029	renewable upon mutual agreement of both parties
129	ILOILO-JM BASA	Ground Floor, Magdalena Bldg, J.M. Basa St., Iloilo City	143,729.79	May 15, 2022	renewable upon mutual agreement of both parties
130	ILOILO-LA PAZ	Rizal corner Huervana Sts., La Paz Iloilo City	177,562.67	February 15, 2026	renewable upon mutual agreement of both parties
131	ILOILO-MABINI	Valiant Building, Mabini Street, Iloilo City	92,060.00	October 14, 2025	renewable upon mutual agreement of both parties
132	ILOILO-MANDURRIAO	Along Q. Abeto St., Mandurriao, Iloilo City	77,980.24	November 30, 2023	renewable upon mutual agreement of both parties
133	ILOILO-OTON	Gaisano Capital Oton, JC Zulueta St. cor. Benedicto St., Oton, Iloilo	86,677.39	May 17, 2023	renewable upon mutual agreement of both parties
134	ILOILO-QUINTIN SALAS	Brgy. Quintin Salas, McArthur Highway, Tagbac, Jaro, Iloilo City	84,426.03	December 15, 2023	renewable upon mutual agreement of both parties
135	JAGNA, BOHOL	Along National Highway, Pagina, Jagna, Bohol	90,000.00	September 7, 2026	renewable upon mutual agreement of both parties
136	KALINGA-TABUK	National Highway, Brgy. Bulanao, Tabuk City, Kalinga	93,806.69	September 23, 2024	renewable upon mutual agreement of both parties
137	LA TRINIDAD-BENGUET	JB78 Central Pico KM. 4, La Trinidad, Benguet	173,019.82	November 15, 2023	renewable upon mutual agreement of both parties
138	LA UNION-AGOO	Sta. Barbara, National Highway, Agoo, La Union	98,398.13	September 15, 2023	renewable upon mutual agreement of both parties
139	LA UNION-BAUANG	McArthur Highway, National Rd., Brgy. Central West, Bauang, La Union	81,033.75	June 15, 2024	renewable upon mutual agreement of both parties
140	LA UNION-ML QUEZON	Kenny's Plaza, Quezon Ave., San Fernando City, La Union	92,466.60	March 15, 2025	renewable upon mutual agreement of both parties
141	LAOAG-GEN. SEGUNDO AVE.	Gen. Segundo Avenue Laoag City	127,628.15	October 31, 2025	renewable upon mutual agreement of both parties
142	LA-UNION-SEVILLA MONUMENTO	Tan Bldg., Quezon Avenue, National Highway, Brgy. Sevilla, San Fernando City, La Union	90,000.00	May 15, 2026	renewable upon mutual agreement of both parties
143	LEGAZPI-ALBAY DISTRICT	863 Rizal St., Albay District, Legazpi City	52,707.34	October 25, 2021	under negotiation
144	LEGAZPI-MARISON	Marison Plaza, Tahao Rd. cor. Lakandula Dr., Brgy 38, Gogon, Legazpi City	89,600.00	December 31, 2029	renewable upon mutual agreement of both parties
145	LEYTE-PALO CATHEDRAL	Cathedral Compound Cor. Brgy. Luntad & Maharlika Highway, Palo, Leyte	670,071.34	May 22, 2039	renewable upon mutual agreement of both parties
146	LEYTE-PALOMPON	Ipil 1, Public Market, Palompon, Leyte	29,830.53	July 15, 2023	renewable upon mutual agreement of both parties
147	LIGAO CITY, ALBAY	Chua Kim Chio Bldg., McKinley St., Ligao City, Albay	77,455.00	September 15, 2026	renewable upon mutual agreement of both parties
148	LIPA-AYALA	Ayala Highway, Brgy. San Carlos, (Lipa by-pass) Lipa City	118,844.05	November 30, 2024	renewable upon mutual agreement of both parties
149	LIPA-CATHEDRAL	Brgy . 9A, C.M. Recto Ave., Lipa City	140,000.00	December 19, 2030	renewable upon mutual agreement of both parties
150	LIPA-TAMBO	National Road, Brgy. Tambo, Lipa City	64,324.59	August 15, 2024	renewable upon mutual agreement of both parties
151	LOS BAÑOS	Olivarez Plaza, National Highway, Los Banos, Laguna	158,766.91	November 30, 2029	renewable upon written agreement of both parties
152	LUCENA-IYAM	ML Tagarao St., Gaisano/Pacific Mall Compound, Iyam, Lucena City	77,566.41	August 15, 2031	renewable upon mutual agreement of both parties
153	LUCENA-RED V	5365 Dalahican Road, Purok 1, Little Baguio, Red-V, Lucena City	63,814.08	September 14, 2025	renewable upon mutual agreement of both parties
154	MALOLOS-CABANAS	The Cabanas, KM 44/45, Mac Arthur Highway, Malolos City	51,944.38	October 31, 2023	renewable upon mutual agreement of both parties
155	MALOLOS-MC ARTHUR HIGHWAY	CARZEN Bldg. MacArthur Highway, Malolos City	146,600.52	November 15, 2025	renewable upon mutual agreement of both parties
156	MAASIN, SOUTHERN LEYTE	Tomas Oppus St., Maasin City, Southern Leyte	93,079.69	September 15, 2022	renewable upon mutual agreement of both parties
157	MASBATE	Zurbito Street, Masbate	80,000.00	June 15, 2026	renewable upon mutual agreement of both parties
158	MEYCAUAYAN-IBA	287 Iba Road, Brgy. Iba, Meycauayan City, Bulacan	106,660.67	October 31, 2026	renewable upon mutual agreement of both parties
159	MIDSAYAP	ML Quezon Ave., Poblacion 6, Midsayap, Cotabato	89,386.55	January 31, 2026	renewable upon mutual agreement of both parties
160	MISAMIS OCCIDENTAL-OROQUIETA	Mayor Enerio St., Pob. 2, Oroquieta City, Miss. Occ.	46,539.85	August 14, 2026	renewable upon mutual agreement of both parties
161	NAGA-ROXAS AVENUE	Doña Dolores Bldg., Diversion Road, Naga City	83,328.49	May 14, 2022	renewable upon mutual agreement of both parties
162	NASUGBU-BATANGAS	J.P. Laurel corner R. Martinez Sts., Nasugbu, Batangas	116,349.62	October 15, 2022	renewable upon mutual agreement of both parties
163	NAVAL-BILIRAN	Along Ballesteros St., Brgy. Santissimo Rosario, Naval, Biliran	52,500.00	August 15, 2024	renewable upon mutual agreement of both parties
164	NEGROS OCCIDENTAL-CADIZ CITY	Villena St., Cadiz City, Negros Occidental	71,973.19	August 31, 2024	renewable upon mutual agreement of both parties
165	NEGROS OCCIDENTAL-KABANKALAN CITY	Mercedes Bldg., Brgy. 5 Guanzon St., Public Plaza, Kabankalan City, Negros Occidental	62,013.00	December 31, 2029	renewable upon mutual agreement of both parties
166	NUEVA ECIJA-GUIMBA	Faigal St., Sto. Cristo, Guimba, Nueva Ecija	87,169.87	October 15, 2024	renewable upon mutual agreement of both parties
167	NUEVA ECIJA-TALAVERA	Marcos District, Maharlika Highway, Brgy. Marcos Talavera, Nueva Ecija	90,720.23	March 26, 2022	renewable upon mutual agreement of both parties
168	NUEVA VIZCAYA-BAMBANG	National Highway, Banggot, Bambang, Nueva Vizcaya	87,106.22	October 15, 2029	renewable upon mutual agreement of both parties
169	ORIENTAL MINDORO-PINAMALAYAN	Armando Mariano Bldg. corner Mabini St. and Quezon St., Pinamalayan Oriental Mindoro	61,462.15	July 15, 2022	renewable upon mutual agreement of both parties

Exhibit 2

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2021

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
170	ORMOC-COGON	Lilia Ave., Cogon, Ormoc City	143,609.50	November 30, 2025	renewable upon mutual agreement of both parties
171	PAGADIAN-STA. LUCIA	J.P. Rizal Avenue, Pagadian City	79,403.65	May 31, 2026	renewable upon mutual agreement of both parties
172	PALAWAN-CORON	#45 Don Pedro St., Brgy. 2, Coron, Palawan	44,323.66	August 31, 2023	renewable upon mutual agreement of both parties
173	PALAWAN-EL NIDO	Sea Shell Hotel, Rizal and Real Sts., Brgy. Buena Suerte, El Nido, Palawan	155,159.20	February 28, 2024	renewable upon mutual agreement of both parties
174	PAMPANGA-LUBAO	VIMA Bldg., Jose Abad Santos Ave. (JASA), Sta. Cruz, Lubao, Pampanga	64,451.04	October 15, 2023	renewable upon mutual agreement of both parties
175	PANGASINAN-BAYAMBANG	Rizal Avenue, Poblacion Sur, Bayambang, Pangasinan	79,117.74	November 15, 2026	renewable upon mutual agreement of both parties
176	PANGASINAN-LINGAYEN	Avenida Rizal East, Lingayen, Pangasinan	134,009.56	June 15, 2025	renewable upon mutual agreement of both parties
177	PANGASINAN-MANGALDAN	Casa Filomena, 546 Rizal Avenue, Mangaldan, Pangasinan	63,826.08	July 15, 2023	renewable upon mutual agreement of both parties
178	PANGASINAN-MANGATAREM	Brgy. Poblacion, Mangatarem, Pangasinan	70,195.49	October 15, 2029	renewable upon mutual agreement of both parties
179	PASEO DE STA. ROSA	Paseo 5, Paseo de Sta. Rosa, Greenfield City, Sta. Rosa, Laguna	156,607.00	July 31, 2022	renewable upon mutual agreement of both parties
180	PUERTO PRINCESA-SAN PEDRO	Along National Highway, Brgy. San Pedro, Puerto Princesa, Palawan	168,430.55	August 12, 2026	renewable upon mutual agreement of both parties
181	PULILAN, BULACAN	Doña Remedios Trinidad, National Highway, Sto. Cristo, Pulilan, Bulacan	93,079.69	September 15, 2026	renewable upon mutual agreement of both parties
182	QUEZON-CANDELARIA	Maharlika Highway, Poblacion, Candelaria, Quezon	83,107.76	September 15, 2022	renewable upon mutual agreement of both parties
183	ROSARIO-BATANGAS	Gualberto Ave., Brgy. D. Poblacion, Rosario, Batangas (beside Tan Wanam Grocery)	69,809.77	December 14, 2021	under negotiation
184	ROXAS-ARNALDO BLVD.	Unit 10 & 11 Gaisano Arcade Comm'l Complex, Arnaldo Blvd., Roxas City	105,012.46	March 31, 2023	renewable upon mutual agreement of both parties
185	ROXAS-ISABELA	No. 34 National Road cor. Gen. A. Luna St. Bantug Roxas,Isabela	104,585.00	January 11, 2025	renewable upon mutual agreement of both parties
186	SAN CARLOS, PANGASINAN	Mabini St., San Carlos City, Pangasinan	67,553.01	February 28, 2026	renewable upon the option of the lessee
187	SAN FERNANDO-DOLORES MCARTHUR	LK Bldg., Dolores City, San Fernando, Pampanga	75,000.00	June 30, 2026	renewable upon mutual agreement of both parties
188	SAN FERNANDO-MAC ARTHUR HI-WAY	Medical Arts Bldg. Mother Theresa of Calcutta Medical Center Mac Arthur Hiway, Brgy. Maimpis San Fernando City, Pampanga	110,504.22	September 19, 2025	renewable upon mutual agreement of both parties
189	SAN FERNANDO-SINDALAN	McArthur Highway, Sindalan, San Fernando Pampanga	155,786.17	December 15, 2023	renewable upon the option of the lessee
190	SAN JOSE DEL MONTE-MUZON	Carriedo St., Zone 3, Brgy. Muzon, San Jose Del Monte City, Bulacan	98,346.61	May 31, 2027	renewable upon the option of the lessee
191	SAN PEDRO-LAGUNA	National Highway, San Pedro, Laguna	231,525.00	May 1, 2024	renewable upon mutual agreement of both parties
192	SAN PEDRO-SHOPWISE PACITA	Shopwise San Pedro, Along National Highway, Brgy. Landayan, Pacita Complex, San Pedro, Laguna	85,766.12	June 30, 2020	under negotiation
193	SANTIAGO CITY ROAD	G/F and 2/F Commercial Bldg., City Road Centro, West Santiago City	66,517.50	November 30, 2025	renewable upon mutual agreement of both parties
194	SIQUIJOR-SIQUIJOR	Brgy. Poblacion, Siquijor, Siquijor	28,940.62	October 13, 2029	renewable upon mutual agreement of both parties
195	SOGOD, SOUTHERN LEYTE	Along J.P. Rizal Street, Sogod, Southern Leyte	105,433.48	May 30, 2024	renewable upon mutual agreement of both parties
196	SORSOGON	Magsaysay cor. Nening Berenguer St., Sorsogon, Sorsogon	89,161.63	July 28, 2027	renewable upon mutual agreement of both parties
197	SOUTH COTABATO-POLOMOLOK	Gaisano Grand Mall Polomolok, GL 06 & GL 07, Polomolok, South Cotabato	87,297.66	March 31, 2024	renewable upon mutual agreement of both parties
198	STA. MARIA-BAGBAGUIN	Along F. Halili Ave., Bagbaguin, Sta. Maria, Bulacan	89,250.00	October 15, 2025	renewable upon mutual agreement of both parties
199	STA.CRUZ-LAGUNA	1527 P. Guevarra St., Sta. Cruz, Laguna	118,196.44	June 15, 2023	renewable upon mutual agreement of both parties
200	SUBIC BARACA	Lot 83 National Highway, Baraca-Camachile, Subic, Zambales	178,274.25	July 14, 2023	renewable upon mutual agreement of both parties
201	SUBIC BAY	Bldg. 640, Sampson Rd., Subic Bay Freeport Zone, Zambales, Olongapo City	127,308.00	April 30, 2027	renewable upon mutual agreement of both parties
202	SURIGAO DEL SUR-TANDAG	Along National Highway, Brgy. Mabua, Tandag City, Surigao del Sur	64,726.62	October 31, 2023	renewable upon mutual agreement of both parties
203	SURIGAO-GAISANO CAPITAL MALL	Gaisano Capital Mall, GF, Unit 01, KM4 Brgy. Luna, National Highway, Surigao City	74,646.68	September 16, 2023	renewable upon mutual agreement of both parties
204	TACLOBAN-MARASBARAS	Marasbaras National Highway Tacloban City	125,583.71	January 31, 2030	renewable upon mutual agreement of both parties
205	TAGBILARAN-COGON	JUNEVIL Bldg., Belderol Street, Cogon District, Tagbilaran City	80,086.95	July 31, 2025	renewable upon mutual agreement of both parties
206	TAGUM-APOKON	Apokon Road, Magugpo East, Tagum City	88,296.85	September 30, 2023	renewable upon mutual agreement of both parties
207	TARLAC-CAPAS	City Center, Capas Bldg., McArthur Highway, Capas, Tarlac	68,103.66	October 31, 2025	renewable upon mutual agreement of both parties
208	TAWI TAWI-BONGAO	Awwal St., Bongao, Tawi-Tawi	83,846.52	November 15, 2028	renewable upon mutual agreement of both parties
209	TAYUG, PANGASINAN	Bonifacio St., National Highway, Tayug, Pangasinan	60,683.33	January 31, 2026	renewable upon option of the lessee
210	TUBIGON, BOHOL	Jose P. Dual cor. Salustiano Baura St., Centro, Tubigon, Bohol	66,916.25	October 15, 2026	renewable upon mutual agreement of both parties
211	TUGUEGARAO-BALZAIN	Balzain Highway, Tuguegarao City, Cagayan	104,707.18	August 31, 2024	renewable upon mutual agreement of both parties
212	TUGUEGARAO-BUNTUN	Buntun Highway, Tuguegarao City	95,148.09	February 28, 2026	renewable upon mutual agreement of both parties
213	URDANETA-NANCAYASAN	S. Com Bldg., MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan	85,766.12	May 30, 2024	renewable upon mutual agreement of both parties
214	VIGAN	Quezon Avenue, Vigan Ilocos Sur	136,842.10	May 15, 2026	renewable upon mutual agreement of both parties
215	VIGAN-MARKET	Nieves Commercial Ctr., Alcantara St., Vigan City	134,823.95	November 14, 2022	renewable upon mutual agreement of both parties
216	ZAMBOANGA DEL SUR-MOLAVE	Along Rizal Avenue, Molave, Zamboanga Del Sur	48,243.44	March 31, 2024	renewable upon mutual agreement of both parties
217	ZAMBOANGA SIBUGAY-IPIL	National Highway, Poblacion Ipil, Zamboanga Sibugay	55,404.58	August 15, 2031	renewable upon mutual agreement of both parties
218	ZAMBOANGA-CANELAR	Mayor Jaldon Street, Canelar, Zamboanga City	137,921.77	August 17, 2024	renewable upon mutual agreement of both parties
219	ZAMBOANGA-GUIWAN	National Highway, Brgy. Guiwan, Zamboanga City	118,795.89	September 14, 2023	renewable upon mutual agreement of both parties
220	ZAMBOANGA-LA PURISIMA	GF, Senior High School Bldg. (SHS), Ateneo de Zamboanga University, La Purisima St., Zamboanga City	194,299.25	September 15, 2028	renewable upon mutual agreement of both parties
221	ZAMBOANGA-NUÑEZ EXT	Nunez Extension, Zamboanga City	126,474.89	January 3, 2025	renewable upon mutual agreement of both parties

Exhibit 3

METROPOLITAN BANK & TRUST COMPANY
EVENTS PREVIOUSLY REPORTED UNDER
SEC FORM 17-C (CURRENT REPORT)
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
INTERIM PERIOD ENDED APRIL 1, 2022

	Particulars	**Date of Report**
1	Retirement of Ms. Vivian L. Tiu as EVP/Head, Human Resource Management Group and the change in designation of Mr. Homer Gerrard L. Ortega to SVP/Head, Human Resource Management Group effective February 1, 2021.	January 11, 2021
2	The Board of Directors (BOD) of Metrobank approved the holding of Annual Stockholders' Meeting (ASM) on Wednesday, April 28, 2021 at 2:00 PM with March 12, 2021 as the Record Date. The meeting will be held purely on virtual mode via Cisco Webex.	January 20, 2021
3	Retirement of Ms. Maritess B. Antonio as Head, Risk Management Group/Chief Risk Officer and the appointment of Mr. Christian D. San Juan as Head, Risk Management Group/Chief Risk Officer effective February 1, 2021.	January 20, 2021
4	Amended disclosure on the retirement of Ms. Maritess B. Antonio as Head, Risk Management Group/Chief Risk Officer and the appointment of Mr. Christian D. San Juan as Head, Risk Management Group/Chief Risk Officer effective February 1, 2021, to include the professional qualifications of the newly appointed officer.	January 21, 2021
5	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of December 31, 2020.	February 2, 2021
6	Metrobank will hold an Earnings Call on February 22, 2021 (Monday), at 4:00 p.m. to discuss the Bank's financial results for the full-year 2020.	February 16, 2021
7	Press Release: Metrobank reports net income at P13.8 billion; issues special dividends on strong capital position.	February 17, 2021
8	The BOD of Metrobank approved the declaration of P1.00 regular and P3.00 special cash dividend to be paid to all stockholders as of March 5, 2021 record date, with March 18, 2021 as the payment date.	February 17, 2021
9	Metrobank submitted a copy of the Audited Financial Statements of Metropolitan Bank & Trust Company and Subsidiaries as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 and the corresponding Management Discussion and Analysis.	February 17, 2021
10	Uploading of Notice of Meeting with detailed instructions to stockholders on how to register, join and vote at the Meeting including via proxy or in absentia. The meeting will be held via https://conveneagm.com/ph/metrobank_asm2021	April 5, 2021
11	Metrobank will hold an Earnings Call on May 4, 2021, at 4:00 p.m. to discuss the Bank's financial results for the first quarter of 2021.	April 27, 2021
12	Metrobank reported the results of the ASM held on April 28, 2021 via CISCO Webex Events application. Due to the COVID-19 pandemic, no physical venue was provided for the Meeting. The Stockholders' approved the following items included in the Agenda: 1. Minutes of the ASM held on May 28, 2020; 2. Ratification of all Acts and Resolutions of the BOD, Management and all Committees from May 28, 2020 to April 27, 2021; 3. Election of Directors for 2021 to 2022; and 4. Appointment of SGV & Co. as External Auditor for the year 2021 to 2022. Votes casts during the Meeting were conducted by the Company's Stock Transfer Agent and validated by SGV & Co.	April 28, 2021
13	Metrobank reported the following items that were approved during the Organizational Meeting of the BOD on April 28, 2021: 1. Appointment of the Chairman, Vice-Chairman, President, Treasurer, Corporate Secretary, Assistant Corporate Secretary, Compliance Officer, Senior Advisers and Advisers. 2. Reconstitution of the members of the Board-level Committee	April 28, 2021
14	The BOD of Metrobank on its meeting held on April 28, 2021 approved the promotion of Mr. Christian D. San Juan from FVP/Head, Risk Management Group to SVP/Head, Risk Management Group effective May 1, 2021.	April 28, 2021
15	Press Release: Metrobank net income up 27.1% to P7.8 billion in 1Q2021	April 30, 2021

	Particulars	Date of Report
16	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of March 31, 2021.	April 30, 2021
17	Amendment of ASM to indicate voting results and resolutions passed during the Meeting	May 3, 2021
18	Press Release: Metrobank announces 5.25Years Bond Offering	May 6, 2021
19	Press Release: Metrobank Closes Offer Period Early for its PHP Bank Bonds	May 19, 2021
20	Press Release: Metrobank issues PHP 19.0 Billion of Bank Bonds	June 4, 2021
21	Change in designation of Officer effective July 1, 2021: a. Ms. Corazon Ma. Theresa B. Nepomuceno to EVP/Regular Executive Committee Member b. Ms. Charlotte T. Bilongilot to SVP/ Head of Credit Group	June 15, 2021
22	Metrobank will hold an Analysts' Briefing on August 4, 2021 (Wednesday), at 4:00 PM to discuss the Bank's financial results for the first half of 2021.	July 21, 2021
23	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of June 30, 2021.	August 2, 2021
24	Press Release: Metrobank sustains robust 28% growth in net income to P11.7 billion in 1H 2021	August 3, 2021
25	Press Release: Metrobank is the Best Domestic Bank in the Philippines	September 20, 2021
26	The BOD of Metrobank on its meeting held on September 22, 2021 approved the hiring of Mr. Marthyn S. Cuan as SVP/Chief Digital Officer effective November 1, 2021.	September 22, 2021
27	Metrobank submitted a report regarding the demise of Mr. Edmund A. Go (Metrobank Director). Mr. Go passed away on October 12, 2021 and his replacement will be determined at the next board meeting of the Bank.	October 12, 2021
28	Metrobank submitted a report requesting additional time for submission of report regarding the nomination and election of the replacement of Mr. Edmund Go as Director of Metrobank, who passed away last October 12, 2021. The nomination and election of his replacement will be deferred to the succeeding Board meetings or until the Bank's ASM (2022) at the latest. The remaining 11 members of the BOD shall continue to discharge their functions and duties in the normal course of business until such selection/nomination has been made.	October 20, 2021
29	Press Release: Metrobank hailed the Strongest Bank in the Philippines	October 22, 2021
30	Metrobank will hold an Analysts' Briefing on November 5, 2021 (Friday), at 3:00 PM to discuss the Bank's financial results for the nine months of 2021.	October 26, 2021
31	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of September 30, 2021.	November 3, 2021
32	Press Release: Metrobank income grew 46% to P16.1 billion in 9M 2021	November 5, 2021
33	The BOD of Metrobank on its meeting held on December 15, 2021 approved to update the Bank's PHP Bond and Commercial Program from up to Php100Bn of Issuances to up to Php200Bn of Issuances (increase of Php100Bn in one or more tranche/s and tenors of at least three months). The objective of the program is to refinance maturing issuances and diversify the Bank's PHP funding sources over the next three years while supporting the Bank's lending activities.	December15, 2021
34	Retirement of Mr. Pocholo V. Dela Peña as Head, Business Banking Center and the change in designation of Ms. Gingili A. Valenzuela to Head, Business Banking Center effective January 1, 2022.	December 27, 2021
35	The BOD of Metrobank approved the holding of ASM on Wednesday, April 27, 2022 at 2:00 p.m., with March 11, 2022 as the Record Date. The meeting will be held purely on virtual mode via Cisco Webex.	January 19, 2022
36	Amended disclosure on the BOD approval to hold the ASM on Wednesday, April 27, 2022 at 2:00 p.m., with March 11, 2022 as the Record Date, which will be held purely on virtual mode via Cisco Webex, to include that the BOD also granted the President the authority to change the date, time and place of the meeting as well as the Record Date as may be required by exigencies.	January 20, 2022
37	Metrobank will hold an Analysts' Briefing on February 28, 2022 (Monday), at 4:00 p.m. to discuss the Bank's financial results for the full year 2021.	February 16, 2022
38	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of December 31, 2021.	February 23, 2022
39	The BOD of Metrobank approved a new dividend policy of increasing the regular cash dividends from P1.00 to P1.60 per share for the year, payable on a semi-annual basis at P0.80 per share. In addition, a special cash dividend of P1.40 per share was also declared for a total of P3.00 per share for the year.	February 23, 2022
40	Press Release: Metrobank's net income rises 60% to P22.2 billion in 2021; increases regular dividends and issues special dividends on strong capital position.	February 23, 2022
41	The BOD of Metrobank approved the declaration of P0.80 regular cash dividend to be paid to all stockholders as of March 17, 2022 (Record Date), with March 31, 2022 as the payment	February 23, 2022

	Particulars	Date of Report
	date.	
42	The BOD of Metrobank approved the declaration of P1.40 special cash dividend to be paid to all stockholders as of March 17, 2022 (Record Date), with March 31, 2022 as the payment date.	February 23, 2022
43	Metrobank submitted a copy of the Audited Financial Statements of Metropolitan Bank & Trust Company and Subsidiaries as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and the corresponding Management Discussion and Analysis.	February 23, 2022
44	Notice of Annual Stockholders' Meeting with detailed instructions to stockholders if they wish to attend the meeting via remote communication, or submit a proxy if they cannot attend the meeting but wish to be represented. The relevant link to the Bank's website is also provided, as well as email addresses to where questions may be sent regarding the registration, submission of proxy and generally, the conduct of the meeting and the Bank.	April 1, 2022

Metrobank
You're in good hands

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Metropolitan Bank & Trust Company and Subsidiaries (the Group) and of Metropolitan Bank & Trust Company (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Group and of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ARTHUR TY
Chairman

FABIAN S. DEE
President

JOSHUA E. NAING
SEVP and Head, Financial and Control Sector

FERNAND ANTONIO A. TANSINGCO
SEVP, Treasurer and Head, Financial Markets Sector

RENATO K. DE BORJA, JR.
SVP and Controller

Signed this 23rd day of February, 2022.

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this MAR 03 2022, affiants exhibiting to me their respective Passports with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
ARTHUR TY	P2684687B	July 31, 2019/DFA Manila	July 30, 2029
FABIAN S. DEE	P5978556A	Feb. 9, 2018/DFA Manila	Feb. 8, 2028
JOSHUA E. NAING	P1590471B	May 7, 2019/DFA NCR East	May 6, 2029
FERNAND ANTONIO A. TANSINGCO	P7538932B	September 7, 2021/DFA Manila	September 6, 2031
RENATO K. DE BORJA, JR.	P2734412A	April 19, 2017/DFA NCR East	April 18, 2022

ATTY. JAN PATRICK O. MIRAFLOR
Notary Public, City of Makati
Appointment No. M-317 – Extended until June 30, 2022
Per SC Resolution dtd. 09-28-2021
10/F, Metrobank Plaza
Sen. Gil Puyat Avenue, Makati City 1200
Roll of Attorneys No. 60380
PTR No. MKT 8858739/01-07-2022/Makati City
IBP No. 197305/01-07-2022/Quezon City
MCLE Certificate No. VI-0021504; 04.14.2022

Doc. No. 410;
Page No. 82;
Book No. 2;
Series of 2022.

Exhibit 4

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 0 5 7 3

COMPANY NAME

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
https://www.metrobank.com.ph	8537-2892	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,979	04/27	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
RENATO K. DE BORJA, JR.		8537-2892	

CONTACT PERSON's ADDRESS

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

Lista Agnes C <agnes.lista@metrobank.com.ph>

From:	eafs@bir.gov.ph
Sent:	Thursday, April 07, 2022 8:49 AM
To:	Lista Agnes C <agnes.lista@metrobank.com.ph>
Cc:	Lista Agnes C <agnes.lista@metrobank.com.ph>
Subject:	Your BIR AFS eSubmission uploads were received

MBTC Reminder: This email came from an external source. Please be cautious in CLICKING links and OPENING file attachments.

Hi METROPOLITAN BANK & TRUST COMPANY,

Valid file

- EAFS000477863AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-9KB6DGG5088HJ96HLQS4N2QYW04V3SRZSX**
Submission Date/Time: **Apr 07, 2022 08:48 AM**
Company TIN: **000-477-863**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Metropolitan Bank & Trust Company
Metrobank Plaza, Sen. Gil Puyat Avenue
Urdaneta Village, Makati City
Metro Manila, Philippines

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Metropolitan Bank & Trust Company and its subsidiaries (the Group) and the parent company financial statements of Metropolitan Bank & Trust Company (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2021 and 2020, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Applicable to the audit of the consolidated and parent company financial statements

Allowance for Credit Losses
The Group's and the Parent Company's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic, in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2021 for the Group and the Parent Company amounted to ₱52.73 billion and ₱41.21 billion, respectively. Provision for credit losses of the Group and the Parent Company in 2021 amounted to ₱11.65 billion and ₱7.68 billion, respectively.

Refer to Notes 2, 3 and 15 of the financial statements for the disclosure on the details of the allowance for credit losses using the ECL model.

Audit response
We obtained an understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments,* to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested the Group's and the Parent Company's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures. We reviewed the completeness of the disclosures made in the financial statements.

Realizability of Deferred Tax Assets
As of December 31, 2021, the deferred tax assets of the Group and the Parent Company amounted to ₱13.09 billion and ₱11.89 billion, respectively. The recognition of deferred tax assets is significant to our audit because it requires significant judgment and is based on assumptions such as availability of future taxable income and the timing of the reversal of the temporary differences that are affected by expected future market or economic conditions and the expected performance of the Group and the Parent Company. The estimation uncertainty on the Group's and Parent Company's expected performance has increased as a result of the uncertainties brought about by the coronavirus pandemic.

The disclosures in relation to deferred income taxes are included in Notes 3 and 28 of the financial statements.

Audit Response
We involved our internal specialist in interpreting the tax regulations, testing the temporary differences identified by the Group and the Parent Company and the applicable tax rate. We also re-performed the calculation of the deferred tax assets. We reviewed the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates to the historical performance of the Group and Parent Company and the industry, including future market circumstances and taking into consideration the impact associated with the coronavirus pandemic.

Applicable to the audit of the consolidated financial statements

Recoverability of Investments in Associates and a Joint Venture
The Group assesses the impairment of its investments in associates and a joint venture whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. As of December 31, 2021, the Group has an investment in associate amounting to ₱1.24 billion whose fair value has declined significantly from acquisition cost. The Group performed impairment testing by calculating both the fair value less costs to sell (FVLCTS) and value-in-use (VIU) to determine the higher amount that should be used as the recoverable amount. We considered the impairment testing of the Group's investment in this associate as a key audit matter as significant judgment and estimates are involved in the determination of the investment's VIU.

The disclosures relating to investments in associates and a joint venture are included in Notes 3 and 11 to the financial statements.

Audit response
We discussed with management the investee's current business performance and prospects and how these were reflected in the Group's VIU calculation. We involved our internal specialist in evaluating the methodology and assumptions used. We compared the expected production volume and capital expenditures used in the calculation to the historical performance and plans of the investee, and the price assumption, exchange rates and long-term growth rate to available industry, economic and financial data including consensus market forecasts and the impact of the coronavirus pandemic. We also tested whether the discount rate used represents current market assessment of risks associated with the investment.

Recoverability of Goodwill
As of December 31, 2021, the Group has goodwill amounting to ₱5.19 billion as a result of various business acquisitions. Under PFRS, the Group is required to annually test the amount of goodwill for impairment. The Group performed the impairment testing using the cash generating unit's (CGU) FVLCTS. The annual impairment test is significant to our audit because the determination of the CGU's FVLCTS requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic. The CGU's assets include significant investments in unquoted equity shares and their fair values were determined using price-to-earnings (P/E) ratios of comparable companies and adjusted net asset valuation (NAV) method. Other assets of the CGU include investments in quoted equity shares and debt financial assets, and real properties, while liabilities include unquoted debt financial liabilities.

The disclosures relating to goodwill are included in Notes 3 and 11 to the financial statements.

Audit response
We involved our internal specialist in evaluating the assumptions and methodology used by the Group in determining the FVLCTS of the CGU, in particular those relating to the use of P/E ratios of comparable companies and adjusted NAV method in the valuation of the unquoted equity shares. We tested the fair value of the other assets and liabilities by referring to the quoted prices of listed equity and debt instruments, agreeing the appraised values of real estate properties to the appraisal reports, comparing the future cash flows of unquoted debt instruments to the related contracts, and comparing the discount rates used against prevailing interest rates for similar instruments, taking into consideration the impact associated with the coronavirus pandemic. We also re-performed the calculation of the FVLCTS.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent company financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 37 and Revenue Regulations No. 15-2010 in Note 38 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Janeth T. Nuñez-Javier.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
Tax Identification No. 900-322-673
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1328-AR-2 (Group A)
July 9, 2019, valid until July 8, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-069-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854341, January 3, 2022, Makati City

February 23, 2022

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Millions)

	Consolidated		Parent Company	
	December 31			
	2021	2020	**2021**	2020
ASSETS				
Cash and Other Cash Items	**₱41,302**	₱38,469	**₱38,452**	₱35,606
Due from Bangko Sentral ng Pilipinas (BSP) (Notes 4 and 16)	**253,257**	304,906	**199,974**	262,188
Due from Other Banks (Note 4)	**48,831**	38,233	**36,218**	22,742
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) (Notes 4, 7 and 26)	**70,447**	79,394	**55,994**	57,205
Investment Securities at				
Fair Value Through Profit or Loss (FVTPL) (Note 8)	**50,792**	77,551	**41,975**	67,956
Fair Value Through Other Comprehensive Income (FVOCI) (Notes 4 and 8)	**648,808**	569,445	**561,801**	542,666
Amortized Cost (Notes 4 and 8)	**83,810**	23,293	**57,386**	7,909
Loans and Receivables (Notes 4 and 9)	**1,236,071**	1,252,929	**1,057,454**	1,048,742
Property and Equipment (Note 10)	**25,783**	24,617	**19,222**	18,429
Investments in Subsidiaries (Note 11)	**–**	–	**69,321**	67,181
Investments in Associates and a Joint Venture (Note 11)	**5,851**	6,248	**574**	565
Goodwill (Note 11)	**5,194**	5,199	**–**	–
Investment Properties (Note 12)	**7,327**	7,667	**3,171**	3,369
Deferred Tax Assets (Note 28)	**13,094**	14,028	**11,891**	11,394
Other Assets (Note 14)	**12,249**	13,184	**7,863**	8,047
	₱2,502,816	₱2,455,163	**₱2,161,296**	₱2,153,999
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 32)				
Demand	**₱588,434**	₱515,378	**₱535,847**	₱467,545
Savings	**874,283**	795,979	**830,247**	755,713
Time	**438,046**	450,103	**273,373**	332,323
Long-Term Negotiable Certificates	**29,521**	35,755	**21,080**	27,330
	1,930,284	1,797,215	**1,660,547**	1,582,911
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA) (Notes 17 and 32)	**70,334**	139,614	**52,514**	108,651
Derivative Liabilities (Note 8)	**8,349**	13,465	**8,191**	11,813
Manager's Checks and Demand Drafts Outstanding	**5,396**	6,024	**4,803**	5,493
Income Taxes Payable	**1,749**	2,711	**1,549**	1,992
Accrued Interest and Other Expenses (Note 18)	**9,858**	9,149	**7,235**	6,432
Bonds Payable (Notes 19 and 32)	**79,823**	91,397	**75,189**	76,355
Subordinated Debts (Note 20)	**1,168**	1,167	**1,168**	1,167
Non-equity Non-controlling Interest (Note 21)	**10,619**	8,315	**–**	–
Other Liabilities (Note 21)	**57,504**	52,931	**30,910**	34,296
	2,175,084	2,121,988	**1,842,106**	1,829,110

(Forward)

	Consolidated		Parent Company	
	December 31			
	2021	2020	**2021**	2020
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Common stock (Note 23)	**₱89,948**	₱89,948	**₱89,948**	₱89,948
Capital paid in excess of par value (Note 23)	**85,252**	85,252	**85,252**	85,252
Treasury stock (Notes 23 and 32)	**(70)**	(65)	**(70)**	(65)
Surplus reserves (Note 24)	**2,442**	2,260	**2,442**	2,260
Surplus (Note 23)	**157,260**	153,282	**157,260**	153,282
Net unrealized gain (loss) on investment securities at FVOCI (Note 8)	**(3,751)**	7,611	**(3,751)**	7,611
Remeasurement losses on retirement plans (Notes 11 and 27)	**(4,747)**	(4,778)	**(4,747)**	(4,778)
Equity in other comprehensive losses of investees (Note 11)	**(118)**	(22)	**(118)**	(22)
Translation adjustment and others (Note 11)	**(7,711)**	(9,284)	**(7,026)**	(8,599)
	318,505	324,204	**319,190**	324,889
Non-controlling Interest (Note 11)	**9,227**	8,971	**–**	–
	327,732	333,175	**319,190**	324,889
	₱2,502,816	₱2,455,163	**₱2,161,296**	₱2,153,999

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
STATEMENTS OF INCOME
(In Millions, Except Earnings Per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2021	2020	2019	**2021**	2020	2019
INTEREST INCOME ON						
Loans and receivables (Notes 9 and 32)	**₱65,525**	₱85,690	₱95,847	**₱48,637**	₱64,281	₱59,603
Investment securities at FVOCI and at amortized cost (Note 8)	**16,896**	17,093	16,573	**14,540**	15,285	13,778
Investment securities at FVTPL (Note 8)	**1,198**	1,958	1,936	**1,059**	1,754	1,695
Interbank loans receivable and securities purchased under resale agreements (SPURA) (Notes 7 and 32)	**872**	876	941	**528**	406	468
Deposits with banks and others	**2,686**	2,170	886	**1,714**	1,561	689
	87,177	107,787	116,183	**66,478**	83,287	76,233
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 16 and 32)	**5,502**	11,326	23,407	**2,835**	7,724	17,293
Bills payable and securities sold under repurchase agreements, bonds payable, subordinated debts and others (Notes 13, 17, 19, 20, 21 and 32)	**6,626**	10,354	15,779	**4,561**	7,445	9,019
	12,128	21,680	39,186	**7,396**	15,169	26,312
NET INTEREST INCOME	**75,049**	86,107	76,997	**59,082**	68,118	49,921
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES (Notes 3 and 15)	**11,834**	40,760	10,078	**7,683**	32,745	1,644
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	**63,215**	45,347	66,919	**51,399**	35,373	48,277
OTHER OPERATING INCOME						
Service charges, fees and commissions (Notes 25 and 32)	**13,418**	11,703	14,266	**10,135**	8,991	5,145
Trading and securities gain - net (Notes 8, 21 and 32)	**3,354**	6,559	5,322	**3,201**	6,217	4,352
Foreign exchange gain - net (Note 32)	**1,946**	4,409	3,798	**1,805**	4,320	3,521
Leasing (Notes 12, 13 and 32)	**1,904**	2,007	2,122	**183**	200	210
Income from trust operations (Notes 24 and 32)	**1,655**	1,444	1,241	**1,609**	1,401	1,204
Profit from assets sold (Notes 10, 12 and 14)	**381**	15	585	**154**	106	210
Dividends (Note 8)	**158**	139	172	**15**	28	29
Gain on disposal of investment securities at amortized cost (Note 8)	**12**	8,184	150	**–**	6,891	–
Miscellaneous (Note 25)	**3,003**	669	1,398	**1,618**	734	83
	25,831	35,129	29,054	**18,720**	28,888	14,754
OTHER OPERATING EXPENSES						
Compensation and fringe benefits (Notes 27 and 32)	**25,268**	24,890	23,706	**19,176**	18,795	16,023
Taxes and licenses (Note 28)	**7,931**	9,925	10,219	**5,976**	7,878	6,466
Depreciation and amortization (Notes 10, 12 and 14)	**6,430**	5,545	5,538	**3,779**	2,965	2,568
Occupancy and equipment-related costs (Note 13)	**1,948**	2,080	1,867	**1,459**	1,500	1,162
Miscellaneous (Note 25)	**17,896**	17,680	16,576	**14,026**	14,056	11,086
	59,473	60,120	57,906	**44,416**	45,194	37,305
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE	**29,573**	20,356	38,067	**25,703**	19,067	25,726
SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE (Note 11)	**568**	664	868	**2,251**	1,674	8,938
INCOME BEFORE INCOME TAX	**30,141**	21,020	38,935	**27,954**	20,741	34,664
PROVISION FOR INCOME TAX (Note 28)	**7,777**	7,046	10,061	**5,798**	6,910	6,609
NET INCOME	**₱22,364**	₱13,974	₱28,874	**₱22,156**	₱13,831	₱28,055
Attributable to:						
Equity holders of the Parent Company (Note 31)	**₱22,156**	₱13,831	₱28,055			
Non-controlling interest (Note 11)	**208**	143	819			
	₱22,364	₱13,974	₱28,874			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**₱4.93**	₱3.08	₱6.24			

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2021	2020	2019	**2021**	2020	2019
Net Income	**₱22,364**	₱13,974	₱28,874	**₱22,156**	₱13,831	₱28,055
Other Comprehensive Income for the Year, Net of Tax						
Items that may not be reclassified to profit or loss:						
Change in net unrealized gain (loss) on equity securities at FVOCI	**137**	(94)	(414)	**46**	(93)	(410)
Change in remeasurement gain (loss) on retirement plans (Notes 11 and 27)	**99**	794	(2,038)	**31**	753	(1,940)
	236	700	(2,452)	**77**	660	(2,350)
Items that may be reclassified to profit or loss:						
Change in net unrealized gain (loss) on investment in debt securities at FVOCI (Note 8)	**(11,505)**	5,038	6,142	**(11,414)**	5,031	6,052
Change in equity in other comprehensive income (loss) of investees (Note 11)	**(96)**	(370)	375	**(96)**	(367)	372
Translation adjustment and others (Note 11)	**1,702**	(23)	(399)	**1,573**	(15)	(915)
	(9,899)	4,645	6,118	**(9,937)**	4,649	5,509
Total Comprehensive Income for the Year	**₱12,701**	₱19,319	₱32,540	**₱12,296**	₱19,140	₱31,214
Attributable to:						
Equity holders of the Parent Company	**₱12,296**	₱19,140	₱31,214			
Non-controlling interest	**405**	179	1,326			
	₱12,701	₱19,319	₱32,540			

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Millions)

	Consolidated											
	Equity Attributable to Equity Holders of the Parent Company											
	Common Stock (Note 23)	**Capital Paid In Excess of Par Value** (Note 23)	**Treasury Stock** (Note 23)	**Surplus Reserves** (Note 24)	**Surplus** (Note 23)	**Net Unrealized Gain (Loss) on Investment Securities at FVOCI** (Note 8)	**Remeasurement Losses on Retirement Plans** (Notes 11 and 27)	**Equity in Other Comprehensive Income (Losses) of Investees** (Note 11)	**Translation Adjustment and Others** (Note 11)	**Total**	**Non-controlling Interest** (Note 11)	**Total Equity**
Balance as at January 1, 2021	**₱89,948**	**₱85,252**	**(₱65)**	**₱2,260**	**₱153,282**	**₱7,611**	**(₱4,778)**	**(₱22)**	**(₱9,284)**	**₱324,204**	**₱8,971**	**₱333,175**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**–**	**22,156**	**(11,368)**	**31**	**(96)**	**1,573**	**12,296**	**405**	**12,701**
Transfer to surplus reserves	**–**	**–**	**–**	**182**	**(182)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividend (Note 23)	**–**	**–**	**–**	**–**	**(17,990)**	**–**	**–**	**–**	**–**	**(17,990)**	**(149)**	**(18,139)**
Realized gain (loss) on sale of equity securities at FVOCI	**–**	**–**	**–**	**–**	**(6)**	**6**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of Parent Company shares held by mutual fund subsidiary	**–**	**–**	**(14)**	**–**	**–**	**–**	**–**	**–**	**–**	**(14)**	**–**	**(14)**
Disposal of Parent Company shares held by mutual fund subsidiary	**–**	**–**	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**9**	**–**	**9**
Balance as at December 31, 2021	**₱89,948**	**₱85,252**	**(₱70)**	**₱2,442**	**₱157,260**	**(₱3,751)**	**(₱4,747)**	**(₱118)**	**(₱7,711)**	**₱318,505**	**₱9,227**	**₱327,732**
Balance as at January 1, 2020	₱89,948	₱85,252	(₱72)	₱2,098	₱144,154	₱2,629	(₱5,531)	₱345	(₱9,269)	₱309,554	₱8,937	₱318,491
Total comprehensive income (loss) for the year	–	–	–	–	13,831	4,938	753	(367)	(15)	19,140	179	19,319
Transfer to surplus reserves	–	–	–	162	(162)	–	–	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(4,497)	–	–	–	–	(4,497)	(145)	(4,642)
Realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	(44)	44	–	–	–	–	–	–
Acquisition of Parent Company shares held by mutual fund subsidiary	–	–	(22)	–	–	–	–	–	–	(22)	–	(22)
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	29	–	–	–	–	–	–	29	–	29
Balance as at December 31, 2020	₱89,948	₱85,252	(₱65)	₱2,260	₱153,282	₱7,611	(₱4,778)	(₱22)	(₱9,284)	₱324,204	₱8,971	₱333,175
Balance as at January 1, 2019	₱79,600	₱85,252	(₱67)	₱1,956	₱130,550	(₱2,994)	(₱3,591)	(₱27)	(₱7,719)	₱282,960	₱7,744	₱290,704
Issuance of stock dividend	10,348	–	–	–	(10,348)	–	–	–	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	–	28,055	5,642	(1,940)	372	(915)	31,214	1,326	32,540
Transfer to surplus reserves	–	–	–	142	(142)	–	–	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(3,980)	–	–	–	–	(3,980)	(133)	(4,113)
Realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	19	(19)	–	–	–	–	–	–
Parent Company shares held by mutual fund subsidiary	–	–	(5)	–	–	–	–	–	–	(5)	–	(5)
Acquisition of non-controlling interest (Note 11)	–	–	–	–	–	–	–	–	(635)	(635)	–	(635)
Balance as at December 31, 2019	₱89,948	₱85,252	(₱72)	₱2,098	₱144,154	₱2,629	(₱5,531)	₱345	(₱9,269)	₱309,554	₱8,937	₱318,491

	Parent Company									
	Common Stock (Note 23)	**Capital Paid In Excess of Par Value** (Note 23)	**Treasury Stock** (Note 23)	**Surplus Reserves** (Note 24)	**Surplus** (Note 23)	**Net Unrealized Gain (Loss) on Investment Securities at FVOCI** (Note 8)	**Remeasurement Losses on Retirement Plans** (Notes 11 and 27)	**Equity in Other Comprehensive Income (Losses) of Investees** (Note 11)	**Translation Adjustment and Others** (Note 11)	**Total Equity**
Balance as at January 1, 2021	**₱89,948**	**₱85,252**	**(₱65)**	**₱2,260**	**₱153,282**	**₱7,611**	**(₱4,778)**	**(₱22)**	**(₱8,599)**	**₱324,889**
Total comprehensive income (loss) for the year	–	–	–	–	**22,156**	**(11,368)**	**31**	**(96)**	**1,573**	**12,296**
Transfer to surplus reserves	–	–	–	**182**	**(182)**	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	**(17,990)**	–	–	–	–	**(17,990)**
Share in realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	**(6)**	**6**	–	–	–	–
Acquisition of Parent Company shares held by mutual fund subsidiary	–	–	**(14)**	–	–	–	–	–	–	**(14)**
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	**9**	–	–	–	–	–	–	**9**
Balance as at December 31, 2021	**₱89,948**	**₱85,252**	**(₱70)**	**₱2,442**	**₱157,260**	**(₱3,751)**	**(₱4,747)**	**(₱118)**	**(₱7,026)**	**₱319,190**
Balance as at January 1, 2020	₱89,948	₱85,252	(₱72)	₱2,098	₱144,154	₱2,629	(₱5,531)	₱345	₱1,169	₱319,992
Total comprehensive income (loss) for the year	–	–	–	–	13,831	4,938	753	(367)	(15)	19,140
Transfer to surplus reserves	–	–	–	162	(162)	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(4,497)	–	–	–	–	(4,497)
Share in realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	(44)	44	–	–	–	–
Acquisition of Parent Company shares held by mutual fund subsidiary	–	–	(22)	–	–	–	–	–	–	(22)
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	29	–	–	–	–	–	–	29
Impact of merger (Note 11)	–	–	–	–	–	–	–	–	(9,753)	(9,753)
Balance as at December 31, 2020	₱89,948	₱85,252	(₱65)	₱2,260	₱153,282	₱7,611	(₱4,778)	(₱22)	(₱8,599)	₱324,889
Balance as at January 1, 2019	₱79,600	₱85,252	(₱67)	₱1,956	₱130,550	(₱2,994)	(₱3,591)	(₱27)	₱2,084	₱292,763
Issuance of stock dividend	10,348	–	–	–	(10,348)	–	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	–	28,055	5,642	(1,940)	372	(915)	31,214
Transfer to surplus reserves	–	–	–	142	(142)	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(3,980)	–	–	–	–	(3,980)
Share in realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	19	(19)	–	–	–	–
Parent Company shares held by mutual fund subsidiary	–	–	(5)	–	–	–	–	–	–	(5)
Balance as at December 31, 2019	₱89,948	₱85,252	(₱72)	₱2,098	₱144,154	₱2,629	(₱5,531)	₱345	₱1,169	₱319,992

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2021	2020	2019	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱30,141**	₱21,020	₱38,935	**₱27,954**	₱20,741	₱34,664
Adjustments for:						
Provision for credit and impairment losses (Note 15)	**11,834**	40,760	10,078	**7,683**	32,745	1,644
Depreciation and amortization (Notes 10, 12 and 14)	**5,049**	4,865	4,906	**2,590**	2,467	2,327
Trading and securities gain on investment securities at FVOCI (Note 8)	**(3,691)**	(8,307)	(4,403)	**(3,676)**	(8,007)	(3,788)
Amortization of software costs (Note 14)	**1,381**	680	632	**1,189**	498	241
Unrealized market valuation loss (gain) on financial assets and liabilities at FVTPL	**(868)**	2,275	1,395	**(739)**	2,323	1,612
Amortization of discount on subordinated debts, bonds payable and lease liability (Notes 19 and 20)	**573**	49	605	**414**	33	342
Share in net income of subsidiaries, associates and a joint venture (Note 11)	**(568)**	(664)	(868)	**(2,251)**	(1,674)	(8,938)
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure (Note 25)	**(813)**	(127)	(487)	**(41)**	(15)	(33)
Profit from assets sold (Notes 10 and 12)	**(381)**	(15)	(585)	**(154)**	(106)	(210)
Dividends (Note 8)	**(158)**	(139)	(172)	**(15)**	(28)	(29)
Gain on disposal of investment securities at amortized cost (Note 8)	**(12)**	(8,184)	(150)	**–**	(6,891)	–
Decrease (increase) in:						
Investment securities at FVTPL	**22,165**	(11,921)	(22,009)	**23,098**	(15,217)	(21,184)
Loans and receivables	**5,082**	189,422	(107,137)	**(16,433)**	170,250	(63,413)
Other assets	**(2,506)**	1,489	293	**(1,145)**	2,208	(1,390)
Increase (decrease) in:						
Deposit liabilities	**133,069**	83,071	157,391	**77,636**	83,179	174,301
Bills payable - deposit substitutes	**(5,593)**	(53,987)	7,972	**(1,329)**	–	–
Manager's checks and demand drafts outstanding	**(628)**	(782)	(759)	**(690)**	(15)	(442)
Accrued interest and other expenses	**709**	(1,350)	880	**803**	(1,683)	1,029
Other liabilities	**4,883**	(550)	6,624	**(2,707)**	(1,617)	4,034
Non-equity non-controlling interest	**2,304**	1,762	(194)	**–**	–	–
Net cash provided for operations	**201,972**	259,367	92,947	**112,187**	279,191	120,767
Dividends received (Note 8)	**158**	139	172	**15**	28	29
Income taxes paid	**(7,154)**	(13,201)	(8,715)	**(5,821)**	(12,198)	(5,097)
Net cash provided by operating activities	**194,976**	246,305	84,404	**106,381**	267,021	115,699
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at FVOCI (Note 4)	**(1,684,305)**	(2,098,769)	(1,286,010)	**(1,180,324)**	(2,061,832)	(1,267,741)
Property and equipment (Note 10)	**(3,229)**	(2,427)	(3,722)	**(1,682)**	(1,641)	(1,999)
Investment securities at amortized cost (Note 4)	**(64,089)**	–	(4,488)	**(52,097)**	–	(4,333)
Investments in subsidiaries and associates (Note 11)	**–**	–	(9)	**–**	–	(7,839)
Proceeds from sale of:						
Investment securities at FVOCI (Notes 4 and 11)	**1,598,874**	1,846,610	1,203,883	**1,152,643**	1,822,062	1,180,411
Investment properties (Note 12)	**1,487**	898	1,475	**418**	242	553
Property and equipment (Note 10)	**453**	151	955	**85**	251	76
Proceeds from:						
Disposal of investment securities at amortized cost (Notes 4 and 8)	**379**	121,617	16,686	**–**	100,747	–
Maturity of investment securities at amortized cost (Note 4)	**4,417**	15,164	920	**2,996**	15,000	469
Decrease (increase) in interbank loans receivable and SPURA (Note 26)	**18,326**	(27,873)	6,489	**17,398**	(25,794)	407
Cash dividends from investees (Note 11)	**708**	637	169	**1,132**	1,103	1,073
Impact of merger (Note 11)	**–**	–	–	**–**	6,485	–
Net cash used in investing activities	**(126,979)**	(143,992)	(63,652)	**(59,431)**	(143,377)	(98,923)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2021	2020	2019	**2021**	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES (Note 26)						
Settlements of bills payable	**(₱883,146)**	(₱1,943,290)	(₱4,721,604)	**(₱721,518)**	(₱1,906,626)	(₱3,574,659)
Availments of bills payable and SSURA	**819,459**	1,898,610	4,692,306	**666,710**	1,819,205	3,562,652
Proceeds from issuance of bonds payable (Note 19)	**18,844**	38,869	52,499	**18,844**	34,219	42,135
Repayments of:						
Bonds payable (Note 19)	**(32,210)**	(28,000)	(3,000)	**(21,750)**	(28,000)	–
Subordinated debts (Note 20)	**–**	(6,500)	(19,000)	**–**	(6,500)	(16,000)
Notes payable (Note 21)	**–**	(2,592)	–	**–**	–	–
Cash dividends paid (Note 23)	**(18,139)**	(4,642)	(4,113)	**(17,990)**	(4,497)	(3,980)
Payment of lease liabilities (Note 13)	**(1,718)**	(1,409)	(1,213)	**(929)**	(773)	(748)
Proceeds from disposal of Parent Company shares by mutual fund subsidiaries (Note 32)	**–**	29	–	**–**	–	–
Acquisition of Parent Company shares by a mutual fund subsidiary (Note 23)	**(5)**	(22)	(5)	**–**	–	–
Net cash provided by (used in) financing activities	**(96,915)**	(48,947)	(4,130)	**(76,633)**	(92,972)	9,400
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(28,918)**	53,366	16,622	**(29,683)**	30,672	26,176
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**38,469**	32,956	33,091	**35,606**	30,659	29,280
Due from BSP	**304,906**	219,994	240,134	**262,188**	195,770	206,289
Due from other banks	**38,357**	54,772	45,808	**22,742**	38,698	35,218
Interbank loans receivable and SPURA (Note 26)	**46,669**	67,313	39,380	**29,841**	54,578	22,742
	428,401	375,035	358,413	**350,377**	319,705	293,529
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**41,302**	38,469	32,956	**38,452**	35,606	30,659
Due from BSP	**253,257**	304,906	219,994	**199,974**	262,188	195,770
Due from other banks	**48,862**	38,357	54,772	**36,240**	22,742	38,698
Interbank loans receivable and SPURA (Note 26)	**56,062**	46,669	67,313	**46,028**	29,841	54,578
	₱399,483	₱428,401	₱375,035	**₱320,694**	₱350,377	₱319,705

OPERATIONAL CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	Years Ended December 31					
	2021	2020	2019	**2021**	2020	2019
Interest paid	**₱12,390**	₱23,813	₱39,558	**₱7,589**	₱16,546	₱26,207
Interest received	**88,369**	107,165	113,745	**66,951**	85,255	73,717

See accompanying Notes to Financial Statements.

1. Corporate Information

Metropolitan Bank & Trust Company (the Parent Company) is a universal bank incorporated in the Philippines on April 6, 1962. The Securities and Exchange Commission (SEC) approved the renewal on November 19, 2007. The Parent Company's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on February 26, 1981, as approved by the SEC in November 1980. It has a universal banking license granted by the Bangko Sentral ng Pilipinas (BSP) on August 21, 1981.

The Parent Company and its subsidiaries (the Group) are engaged in all aspects of banking, financing, leasing, real estate and stock brokering through a network of over 2,000 local and international branches, subsidiaries, representative offices, remittance correspondents and agencies. As a bank, the Parent Company, which is the ultimate parent of the Group, provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange, trading and remittances, and trust services. Its principal place of business is at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila, Philippines.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) that have been measured at fair value.

The financial statements of the Parent Company and Philippine Savings Bank (PSBank) include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP or ₱) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see accounting policy on Foreign Currency Translation). The financial statements of these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The respective functional currencies of the subsidiaries are presented under Basis of Consolidation. The financial statements are presented in PHP, and all values are rounded to the nearest million pesos (₱000,000), except when otherwise indicated.

Statement of Compliance

The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and of its subsidiaries and are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly and majority-owned foreign and domestic subsidiaries of the Parent Company in 2021 and 2020 (Note 11):

Subsidiary	**Principal Place of Business and Country of Incorporation**	**Effective Percentage of Ownership**	**Functional Currency**
Financial Markets:			
Domestic:			
First Metro Investment Corporation (FMIC) and Subsidiaries	Philippines	99.27	PHP
PSBank	Philippines	88.38	PHP
ORIX Metro Leasing and Finance Corporation (ORIX Metro) and Subsidiaries	Philippines	59.85	PHP
Foreign:			
Metropolitan Bank (China) Ltd. (MBCL)	China	100.00	Chinese Yuan
Metropolitan Bank (Bahamas) Limited (Metrobank Bahamas)**	The Bahamas	100.00	USD
First Metro International Investment Company Limited (FMIIC) and Subsidiary	Hong Kong	100.00	Hong Kong Dollar (HKD)
Remittances:			
Metro Remittance (Hong Kong) Limited (MRHL)	Hong Kong	100.00	HKD
Metro Remittance (Singapore) Pte. Ltd. (MRSPL)	Singapore	100.00	Singapore Dollar
Metro Remittance (UK) Limited (MR UK)	United Kingdom	100.00	Great Britain Pound
Metro Remittance (USA), Inc. (MR USA)	United States of America (USA)	100.00	USD
Metro Remittance (Japan) Co. Ltd. (MR Japan)	Japan	100.00	Japanese Yen
Metro Remittance (Italia), S.p.A. (MR Italia)***	Italy	100.00	Euro
Real Estate:			
Circa 2000 Homes, Inc. (Circa)*	Philippines	100.00	PHP
Others:			
Philbancor Venture Capital Corporation (PVCC)*	Philippines	60.00	PHP
MBTC Technology, Inc. (MTI)****	Philippines	100.00	PHP

* *In process of dissolution*
** *In process of liquidation*
*** *Fully liquidated in January 2021*
*****Fully liquidated in December 2021*

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full at consolidation (Note 32). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries ceases when control is transferred out of the Group or the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of income and consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid (or to be paid) or received is recognized directly in equity included as part of 'Translation adjustment and others' and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:
a. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
b. Derecognizes the carrying amount of any non-controlling interest;
c. Derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or 'Surplus';
d. Recognizes the fair value of the consideration received;
e. Recognizes the fair value of any investment retained;
f. Recognizes any surplus or deficit in the statement of income; and
g. Reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Entity with Significant Influence over the Group
GT Capital Holdings, Inc. (GT Capital) holds 37.15% interest in the Parent Company as of December 31, 2021 and 2020 (Note 32).

Non-controlling Interest
Non-controlling interest represents the portion of profit or loss and the net assets of the funds not held by the Group and is presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the Parent Company. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Acquisitions of non-controlling interests are accounted for as equity transactions.

Non-equity Non-controlling Interest
The Group has seed capital investments in a number of funds where it is in a position to be able to control those funds. These funds are consolidated.

Non-equity non-controlling interest represents the portion of net assets of the consolidated funds not attributed, directly or indirectly, to the Parent Company and is presented separately in the liability section in the consolidated statement of financial position. This liability is accounted for at FVTPL and measured using net asset value per unit with changes recognized in 'Trading and securities gain - net' in the consolidated statement of income.

Legal Merger between Parent Company and Subsidiary
In the parent company financial statements, the legal merger between the Parent Company and its subsidiary, with the Parent Company as the surviving entity, is accounted for as follows:
- The acquired assets and assumed liabilities are recognized at the carrying amounts in the consolidated financial statements as of the date of the legal merger;

- The difference between the carrying amount of the net assets of the subsidiary and the carrying amount of the investment in the merged subsidiary before the legal merger is recognized under "Translation adjustment and others" account in the equity section of the parent company statement of financial position; and
- The comparative financial information in the parent company financial statements for period prior to the legal merger is not restated. The financial position and results of operations of the merged subsidiary are reflected in the parent company financial statements only from the date of the legal merger.

The legal merger has no impact in the consolidated financial statements.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, that is, as a variable lease payment.

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*
The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR):
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform;
- Relief from discontinuing hedging relationships; and
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group shall also disclose information about:
- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

Significant Accounting Policies

Foreign Currency Translation
Transactions and balances
For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU, foreign branches and subsidiaries
As at the reporting date, the assets and liabilities of foreign branches and subsidiaries and FCDU of the Parent Company and PSBank are translated into the Parent Company's presentation currency (the PHP) at BAP closing rate prevailing at the statement of financial position date, and their income and expenses are translated at historical rate. Exchange differences arising on translation are taken to the statement of comprehensive income under 'Translation adjustment and others'. Upon disposal of a foreign entity or when the Parent Company ceases to have control over the subsidiaries or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income.

Fair Value Measurement
The Group measures certain financial instruments, such as derivatives, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid - ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities not listed in an active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each statement of financial position date. The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets and liabilities at FVTPL, and for non-recurring measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Derivatives are recognized on trade date basis. Deposits, amounts due from banks and customers and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities at FVTPL, the initial measurement of financial instruments includes transaction costs.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and subsequent measurement
Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets at FVTPL
These are recorded in the statements of financial position at fair value with changes in fair value recognized in 'Trading and securities gain - net'. Interest earned is recorded in 'Interest income' while dividend income is recorded in 'Dividends' when the right to receive payment has been established. Included in this classification are debt and equity securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

Derivatives recorded at FVTPL
The Parent Company and some of its subsidiaries are counterparties to derivative contracts, such as currency forwards, currency swaps, interest rate swaps (IRS), call options, non-deliverable forwards (NDF) and other interest rate derivatives. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of income and are included in 'Trading and securities gain - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Investment securities at FVOCI
Investment securities at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statement of comprehensive income as 'Change in net unrealized gain (loss) on investment in debt securities at FVOCI' or 'Change in net

unrealized gain (loss) on equity securities at FVOCI'. Debt securities at FVOCI are those that meet both of the following conditions:

a. The asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and
b. The contractual terms of the financial asset give rise on specified dates to cash flow that are SPPI on the outstanding principal amount.

The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI is reported in the statement of income. Interest earned on holding debt securities at FVOCI are reported as 'Interest Income' using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized as 'Trading and securities gain - net' in the statement of income. The expected credit loss (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit and impairment losses' in the statement of income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as 'Dividends' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to 'Surplus' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

a. These are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
b. The contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

This accounting policy relates to the statement of financial position captions 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and securities purchased under resale agreements (SPURA)', 'Investment securities at amortized cost' and 'Loans and receivables'.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income. Gains and losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statement of income under 'Provision for credit and impairment losses'. The effects of revaluation on foreign currency-denominated investments are recognized in the statement of income.

Financial liabilities at FVPL

These are recorded in the statements of financial position at fair value with changes in fair value recognized in 'Trading and securities gain - net', with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in OCI and do not get recycled to the statement of income. Interest incurred is accrued in 'Interest expense' using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument.

Financial liabilities at amortized cost
Issued financial instruments or their components, which are not designated at FVTPL, are classified as liabilities under 'Deposit liabilities', 'Bills payable and securities sold under repurchase agreements (SSURA)', 'Bonds payable', or 'Subordinated debts' or other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, bills payable and similar financial liabilities not qualified as and not designated at FVTPL, are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Financial guarantees and undrawn loan commitments
The Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. These contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn loan commitments is recognized in 'Miscellaneous liabilities' under 'Other liabilities'.

Derecognition of Financial Assets and Financial Liabilities
Financial assets
A financial asset (or, when applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:
- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either:
  a. Has transferred substantially all the risks and rewards of the asset; or
  b. Has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of:
a. The amount of the asset; and
b. The maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount').

When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option to an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

The Group derecognizes a financial asset such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired (POCI) assets.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Group considers the following factors:
- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. The Group considers a modification substantial based on qualitative factors.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recovery on charged-off assets' under 'Miscellaneous income' in the statement of income.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

The Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of or greater than ten percent (10%).

Similar with financial assets, when the modification of a financial liability is not considered substantial, the Group records a modification gain or loss based on the change in cash flows discounted at the original EIR.

Repurchase and reverse repurchase agreements
Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as SSURA included in 'Bills payable and SSURA' and is considered as a loan to the Group, reflecting the economic substance of such transaction.

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the statement of financial position. The corresponding cash paid including accrued interest, is recognized in the statement of financial position as SPURA, and is considered a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Reclassification of Financial Assets
The Group reclassifies its financial assets when there is a change in its business model for managing financial assets. A change in business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. The Group applies the reclassification prospectively from the reclassification date (that is, the first day of the next quarterly reporting period following the change in business model) and does not restate any previously recognized gains, losses or interest.

Impairment of Financial Assets
The adoption of PFRS 9 has changed the Group's loss impairment method on financial assets by replacing the previous incurred loss approach with a forward-looking ECL approach which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts.

Overview of the ECL principles
ECL represents credit losses that reflect an unbiased and probability weighted amount which is based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, and time value of money. The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk (SICR) of the financial asset since origination. Otherwise, if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the statement of financial position date. The Lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The major portfolios of financial assets identified upon initial analysis of the Group's credit exposure are loan receivables, treasury accounts, and other receivables. Loan receivables may be availed by specific individuals, corporations or organizations. Hence, these portfolios can be further segmented to commercial, consumer and credit card portfolios. After segmentation, financial assets are grouped into Stage 1, Stage 2, and Stage 3 as described below.

Definition of "default" and "cure"
The Group defines a financial instrument as in default, which is fully aligned with the definition of non-performing loans that is, credit impaired, in all cases when the borrower becomes more than ninety (90) days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (that is, to have cured) when it no longer meets any of the default criteria and has exhibited a satisfactory track record.

Treasury exposures are considered in default upon occurrence of a credit event such as but not limited to bankruptcy of counterparty, restructuring, failure to pay on agreed settlement date, or request for moratorium.

SICR
In order to determine whether an instrument is subject to 12-month or Lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses (that is, with internal credit rating of 6 due to financial or repayment concerns or lower). These may include adverse trends or developments of financial, managerial, economic or political nature, or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics or may only be potential that deserves management's close attention and may lead to significant losses or may result in collection or liquidation of the outstanding loan amount to be highly improbable. For exposures without internal credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. The days past due (dpd) are determined by counting the number of days since the earliest elapsed due date in respect of which at least a partial payment has not been received. In subsequent reporting periods, if the credit risk of the financial asset improves over an observable period such that there is no longer a SICR since initial recognition, the Group reverts to recognizing a 12-month ECL.

Staging assessment
For non-credit-impaired financial assets:
- Stage 1 is comprised of all non-impaired financial assets which have not experienced a SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 financial assets.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:
- Financial assets are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. ECL for Stage 3 exposure is computed per account, taking into consideration the present value of the expected recoverable cash flows from each transaction.

Financial assets that are credit-impaired on initial recognition are classified as POCI assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

Assessment of ECL on a collective basis
The Group calculates ECL either on an individual or a collective basis. The Group performs collective impairment by grouping exposures into smaller homogenous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (that is, facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculating provisions based on the ECL models.

ECL parameters and methodologies
ECL is a function of the probability of default (PD), exposure-at-default (EAD), and loss-given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgement.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual financial asset is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

EAD consists of the amortized cost and any accrued interest receivable. For off-balance sheet and undrawn committed amounts, EAD includes a credit conversion factor which is an estimate of any further amount to be drawn at the time of default. For the credit card business, EAD is modelled based on historical data on card limit utilization.

The Group applies a simplified ECL approach for its accounts receivables wherein the Group uses a provisioning matrix that considers historical changes in the behavior of the portfolio to predict conditions over the span of a given observation period.

The Parent Company offers credit card facilities, in which it has the right to cancel and/or reduce the facilities with one-day notice. It does not limit its exposure to credit losses to the contractual notice period, but instead, calculates ECL over a period that reflects its expectations of the customers' behavior, their likelihood of default, and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and expectations, the period over which ECL is calculated for these products is two (2) years. The interest rate used to discount the ECL for credit cards is based on contractual interest rate. These rates are also used to discount future recoveries over a period of five years as these cover the cost of securing an equivalent fund. The contractual interest rate is used as discounting factor since the Parent Company estimates that this rate is reflective of the EIR.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all

characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

In 2020, the Parent Company expanded its set of macroeconomic overlays to better capture the characteristics of specific financial asset classes (for example, mortgage and auto loan exposures) and industry clusters (for example, essential industries, secondary needs). The following economic inputs were determined to be statistically significant in measuring ECL:
- GDP growth
- Inflation rate
- Unemployment rate
- Minimum wage
- USDPHP exchange rate
- Consumer confidence index

In 2021, additional economic inputs were determined to be statistically significant in measuring ECL:
- Peso interest rate
- USD interest rate
- WTI crude oil price
- Business confidence index
- GVA of some industries

Debt investment securities measured at FVOCI
The ECL for debt securities at FVOCI does not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in 'Net unrealized gain (loss) on investment securities at FVOCI' as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit or loss upon derecognition of these financial assets.

Restructured Loans
Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews and monitors restructured loans until derecognition to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for credit and impairment losses' in the statement of income. When the loan has been restructured but not derecognized, the Group also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

Collateral Valuation of Financial Assets
Collateral, unless repossessed, is not recorded in the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed every other year. However, some collaterals, for example, cash or securities relating to margining requirements, are valued daily.

Revenue Recognition
Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group concluded that it is acting as a principal in all of its revenue arrangements except for certain brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized.

Fee and commission income
The Group earns fee and commission income from a diverse range of services it provides to its customers, which are divided into the following two categories:

a. Fee income earned from services that are provided over a certain period of time
Fees earned for the provision of services over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Group. Using an output method, revenue is recognized if the Group has a right to invoice the customer for services directly corresponding to performance completed to date. These fees include investment fund fees, custodian fees, fiduciary fees, asset management fees, and income from trust operations.

b. Fee income from providing transaction services
Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as commission income, underwriting fees, corporate finance fees, advisory fees and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Discounts earned, membership fees and awards revenue on credit cards
The following table provides information about the nature and timing of the satisfaction of performance obligations for the Parent Company's credit card business (under MCC prior to merger - see Note 11), including significant payment terms, and the related revenue recognition policies.

Type of Product/Service	**Nature and Timing of Satisfaction of Performance Obligations, including Significant Payment Terms**	**Revenue Recognition under PFRS 15**
Discounts earned	Charges arising from credit availments by the Parent Company's and other credit companies' cardholders when the Parent Company is acting as an acquirer. These discounts are computed based on certain agreed rates. These also include interchange income from transactions processed by other acquirers through VISA and Mastercard and fees from cash advance transactions of cardholders.	Recognized as revenue upon receipt from member establishments of charges arising from credit availments by the Parent Company's cardholders and other credit companies' cardholders when the Parent Company is acting as an acquirer.
Membership fees and dues	Periodically charged to cardholders upfront.	Deferred and recorded under 'Deferred revenue' and recognized on a straight-line basis over the period the fee entitles the cardholders to use the card.
Awards revenue	The Parent Company operates a loyalty points program, which allows customers to accumulate points when they purchase from member establishments using the issued card of the Parent Company. The points accumulate and do not expire.	The Parent Company allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The amount allocated to the loyalty program is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote.

Revenues outside the scope of PFRS 15

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as investment securities at FVOCI investments, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'. Loan commitment fees that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR of the loan.

Under PFRS 9, when a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus a certain percentage of cost. The excess over cost is credited to 'Unearned discount' and is shown as a deduction from 'Loans and receivables' in the statement of financial position. The unearned discount is taken up to interest income over the installment terms and is computed using the EIR method.

Recovery on charged-off assets

Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery.

Leasing income - Finance lease

The excess of aggregate lease rentals plus the estimated residual value over the cost of the leased equipment constitutes the unearned lease income. Residual values represent estimated proceeds from the disposal of equipment at the time lease is estimated. The unearned lease income is amortized over the term of the lease, commencing on the month the lease is executed using the EIR method.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established.

Gain on disposal of investment securities at amortized cost

Results arising from gains and losses from disposal of investment securities at amortized cost.

Trading and securities gain - net

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL and gains and losses from disposal of debt securities at FVOCI.

Rental income

Rental income arising on leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of income under 'Leasing'.

Income on receivables financed
Income on loans and receivables financed with short-term maturities is recorded in 'Interest income' and is recognized using the EIR method. Interest and finance fees on finance leases and loans and receivables financed with long-term maturities and the excess of the aggregate lease rentals plus the estimated terminal value of the leased equipment over its cost are credited to unearned discount and amortized over the term of the note or lease using the EIR method.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, and interbank loans receivable and SPURA with original maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value.

Property and Equipment
Land is stated at cost and depreciable properties, including buildings, furniture, fixtures and equipment and leasehold improvements, are stated at cost less accumulated depreciation and amortization, and allowance for impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met but excludes repairs and maintenance costs. Building under construction (BUC) is stated at cost and includes cost of construction and other direct costs. BUC is not depreciated until such time that the relevant asset is completed and put into operational use.

Depreciation is calculated on the straight-line method over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements. The range of estimated useful lives of property and equipment follows:

Buildings	25 to 50 years
Furniture, fixtures and equipment	2 to 5 years
Leasehold improvements	5 to 20 years

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income under 'Profit from assets sold' in the year the asset is derecognized.

Investments in Subsidiaries, Associates and a Joint Venture (JV)
Investment in subsidiaries
Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights.

Investment in associates
Associates pertain to all entities over which the Group and the Parent Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associates is accounted for under the equity method of accounting.

Investment in a JV
A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the JV. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in a JV is accounted for under the equity method of accounting. The Group's investment in a JV represents the 30% interest of PSBank in Sumisho Motor Finance Corporation (SMFC) (Note 11).

Upon loss of significant influence over the associate or joint control over the JV, the Group and the Parent Company measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income.

Under the equity method, investments in associates and a JV are carried in the statement of financial position at cost plus post-acquisition changes in the Group's and the Parent Company's share of the net assets of the associate or JV less allowance for impairment losses. Post-acquisition changes in the share of net assets of the associate or a JV include the share in the:
a. Income or losses; and
b. Unrealized gain or loss on investment securities, remeasurement of retirement plans and others.

Dividends received are treated as a reduction in the carrying values of the investments. Goodwill relating to the associate and a JV is included in the carrying value of the investment and is not amortized.

When the Group and the Parent Company increase its ownership interest in an associate or a JV that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate or JV and the existing interest in the associate or JV is not remeasured. The share in an associate or a JV's post-acquisition profits or losses is recognized in the statement of income as 'Share in net income of subsidiaries, associates and a joint venture' while its share of post-acquisition movements in the associate or JV's equity reserves is recognized directly in the statement of comprehensive income. When the share of losses in an associate or a JV equals or exceeds its interest in the associate or JV, including any other unsecured receivables, the Group and the Parent Company do not recognize further losses, unless it incurred obligations or made payments on behalf of the associate or JV which is recognized as miscellaneous liabilities. Profits and losses resulting from transactions between the Group or the Parent Company and an associate or JV are eliminated to the extent of the Group or the Parent Company's interest in the associate or JV.

Investments in subsidiaries in the separate financial statements are accounted for under the equity method similarly as investments in associates and JV. Equity in other comprehensive income (losses) of subsidiaries and changes therein are included in 'Remeasurement losses on retirement plans', 'Net unrealized gain (loss) on investment securities at FVOCI', and 'Translation adjustments and others', as appropriate, together with the Parent Company in the separate statement of financial position and statement of comprehensive income.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as 'Gain on initial recognition of investment properties' under 'Miscellaneous income'. Foreclosed properties are classified under 'Investment properties' upon:

a. Entry of judgment in case of judicial foreclosure;
b. Execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
c. Notarization of the Deed of Dacion in case of dation in payment (*dacion en pago*).

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and allowance for impairment losses.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income under 'Profit from assets sold' in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year in which the costs are incurred. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties based on appraisal reports but not to exceed 50 years for buildings and condominium units.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Interest in Joint Operations

The Group is a party to joint operations whereby it contributed parcels of land for development into residential and commercial units. In respect of the Group's interest in the joint operations, the Group recognizes the following:

a. The assets that it controls and the liabilities that it incurs; and
b. The expenses that it incurs and its share of the income that it earns from the sale of units by the joint operations.

The assets contributed to the joint operations are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale (Note 14).

Chattel Mortgage Properties

Chattel mortgage properties comprise of repossessed vehicles. Chattel mortgage properties are stated at cost less accumulated depreciation and allowance for impairment losses. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the vehicles. The useful lives of chattel mortgage properties are estimated to be five (5) years.

Subordinated Notes
Subordinated notes issued by Special Purpose Vehicles (SPV) (presented as 'Investment in SPVs' under 'Other assets') are stated at amortized cost reduced by an allowance for credit losses. The allowance for credit losses is determined based on the difference between the outstanding principal amount and the recoverable amount which is the present value of the future cash flow expected to be received as payment for the subordinated notes.

Intangible Assets
Software costs
Software costs (presented under 'Other assets') are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over three to five years on a straight-line basis. Costs associated with maintaining the computer software programs are recognized as expense when incurred. Software costs are carried at cost less accumulated amortization.

Exchange trading right
Exchange trading right (included in 'Miscellaneous assets' presented under 'Other assets') is a result of the PSE conversion plan to preserve access of First Metro Securities Brokerage Corporation (FMSBC), a subsidiary of FMIC, to the trading facilities and continue transacting business in the PSE. The exchange trading right has an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows. It is carried at the amount allocated from the original cost to the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less any allowance for impairment losses. FMSBC does not intend to sell the exchange trading right in the near future.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. With respect to investments in associates and a JV, goodwill is included in the carrying amounts of the investments. Following initial recognition, goodwill is measured at cost, net of allowance for impairment losses (see accounting policy on "Impairment of Non-financial Assets").

Customized System Development Cost
Customized system development cost consists of payments for customization of various banking systems. This account will be reclassified to appropriate accounts upon completion and will be depreciated and amortized from the time the asset is ready for its intended use (Note 14).

Impairment of Non-financial Assets
Property and equipment, investments in subsidiaries, associates and a JV, investment properties, chattel mortgage properties, intangible assets with finite useful lives and other assets
At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell (FVLCTS) and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Intangible assets with indefinite useful lives and customized system development cost not yet available for use
Intangible assets with indefinite useful lives such as exchange trading right and customized system development cost not yet available for use are tested for impairment annually at statement of financial position date either individually or at the cash generating unit (CGU) level, as appropriate.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. The Group uses the higher of FVLCTS and VIU using cash flow projections from financial budgets approved by the Board of Directors (BOD) in determining the recoverable amount.

<u>Leases</u>
Group as lessee
The Group assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right-of-use the underlying assets.

ROU assets
The Group recognizes ROU assets (included in 'Property and Equipment') at the commencement date of the lease (that is, the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and allowance for impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office space	1 to 29 years
ATM site and equipment	1 to 5 years

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others') and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

The Group's lease liabilities are included in Other Liabilities (Note 21).

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and ATM sites (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM site and other equipment that are considered to be of low value (that is, those with value of less than ₱250,000). Lease payments on short-term leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Residual value of leased assets and deposits on lease contracts
The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

Group as lessor
Finance leases, where the Group transfers substantially all the risks and benefits incidental to the ownership of the leased item to the lessee, are included in the statement of financial position under 'Loans and receivables'. All income resulting from the receivable is included in 'Interest income' in the statement of income.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which they are earned.

<u>Retirement Cost</u>
The Group has a non-contributory defined benefit retirement plans, except for FMIIC and its subsidiary which follow the defined contribution retirement benefit plan and the Mandatory Provident Fund Scheme (MPFS). The retirement cost of the Parent Company and most of its subsidiaries is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current year. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (DBO) at the end of the statement of financial position date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost; and
- Net interest on the net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined benefit liability or asset is the change during the year in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income. Retirement expense is presented under 'Compensation and fringe benefits' in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement in income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the DBO, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a DBO is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. Payments to the defined contribution retirement benefit plans and the MPFS are recognized as expenses when employees have rendered service entitling them to the contributions.

<u>Equity</u>
When the shares are sold at a premium, the difference between the proceeds and par value is credited to 'Capital paid in excess of par value', net of direct costs incurred related to the equity issuance. If 'Capital paid in excess of par value' is not sufficient, the excess is charged against 'Surplus'. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of stocks issued.

Surplus represents accumulated earnings of the Group less dividends declared.

Own equity instruments which are reacquired or Parent Company's shares acquired by its subsidiaries (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in 'Capital paid in excess of par value'. Voting rights related to treasury stocks are nullified and no dividends are allocated. When the stocks are retired, the Common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to 'Capital paid in excess of par value' at the time the stocks were issued and to 'Surplus' for the remaining balance.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred taxes

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

a. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
b. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized except:

a. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognized directly in equity are recognized in OCI and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Earnings Per Share
Basic earnings per share is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year. The Group does not have dilutive potential common shares.

Dividends on Common Shares
Cash dividends on common shares are recognized as a liability and deducted from the equity when approved by the BOD of the Parent Company while stock dividends are deducted from equity when approved by BOD and shareholders of the Parent Company. Dividends declared during the year but are paid or issued after the statement of financial position date are dealt with as a subsequent event.

Debt Issuance Costs
Issuance, underwriting and other related costs incurred in connection with the issuance of debt instruments are deferred and amortized over the terms of the instruments using the EIR method. Unamortized debt issuance costs are included in the related carrying amount of the debt instrument in the statement of financial position.

Capital Securities Issuance Costs
Issuance, underwriting and other related costs incurred in connection with the issuance of the capital securities are treated as a reduction of equity against 'Capital paid in excess of par value'.

Events after the Statement of Financial Position Date
Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

Fiduciary Activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company and PSBank act in a fiduciary capacity such as nominee, trustee or agent.

Standards Issued but not yet Effective

The list below consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on its financial statements.

Effective beginning on or after January 1, 2022

Amendments to PFRS 3, *Business Combinations, Reference to the conceptual framework*
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Amendments to PAS 16 , *Plant and Equipment, Proceeds before intended use*
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in the statement of income.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets, Onerous contract – costs of fulfilling a contract*
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

Annual Improvements to PFRSs 2018-2020 Cycle
Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or JV that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 percent' test for derecognition financial liabilities*
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted.

Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted.

Effective beginning on or after January 1, 2023

Amendments to PAS 12, *Income Taxes, Deferred tax related to assets and liabilities arising from a single transaction*
The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

The amendment is effective for annual reporting periods beginning on or after January 1, 2023 to transactions that occur on or after the beginning of the earliest comparative period presented.

Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of accounting estimates*
The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

Effective beginning on or after January 1, 2024

Amendments to PAS 1, *Presentation of Financial Statements, Classification of liabilities as current or non-current*
The amendments clarify paragraphs 69 to 76 of PAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the statement of financial position date;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

PFRS 17, *Insurance Contracts*
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (that is, life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission, which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures, Sale or contribution of assets between an investor and its associate or JV*
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or JV. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or JV involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investor's interests in the associate or JV.

On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and JVs.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Judgments

a. *Classification of financial assets*
   The Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal

amount outstanding. The Group performs the business model assessment based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

In 2020, the Parent Company disposed investment securities at amortized cost and assessed that this resulted from a change in business model. PSBank also disposed investment securities at amortized cost and assessed that the disposal was not inconsistent with the hold-to-collect (HTC) business model (see Note 8).

In 2019, FMIC disposed all of its investment securities at amortized cost and assessed that this resulted from unanticipated market changes that are significant to its operations (see Note 8).

b. *Consolidation of subsidiaries*

The determination whether the Group has control over an investee company requires significant judgment. The Group considers that the following criteria are all met, including:

- An investor has the power over an investee;
- The investor has exposure, or rights, to variable returns from its involvement with the investee; and
- The investor has the ability to use its power over the investee to affect the amount of the investor's return.

In accordance with PFRS 10, the Group included the accounts of First Metro Save and Learn Balance Fund, Inc. (FMSALBF), First Metro Save and Learn Equity Fund, Inc. (FMSALEF), First Metro Save and Learn Fixed Income Fund, Inc. (FMSLFIF), First Metro Philippine Equity Exchange Traded Fund, Inc. (FMPETF), First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. and First Metro Save and Learn Money Market Fund, Inc., collectively the "Funds", in its consolidated financial statements. The Group re-assessed the control conclusion for these Funds. Although the ownership is less than half of the voting power of these investees, the Group has control due to its power to direct the relevant activities of the Funds through First Metro Asset Management Inc. (FAMI), a subsidiary of FMIC, which acts as the fund manager of the Funds. Further, the Group has the exposure to variable returns from its investments and its ability to use its power over the Funds to affect their returns.

c. *Existence of significant influence over an associate with less than 20.00% ownership*
As discussed in Note 11, there are instances that an investor exercises significant influence even if its ownership is less than 20.00%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following:

- Representation in the BOD or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel;
- Joint voting agreement with other investors; or
- Provision of essential technical information.

d. *Fair value of financial instruments*
Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to financial statements cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but when this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity and volatility for longer dated derivatives (Note 5).

e. *Leases*

Group as lessor
Operating leases
The Group has entered into commercial property leases on its investment properties portfolio and over various items of furniture, fixtures and equipment. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Finance leases
The Group has entered into leases on its transportation and office equipment portfolio. The Group has determined that it has transferred all the significant risks and rewards of ownership of the properties to the lessees, that at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the lease asset.

Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Extension and termination options
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a

significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate (IBR) for lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (that is, credit spread).

f. Contingencies
The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with and the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 30).

Estimates

a. Credit losses on financial assets
The Group reviews its debt financial assets subject to ECL at least on a semi-annual basis with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers, as has been the case since 2020 when quarterly reviews and ECL adjustments are made in response to the changing credit environment brought about by the COVID-19 pandemic. The measurement of credit losses under PFRS 9 across all categories of such financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining credit losses and the assessment of a SICR. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include, among others:

- Segmentation of the portfolio, where the appropriate model or ECL approach is used.
- Criteria for assessing if there has been a SICR and so allowances for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment.
  - In 2020, exposures that were granted payment reprieve strictly as provided for by laws and relevant regulations were retained under Stage 1, while exposures that were granted extended reprieve, provided not impaired or not non-performing under relevant rules, were included under Stage 2. This approach was maintained in 2021.
  - The Group likewise performed quarterly reviews of its credit exposures to determine the occurrence of SICR notwithstanding said reprieves. Exposures belonging to sectors widely determined to be most at-risk and non-essential (for example, tourism, entertainment and leisure, hotels and restaurants, airlines), and projected to experience significant revenue and liquidity strain in the event of prolonged economic inactivity, were also included under Stage 2.
- Segmentation of debt financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs. The Parent Company and the Group as a whole continuously review and calibrate their models based on the results of the model validation and regular backtesting.

- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, LGDs and EADs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The gross carrying amounts of financial assets subject to ECL as of December 31, 2021 and 2020 are disclosed in Note 4, while the related allowances for expected credit losses are disclosed in Note 15. In 2021, 2020 and 2019, provision for credit losses on these financial assets amounted to ₱11.7 billion, ₱40.8 billion and ₱9.6 billion, respectively, for the Group, and ₱7.7 billion, ₱32.7 billion and ₱1.6 billion, respectively, for the Parent Company (Note 15). With the merger of MCC into the Parent Company in 2020 (Note 11), the Parent Company's provision for credit losses starting in 2020 includes the provision for credit losses on credit card receivables.

b. *Recognition of deferred income taxes*
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The Group and the Parent Company have considered the impact of the COVID-19 pandemic on future taxable income and on the recognition of deferred tax assets. The recognized net deferred tax assets and unrecognized deferred tax assets for the Group and the Parent Company are disclosed in Note 28.

c. *Present value of retirement liability*
The cost of defined retirement pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, salary increase rates, and turnover rates. Due to the complexities involved in the valuation and the long-term nature of these plans, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the statement of financial position date. Salary increase rates are based on historical annual merit, market and promotional increase and future inflation rates. Turnover rates are based on the Group's historical experience.

The present values of the retirement liability of the Group and the Parent Company are disclosed in Note 27.

d. *Impairment of non-financial assets*
The Group assesses impairment on non-financial assets (property and equipment, investments in subsidiaries, associates and a JV, investment properties, software costs, chattel mortgage properties and other assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group uses the higher of FVLCTS and VIU in determining the recoverable amount of the asset. As of December 31, 2021 and 2020, there has been a significant and prolonged decline in the fair value of an associate. The recoverable amount of the investment in associate has been determined based on FVLCTS as it was higher than the VIU. The FVLCTS was based on the quoted price of the shares less expected selling costs. In 2021 and 2020, the Group considered the impact of the COVID-19 pandemic in determining the VIU. Based on the Group's impairment testing as of December 31, 2021 and 2020, allowance for impairment losses on investment on this associate amounted to ₱570.8 million and ₱439.2 million, respectively.

The carrying values of the property and equipment, investments in subsidiaries, associates and a JV, investment properties, software costs, chattel mortgage properties, and other assets of the Group and the Parent Company are disclosed in Notes 10, 11, 12 and 14, respectively.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. The recoverable amount of the CGU is determined based on FVLCTS.

The fair value of the CGU is determined using the cost approach, specifically the adjusted Net Asset Value (NAV) method. This method requires the measurement of the fair value of the individual assets and liabilities recognized in the CGU, as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting net fair values of the assets and liabilities represent the fair value of the CGU. In determining the fair value of the CGU's net assets, the Group used the discounted cash flow method for unquoted debt financial assets/liabilities at the appropriate market rate, the price-to-earnings (P/E) valuation and adjusted NAV model for unquoted equity investments, and the appraisal reports for the valuation of real properties. Fair values of listed debt and equity securities are based on their quoted market prices. The Group applied the P/E valuation model by reference to P/E ratios of listed comparable companies of the investee company. The FVLCTS calculation of the CGU is most sensitive to the P/E ratios of listed comparable companies of the investee company. As of December 31, 2021 and 2020, based on the sensitivity analysis performed, a four percent (4%) and one percent (1%) reduction, respectively, in the P/E ratio used will result in impairment of the goodwill. The Group considered the impact of the COVID-19 pandemic in determining the recoverable amount. As of December 31, 2021 and 2020, the Group's goodwill amounted to ₱5.2 billion (Note 11).

4. **Financial Risk and Capital Management**

<u>Introduction</u>
The Group has exposure to the following risks from its use of financial instruments:

a. Credit;
b. Liquidity; and
c. Market risks.

Risk management framework
The BOD has overall responsibility for the oversight of the Parent Company's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. Supporting the BOD in this function are certain Board-level committees such as Risk Oversight Committee (ROC), Audit Committee (AC) and senior management committees through the Executive Committee (EXCOM) and Asset and Liability Committee (ALCO) among others.

The ROC, which is composed primarily of independent members of the BOD, is responsible for overseeing the Parent Company's risk infrastructure, the adequacy and relevance of risk policies, and the compliance to defined risk appetite and levels of exposure. The ROC is assisted in this responsibility by the Risk Management Group (RSK). The RSK undertakes the implementation and execution of the Parent Company's Risk Management framework which involves the identification, assessment, control, monitoring and reporting of risks.

The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of the Parent Company. To a certain extent, the respective risk management programs and objectives are the same across the Group. The risk management policies adopted by the subsidiaries and affiliates are aligned with the Parent Company's risk policies. To further promote compliance with PFRS and Basel III, the Parent Company created a Risk Management Coordinating Council (RMCC) composed of risk officers of the Parent Company and its financial institution subsidiaries.

<u>Credit Risk</u>
Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, market segments, and industry concentrations, and by monitoring exposures in relation to such limits, among others. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by the RSK and Internal Audit Group, respectively.

Management of credit risk
The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (for example, investment securities issued by either sovereign or corporate entities) or enter into either market-traded or over-the-counter derivatives, either through implied or actual contractual agreements (that is, on- or off-balance sheet exposures). The Parent Company manages its credit risk at various levels (that is, strategic level, portfolio level down to individual obligor or transaction) by adopting a credit risk management environment that has the following components:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit/financial assessment, risk grading and reporting, and compliance with regulatory requirements;
- Establishment of authorization limits for the approval and renewal of credit facilities;
- Limiting concentrations of exposure to counterparties and industries (for loans), and by the issuer (for investment securities);

- Utilizing the Internal Credit Risk Rating System (ICRRS) to categorize exposures according to their risk profile. The risk grading system is used for determining impairment provisions against credit exposures. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation; and
- Monitoring compliance with approved exposure limits.

Borrowers, counterparties, or groups of related accounts across the Group are aggregated and managed by the Parent Company's Institutional Banking Sector as the "Control Unit". Group Limits for conglomerates are set-up and approved to guide subsidiaries and affiliates of the Group. Consolidated exposures are regularly reported to senior management, the EXCOM, and the ROC.

Credit risk at initial recognition
The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Modification
In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

On March 24, 2020, Republic Act (RA) No. 11469 or the "Bayanihan to Heal as One Act" (Bayanihan 1) was enacted declaring a state of national emergency over the entire country to control the spread of the COVID-19. Among the provisions of Bayanihan 1 is the implementation of a 30-day grace period for all loans with principal and/or interest falling due within the period of the Enhanced Community Quarantine without incurring interest on interest, on penalties, fees and other charges. Further, on September 11, 2020, RA No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) was enacted and part of the provisions of the Bayanihan 2 is the implementation of a one-time 60-day grace period to be granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of said loans. In addition, Bayanihan 2 allows loans to be settled on a staggered basis without interest on interests, penalties, fees or other charges until December 31, 2020 or as may be agreed upon by both parties.

As of December 31, 2020, the impact of loan modifications as a result of the Bayanihan 1 and Bayanihan 2 Acts amounted to a loss of ₱1.7 billion for the Group and ₱1.2 billion for the Parent Company. For the year ended December 31, 2021 and 2020, the net impact of the loan modifications (that is, after subsequent accretion of the modified loans) amounted to a gain/(loss) of ₱134.6 million and (₱461.3 million), respectively, for the Group, and nil for the Parent Company.

Maximum exposure to credit risk

An analysis of the maximum credit risk exposure (net of allowance for ECL) relating to financial assets with collateral or credit enhancements is shown below:

	Consolidated							
	2021				2020			
	Maximum Exposure to Credit Risk	**Fair Value of Collateral**	**Financial Effect of Collateral or Credit Enhancement**	**Net Exposure**	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA	**₱4,533**	**₱4,533**	**₱4,533**	**₱–**	₱26,653	₱26,653	₱26,653	₱–
Loans and receivables - net								
Receivables from customers								
Commercial loans	**251,140**	**1,732,153**	**228,220**	**22,920**	269,534	827,714	239,564	29,970
Residential mortgage loans	**94,997**	**180,815**	**83,479**	**11,518**	103,367	188,025	98,305	5,062
Auto loans	**71,597**	**98,918**	**68,125**	**3,472**	95,625	161,750	92,087	3,538
Trade loans	**47,189**	**46,635**	**46,179**	**1,010**	34,314	34,216	33,440	874
Others	**126**	**151**	**113**	**13**	268	300	262	6
	465,049	**2,058,672**	**426,116**	**38,933**	503,108	1,212,005	463,658	39,450
Accrued interest receivable	**1,493**	**1,469**	**1,469**	**24**	6,386	5,540	5,540	846
Sales contract receivable	**38**	**139**	**37**	**1**	79	272	76	3
	466,580	**2,060,280**	**427,622**	**38,958**	509,573	1,217,817	469,274	40,299
Total	**₱471,113**	**₱2,064,813**	**₱432,155**	**₱38,958**	₱536,226	₱1,244,470	₱495,927	₱40,299

	Parent Company							
	2021				2020			
	Maximum Exposure to Credit Risk	**Fair Value of Collateral**	**Financial Effect of Collateral or Credit Enhancement**	**Net Exposure**	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA	**₱–**	**₱–**	**₱–**	**₱–**	₱15,819	₱15,819	₱15,819	₱–
Loans and receivables - net								
Receivables from customers								
Commercial loans	**236,069**	**1,711,529**	**217,728**	**18,341**	249,523	794,103	227,841	21,682
Residential mortgage loans	**50,362**	**112,491**	**50,123**	**239**	53,810	113,501	53,600	210
Auto loans	**17,758**	**37,914**	**17,243**	**515**	20,543	56,052	20,213	330
Trade loans	**47,189**	**46,635**	**46,179**	**1,010**	34,314	34,216	33,440	874
Others	**126**	**151**	**113**	**13**	268	300	262	6
	351,504	**1,908,720**	**331,386**	**20,118**	358,458	998,172	335,356	23,102
Accrued interest receivable	**1,493**	**1,469**	**1,469**	**24**	1,787	1,776	1,776	11
Sales contract receivable	**20**	**69**	**20**	**–**	54	189	54	–
	353,017	**1,910,258**	**332,875**	**20,142**	360,299	1,000,137	337,186	23,113
Total	**₱353,017**	**₱1,910,258**	**₱332,875**	**₱20,142**	₱376,118	₱1,015,956	₱353,005	₱23,113

The maximum exposure to credit risks for the other financial assets is limited to their carrying values as of December 31, 2021 and 2020.

Collaterals on loans and receivables includes real estate and chattel mortgages, guarantees, and other registered securities over assets. Generally, collateral is not held over loans and advances to banks, except for reverse repurchase agreements and certain due from other banks. Collateral usually is not held against investment securities, and no such collateral was held as of December 31, 2021 and 2020. Estimates of fair values of the collateral are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. The Group is not permitted to sell or repledge the collateral in the absence of default by the counterparty.

The following tables show the effect of rights of set-off associated with the recognized financial assets and financial liabilities:

	Gross Carrying Amounts (before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Statement of Financial Position	Effect of Remaining Rights of Set-Off (including Rights to Set-off Financial Collateral) Not Meeting Offsetting Criteria		Net Exposure
				Financial Instruments	Fair Value of Financial Collateral	
Financial assets recognized by type						
Consolidated						
2021						
Derivative assets	**₱295,264**	**₱285,423**	**₱9,841**	**₱2,748**	**₱–**	**₱7,093**
SPURA	**4,533**	**–**	**4,533**	**–**	**4,533**	**–**
	₱299,797	**₱285,423**	**₱14,374**	**₱2,748**	**₱4,533**	**₱7,093**
2020						
Derivative assets	₱220,810	₱208,972	₱11,838	₱1,474	₱–	₱10,364
SPURA	26,653	–	26,653	–	26,653	–
	₱247,463	₱208,972	₱38,491	₱1,474	₱26,653	₱10,364
Parent Company						
2021						
Derivative assets	**₱295,199**	**₱285,415**	**₱9,784**	**₱2,740**	**₱–**	**₱7,044**
SPURA	**–**	**–**	**–**	**–**	**–**	**–**
	₱295,199	**₱285,415**	**₱9,784**	**₱2,740**	**₱–**	**₱7,044**
2020						
Derivative assets	₱220,795	₱208,971	₱11,824	₱1,474	₱–	₱10,350
SPURA	15,819	–	15,819	–	15,819	–
	₱236,614	₱208,971	₱27,643	₱1,474	₱15,819	₱10,350
Financial liabilities recognized by type						
Consolidated						
2021						
Derivative liabilities	**₱286,609**	**₱278,267**	**₱8,342**	**₱2,748**	**₱–**	**₱5,594**
SSURA	**50,798**	**–**	**50,798**	**–**	**50,798**	**–**
	₱337,407	**₱278,267**	**₱59,140**	**₱2,748**	**₱50,798**	**₱5,594**
2020						
Derivative liabilities	₱239,695	₱226,244	₱13,451	₱1,474	₱–	₱11,977
SSURA	93,059	–	93,059	–	93,059	–
	₱332,754	₱226,244	₱106,510	₱1,474	₱93,059	₱11,977
Parent Company						
2021						
Derivative liabilities	**₱283,883**	**₱275,698**	**₱8,185**	**₱2,740**	**₱–**	**₱5,445**
SSURA	**50,798**	**–**	**50,798**	**–**	**50,798**	**–**
	₱334,681	**₱275,698**	**₱58,983**	**₱2,740**	**₱50,798**	**₱5,445**
2020						
Derivative liabilities	₱227,226	₱215,423	₱11,803	₱1,474	₱–	₱10,329
SSURA	93,059	–	93,059	–	93,059	–
	₱320,285	₱215,423	₱104,862	₱1,474	₱93,059	₱10,329

Excessive risk concentration

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics and are affected similarly by changes in economic or other conditions. The Parent Company analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, internal rating buckets, and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and financial investment securities. To mitigate risk concentration, the Parent Company constantly checks for breaches in regulatory and internal limits.

Concentration of risks of financial assets with credit risk exposure

Below is an analysis of concentrations of credit risk at the statement of financial position date based on carrying amount:

	Consolidated				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
2021					
Concentration by Industry					
Financial and insurance activities	**₱160,286**	**₱372,594**	**₱143,788**	**₱15,929**	**₱692,597**
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**217,367**	–	–	**188,230**	**405,597**
Real estate activities	**228,023**	–	**337**	**2,805**	**231,165**
Manufacturing	**167,359**	–	**488**	**22,297**	**190,144**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**166,394**	–	**156**	**23,401**	**189,951**
Transportation and storage, information and communication	**125,514**	–	–	**2,612**	**128,126**
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**78,210**	–	**1,838**	**3,443**	**83,491**
Construction	**48,271**	–	–	**16,716**	**64,987**
Agricultural, forestry and fishing	**24,896**	–	–	**604**	**25,500**
Accommodation and food service activities	**24,813**	–	–	**23**	**24,836**
Others****	**47,664**	–	**584,216**	**25,782**	**657,662**
	1,288,797	**372,594**	**730,823**	**301,842**	**2,694,056**
Less allowance for credit losses	**52,726**	**59**	**31**	**10,914**	**63,730**
	₱1,236,071	**₱372,535**	**₱730,792**	**₱290,928**	**₱2,630,326**
Concentration by Location					
Philippines	**₱1,224,842**	**₱254,819**	**₱642,413**	**₱261,174**	**₱2,383,248**
Asia	**63,722**	**72,495**	**74,275**	**40,622**	**251,114**
Europe	**26**	**30,602**	**2,842**	–	**33,470**
USA	**168**	**14,066**	**8,251**	**45**	**22,530**
Others	**39**	**612**	**3,042**	**1**	**3,694**
	1,288,797	**372,594**	**730,823**	**301,842**	**2,694,056**
Less allowance for credit losses	**52,726**	**59**	**31**	**10,914**	**63,730**
	₱1,236,071	**₱372,535**	**₱730,792**	**₱290,928**	**₱2,630,326**
2020					
Concentration by Industry					
Financial and insurance activities	₱109,377	₱422,671	₱87,277	₱12,427	₱631,752
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	148,459	–	–	206,006	354,465
Real estate activities	225,640	–	255	592	226,487
Wholesale and retail trade, repair of motor vehicles, motorcycles	171,453	–	150	23,460	195,063
Manufacturing	161,706	–	1,101	22,662	185,469
Transportation and storage, information and communication	97,831	–	–	2,167	99,998
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	72,366	–	1,901	791	75,058
Construction	44,546	–	–	15,362	59,908
Agricultural, forestry and fishing	22,063	–	–	280	22,343
Accommodation and food service activities	26,404	–	–	26	26,430
Others****	228,327	–	500,376	12,997	741,700
	1,308,172	422,671	591,060	296,770	2,618,673
Less allowance for credit losses	55,243	138	22	9,678	65,081
	₱1,252,929	₱422,533	₱591,038	₱287,092	₱2,553,592
Concentration by Location					
Philippines	₱1,250,718	₱332,031	₱510,114	₱272,474	₱2,365,337
Asia	57,256	62,458	63,070	24,144	206,928
Europe	50	21,761	7,065	–	28,876
USA	134	4,488	9,861	151	14,634
Others	14	1,933	950	1	2,898
	1,308,172	422,671	591,060	296,770	2,618,673
Less allowance for credit losses	55,243	138	22	9,678	65,081
	₱1,252,929	₱422,533	₱591,038	₱287,092	₱2,553,592

* *Comprised of due from BSP, due from other banks and interbank loans receivable and SPURA.*

** *Comprised of debt securities at FVOCI and investment securities at amortized cost.*

*** *Comprised of Other Assets, Assets held by SPVs, financial guarantees and loan commitments and other credit related liabilities.*

**** *Comprised of loans and investments to the National Government.*

	Parent Company				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Others*****	**Total**
2021					
Concentration by Industry					
Financial and insurance activities	**₱148,644**	**₱292,213**	**₱53,226**	**₱15,738**	**₱509,821**
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**153,528**	**–**	**–**	**188,230**	**341,758**
Real estate activities	**186,931**	**–**	**–**	**2,771**	**189,702**
Manufacturing	**163,270**	**–**	**261**	**22,298**	**185,829**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**154,972**	**–**	**156**	**23,401**	**178,529**
Transportation and storage, information and communication	**117,118**	**–**	**–**	**2,611**	**119,729**
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**75,254**	**–**	**1,718**	**3,443**	**80,415**
Construction	**36,163**	**–**	**–**	**16,695**	**52,858**
Accommodation and food service activities	**24,469**	**–**	**–**	**23**	**24,492**
Agricultural, forestry and fishing	**22,644**	**–**	**–**	**604**	**23,248**
Others****	**15,672**	**–**	**563,275**	**1,338**	**580,285**
	1,098,665	**292,213**	**618,636**	**277,152**	**2,286,666**
Less allowance for credit losses	**41,211**	**27**	**5**	**10,835**	**52,078**
	₱1,057,454	**₱292,186**	**₱618,631**	**₱266,317**	**₱2,234,588**
Concentration by Location					
Philippines	**₱1,082,346**	**₱202,513**	**₱555,853**	**₱260,200**	**₱2,100,912**
Asia	**16,106**	**44,710**	**48,656**	**16,908**	**126,380**
Europe	**24**	**30,583**	**2,842**	**–**	**33,449**
USA	**167**	**13,882**	**8,251**	**44**	**22,344**
Others	**22**	**525**	**3,034**	**–**	**3,581**
	1,098,665	**292,213**	**618,636**	**277,152**	**2,286,666**
Less allowance for credit losses	**41,211**	**27**	**5**	**10,835**	**52,078**
	₱1,057,454	**₱292,186**	**₱618,631**	**₱266,317**	**₱2,234,588**
2020					
Concentration by Industry					
Financial and insurance activities	₱112,964	₱342,140	₱55,867	₱218,020	₱728,991
Wholesale and retail trade, repair of motor vehicles, motorcycles	161,922	–	150	23,460	185,532
Manufacturing	159,732	–	1,006	22,662	183,400
Real estate activities	179,465	–	–	558	180,023
Transportation and storage, information and communication	87,477	–	–	2,167	89,644
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	70,101	–	1,711	791	72,603
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	60,759	–	–	190	60,949
Construction	37,414	–	–	15,340	52,754
Accommodation and food service activities	26,020	–	–	26	26,046
Agricultural, forestry and fishing	20,104	–	–	280	20,384
Others****	177,218	–	491,331	629	669,178
	1,093,176	342,140	550,065	284,123	2,269,504
Less allowance for credit losses	44,434	5	–	9,678	54,117
	₱1,048,742	₱342,135	₱550,065	₱274,445	₱2,215,387
Concentration by Location					
Philippines	₱1,074,007	₱279,718	₱484,802	₱271,256	₱2,109,783
Asia	18,984	34,520	47,392	12,717	113,613
Europe	45	21,739	7,065	–	28,849
USA	134	4,314	9,861	150	14,459
Others	6	1,849	945	–	2,800
	1,093,176	342,140	550,065	284,123	2,269,504
Less allowance for credit losses	44,434	5	–	9,678	54,117
	₱1,048,742	₱342,135	₱550,065	₱274,445	₱2,215,387

* *Comprised of due from BSP, due from other banks and interbank loans receivable and SPURA.*
** *Comprised of debt securities at FVOCI and investment securities at amortized cost.*
*** *Comprised of applicable accounts under other assets, financial guarantees and loan commitments and other credit-related liabilities.*
**** *Comprised of loans and investments to the National Government.*

Credit quality per class of financial assets
The credit quality of financial assets is assessed and managed using external and internal ratings (applying ICRRS).

The ICRRS contains the following:

a. Borrower Risk Rating (BRR) - an assessment of the credit worthiness of the borrower (or guarantor) without considering the type or amount of the facility and security arrangements. It is an indicator of the probability that a borrower cannot meet its credit obligations when they fall due. The components of the assessment are described below:

Component	Description	Credit Factor Weight
Financial Condition	Refers to the financial condition of the borrower based on audited financial statements as indicated by certain financial ratios. The Financial Factor Evaluation is conducted manually.	40.00%
Industry Analysis	Refers to the prospects of the industry, as well as the company's performance and position in the industry.	30.00%
Management Quality	Refers to the management's ability to run the company successfully.	30.00%

b. Facility Risk Factor (FRF) - determined for each individual facility considering the term of the facility, security arrangement and quality of documentation. This factor can downgrade or upgrade the BRR based on the elements relating to cover (collateral including pledged cash deposits and guarantee), quality of documentation and structure of transactions.

c. Adjusted Borrower Risk Rating - combination of BRR and FRF.

Loans and receivables
The credit quality is generally monitored using the 10-grade ICRRS, which is integrated in the credit process. The validation of the individual borrower's risk rating is performed by the Credit Group to maintain accurate and consistent risk ratings across the credit portfolio. For commercial loans, the credit quality with the corresponding ICRRS Grade and description follows:

<u>High Grade</u>
1 - Excellent
An excellent rating is given to a borrower with a very low probability of going into default and with high degree of stability, substance and diversity. Borrower has access to raise substantial amounts of funds through public market at any time; very strong debt service capacity and has conservative balance sheet ratios. Track record in profit terms is very good. Borrower exhibits highest quality under virtually all economic conditions.

2 - Strong
This rating is given to borrowers with low probability of going into default in the coming year. Normally has a comfortable degree of stability, substance and diversity. Under normal market conditions, borrower has good access to public markets to raise funds. Have a strong market and financial position with a history of successful performance. Overall debt service capacity is deemed very strong; critical balance sheet ratios are conservative. Concerned multinationals or local corporations are well capitalized.

Standard Grade

3 - Good

This rating is given to smaller corporations with limited access to public capital markets or to alternative financial markets during favorable economic and/or market conditions. As it bears characteristics of some degree of stability and substance, probability of default is quite low. However, susceptibility to cyclical changes and more concentration of business risk, by product or market, may be present. Typical is the combination of comfortable asset protection and an acceptable balance sheet structure. Debt service capacity is strong.

4 - Satisfactory

A 'satisfactory' rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater. Due to volatility of earnings and overall performance, borrower normally has limited access to public markets. Borrower should be able to withstand normal business cycles, but any prolonged unfavorable economic period would create deterioration beyond acceptable levels. With the combination of reasonable sound asset and cash flow protection, the debt service capacity is adequate. Reported profits in the past year and is expected to report a profit in the current year.

5 - Acceptable

An 'acceptable' rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be able to withstand normal business cycles. Any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels. Risk is still acceptable as there is sufficient cash flow either historically or expected in the future from new business or projected finance transaction; an existing borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within an acceptable period can be expected.

Watchlist Grade

5 - Watchlist

This rating is given to a borrower that belongs to an unfavorable industry or has company-specific risk factors which represent a concern. Operating performance and financial strength may be marginal and it is uncertain if borrower can attract alternative course of finance.

6 - Watchlist

Borrower finds it hard to cope with any significant economic downturn and a default in such a case is more than a possibility. Credit exposure is not at risk of loss at the moment but performance of the borrower has weakened which, unless present trends are reversed, could lead to losses.

Classified Grade

7 - Especially Mentioned

This rating is given to a borrower that exhibits pronounced weaknesses that deserve management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus, increase credit risk of the Group. Classification can be worsened if borrower is endorsed to Special Accounts Management Group for collection.

8 - Substandard

These are loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Group because of unfavorable record or unsatisfactory characteristics. There exists the possibility of future losses to the Group unless given closer supervision. Borrower has well-defined weaknesses or weaknesses that jeopardize loan liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

Classified - Impaired
9 - Doubtful
This rating is given to a nonperforming borrower whose loans or portions thereof have the weaknesses inherent in those classified as Substandard, with the added characteristics that existing facts, conditions, and values make collection or liquidation in full, highly improbable and in which substantial loss is probable.

10 - Loss
This rating is given to a borrower whose loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recoveries or salvage value. The amount of loss is difficult to measure and it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be obtained in the future.

The credit quality of consumer loan applicants is currently evaluated using quantitative and qualitative criteria. For booked consumer loans, the description of credit quality is as follows:

High Grade
Good credit rating
This rating is given to a good repeat client with very satisfactory track record of its loan repayment (paid at least 50.00%) and whose account did not turn past due during the entire term of the loan.

Standard Grade
Good
A good rating is given to accounts which did not turn past due for 90 days and over.

Limited
This rating is given to borrowers who have average track record on loan repayment (paid less than 50.00%) and whose account did not turn past due for 90 days and over.

Substandard Grade
Poor
A poor rating is given to accounts who reached 90 days past due regardless of the number of times and the number of months past due.

Poor litigation
This rating is given to accounts that were past due for 180 days and over and are currently being handled by lawyers.

Impaired
Poor repossessed
This rating is given to accounts whose collaterals were repossessed.

Poor written-off
This rating is given to accounts that were recommended for write-off.

For booked credit card receivables, the description of credit quality is as follows:

Excellent
These are customers that have exhibited the best payment behavior and are generally those without history of past due which have been paying the outstanding balance in full over a period of twelve (12) months.

Very Satisfactory
These are customers that have exhibited the good payment behavior and are generally those without history of past due but could have revolved over a period of twelve (12) months.

Satisfactory
These are customers that have shown history of past due but not impaired, and are still within the average level of the credit card portfolio which remains to be profitable.

Poor
These are customers that are past due but not yet impaired and could still be cured by collection mitigation strategies.

Default
These are customers that are already impaired. Recovery strategies are needed to reduce exposure to these customers.

Investment securities
In ensuring quality investment portfolio, the Group uses the credit risk rating from the published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies. The following indicates the levels of equivalent credit quality and its relevant external rating:

Credit Quality	**External Rating**								
High grade	Aaa	Aa1	Aa2	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2				
Substandard grade	B3	Caa1	Caa2	Caa3	Ca	C			
Impaired	D								

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to those rated by external rating agencies as 'Investment grade' (that is, those under High grade in the table above).

The following tables show the credit quality of loans and advances to banks, gross of allowance for credit losses, as of December 31, 2021 and 2020. All loans and advances to banks are classified as Stage 1 in 2021 and 2020.

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Due from BSP				
High grade	**₱253,257**	₱304,906	**₱199,974**	₱262,188
Due from other banks				
High grade	**47,599**	36,830	**35,838**	22,110
Standard grade	**418**	715	**374**	607
Unrated	**845**	812	**28**	25
	48,862	38,357	**36,240**	22,742
Interbank loans receivable and SPURA				
High grade	**70,475**	75,829	**55,999**	53,632
Unrated	–	3,579	–	3,578
	70,475	79,408	**55,999**	57,210
Total loans and advances to banks				
High grade	**371,331**	417,565	**291,811**	337,930
Standard grade	**418**	715	**374**	607
Unrated	**845**	4,391	**28**	3,603
	₱372,594	₱422,671	**₱292,213**	₱342,140

As of December 31, 2021 and 2020, availments of interbank loans and SPURA amounted to ₱70.5 billion and ₱79.4 billion, respectively, for the Group, and ₱56.0 billion and ₱57.2 billion, respectively, for the Parent Company while maturities of interbank loans and SPURA amounted to ₱79.4 billion and ₱72.2 billion, respectively, for the Group, and ₱57.2 billion and ₱56.2 billion, respectively, for the Parent Company. As of December 31, 2021 and 2020, net increase/(decrease) in due from BSP amounted to (₱51.6 billion) and ₱84.9 billion, respectively, for the Group, and (₱62.2 billion) and ₱66.4 billion, respectively, for the Parent Company, and net increase/(decrease) in due from other banks amounted to ₱10.6 billion and (₱16.4 billion), respectively, for the Group, and ₱13.5 billion and (₱16.0 billion), respectively, for the Parent Company.

The following tables show the credit quality of investment securities, gross of allowance for credit losses, as of December 31, 2021 and 2020. All investment securities are classified as Stage 1 in 2021 and 2020.

	Consolidated		Parent	
	2021	2020	**2021**	2020
Debt securities at FVOCI				
Treasury notes and bonds				
High grade	**₱433,234**	₱342,355	**₱423,807**	₱339,258
Treasury bills				
High grade	**18,053**	81,497	**18,053**	81,497
Government				
High grade	**76,742**	76,900	**76,264**	72,315
Standard grade	**1**	1	**–**	–
	76,743	76,901	**76,264**	72,315
Private				
High grade	**38,589**	33,739	**13,584**	18,789
Standard grade	**1,846**	2,956	**–**	–
Unrated	**48**	248	**49**	248
	40,483	36,943	**13,633**	19,037
BSP				
High grade	**78,469**	30,049	**29,488**	30,049
Total debt securities at FVOCI				
High grade	**645,087**	564,540	**561,196**	541,908
Standard grade	**1,847**	2,957	**–**	–
Unrated	**48**	248	**49**	248
	646,982	567,745	**561,245**	542,156
Investment securities at amortized cost				
Treasury notes and bonds				
High grade	**59,215**	243	**52,116**	–
Government				
High grade	**16,961**	19,036	**5,275**	7,909
Standard grade	**–**	117	**–**	–
	16,961	19,153	**5,275**	7,909
Treasury bills				
High grade	**3,947**	294	**–**	–
Private				
High grade	**294**	3,219	**–**	–
Standard grade	**3,414**	400	**–**	–
Unrated	**10**	6	**–**	–
	3,718	3,625	**–**	–
Total investment securities at amortized cost				
High grade	**80,417**	22,792	**57,391**	7,909
Standard grade	**3,414**	517	**–**	–
Unrated	**10**	6	**–**	–
	83,841	23,315	**57,391**	7,909
Total debt investment securities				
High grade	**725,504**	587,332	**618,587**	549,817
Standard grade	**5,261**	3,474	**–**	–
Unrated	**58**	254	**49**	248
	₱730,823	₱591,060	**₱618,636**	₱550,065

As of December 31, 2021 and 2020, purchases of investment in debt securities at FVOCI amounted to ₱1.7 trillion and ₱2.1 trillion, respectively, for the Group, and ₱1.2 trillion and ₱2.1 trillion, respectively, for the Parent Company. Proceeds from disposals/maturities amounted to ₱1.6 trillion and ₱1.8 trillion, respectively, for the Group, and ₱1.2 trillion and ₱1.8 trillion, respectively, for the Parent Company. Other movements, which include amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in an increase/(decrease) in carrying value of debt securities at FVOCI as of December 31, 2021 and 2020 amounting to (₱6.1 billion) and ₱114.8 billion, respectively, for the Group, and an increase/(decrease) in carrying value of (₱8.6 billion) and ₱90.2 billion, respectively, for the Parent Company.

As of December 31, 2021 and 2020, purchases of investment securities at amortized cost amounted to ₱64.1 billion and nil, respectively, for the Group, and ₱52.1 billion and nil, respectively, for the Parent Company, while proceeds from maturities and disposals amounted to ₱4.8 billion and ₱136.8 billion, respectively, for the Group, and ₱3.0 billion and ₱115.7 billion, respectively, for the Parent Company. Other movements, which include reclassification to investment securities at FVOCI (Note 8), amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in a decrease in carrying value of investment securities at amortized cost as of December 31, 2021 and 2020 amounting to ₱1.2 billion and ₱99.7 billion, respectively, for the Group, and a decrease in carrying value of ₱376.0 million and ₱99.9 billion, respectively, for the Parent Company.

The credit quality of receivables from customers, net of unearned discount and capitalized interest, as of December 31, 2021 and 2020 follow:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Commercial loans				
High grade	**₱287,154**	**₱–**	**₱–**	**₱287,154**
Standard grade	**533,038**	**45,062**	**–**	**578,100**
Watchlist grade	**17,545**	**12,031**	**–**	**29,576**
Classified grade	**–**	**32,486**	**–**	**32,486**
Sub-standard grade	**–**	**3,115**	**–**	**3,115**
Unrated	**–**	**184**	**–**	**184**
Non-performing individually impaired	**–**	**–**	**18,031**	**18,031**
	837,737	**92,878**	**18,031**	**948,646**
Residential mortgage loans				
High grade	**35,515**	**8**	**–**	**35,523**
Standard grade	**35,481**	**1,984**	**–**	**37,465**
Sub-standard grade	**11,187**	**6,097**	**–**	**17,284**
Unrated	**–**	**1,579**	**–**	**1,579**
Non-performing individually impaired	**–**	**–**	**5,633**	**5,633**
	82,183	**9,668**	**5,633**	**97,484**
Auto loans				
High grade	**43,483**	**3,787**	**–**	**47,270**
Standard grade	**15,742**	**550**	**–**	**16,292**
Sub-standard grade	**1,306**	**4,152**	**–**	**5,458**
Unrated	**–**	**3,633**	**–**	**3,633**
Non-performing individually impaired	**–**	**–**	**3,973**	**3,973**
	60,531	**12,122**	**3,973**	**76,626**
Credit card				
Standard grade	**80,294**	**–**	**–**	**80,294**
Sub-standard grade	**–**	**687**	**–**	**687**
Non-performing individually impaired	**–**	**–**	**1,131**	**1,131**
	80,294	**687**	**1,131**	**82,112**
Trade loans				
High grade	**9,683**	**–**	**–**	**9,683**
Standard grade	**40,159**	**792**	**–**	**40,951**
Watchlist grade	**68**	**581**	**–**	**649**
Classified grade	**–**	**459**	**–**	**459**
Non-performing individually impaired	**–**	**–**	**346**	**346**
	49,910	**1,832**	**346**	**52,088**

(Forward)

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other loans				
High grade	**₱6,820**	**₱–**	**₱–**	**₱6,820**
Standard grade	**623**	**–**	**–**	**623**
Sub-standard grade	**–**	**971**	**–**	**971**
Unrated	**8**	**491**	**–**	**499**
Non-performing individually impaired	**–**	**–**	**755**	**755**
	7,451	**1,462**	**755**	**9,668**
Total receivables from customers				
High grade	**382,655**	**3,795**	**–**	**386,450**
Standard grade	**705,337**	**48,388**	**–**	**753,725**
Watchlist grade	**17,613**	**12,612**	**–**	**30,225**
Classified grade	**–**	**32,945**	**–**	**32,945**
Sub-standard grade	**12,493**	**15,022**	**–**	**27,515**
Unrated	**8**	**5,887**	**–**	**5,895**
Non-performing individually impaired	**–**	**–**	**29,869**	**29,869**
	₱1,118,106	**₱118,649**	**₱29,869**	**₱1,266,624**
2020				
Commercial loans				
High grade	₱230,890	₱2,294	₱–	₱233,184
Standard grade	386,003	27,274	–	413,277
Sub-standard grade	169,468	109,788	–	279,256
Non-performing individually impaired	–	–	16,225	16,225
	786,361	139,356	16,225	941,942
Residential mortgage loans				
High grade	38,585	13,791	–	52,376
Standard grade	20,545	10,990	–	31,535
Sub-standard grade	10,623	7,584	–	18,207
Non-performing individually impaired	–	–	3,688	3,688
	69,753	32,365	3,688	105,806
Auto loans				
High grade	59,355	17,734	–	77,089
Standard grade	9,057	3,729	–	12,786
Sub-standard grade	2,583	1,787	–	4,370
Non-performing individually impaired	–	–	5,767	5,767
	70,995	23,250	5,767	100,012
Credit card				
Standard grade	75,539	–	–	75,539
Sub-standard grade	–	921	–	921
Non-performing individually impaired	–	–	5,273	5,273
	75,539	921	5,273	81,733
Trade loans				
High grade	4,687	–	–	4,687
Standard grade	19,659	1,971	–	21,630
Sub-standard grade	6,183	4,192	–	10,375
Non-performing individually impaired	–	–	376	376
	30,529	6,163	376	37,068
Other loans				
High grade	11,709	1,155	–	12,864
Standard grade	1,207	263	–	1,470
Sub-standard grade	8	620	–	628
Unrated	9	–	–	9
Non-performing individually impaired	–	–	773	773
	12,933	2,038	773	15,744
Total receivables from customers				
High grade	345,226	34,974	–	380,200
Standard grade	512,010	44,227	–	556,237
Sub-standard grade	188,865	124,892	–	313,757
Unrated	9	–	–	9
Non-performing individually impaired	–	–	32,102	32,102
	₱1,046,110	₱204,093	₱32,102	₱1,282,305

	Parent Company				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
2021					
Commercial loans					
High grade	**₱238,014**	**₱–**	**₱–**	**₱–**	**₱238,014**
Standard grade	**517,181**	**45,061**	**–**	**–**	**562,242**
Watchlist grade	**17,545**	**12,031**	**–**	**–**	**29,576**
Classified grade	**–**	**32,486**	**–**	**–**	**32,486**
Non-performing individually impaired	**–**	**–**	**10,476**	**3,276**	**13,752**
	772,740	**89,578**	**10,476**	**3,276**	**876,070**
Residential mortgage loans					
High grade	**242**	**8**	**–**	**–**	**250**
Standard grade	**34,340**	**1,984**	**–**	**–**	**36,324**
Sub-standard grade	**11,187**	**1,370**	**–**	**–**	**12,557**
Non-performing individually impaired	**–**	**–**	**3,075**	**–**	**3,075**
	45,769	**3,362**	**3,075**	**–**	**52,206**
Auto loans					
High grade	**481**	**23**	**–**	**–**	**504**
Standard grade	**15,614**	**550**	**–**	**–**	**16,164**
Sub-standard grade	**1,306**	**131**	**–**	**–**	**1,437**
Non-performing individually impaired	**–**	**–**	**710**	**–**	**710**
	17,401	**704**	**710**	**–**	**18,815**
Credit card					
Standard grade	**80,294**	**–**	**–**	**–**	**80,294**
Sub-standard grade	**–**	**687**	**–**	**–**	**687**
Non-performing individually impaired	**–**	**–**	**1,131**	**–**	**1,131**
	80,294	**687**	**1,131**	**–**	**82,112**
Trade loans					
High grade	**6,310**	**–**	**–**	**–**	**6,310**
Standard grade	**40,159**	**792**	**–**	**–**	**40,951**
Watchlist grade	**68**	**581**	**–**	**–**	**649**
Classified grade	**–**	**459**	**–**	**–**	**459**
Non-performing individually impaired	**–**	**–**	**346**	**–**	**346**
	46,537	**1,832**	**346**	**–**	**48,715**
Other loans					
High grade	**6,235**	**–**	**–**	**–**	**6,235**
Standard grade	**425**	**–**	**–**	**–**	**425**
Non-performing individually impaired	**–**	**–**	**41**	**–**	**41**
	6,660	**–**	**41**	**–**	**6,701**
Total receivables from customers					
High grade	**251,282**	**31**	**–**	**–**	**251,313**
Standard grade	**688,013**	**48,387**	**–**	**–**	**736,400**
Watchlist grade	**17,613**	**12,612**	**–**	**–**	**30,225**
Classified grade	**–**	**32,945**	**–**	**–**	**32,945**
Sub-standard grade	**12,493**	**2,188**	**–**	**–**	**14,681**
Non-performing individually impaired	**–**	**–**	**15,779**	**3,276**	**19,055**
	₱969,401	**₱96,163**	**₱15,779**	**₱3,276**	**₱1,084,619**
2020					
Commercial loans					
High grade	₱187,014	₱–	₱–	₱–	₱187,014
Standard grade	368,056	26,699	–	–	394,755
Sub-standard grade	169,374	107,305	–	–	276,679
Non-performing individually impaired	–	–	9,344	3,013	12,357
	724,444	134,004	9,344	3,013	870,805
Residential mortgage loans					
High grade	7,562	–	–	–	7,562
Standard grade	20,544	8,767	–	–	29,311
Sub-standard grade	10,623	7,223	–	–	17,846
Non-performing individually impaired	–	–	672	–	672
	38,729	15,990	672	–	55,391
Auto loans					
High grade	8,129	–	–	–	8,129
Standard grade	8,625	1,330	–	–	9,955
Sub-standard grade	2,583	652	–	–	3,235
Non-performing individually impaired	–	–	193	–	193
	19,337	1,982	193	–	21,512
Credit card					
Standard grade	75,539	–	–	–	75,539
Sub-standard grade	–	921	–	–	921
Non-performing individually impaired	–	–	5,273	–	5,273
	75,539	921	5,273	–	81,733

(Forward)

	Parent Company				
	Stage 1	Stage 2	Stage 3	POCI	Total
Trade loans					
High grade	₱3,795	₱–	₱–	₱–	₱3,795
Standard grade	19,659	1,971	–	–	21,630
Sub-standard grade	6,182	4,192	–	–	10,374
Non-performing individually impaired	–	–	376	–	376
	29,636	6,163	376	–	36,175
Other loans					
High grade	11,024	–	–	–	11,024
Standard grade	503	–	–	–	503
Non-performing individually impaired	–	–	41	–	41
	11,527	–	41	–	11,568
Total receivables from customers					
High grade	217,524	–	–	–	217,524
Standard grade	492,926	38,767	–	–	531,693
Sub-standard grade	188,762	120,293	–	–	309,055
Non-performing individually impaired	–	–	15,899	3,013	18,912
	₱899,212	₱159,060	₱15,899	₱3,013	₱1,077,184

Movements during 2021 and 2020 for receivables from customers follows:

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
2021				
Commercial loans				
Balance at January 1, 2021	**₱786,361**	**₱139,356**	**₱16,225**	**₱941,942**
Newly originated assets that remained in Stage 1 as at year-end	**499,712**	**–**	**–**	**499,712**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**41,499**	**2,769**	**44,268**
Assets derecognized or repaid	**(471,857)**	**(68,005)**	**(3,965)**	**(543,827)**
Amounts written-off	**–**	**–**	**(186)**	**(186)**
Transfers to/(from) Stage 1	**17,942**	**–**	**–**	**17,942**
Transfers to/(from) Stage 2	**–**	**(20,732)**	**–**	**(20,732)**
Transfers to/(from) Stage 3	**–**	**–**	**2,790**	**2,790**
Others	**5,579**	**760**	**398**	**6,737**
Balance at December 31, 2021	**837,737**	**92,878**	**18,031**	**948,646**
Residential mortgage loans				
Balance at January 1, 2021	**69,753**	**32,365**	**3,688**	**105,806**
Newly originated assets that remained in Stage 1 as at year-end	**12,061**	**–**	**–**	**12,061**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**513**	**65**	**578**
Assets derecognized or repaid	**(15,749)**	**(4,103)**	**(1,109)**	**(20,961)**
Transfers to/(from) Stage 1	**16,118**	**–**	**–**	**16,118**
Transfers to/(from) Stage 2	**–**	**(19,107)**	**–**	**(19,107)**
Transfers to/(from) Stage 3	**–**	**–**	**2,989**	**2,989**
Balance at December 31, 2021	**82,183**	**9,668**	**5,633**	**97,484**
Auto loans				
Balance at January 1, 2021	**70,995**	**23,250**	**5,767**	**100,012**
Newly originated assets that remained in Stage 1 as at year-end	**20,011**	**–**	**–**	**20,011**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**340**	**60**	**400**
Assets derecognized or repaid	**(27,006)**	**(12,701)**	**(3,678)**	**(43,385)**
Amounts written-off	**–**	**–**	**(412)**	**(412)**
Transfers to/(from) Stage 1	**(3,469)**	**–**	**–**	**(3,469)**
Transfers to/(from) Stage 2	**–**	**1,233**	**–**	**1,233**
Transfers to/(from) Stage 3	**–**	**–**	**2,236**	**2,236**
Balance at December 31, 2021	**60,531**	**12,122**	**3,973**	**76,626**
Credit card				
Balance at January 1, 2021	**75,539**	**921**	**5,273**	**81,733**
Newly originated assets that remained in Stage 1 as at year-end	**2,195**	**–**	**–**	**2,195**
Assets derecognized or repaid	**(757)**	**(302)**	**(229)**	**(1,288)**
Amounts written-off	**–**	**–**	**(15,267)**	**(15,267)**
Transfers to/(from) Stage 1	**(2,084)**	**–**	**–**	**(2,084)**

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Transfers to/(from) Stage 2	**₱–**	**(₱248)**	**₱–**	**(₱248)**
Transfers to/(from) Stage 3	**–**	**–**	**2,332**	**2,332**
Others	**5,401**	**316**	**9,022**	**14,739**
Balance at December 31, 2021	**80,294**	**687**	**1,131**	**82,112**
Trade loans				
Balance at January 1, 2021	**30,529**	**6,163**	**376**	**37,068**
Newly originated assets that remained in Stage 1 as at year-end	**48,940**	**–**	**–**	**48,940**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**1,352**	**176**	**1,528**
Assets derecognized or repaid	**(29,610)**	**(5,710)**	**(208)**	**(35,528)**
Transfers to/(from) Stage 1	**(27)**	**–**	**–**	**(27)**
Transfers to/(from) Stage 2	**–**	**27**	**–**	**27**
Others	**78**	**–**	**2**	**80**
Balance at December 31, 2021	**49,910**	**1,832**	**346**	**52,088**
Other loans				
Balance at January 1, 2021	**12,933**	**2,038**	**773**	**15,744**
Newly originated assets that remained in Stage 1 as at year-end	**4,188**	**–**	**–**	**4,188**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**440**	**22**	**462**
Assets derecognized or repaid	**(9,587)**	**(437)**	**(177)**	**(10,201)**
Amounts written-off	**–**	**–**	**(130)**	**(130)**
Transfers to/(from) Stage 1	**97**	**–**	**–**	**97**
Transfers to/(from) Stage 2	**–**	**(383)**	**–**	**(383)**
Transfers to/(from) Stage 3	**–**	**–**	**286**	**286**
Others	**(180)**	**(196)**	**(19)**	**(395)**
Balance at December 31, 2021	**7,451**	**1,462**	**755**	**9,668**
Total receivables from customers				
Balance at January 1, 2021	**1,046,110**	**204,093**	**32,102**	**1,282,305**
Newly originated assets that remained in Stage 1 as at year-end	**587,107**	**–**	**–**	**587,107**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**44,144**	**3,092**	**47,236**
Assets derecognized or repaid	**(554,566)**	**(91,258)**	**(9,366)**	**(655,190)**
Amounts written-off	**–**	**–**	**(15,995)**	**(15,995)**
Transfers to/(from) Stage 1	**28,577**	**–**	**–**	**28,577**
Transfers to/(from) Stage 2	**–**	**(39,210)**	**–**	**(39,210)**
Transfers to/(from) Stage 3	**–**	**–**	**10,633**	**10,633**
Others	**10,878**	**880**	**9,403**	**21,161**
Balance at December 31, 2021	**₱1,118,106**	**₱118,649**	**₱29,869**	**₱1,266,624**
2020				
Commercial loans				
Balance at January 1, 2020	₱933,551	₱136,706	₱11,481	₱1,081,738
Newly originated assets that remained in Stage 1 as at year-end	277,534	–	–	277,534
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end		52,982	2,781	55,763
Assets derecognized or repaid	(413,419)	(54,937)	(2,555)	(470,911)
Amounts written-off	–	–	(98)	(98)
Transfers to/(from) Stage 1	(9,245)	–	–	(9,245)
Transfers to/(from) Stage 2	–	4,605	–	4,605
Transfers to/(from) Stage 3	–	–	4,640	4,640
Others	(2,060)	–	(24)	(2,084)
Balance at December 31, 2020	786,361	139,356	16,225	941,942
Residential mortgage loans				
Balance at January 1, 2020	97,575	10,073	2,351	109,999
Newly originated assets that remained in Stage 1 as at year-end	11,891	–	–	11,891
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	175	1	176
Assets derecognized or repaid	(12,229)	(3,418)	(376)	(16,023)
Amounts written-off	–	–	(84)	(84)
Transfers to/(from) Stage 1	(27,389)	–	–	(27,389)
Transfers to/(from) Stage 2	–	25,586	–	25,586
Transfers to/(from) Stage 3	–	–	1,803	1,803
Others	(95)	(51)	(7)	(153)
Balance at December 31, 2020	69,753	32,365	3,688	105,806

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Auto loans				
Balance at January 1, 2020	₱103,377	₱11,671	₱3,360	₱118,408
Newly originated assets that remained in Stage 1 as at year-end	28,068	–	–	28,068
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	4,158	234	4,392
Assets derecognized or repaid	(38,516)	(9,936)	(1,383)	(49,835)
Amounts written-off	–	–	(746)	(746)
Transfers to/(from) Stage 1	(21,745)	–	–	(21,745)
Transfers to/(from) Stage 2	–	17,426	–	17,426
Transfers to/(from) Stage 3	–	–	4,319	4,319
Others	(189)	(69)	(17)	(275)
Balance at December 31, 2020	70,995	23,250	5,767	100,012
Credit card				
Balance at January 1, 2020	83,481	2,040	1,509	87,030
Newly originated assets that remained in Stage 1 as at year-end	8,687	–	–	8,687
Assets derecognized or repaid	(702)	(4,686)	(123)	(5,511)
Amounts written-off	–	–	(8,473)	(8,473)
Transfers to/(from) Stage 1	(15,927)	–	–	(15,927)
Transfers to/(from) Stage 2	–	3,567	–	3,567
Transfers to/(from) Stage 3	–	–	12,360	12,360
Balance at December 31, 2020	75,539	921	5,273	81,733
Trade loans				
Balance at January 1, 2020	61,096	2,159	105	63,360
Newly originated assets that remained in Stage 1 as at year-end	29,791	–	–	29,791
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	5,929	272	6,201
Assets derecognized or repaid	(59,979)	(2,313)	–	(62,292)
Transfers to/(from) Stage 1	(388)	–	–	(388)
Transfers to/(from) Stage 2	–	388	–	388
Others	9	–	(1)	8
Balance at December 31, 2020	30,529	6,163	376	37,068
Other loans				
Balance at January 1, 2020	16,816	2,471	665	19,952
Newly originated assets that remained in Stage 1 as at year-end	8,240	–	–	8,240
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	562	12	574
Assets derecognized or repaid	(11,773)	(900)	46	(12,627)
Amounts written-off	–	–	(290)	(290)
Transfers to/(from) Stage 1	(288)	–	–	(288)
Transfers to/(from) Stage 2	–	(95)	–	(95)
Transfers to/(from) Stage 3	–	–	383	383
Others	(62)	–	(43)	(105)
Balance at December 31, 2020	12,933	2,038	773	15,744
Total receivables from customers				
Balance at January 1, 2020	1,295,896	165,120	19,471	1,480,487
Newly originated assets that remained in Stage 1 as at year-end	364,211	–	–	364,211
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	63,806	3,300	67,106
Assets derecognized or repaid	(536,618)	(76,190)	(4,391)	(617,199)
Amounts written-off	–	–	(9,691)	(9,691)
Transfers to/(from) Stage 1	(74,982)	–	–	(74,982)
Transfers to/(from) Stage 2	–	51,477	–	51,477
Transfers to/(from) Stage 3	–	–	23,505	23,505
Others	(2,397)	(120)	(92)	(2,609)
Balance at December 31, 2020	₱1,046,110	₱204,093	₱32,102	₱1,282,305

	Parent Company				
	Receivables from Customers				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
2021					
Commercial loans					
Balance at January 1, 2021	**₱724,444**	**₱134,004**	**₱9,344**	**₱3,013**	**₱870,805**
Newly originated assets that remained in Stage 1 as at year-end	**480,774**	**–**	**–**	**–**	**480,774**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**40,969**	**2,308**	**–**	**43,277**
Assets derecognized or repaid	**(455,072)**	**(65,023)**	**(1,660)**	**–**	**(521,755)**
Amounts written off	**–**	**–**	**(2)**	**–**	**(2)**
Transfers to/(from) Stage 1	**20,455**	**–**	**–**	**–**	**20,455**
Transfers to/(from) Stage 2	**–**	**(20,839)**	**–**	**–**	**(20,839)**
Transfers to/(from) Stage 3	**–**	**–**	**384**	**–**	**384**
Others	**2,139**	**467**	**102**	**263**	**2,971**
Balance at December 31, 2021	**772,740**	**89,578**	**10,476**	**3,276**	**876,070**
Residential mortgage loans					
Balance at January 1, 2021	**38,729**	**15,990**	**672**	**–**	**55,391**
Newly originated assets that remained in Stage 1 as at year-end	**9,124**	**–**	**–**	**–**	**9,124**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**473**	**53**	**–**	**526**
Assets derecognized or repaid	**(10,588)**	**(1,941)**	**(306)**	**–**	**(12,835)**
Transfers to/(from) Stage 1	**8,504**	**–**	**–**	**–**	**8,504**
Transfers to/(from) Stage 2	**–**	**(11,160)**	**–**	**–**	**(11,160)**
Transfers to/(from) Stage 3	**–**	**–**	**2,656**	**–**	**2,656**
Balance at December 31, 2021	**45,769**	**3,362**	**3,075**	**–**	**52,206**
Auto loans					
Balance at January 1, 2021	**19,337**	**1,982**	**193**	**–**	**21,512**
Newly originated assets that remained in Stage 1 as at year-end	**8,264**	**–**	**–**	**–**	**8,264**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**223**	**12**	**–**	**235**
Assets derecognized or repaid	**(10,153)**	**(887)**	**(156)**	**–**	**(11,196)**
Transfers to/(from) Stage 1	**(47)**	**–**	**–**	**–**	**(47)**
Transfers to/(from) Stage 2	**–**	**(614)**	**–**	**–**	**(614)**
Transfers to/(from) Stage 3	**–**	**–**	**661**	**–**	**661**
Balance at December 31, 2021	**17,401**	**704**	**710**	**–**	**18,815**
Credit card					
Balance at January 1, 2021	**75,539**	**921**	**5,273**	**–**	**81,733**
Newly originated assets that remained in Stage 1 as at year-end	**2,195**	**–**	**–**	**–**	**2,195**
Assets derecognized or repaid	**(758)**	**(302)**	**(229)**	**–**	**(1,289)**
Amounts written-off	**–**	**–**	**(15,267)**	**–**	**(15,267)**
Transfers to/(from) Stage 1	**(2,084)**	**–**	**–**	**–**	**(2,084)**
Transfers to/(from) Stage 2	**–**	**(248)**	**–**	**–**	**(248)**
Transfers to/(from) Stage 3	**–**	**–**	**2,332**	**–**	**2,332**
Others	**5,402**	**316**	**9,022**	**–**	**14,740**
Balance at December 31, 2021	**80,294**	**687**	**1,131**	**–**	**82,112**
Trade loans					
Balance at January 1, 2021	**29,636**	**6,163**	**376**	**–**	**36,175**
Newly originated assets that remained in Stage 1 as at year-end	**46,538**	**–**	**–**	**–**	**46,538**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**1,352**	**176**	**–**	**1,528**
Assets derecognized or repaid	**(29,610)**	**(5,710)**	**(208)**	**–**	**(35,528)**
Transfers to/(from) Stage 1	**(27)**	**–**	**–**	**–**	**(27)**
Transfers to/(from) Stage 2	**–**	**27**	**–**	**–**	**27**
Others	**–**	**–**	**2**	**–**	**2**
Balance at December 31, 2021	**46,537**	**1,832**	**346**	**–**	**48,715**
Other loans					
Balance at January 1, 2021	**11,527**	**–**	**41**	**–**	**11,568**
Newly originated assets that remained in Stage 1 as at year-end	**3,985**	**–**	**–**	**–**	**3,985**
Assets derecognized or repaid	**(8,991)**	**–**	**–**	**–**	**(8,991)**
Transfers to/(from) Stage 1	**(1)**	**–**	**–**	**–**	**(1)**
Transfers to/(from) Stage 3	**–**	**–**	**1**	**–**	**1**
Others	**140**	**–**	**(1)**	**–**	**139**
Balance at December 31, 2021	**6,660**	**–**	**41**	**–**	**6,701**

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Total receivables from customers					
Balance at January 1, 2021	**₱899,212**	**₱159,060**	**₱15,899**	**₱3,013**	**₱1,077,184**
Newly originated assets that remained in Stage 1 as at year-end	**550,880**	**–**	**–**	**–**	**550,880**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**43,017**	**2,549**	**–**	**45,566**
Assets derecognized or repaid	**(515,172)**	**(73,863)**	**(2,559)**	**–**	**(591,594)**
Amounts written-off	**–**	**–**	**(15,269)**	**–**	**(15,269)**
Transfers to/(from) Stage 1	**26,800**	**–**	**–**	**–**	**26,800**
Transfers to/(from) Stage 2	**–**	**(32,834)**	**–**	**–**	**(32,834)**
Transfers to/(from) Stage 3	**–**	**–**	**6,034**	**–**	**6,034**
Others	**7,681**	**783**	**9,125**	**263**	**17,852**
Balance at December 31, 2021	**₱969,401**	**₱96,163**	**₱15,779**	**₱3,276**	**₱1,084,619**
2020					
Commercial loans					
Balance at January 1, 2020	₱867,733	₱134,672	₱6,753	₱2,992	₱1,012,150
Newly originated assets that remained in Stage 1 as at year-end	262,072	–	–	–	262,072
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	52,257	2,312	–	54,569
Assets derecognized or repaid	(400,065)	(53,799)	(1,549)	–	(455,413)
Amounts written off	–	–	(1)	–	(1)
Transfers to/(from) Stage 1	(2,791)	–	–	–	(2,791)
Transfers to/(from) Stage 2	–	874	–	–	874
Transfers to/(from) Stage 3	–	–	1,917	–	1,917
Others	(2,505)	–	(88)	21	(2,572)
Balance at December 31, 2020	724,444	134,004	9,344	3,013	870,805
Residential mortgage loans					
Balance at January 1, 2020	56,525	517	478	–	57,520
Newly originated assets that remained in Stage 1 as at year-end	7,774	–	–	–	7,774
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	136	1	–	137
Assets derecognized or repaid	(7,829)	(2,076)	(135)	–	(10,040)
Transfers to/(from) Stage 1	(17,741)	–	–	–	(17,741)
Transfers to/(from) Stage 2	–	17,413	–	–	17,413
Transfers to/(from) Stage 3	–	–	328	–	328
Balance at December 31, 2020	38,729	15,990	672	–	55,391
Auto loans					
Balance at January 1, 2020	23,978	62	142	–	24,182
Newly originated assets that remained in Stage 1 as at year-end	7,328	–	–	–	7,328
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	23		–	23
Assets derecognized or repaid	(9,023)	(977)	(21)	–	(10,021)
Transfers to/(from) Stage 1	(2,946)	–	–	–	(2,946)
Transfers to/(from) Stage 2	–	2,874	–	–	2,874
Transfers to/(from) Stage 3	–	–	72	–	72
Balance at December 31, 2020	19,337	1,982	193	–	21,512
Credit card					
Impact of merger (Note 11)	83,481	2,040	1,509	–	87,030
Newly originated assets that remained in Stage 1 as at year-end	8,687	–	–	–	8,687
Assets derecognized or repaid	(702)	(4,686)	(123)	–	(5,511)
Amounts written-off	–	–	(8,473)	–	(8,473)
Transfers to/(from) Stage 1	(15,927)	–	–	–	(15,927)
Transfers to/(from) Stage 2	–	3,567	–	–	3,567
Transfers to/(from) Stage 3	–	–	12,360	–	12,360
Balance at December 31, 2020	75,539	921	5,273	–	81,733
Trade loans					
Balance at January 1, 2020	60,390	2,159	105	–	62,654
Newly originated assets that remained in Stage 1 as at year-end	29,612	–	–	–	29,612
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	5,929	272	–	6,201
Assets derecognized or repaid	(59,979)	(2,312)	–	–	(62,291)
Transfers to/(from) Stage 1	(387)	–	–	–	(387)
Transfers to/(from) Stage 2	–	387	–	–	387
Others	–	–	(1)	–	(1)
Balance at December 31, 2020	29,636	6,163	376	–	36,175

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Other loans					
Balance at January 1, 2020	₱14,502	₱–	₱40	₱–	₱14,542
Newly originated assets that remained in Stage 1 as at year-end	7,829	–	–	–	7,829
Assets derecognized or repaid	(10,803)	–	–	–	(10,803)
Transfers to/(from) Stage 1	(1)	–	–	–	(1)
Transfers to/(from) Stage 3	–	–	1	–	1
Balance at December 31, 2020	11,527	–	41	–	11,568
Total receivables from customers					
Balance at January 1, 2020	1,023,128	137,410	7,518	2,992	1,171,048
Impact of merger (Note 11)	83,481	2,040	1,509	–	87,030
Newly originated assets that remained in Stage 1 as at year-end	323,302	–	–	–	323,302
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	58,345	2,585	–	60,930
Assets derecognized or repaid	(488,401)	(63,850)	(1,828)	–	(554,079)
Amounts written-off	–	–	(8,474)	–	(8,474)
Transfers to/(from) Stage 1	(39,793)	–	–	–	(39,793)
Transfers to/(from) Stage 2	–	25,115	–	–	25,115
Transfers to/(from) Stage 3	–	–	14,678	–	14,678
Others	(2,505)	–	(89)	21	(2,573)
Balance at December 31, 2020	₱899,212	₱159,060	₱15,899	₱3,013	₱1,077,184

The credit quality of other receivables, gross of allowance for credit losses, as of December 31, 2021 and 2020 follows:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2021				
Unquoted debt securities				
High grade	**₱950**	**₱–**	**₱–**	**₱950**
Standard grade	**65**	**–**	**–**	**65**
Non-performing individually impaired	**–**	**–**	**386**	**386**
	1,015	**–**	**386**	**1,401**
Accrued interest receivable				
High grade	**8,018**	**162**	**–**	**8,180**
Standard grade	**1,811**	**65**	**–**	**1,876**
Watchlist grade	**32**	**18**	**–**	**50**
Classified grade	**14**	**417**	**–**	**431**
Sub-standard grade	**36**	**285**	**–**	**321**
Unrated	**8**	**234**	**–**	**242**
Non-performing individually impaired	**–**	**–**	**1,299**	**1,299**
	9,919	**1,181**	**1,299**	**12,399**
Sales contract receivable				
High grade	**3**	**–**	**–**	**3**
Unrated	**21**	**4**	**–**	**25**
Non-performing individually impaired	**–**	**–**	**13**	**13**
	24	**4**	**13**	**41**
Other receivables				
Standard grade	**302**	**–**	**–**	**302**
Unrated	**14**	**–**	**–**	**14**
Non-performing individually impaired	**–**	**–**	**2**	**2**
	316	**–**	**2**	**318**
Total other receivables				
High grade	**8,971**	**162**	**–**	**9,133**
Standard grade	**2,178**	**65**	**–**	**2,243**
Watchlist grade	**32**	**18**	**–**	**50**
Classified grade	**14**	**417**	**–**	**431**
Sub-standard grade	**36**	**285**	**–**	**321**
Unrated	**43**	**238**	**–**	**281**
Non-performing individually impaired	**–**	**–**	**1,700**	**1,700**
	₱11,274	**₱1,185**	**₱1,700**	**₱14,159**

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2020				
Unquoted debt securities				
Standard grade	₱65	₱–	₱–	₱65
Non-performing individually impaired	–	–	386	386
	65	–	386	451
Accrued interest receivable				
High grade	7,837	1,064	–	8,901
Standard grade	1,499	249	–	1,748
Sub-standard grade	797	854	–	1,651
Unrated	13	–	–	13
Non-performing individually impaired	–	–	1,414	1,414
	10,146	2,167	1,414	13,727
Sales contract receivable				
High grade	4	–	–	4
Unrated	54	–	–	54
Non-performing individually impaired	–	–	24	24
	58	–	24	82
Other receivables				
Standard grade	–	296	–	296
Unrated	31	–	–	31
Non-performing individually impaired	–	–	2	2
	31	296	2	329
Total other receivables				
High grade	7,841	1,064	–	8,905
Standard grade	1,564	545	–	2,109
Sub-standard grade	797	854	–	1,651
Unrated	98	–	–	98
Non-performing individually impaired	–	–	1,826	1,826
	₱10,300	₱2,463	₱1,826	₱14,589

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2021				
Unquoted debt securities				
High grade	**₱198**	**₱–**	**₱–**	**₱198**
Non-performing individually impaired	**–**	**–**	**386**	**386**
	198	**–**	**386**	**584**
Accrued interest receivable				
High grade	**5,272**	**–**	**–**	**5,272**
Standard grade	**1,772**	**65**	**–**	**1,837**
Watchlist grade	**32**	**18**	**–**	**50**
Classified grade	**14**	**417**	**–**	**431**
Sub-standard grade	**35**	**5**	**–**	**40**
Unrated	**7**	**–**	**–**	**7**
Non-performing individually impaired	**–**	**–**	**425**	**425**
	7,132	**505**	**425**	**8,062**
Sales contract receivable				
Unrated	**20**	**–**	**–**	**20**
Non-performing individually impaired	**–**	**–**	**3**	**3**
	20	**–**	**3**	**23**
Other receivables				
Unrated	**3**	**–**	**–**	**3**
Non-performing individually impaired	**–**	**–**	**2**	**2**
	3	**–**	**2**	**5**
Total other receivables				
High grade	**5,470**	**–**	**–**	**5,470**
Standard grade	**1,772**	**65**	**–**	**1,837**
Watchlist grade	**32**	**18**	**–**	**50**
Classified grade	**14**	**417**	**–**	**431**
Sub-standard grade	**35**	**5**	**–**	**40**
Unrated	**30**	**–**	**–**	**30**
Non-performing individually impaired	**–**	**–**	**816**	**816**
	₱7,353	**₱505**	**₱816**	**₱8,674**

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2020				
Unquoted debt securities				
Non-performing individually impaired	₱–	₱–	₱386	₱386
Accrued interest receivable				
High grade	4,993	–	–	4,993
Standard grade	1,468	81	–	1,549
Sub-standard grade	796	765	–	1,561
Unrated	11	–	–	11
Non-performing individually impaired	–	–	421	421
	7,268	846	421	8,535
Sales contract receivable				
Unrated	54	–	–	54
Non-performing individually impaired	–	–	2	2
	54	–	2	56
Other receivables				
Unrated	9	–	–	9
Non-performing individually impaired	–	–	2	2
	9	–	2	11
Total other receivables				
High grade	4,993	–	–	4,993
Standard grade	1,468	81	–	1,549
Sub-standard grade	796	765	–	1,561
Unrated	74	–	–	74
Non-performing individually impaired	–	–	811	811
	₱7,331	₱846	₱811	₱8,988

Movements during 2021 and 2020 for other receivables follow:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Balance at January 1, 2021	**₱10,300**	**₱2,463**	**₱1,826**	**₱14,589**
Newly originated assets that remained in Stage 1 as at year-end	**7,345**	**–**	**–**	**7,345**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**233**	**42**	**275**
Assets derecognized or repaid	**(6,709)**	**(728)**	**(891)**	**(8,328)**
Transfers to/(from) Stage 1	**534**		**–**	**534**
Transfers to/(from) Stage 2	**–**	**(630)**	**–**	**(630)**
Transfers to/(from) Stage 3	–	**–**	**96**	**96**
Others	**(196)**	**(153)**	**627**	**278**
Balance at December 31, 2021	**₱11,274**	**₱1,185**	**₱1,700**	**₱14,159**
2020				
Balance at January 1, 2020	₱12,300	₱1,032	₱1,265	₱14,597
Newly originated assets that remained in Stage 1 as at year-end	10,244	–	–	10,244
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	659	670	1,329
Assets derecognized or repaid	(10,677)	(532)	(373)	(11,582)
Amounts written-off	1	–	–	1
Transfers to/(from) Stage 1	(1,568)	–	–	(1,568)
Transfers to/(from) Stage 2	–	1,304	–	1,304
Transfers to/(from) Stage 3	–	–	264	264
Balance at December 31, 2020	₱10,300	₱2,463	₱1,826	₱14,589

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Balance at January 1, 2021	**₱7,331**	**₱846**	**₱811**	**₱8,988**
Newly originated assets that remained in Stage 1 as at year-end	**5,773**	**–**	**–**	**5,773**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**220**	**27**	**247**
Assets derecognized or repaid	**(6,030)**	**(476)**	**(25)**	**(6,531)**
Transfers to/(from) Stage 1	**82**	**–**	**–**	**82**
Transfers to/(from) Stage 2	**–**	**(85)**	**–**	**(85)**
Transfers to/(from) Stage 3	**–**	**–**	**3**	**3**
Others	**197**	**–**	**–**	**197**
Balance at December 31, 2021	**₱7,353**	**₱505**	**₱816**	**₱8,674**

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2020				
Balance at January 1, 2020	₱9,473	₱746	₱784	₱11,003
Newly originated assets that remained in Stage 1 as at year-end	4,989	–	–	4,989
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	539	47	586
Assets derecognized or repaid	(7,321)	(243)	(26)	(7,590)
Transfers to/(from) Stage 1	190	–	–	190
Transfers to/(from) Stage 2	–	(196)	–	(196)
Transfers to/(from) Stage 3	–	–	6	6
Balance at December 31, 2020	₱7,331	₱846	₱811	₱8,988

The credit risk exposure on the accounts receivable of the Group and the Parent Company based on their aging as of December 31, 2021 and 2020 follows:

	Consolidated		Parent Company	
Age of accounts receivables	**2021**	2020	**2021**	2020
Up to 1 month	**₱3,510**	₱6,992	**₱1,858**	₱3,396
> 1 to 2 months	**54**	114	**26**	34
> 2 to 3 months	**34**	28	**18**	16
More than 3 months	**4,416**	4,144	**3,470**	3,558
Total gross carrying amount	**₱8,014**	₱11,278	**₱5,372**	₱7,004

The maximum exposure and credit quality of loan commitments and financial guarantees as of December 31, 2021 and 2020 follows:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
High grade	**₱23,677**	**₱–**	**₱–**	**₱23,677**
Standard grade	**181,795**	**4,232**	**–**	**186,027**
Substandard grade	**–**	**–**	**2,093**	**2,093**
Unrated	**77,680**	**737**	**19**	**78,436**
	₱283,152	**₱4,969**	**₱2,112**	**₱290,233**
2020				
High grade	₱11,389	₱–	₱–	₱11,389
Standard grade	201,587	1,790	–	203,377
Substandard grade	–	–	2,480	2,480
Unrated	66,062	2,401	16	68,479
	₱279,038	₱4,191	₱2,496	₱285,725

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Standard grade	**₱181,773**	**₱4,232**	**₱–**	**₱186,005**
Substandard grade	**–**	**–**	**2,093**	**2,093**
Unrated	**77,680**	**737**	**19**	**78,436**
	₱259,453	**₱4,969**	**₱2,112**	**₱266,534**
2020				
Standard grade	₱201,545	₱1,790	₱–	₱203,335
Substandard grade	–	–	2,480	2,480
Unrated	66,062	2,401	16	68,479
	₱267,607	₱4,191	₱2,496	₱274,294

Movements during 2021 and 2020 for loan commitments and financial guarantees follow:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Balance at January 1, 2021	**₱279,038**	**₱4,191**	**₱2,496**	**₱285,725**
New assets originated or purchased	**50,978**	**–**	**–**	**50,978**
Assets derecognized or repaid	**(42,234)**	**(980)**	**(1,358)**	**(44,572)**
Transfers to/(from) Stage 1	**(3,355)**	**–**	**–**	**(3,355)**
Transfers to/(from) Stage 2	**–**	**2,284**	**–**	**2,284**
Transfers to/(from) Stage 3	**–**	**–**	**1,071**	**1,071**
Others	**(1,275)**	**(526)**	**(97)**	**(1,898)**
Balance at December 31, 2021	**₱283,152**	**₱4,969**	**₱2,112**	**₱290,233**
2020				
Balance at January 1, 2020	₱273,028	₱1,460	₱–	₱274,488
New assets originated or purchased	46,625	–	–	46,625
Assets derecognized or repaid	(29,274)	(3,633)	(2,481)	(35,388)
Transfers to/(from) Stage 1	(11,341)	–	–	(11,341)
Transfers to/(from) Stage 2	–	6,364	–	6,364
Transfers to/(from) Stage 3	–	–	4,977	4,977
Balance at December 31, 2020	₱279,038	₱4,191	₱2,496	₱285,725

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Balance at January 1, 2021	**₱267,607**	**₱4,191**	**₱2,496**	**₱274,294**
New assets originated or purchased	**39,690**	**–**	**–**	**39,690**
Assets derecognized or repaid	**(42,213)**	**(980)**	**(1,358)**	**(44,551)**
Transfers to/(from) Stage 1	**(3,354)**	**–**	**–**	**(3,354)**
Transfers to/(from) Stage 2	**–**	**2,283**	**–**	**2,283**
Transfers to/(from) Stage 3	**–**	**–**	**1,071**	**1,071**
Others	**(2,277)**	**(525)**	**(97)**	**(2,899)**
Balance at December 31, 2021	**₱259,453**	**₱4,969**	**₱2,112**	**₱266,534**
2020				
Balance at January 1, 2020	₱62,768	₱1,460	₱–	₱64,228
Impact of merger	209,766	–	–	209,766
New assets originated or purchased	35,194	–	–	35,194
Assets derecognized or repaid	(28,780)	(3,633)	(2,481)	(34,894)
Transfers to/(from) Stage 1	(11,341)	–	–	(11,341)
Transfers to/(from) Stage 2	–	6,364	–	6,364
Transfers to/(from) Stage 3	–	–	4,977	4,977
Balance at December 31, 2020	₱267,607	₱4,191	₱2,496	₱274,294

Breakdown of restructured receivables from customers by class are shown below:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Commercial loans	**₱9,548**	₱4,520	**₱8,234**	₱3,614
Residential mortgage loans	**78**	59	**25**	7
Auto loans	**3**	7	**–**	–
	₱9,629	₱4,586	**₱8,259**	₱3,621

As of December 31, 2021 and 2020, an analysis by past due status of receivables from customers wherein the SICR is based only on the past due information is as follows:

	Consolidated					
	Number of Days Past Due					
	Within 30 Days	**31-60 Days**	**61-90 Days**	**91-180 Days**	**Over 180 Days**	**Total**
2021						
Auto loans	**₱996**	**₱1,848**	**₱754**	**₱852**	**₱2,401**	**₱6,851**
Residential mortgage loans	**1,987**	**1,491**	**528**	**593**	**3,356**	**7,955**
Credit card	**–**	**910**	**687**	**1,131**	**–**	**2,728**
	₱2,983	**₱4,249**	**₱1,969**	**₱2,576**	**₱5,757**	**₱17,534**

	Consolidated					
	Number of Days Past Due					
	Within 30 Days	**31-60 Days**	**61-90 Days**	**91-180 Days**	**Over 180 Days**	**Total**
2020						
Auto loans	₱890	₱287	₱189	₱1,161	₱3,255	₱5,782
Residential mortgage loans	704	220	104	572	2,139	3,739
Credit card	–	974	922	5,273	–	7,169
	₱1,594	₱1,481	₱1,215	₱7,006	₱5,394	₱16,690

	Parent Company					
	Number of Days Past Due					
	Within 30 Days	**31-60 Days**	**61-90 Days**	**91-180 Days**	**Over 180 Days**	**Total**
2021						
Auto loans	**₱55**	**₱21**	**₱16**	**₱56**	**₱536**	**₱684**
Residential mortgage loans	**340**	**183**	**124**	**215**	**1,997**	**2,859**
Credit card	**–**	**910**	**687**	**1,131**	**–**	**2,728**
	₱395	**₱1,114**	**₱827**	**₱1,402**	**₱2,533**	**₱6,271**
2020						
Auto loans	₱2	₱2	₱2	₱4	₱181	₱191
Residential mortgage loans	27	22	18	43	607	717
Credit card	–	974	922	5,273	–	7,169
	₱29	₱998	₱942	₱5,320	₱788	₱8,077

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from the inability to meet its obligations when they become due. This may be caused by the inability to liquidate assets or to obtain funding to meet the liquidity needs. The Group manages its liquidity risk by holding adequate stock of high-quality liquid assets, analyzing net funding requirements over time, diversifying funding sources contingency planning.

To measure the prospective liquidity needs, the Group uses Maximum Cumulative Outflow (MCO), a liquidity gap tool to project short-term and long-term cash flow expectations on a business-as-usual condition.

The MCO is generated by distributing the cash flows of the Group's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns, projections on business strategies, and/or optionality of certain products. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

Cash flows from assets are considered as cash inflows, while cash flows from liabilities are considered cash outflows. The net cash flows are determined for each given time period. If the inflows exceed the outflows, the Group is said to have a positive liquidity gap or has excess funds for the given time bucket. Conversely, if the outflows exceed the inflows, the Group is said to have a negative liquidity gap or has funding needs for the given time bucket.

The MCO is monitored regularly to ensure that it remains within the set limits. The Parent Company generates and monitors daily its MCO, while the subsidiaries generate the report at least monthly. The liquidity profile of the Group is reported monthly to the Parent Company's ALCO and ROC.

To supplement the business-as-usual scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and/or events to the Group's liquidity profile. Liquidity stress testing exercise is performed quarterly on a per firm basis, and at least annually on the Group-wide level.

Financial assets
Analysis of debt securities into maturity groupings is based on the expected date on which these assets will be realized. For other financial assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the assets will be realized.

Financial liabilities
The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The table below summarizes the maturity profile of financial instruments and gross-settled derivatives based on contractual undiscounted cash flows:

	Consolidated						
	On Demand	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Beyond 1 Year**	**Total**
2021							
Financial Assets							
Cash and other cash items	**₱41,302**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱41,302**
Due from BSP	**207,353**	**45,919**	**–**	**–**	**–**	**–**	**253,272**
Due from other banks	**42,566**	**3,023**	**3,199**	**76**	**8**	**–**	**48,872**
Interbank loans receivable and SPURA	**–**	**48,235**	**13,216**	**3,790**	**4,587**	**746**	**70,574**
Investment securities at FVTPL							
FVTPL investments	**–**	**6,545**	**34,255**	**–**	**–**	**47**	**40,847**
Derivative assets							
Trading:							
Receive	**–**	**78,932**	**42,595**	**28,168**	**18,488**	**134,683**	**302,866**
Pay	**–**	**(77,850)**	**(42,105)**	**(27,538)**	**(18,296)**	**(127,786)**	**(293,575)**
	–	**1,082**	**490**	**630**	**192**	**6,897**	**9,291**
Investment securities at FVOCI	**–**	**96,650**	**8,517**	**26,951**	**23,862**	**546,239**	**702,219**
Investment securities at amortized cost	**–**	**1,451**	**1,575**	**1,519**	**2,308**	**99,288**	**106,141**
Loans and receivables							
Receivables from customers	**64,107**	**222,251**	**153,296**	**85,799**	**99,042**	**849,241**	**1,473,736**
Unquoted debt securities	**–**	**–**	**254**	**–**	**65**	**799**	**1,118**
Accrued interest receivable	**9,313**	**2,187**	**294**	**49**	**556**	**–**	**12,399**
Accounts receivable	**7,090**	**30**	**32**	**209**	**161**	**492**	**8,014**
Sales contract receivable	**13**	**1**	**1**	**2**	**4**	**21**	**42**
Other receivables	**3**	**16**	**37**	**24**	**58**	**180**	**318**
Other assets							
Returned checks and other cash items	**640**	**–**	**–**	**–**	**–**	**–**	**640**
Residual values of leased assets	**91**	**29**	**42**	**50**	**135**	**392**	**739**
Miscellaneous	**36**	**1**	**3**	**1**	**9**	**184**	**234**
	₱372,514	**₱427,420**	**₱215,211**	**₱119,100**	**₱130,987**	**₱1,504,526**	**₱2,769,758**
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	**₱588,434**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱588,434**
Savings	**874,283**	**–**	**–**	**–**	**–**	**–**	**874,283**
Time	**3,274**	**230,431**	**121,098**	**48,012**	**19,686**	**16,941**	**439,442**
LTNCD	**–**	**43**	**129**	**3,697**	**584**	**27,852**	**32,305**
	1,465,991	**230,474**	**121,227**	**51,709**	**20,270**	**44,793**	**1,934,464**
Bills payable and SSURA	**–**	**34,753**	**21,130**	**1,800**	**5,041**	**8,272**	**70,996**
Manager's checks and demand drafts outstanding	**5,396**	**–**	**–**	**–**	**–**	**–**	**5,396**
Accrued interest payable	**40**	**614**	**592**	**139**	**64**	**28**	**1,477**
Accrued other expenses	**5,439**	**1,467**	**109**	**–**	**214**	**–**	**7,229**
Bonds payable	**–**	**9**	**264**	**17,936**	**1,048**	**67,372**	**86,629**
Subordinated debts	**–**	**–**	**19**	**19**	**37**	**1,245**	**1,320**
Non-equity non-controlling interest	**10,619**	**–**	**–**	**–**	**–**	**–**	**10,619**

(Forward)

	Consolidated						
	On Demand	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Beyond 1 Year**	**Total**
Other liabilities							
Bills purchased - contra	**₱6,233**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱6,233**
Accounts payable	**8,891**	**9,556**	**479**	**120**	**242**	**41**	**19,329**
Marginal deposits	**7**	**948**	**2,223**	**5,163**	**5,084**	**–**	**13,425**
Outstanding acceptances	**–**	**1,335**	**922**	**296**	**176**	**–**	**2,729**
Deposits on lease contracts	**147**	**103**	**68**	**73**	**213**	**550**	**1,154**
Dividends payable	**90**	**–**	**–**	**–**	**–**	**–**	**90**
Lease Liability	**88**	**138**	**234**	**359**	**705**	**4,121**	**5,645**
Miscellaneous	**1,703**	**–**	**2**	**–**	**2**	**10**	**1,717**
	1,504,644	**279,397**	**147,269**	**77,614**	**33,096**	**126,432**	**2,168,452**
Derivative liabilities*							
Trading:							
Pay	**–**	**66,350**	**44,927**	**52,245**	**43,534**	**80,029**	**287,085**
Receive	**–**	**(65,464)**	**(44,117)**	**(48,905)**	**(42,894)**	**(75,371)**	**(276,751)**
	–	**886**	**810**	**3,340**	**640**	**4,658**	**10,334**
Loan commitments and financial guarantees	**193,154**	**6,651**	**19,103**	**9,648**	**41,659**	**20,018**	**290,233**
	₱1,697,798	**₱286,934**	**₱167,182**	**₱90,602**	**₱75,395**	**₱151,108**	**₱2,469,019**
2020							
Financial Assets							
Cash and other cash items	₱38,469	₱–	₱–	₱–	₱–	₱–	₱38,469
Due from BSP	304,906	–	–	–	–	–	304,906
Due from other banks	32,858	2,926	2,491	73	15	–	38,363
Interbank loans receivable and SPURA	8,040	37,348	19,961	7,636	6,502	–	79,487
Investment securities at FVTPL							
FVTPL investments	6,416	56	54,947	247	376	2,290	64,332
Derivative assets							
Trading:							
Receive	–	55,125	38,586	17,521	22,010	87,816	221,058
Pay	–	(54,325)	(37,826)	(17,026)	(20,678)	(79,260)	(209,115)
	–	800	760	495	1,332	8,556	11,943
Investment securities at FVOCI	–	45,802	8,572	25,666	84,796	432,711	597,547
Investment securities at amortized cost	–	55	3,033	164	344	24,093	27,689
Loans and receivables							
Receivables from customers	76,042	207,770	177,373	70,980	92,321	876,411	1,500,897
Unquoted debt securities	–	–	–	–	–	435	435
Accrued interest receivable	11,667	528	196	696	450	190	13,727
Accounts receivable	10,130	533	85	9	28	493	11,278
Sales contract receivable	10	3	12	22	4	35	86
Other receivables	9	320	–	–	–	–	329
Other assets							
Returned checks and other cash items	250	–	–	–	–	–	250
Residual values of leased assets	103	40	51	65	143	528	930
Miscellaneous	56	4	3	4	6	175	248
	₱488,956	₱296,185	₱267,484	₱106,057	₱186,317	₱1,345,917	₱2,690,916
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱515,378	₱–	₱–	₱–	₱–	₱–	₱515,378
Savings	795,979	–	–	–	–	–	795,979
Time	2	285,744	105,265	27,748	16,987	16,174	451,920
LTNCD	–	13	103	295	6,840	32,596	39,847
	1,311,359	285,757	105,368	28,043	23,827	48,770	1,803,124
Bills payable and SSURA	–	73,338	34,887	3,403	15,600	13,531	140,759
Manager's checks and demand drafts outstanding	6,024	–	–	–	–	–	6,024
Accrued interest payable	39	704	692	66	161	72	1,734
Accrued other expenses	3,843	1,623	256	–	165	–	5,887
Bonds payable	–	22	215	763	33,777	63,575	98,352
Subordinated debts	–	–	19	19	37	1,319	1,394
Non-equity non-controlling interest	8,315	–	–	–	–	–	8,315
Other liabilities							
Bills purchased - contra	10,994	–	–	–	–	–	10,994
Accounts payable	7,629	10,319	–	2,073	–	6	20,027
Marginal deposits	–	–	5,600	–	–	–	5,600
Outstanding acceptances	–	405	468	289	166	–	1,328

(Forward)

	Consolidated						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Deposits on lease contracts	₱12	₱214	₱118	₱101	₱236	₱777	₱1,458
Dividends payable	–	90	–	–	–	–	90
Lease liability	27	100	214	313	558	3,259	4,471
Miscellaneous	181	–	–	–	–	–	181
	1,348,423	372,572	147,837	35,070	74,527	131,309	2,109,738
Derivative liabilities*							
Trading:							
Pay	–	76,203	30,594	13,130	13,537	95,048	228,512
Receive	–	(74,804)	(30,218)	(12,872)	(12,769)	(84,933)	(215,596)
	–	1,399	376	258	768	10,115	12,916
Loan commitments and financial guarantees	212,711	6,907	20,983	8,531	26,218	10,375	285,725
	₱1,561,134	₱380,878	₱169,196	₱43,859	₱101,513	₱151,799	₱2,408,379

**Does not include derivatives embedded in financial and non-financial contracts.*

	Parent Company						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
2021							
Financial Assets							
Cash and other cash items	₱38,452	₱–	₱–	₱–	₱–	₱–	₱38,452
Due from BSP	199,974	–	–	–	–	–	199,974
Due from other banks	30,395	3,021	2,834	–	–	–	36,250
Interbank loans receivable and SPURA	–	36,699	12,446	1,620	4,587	746	56,098
Investment securities at FVTPL							
FVTPL investments	–	–	32,048	–	–	47	32,095
Derivative assets							
Trading:							
Receive	–	78,931	42,589	28,130	18,475	134,683	302,808
Pay	–	(77,850)	(42,105)	(27,539)	(18,296)	(127,786)	(293,576)
	–	1,081	484	591	179	6,897	9,232
Investment securities at FVOCI	–	41,099	5,162	19,817	18,855	529,268	614,201
Investment securities at amortized cost	–	–	–	163	–	74,089	74,252
Loans and receivables							
Receivables from customers	56,861	216,872	137,095	73,199	60,747	675,378	1,220,152
Unquoted debt securities	–	–	–	–	–	299	299
Accrued interest receivable	8,062	–	–	–	–	–	8,062
Accounts receivable	5,372	–	–	–	–	–	5,372
Sales contract receivable	8	1	1	2	3	9	24
Other receivables	5	–	–	–	–	–	5
Other assets							
Returned checks and other cash items	611	–	–	–	–	–	611
	₱339,740	₱298,773	₱190,070	₱95,392	₱84,371	₱1,286,733	₱2,295,079
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱535,847	₱–	₱–	₱–	₱–	₱–	₱535,847
Savings	830,247	–	–	–	–	–	830,247
Time	–	154,121	70,293	33,796	14,349	976	273,535
LTNCD	–	13	66	229	457	22,261	23,026
	1,366,094	154,134	70,359	34,025	14,806	23,237	1,662,655
Bills payable and SSURA	–	31,173	20,873	37	33	423	52,539
Manager’s checks and demand drafts outstanding	4,803	–	–	–	–	–	4,803
Accrued interest payable	19	410	270	139	12	28	878
Accrued other expenses	5,425	–	–	–	–	–	5,425
Bonds payable	–	9	244	17,886	943	62,669	81,751
Subordinated debts	–	–	19	19	37	1,245	1,320
Other liabilities							
Bills purchased - contra	6,233	–	–	–	–	–	6,233
Accounts payable	1,201	9,166	–	–	–	–	10,367
Outstanding acceptances	–	1,335	922	296	176	–	2,729
Marginal deposits	–	–	152	–	–	–	152
Lease liability	84	70	140	200	392	2,808	3,694
	1,383,859	196,297	92,979	52,602	16,399	90,410	1,832,546

(Forward)

	Parent Company						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Derivative liabilities*							
Trading:							
Pay	**₱–**	**₱66,349**	**₱44,921**	**₱52,207**	**₱40,860**	**₱80,029**	**₱284,366**
Receive	**–**	**(65,464)**	**(44,117)**	**(48,905)**	**(40,333)**	**(75,371)**	**(274,190)**
	–	**885**	**804**	**3,302**	**527**	**4,658**	**10,176**
Loan commitments and financial guarantees	**193,133**	**6,651**	**19,102**	**9,648**	**17,982**	**20,018**	**266,534**
	₱1,576,992	**₱203,833**	**₱112,885**	**₱65,552**	**₱34,908**	**₱115,086**	**₱2,109,256**
2020							
Financial Assets							
Cash and other cash items	₱35,606	₱–	₱–	₱–	₱–	₱–	₱35,606
Due from BSP	262,188	–	–	–	–	–	262,188
Due from other banks	17,365	2,892	2,491	–	–	–	22,748
Interbank loans receivable and SPURA	–	30,046	14,679	6,061	6,502	–	57,288
Investment securities at FVTPL							
FVTPL investments	–	–	54,689	–	–	43	54,732
Derivative assets							
Trading:							
Receive	–	55,124	38,586	17,521	22,005	87,805	221,041
Pay	–	(54,325)	(37,826)	(17,027)	(20,677)	(79,260)	(209,115)
	–	799	760	494	1,328	8,545	11,926
Investment securities at FVOCI	–	34,441	5,884	24,898	83,149	422,227	570,599
Investment securities at amortized cost	–	–	2,902	–	82	5,569	8,553
Loans and receivables							
Receivables from customers	65,906	202,697	166,484	57,835	55,240	665,268	1,213,430
Unquoted debt securities	–	–	–	–	–	370	370
Accrued interest receivable	8,535	–	–	–	–	–	8,535
Accounts receivable	7,004	–	–	–	–	–	7,004
Sales contract receivable	6	1	12	22	3	15	59
Other receivables	11	–	–	–	–	–	11
Other assets							
Returned checks and other cash items	238	–	–	–	–	–	238
	₱396,859	₱270,876	₱247,901	₱89,310	₱146,304	₱1,102,037	₱2,253,287
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱467,545	₱–	₱–	₱–	₱–	₱–	₱467,545
Savings	755,713	–	–	–	–	–	755,713
Time	–	217,790	82,984	21,569	9,575	566	332,484
LTNCD	–	13	103	295	6,840	23,176	30,427
	1,223,258	217,803	83,087	21,864	16,415	23,742	1,586,169
Bills payable and SSURA	–	65,195	30,371	375	8,555	4,451	108,947
Manager's checks and demand drafts outstanding	5,493	–	–	–	–	–	5,493
Accrued interest payable	32	444	390	73	59	72	1,070
Accrued other expenses	3,834	–	–	–	–	–	3,834
Bonds payable	–	22	215	763	22,971	58,486	82,457
Subordinated debts	–	–	19	19	37	1,319	1,394
Other liabilities							
Bills purchased - contra	10,990	–	–	–	–	–	10,990
Accounts payable	1,838	9,153	–	–	–	–	10,991
Outstanding acceptances	–	405	468	289	166	–	1,328
Marginal deposits	–	–	398	–	–	–	398
Lease liability	19	64	124	176	322	2,063	2,768
	1,245,464	293,086	115,072	23,559	48,525	90,133	1,815,839
Derivative liabilities*							
Trading:							
Pay	–	76,203	30,594	13,130	13,537	95,048	228,512
Receive	–	(74,804)	(30,218)	(12,872)	(12,769)	(84,933)	(215,596)
	–	1,399	376	258	768	10,115	12,916
Loan commitments and financial guarantees	212,669	6,906	20,983	8,531	14,830	10,375	274,294
	₱1,458,133	₱301,391	₱136,431	₱32,348	₱64,123	₱110,623	₱2,103,049

**Does not include derivatives embedded in financial and non-financial contracts.*

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. Market risk originates from holdings in foreign currencies, debt securities and derivatives transactions.

Depending on the business model for the product, that is, whether they belong to the trading book or banking book, the Group applies different tools and processes to manage market risk exposures. Risk limits, approved by the BOD, are enforced to monitor and control this risk. RSK, as an independent body under the ROC, performs daily market risk analyses to ensure compliance to policies and limits, while Treasury Group manages the asset/liability risks arising from both banking book and trading operations in financial markets. The ALCO, chaired by the President, manages market risks within the parameters approved by the BOD.

As part of group supervision, the Parent Company regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and to ensure alignment of risk management practices. Each subsidiary has its own risk management unit responsible for monitoring its market risk exposures. The Parent Company, however, requires regular submission of market risk profiles from subsidiaries which are presented to ALCO and ROC in both individual and consolidated forms to provide senior management and ROC a holistic perspective and ensure alignment of strategies and risk appetite across the Group.

Market risk - trading book

In measuring the potential loss in its trading portfolio, the Parent Company uses Value-at-Risk (VaR). VaR is an estimate of the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period. The Parent Company measures and monitors the Trading Book VaR daily and this value is compared against the set VaR limit. Meanwhile, the Group VaR is monitored and reported monthly.

VaR methodology assumptions and parameters

Historical Simulation (HS) is used to compute the VaR. This method assumes that market rates volatility in the future will follow the same movement that occurred within the 260-day historical period. In calculating VaR, a 99.00% confidence level and a one-day holding period are assumed. This means that, statistically, within a one-day horizon, the trading losses will exceed VaR in 1 out of 100 trading days.

Like any other model, the HS method has its own limitations. To wit, it cannot predict volatility levels which did not happen in the specified historical period. The validity of the VaR model is verified through a daily backtesting analysis, which examines how frequently both actual and hypothetical daily losses exceed VaR. The result of the daily backtesting analysis is reported to the ALCO and ROC monthly.

A summary of the VaR levels of the trading portfolio of the Parent Company appears below:

	Rates and FX	Fixed Income	FX Options
As of December 31, 2021			
December 31	**₱70.23**	**₱111.55**	**₱1.51**
Average	**88.42**	**97.98**	**7.88**
Highest	**210.43**	**300.29**	**29.64**
Lowest	**44.37**	**31.31**	**0.15**
As of December 31, 2020			
December 29	₱182.03	₱286.09	₱9.26
Average	236.42	223.21	25.78
Highest	320.70	399.15	65.58
Lowest	177.83	61.27	4.60

Rates and Foreign Exchange (FX) VaR is the correlated VaR of the following products: FX spot, outright forward, non-deliverable forwards, FX swaps, interest rate swaps, and cross-currency swaps. The Fixed Income VaR is the correlated VaR of these products: peso and foreign currency bonds, bond forwards and credit default swaps (CDS).

Subsidiaries with trading books perform daily mark-to-market valuation and VaR calculations for their exposures. Risk exposures are bounded by a system of risk limits and monitoring tools to effectively manage these risks.

The table below summarizes the VaR levels of FMIC and PSBank:

	FMIC		PSBank	
	Bonds		Bonds	
	PHP	USD	PHP	FX
As of December 31, 2021				
December 29	**₱2.05**	**₱0.00**	**₱0.001**	**₱0.45**
Average	**9.95**	**0.28**	**2.18**	**0.54**
Highest	**37.87**	**3.74**	**8.31**	**1.07**
Lowest	**2.05**	**1.02**	**0.00**	**0.01**
As of December 31, 2020				
December 29	₱3.22	₱0.00	₱0.00	₱0.85
Average	9.48	2.74	4.98	0.90
Highest	72.34	6.84	27.43	1.63
Lowest	1.88	0.18	0.00	0.00

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the Group and the Parent Company, even before the VaR limit is hit.

Stress testing is performed by the Parent Company on a quarterly basis and the results are reported to the ALCO and, subsequently, to the ROC and BOD. On a group-wide perspective, stress testing is done, at least, annually. The results are reported by the Parent Company's Risk Management Group to the BOD through ROC.

Market risk - banking book
The Group has in place their own risk management system and processes to quantify and manage market risks in the banking book. To the extent applicable, these are generally aligned with the Parent's framework/tools.

The Group assesses interest rate risk in the banking book using measurement tools such as Interest Rate Repricing Gap, Earnings-at-Risk (EaR), Delta Economic Value of Equity (ΔEVE) and Sensitivity Analysis.

Interest Rate Repricing Gap is a tool that distributes rate-sensitive assets and liabilities into pre-defined tenor buckets according to time remaining to their maturity (if fixed rate) or repricing (if floating rate). Items lacking definitive repricing schedules (for example, current and savings account) and items with actual maturities that could vary from contractual maturities (for example, securities with embedded options) are assigned to repricing tenor buckets based on an analysis of historical patterns, past experience and/or expert judgment.

EaR measures the possible decline in the Group's net interest income as a result of adverse interest rate movements, given the current repricing profile. It is a tool used to evaluate the sensitivity of the accrual portfolio to changes in interest rates in the adverse direction over the next twelve (12) months.

EaR methodology assumptions and parameters
The Group calculates EaR using Historical Simulations (HS) approach, with one-year horizon and using five years data. EaR is then derived as the 99th percentile biggest drop in net interest income.

The table below shows the EaR profile of the Parent Company and certain subsidiaries as of December 31, 2021 and 2020:

	Parent Company	**FMIC**	**PSBank**	**ORIX Metro**	**Group**
2021	**(₱1,730.80)**	**₱–**	**(₱362.00)**	**(₱124.00)**	**(₱2,048.93)**
2020	(₱2,795.47)	(₱13.57)	(₱405.28)	(₱72.42)	(₱2,598.13)

The Parent Company generates and monitors daily its EaR exposure while the subsidiaries generate their EaR reports at least monthly.

The Parent Company employs the Delta EVE model to measure the overall change in the economic value of the bank at one point. It reflects the changes in the net present value of its banking book at different interest rate shocks and stress scenarios. ΔEVE is calculated by slotting the notional repricing cash flows arising from rate-sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios prescribed by Basel, as well as scenarios internally developed by the Parent Company. For 2021 and 2020, the ΔEVE of the Parent Company ranges from (₱0.1 billion) to (₱25.4 billion) and (₱5.26 billion) to (₱25.09 billion), respectively. As of December 31, 2021 and 2020, the ΔEVE stood at (₱0.5 billion) (0.24% of Common Equity Tier 1 (CET1) Capital) and (₱25.09 billion) (11.24% of CET1 Capital), respectively. The Parent Company has adequate capital to support potential change in value of equity even at worst stress scenario.

Aside from the tools above, the Parent Company and its subsidiaries perform regular sensitivity and stress testing analyses on their banking books to broaden their forward-looking analysis. This way, management can craft strategies to address and/or arrest probable risks, if necessary.

Foreign currency risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. Outside the

FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The following table sets forth, for the year indicated, the impact of reasonably possible changes in the USD exchange rate and other currencies per Philippine peso on pre-tax income and equity:

	Consolidated						**Parent Company**					
	2021			2020			**2021**			2020		
Currency	**Change in Currency Rate in %**	**Effect on Profit before Tax**	**Effect on Equity**	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity	**Change in Currency Rate in %**	**Effect on Profit before Tax**	**Effect on Equity**	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity
USD	+1.00%	**18.80**	**2.15**	+1.00%	30.17	4.88	+1.00%	**5.85**	**(2.25)**	+1.00%	136.27	1.61
EUR	+1.00%	**(2.04)**	**0.00**	+1.00%	12.53	0.00	+1.00%	**(2.04)**	**0.00**	+1.00%	12.43	0.00
JPY	+1.00%	**7.15**	**0.00**	+1.00%	(88.01)	0.00	+1.00%	**7.15**	**0.00**	+1.00%	(87.96)	0.00
GBP	+1.00%	**1.04**	**0.00**	+1.00%	23.40	0.00	+1.00%	**1.04**	**0.00**	+1.00%	23.69	0.00
Others	+1.00%	**43.59**	**0.00**	+1.00%	(181.19)	0.00	+1.00%	**43.59**	**0.00**	+1.00%	(182.31)	0.00
USD	-1.00%	**(18.80)**	**(2.15)**	-1.00%	(30.28)	(4.88)	-1.00%	**(5.85)**	**2.25**	-1.00%	(136.27)	(1.61)
EUR	-1.00%	**2.04**	**0.00**	-1.00%	(12.43)	0.00	-1.00%	**2.04**	**0.00**	-1.00%	(12.43)	0.00
JPY	-1.00%	**(7.15)**	**0.00**	-1.00%	87.96	0.00	-1.00%	**(7.15)**	**0.00**	-1.00%	87.96	0.00
GBP	-1.00%	**(1.04)**	**0.00**	-1.00%	23.69	0.00	-1.00%	**(1.04)**	**0.00**	-1.00%	(23.69)	0.00
Others	-1.00%	**(43.59)**	**0.00**	-1.00%	182.31	0.00	-1.00%	**(43.59)**	**0.00**	-1.00%	182.31	0.00

Information relating to the Parent Company's currency derivatives is included in Note 8. As of December 31, 2021 and 2020, the Parent Company has outstanding foreign currency spot transactions (in equivalent peso amounts) of ₱10.9 billion and ₱12.3 billion, respectively (sold), and ₱11.2 billion and ₱4.0 billion, respectively (bought).

The impact on the Parent Company's equity already excludes the impact on transactions affecting the statements of income.

Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

BSP Reporting

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework, particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. BSP Circular No. 781 sets out a minimum CET1 ratio of 6.00% and Tier 1 capital ratio of 7.50%; capital conservation buffer of 2.50% comprised of CET1 capital and Total Capital Adequacy Ratio (CAR) of 10.00%. These ratios shall be maintained at all times. Further, BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer (CCB) and countercyclical capital buffer (CCYB).

The details of CAR, as reported to the BSP, as of December 31, 2021 and 2020 follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Tier 1 capital	**₱315,542**	₱320,958	**₱306,812**	₱312,194
CET1 Capital	**315,542**	320,958	**306,812**	312,194
Less: Required deductions	**32,860**	33,250	**93,001**	91,562
Net Tier 1 Capital	**282,682**	287,708	**213,811**	220,632
Tier 2 capital	**12,463**	13,075	**10,277**	10,691
Total Qualifying Capital	**₱295,145**	₱300,783	**₱224,088**	₱231,323
Credit Risk-Weighted Assets	**₱1,218,442**	₱1,256,895	**₱1,001,293**	₱1,019,586
Market Risk-Weighted Assets	**67,394**	70,526	**53,099**	65,607
Operational Risk-Weighted Assets	**180,534**	165,001	**122,373**	99,592
Total Risk-Weighted Assets	**1,466,370**	1,492,422	**1,176,765**	1,184,785
CET1 Ratio*	**19.28%**	19.28%	**18.17%**	18.62%
Tier 1 capital ratio	**19.28%**	19.28%	**18.17%**	18.62%
Total capital ratio	**20.13%**	20.15%	**19.04%**	19.52%

** Of which capital conservation buffer in 2021 and 2020 is 13.28% for the Group and 12.17% and 12.62%, respectively, for the Parent Company.*

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. Under Basel III, the regulatory qualifying capital of the Parent Company consists of CET1 capital, which comprises paid-up common stock, additional paid-in capital, retained earnings, including current year profit, retained earnings reserves, OCI and non-controlling interest less required regulatory deductions. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debts and general loan loss provision. RWA consist of total assets excluding cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. Operational RWA are computed using the Basic Indicator Approach.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The Internal Capital Adequacy Assessment Process (ICAAP) supplements the BSP's risk-based capital adequacy framework. In compliance with this, the Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget as well as regulatory edicts.

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The details of the BLR, as reported to the BSP, as of December 31, 2021 and 2020 follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Tier 1 Capital	**₱282,682**	₱287,708	**₱213,811**	₱220,632
Exposure Measure	**₱2,579,529**	₱2,520,462	**₱2,184,771**	₱2,167,207
BLR	**10.96%**	11.41%	**9.79%**	10.18%

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.

Liquidity Coverage Ratio (LCR)
BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets to total net cash outflows which should not be lower than 100.00%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019. As of December 31, 2021 and 2020, the LCR in single currency as reported to the BSP, was at 327.33% and 303.47%, respectively, for the Group, and 394.05% and 321.18%, respectively, for the Parent Company.

Net Stable Funding Ratio (NSFR)
On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – NSFR. The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. An observation period was set from July 1 to December 31, 2018. Effective, January 1, 2019, banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2021 and 2020, the NSFR as reported to the BSP, was at 176.18% and 169.94%, respectively, for the Group, and 175.35% and 173.27%, respectively, for the Parent Company.

5. Fair Value Measurement

Financial Instruments
The methods and assumptions used by the Group and the Parent Company in estimating the fair values of financial assets and financial liabilities are:

Cash and other cash items, due from BSP and other banks and interbank loans receivable and SPURA
Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

Trading and investment securities
Fair values of debt and equity securities are generally based on quoted market prices. Where the debt securities are not quoted or the market prices are not readily available, the Group and the Parent Company obtained valuations from independent parties offering pricing services, used adjusted quoted market prices of comparable investments, or applied discounted cash flow methodologies.

For equity securities that are not quoted, remeasurement to their fair values is not material to the financial statements.

Derivative instruments
Fair values are estimated based on quoted market prices, prices provided by independent parties, or prices derived using acceptable valuation models. The models utilize published underlying rates (for example, interest rates, FX rates, CDS rates, FX volatilities and spot and forward FX rates) and are implemented through validated calculation engines.

Loans and receivables
Fair values of the Group's loans and receivables are estimated using the discounted cash flow methodology, using current incremental lending rates for similar types of loans. Where the instrument reprices on a quarterly basis or has a relatively short maturity, the carrying amounts approximate fair values.

Liabilities
Fair values are estimated using the discounted cash flow methodology using the Group's current borrowing rate for similar borrowings with maturities consistent with those remaining for the liability being valued, if any. The carrying amounts of demand and savings deposit liabilities and other short-term liabilities approximate fair values considering that these are either due and demandable or with short-term maturities.

<u>Non-Financial Assets</u>
Investment properties
Fair value of investment properties is determined based on valuations performed by independent and in-house appraisers using a valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales of similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions, among others. The fair value of investment properties is based on its highest and best use, which is their current use.

The following tables summarize the carrying amounts and fair values of assets and liabilities, analyzed among those whose fair value is based on:
- Quoted market prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
2021					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	**₱15,064**	**₱15,064**	**₱–**	**₱–**	**₱15,064**
Government	**11,101**	**11,101**	**–**	**–**	**11,101**
Private	**4,116**	**4,116**	**–**	**–**	**4,116**
Treasury bills	**1,867**	**1,867**	**–**	**–**	**1,867**
BSP	**2,199**	**2,199**	**–**	**–**	**2,199**
	34,347	**34,347**	**–**	**–**	**34,347**
Equity securities	**6,592**	**6,592**	**–**	**–**	**6,592**
Derivative assets					
Cross-currency swaps	**6,401**	**–**	**6,401**	**–**	**6,401**
Currency forwards	**2,534**	**–**	**2,534**	**–**	**2,534**
Interest rate swaps	**906**	**–**	**906**	**–**	**906**
Put option	**3**	**–**	**3**	**–**	**3**
Call option	**9**	**–**	**9**	**–**	**9**
	9,853	**–**	**9,853**	**–**	**9,853**
	50,792	**40,939**	**9,853**	**–**	**50,792**
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	**433,234**	**433,234**	**–**	**–**	**433,234**
Treasury bills	**18,053**	**18,053**	**–**	**–**	**18,053**
Government	**76,743**	**76,743**	**–**	**–**	**76,743**
Private	**40,483**	**39,914**	**569**	**–**	**40,483**
BSP	**78,469**	**78,469**	**–**	**–**	**78,469**
	646,982	**646,413**	**569**	**–**	**646,982**
Equity securities	**1,826**	**1,619**	**207**	**–**	**1,826**
	648,808	**648,032**	**776**	**–**	**648,808**
	₱699,600	**₱688,971**	**₱10,629**	**₱–**	**₱699,600**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	**₱59,214**	**₱60,843**	**₱–**	**₱–**	**₱60,843**
Government	**16,936**	**17,610**	**315**	**–**	**17,925**
Treasury bills	**3,947**	**3,955**	**–**	**–**	**3,955**
Private	**3,713**	**2,708**	**1,090**	**–**	**3,798**
	83,810	**85,116**	**1,405**	**–**	**86,521**
Loans and receivables - net					
Receivables from customers					
Commercial loans	**916,735**	**–**	**–**	**911,000**	**911,000**
Residential mortgage loans	**95,032**	**–**	**–**	**116,105**	**116,105**
Credit card	**75,374**	**–**	**–**	**75,374**	**75,374**
Auto loans	**71,626**	**–**	**–**	**81,845**	**81,845**
Trade loans	**51,571**	**–**	**–**	**51,571**	**51,571**
Others	**8,494**	**–**	**–**	**9,814**	**9,814**
	1,218,832	**–**	**–**	**1,245,709**	**1,245,709**
Unquoted debt securities	**1,015**	**–**	**–**	**1,034**	**1,034**
Sales contract receivable	**38**	**–**	**–**	**37**	**37**
	1,219,885			**1,246,780**	**1,246,780**
Other assets	**234**	**–**	**–**	**234**	**234**
	1,303,929	**85,116**	**1,405**	**1,247,014**	**1,333,535**
Non-Financial Assets					
Investment properties	**7,327**	**–**	**–**	**14,987**	**14,987**
Residual value of leased assets	**739**	**–**	**–**	**629**	**629**
	8,066	**–**	**–**	**15,616**	**15,616**
	₱1,311,995	**₱85,116**	**₱1,405**	**₱1,262,630**	**₱1,349,151**

	Consolidated				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	**₱2,628**	**₱–**	**₱2,628**	**₱–**	**₱2,628**
Interest rate swaps	**2,528**	**–**	**2,528**	**–**	**2,528**
Currency forwards	**3,186**	**–**	**3,186**	**–**	**3,186**
Call option	**3**	**–**	**3**	**–**	**3**
Put option	**4**	**–**	**4**	**–**	**4**
Non-equity non-controlling interest	**10,619**	**–**	**10,619**	**–**	**10,619**
	₱18,968	**₱–**	**₱18,968**	**₱–**	**₱18,968**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	**₱438,046**	**₱–**	**₱–**	**₱439,280**	**₱439,280**
LTNCD	**29,521**	**12,331**	**9,003**	**9,020**	**30,354**
	467,567	**12,331**	**9,003**	**448,300**	**469,634**
Bills payable and SSURA	**70,334**	**–**	**–**	**71,216**	**71,216**
Bonds payable	**79,823**	**76,283**	**–**	**4,625**	**80,908**
Subordinated debts	**1,168**	**–**	**–**	**1,061**	**1,061**
Other liabilities					
Deposits on lease contracts	**1,154**	**–**	**–**	**1,014**	**1,014**
	₱620,046	**₱88,614**	**₱9,003**	**₱526,216**	**₱623,833**
2020					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	₱35,828	₱35,828	₱–	₱–	₱35,828
Government	14,531	14,531	–	–	14,531
Private	6,540	6,540	–	–	6,540
Treasury bills	2,346	2,346	–	–	2,346
BSP	2	2	–	–	2
	59,247	59,247	–	–	59,247
Equity securities	6,458	6,458	–	–	6,458
Derivative assets					
Cross-currency swaps	8,708	–	8,708	–	8,708
Currency forwards	2,092	–	2,092	–	2,092
Interest rate swaps	1,038	–	1,038	–	1,038
Put option	7	–	7	–	7
Call option	1	–	1	–	1
	11,846	–	11,846	–	11,846
	77,551	65,705	11,846	–	77,551
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	342,355	342,355	–	–	342,355
Treasury bills	81,497	81,497	–	–	81,497
Government	76,901	76,199	702	–	76,901
Private	36,943	21,274	15,669	–	36,943
BSP	30,049	30,049	–	–	30,049
	567,745	551,374	16,371	–	567,745
Equity securities	1,700	1,498	202	–	1,700
	569,445	552,872	16,573	–	569,445
	₱646,996	₱618,577	₱28,419	₱–	₱646,996
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱243	₱284	₱–	₱–	₱284
Government	19,134	20,446	322	–	20,768
Treasury bills	294	266	–	–	266
Private	3,622	2,491	1,207	–	3,698
	23,293	23,487	1,529	–	25,016
Loans and receivables - net					
Receivables from customers					
Commercial loans	909,910	–	–	904,704	904,704
Residential mortgage loans	103,216	–	–	130,681	130,681
Auto loans	95,735	–	–	117,075	117,075

(Forward)

	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Credit card	₱72,001	₱–	₱–	₱72,001	₱72,001
Trade loans	36,166	–	–	36,166	36,166
Others	14,877	–	–	15,906	15,906
	1,231,905	–	–	1,276,533	1,276,533
Unquoted debt securities	65	–	–	70	70
Sales contract receivable	79	–	–	81	81
	1,232,049	–	–	1,276,684	1,276,684
Other assets	208	–	–	276	276
	1,255,550	23,487	1,529	1,276,960	1,301,976
Non-Financial Assets					
Investment properties	7,667	–	–	14,493	14,493
Residual value of leased assets	930	–	–	790	790
	8,597	–	–	15,283	15,283
	₱1,264,147	₱23,487	₱1,529	₱1,292,243	₱1,317,259
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱7,401	₱–	₱7,401	₱–	₱7,401
Interest rate swaps	4,834	–	4,834	–	4,834
Currency forwards	1,215	–	1,215	–	1,215
Call option	10	–	10	–	10
Put option	4	–	4	–	4
Credit default swaps	1	–	1	–	1
Non-equity non-controlling interest	8,315	–	8,315	–	8,315
	₱21,780	₱–	₱21,780	₱–	₱21,780
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱450,103	₱–	₱–	₱451,759	₱451,759
LTNCD	35,755	27,527	9,355	–	36,882
	485,858	27,527	9,355	451,759	488,641
Bills payable and SSURA	139,614	–	–	140,415	140,415
Bonds payable	91,397	93,946	–	–	93,946
Subordinated debts	1,167	–	–	1,232	1,232
Other liabilities					
Deposits on lease contracts	1,458	–	–	1,169	1,169
	₱719,494	₱121,473	₱9,355	₱594,575	₱725,403

	Parent Company				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
2021					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	**₱14,154**	**₱14,154**	**₱–**	**₱–**	**₱14,154**
Government	**10,901**	**10,901**	**–**	**–**	**10,901**
Private	**3,568**	**3,568**	**–**	**–**	**3,568**
Treasury bills	**1,311**	**1,311**	**–**	**–**	**1,311**
BSP	**2,199**	**2,199**	**–**	**–**	**2,199**
	32,133	**32,133**	**–**	**–**	**32,133**
Equity securities	**47**	**47**	**–**	**–**	**47**
Derivative assets					
Cross-currency swaps	**6,390**	**–**	**6,390**	**–**	**6,390**
Currency forwards	**2,488**	**–**	**2,488**	**–**	**2,488**
Interest rate swaps	**906**	**–**	**906**	**–**	**906**
Put option	**2**	**–**	**2**	**–**	**2**
Call option	**9**	**–**	**9**	**–**	**9**
	9,795	**–**	**9,795**	**–**	**9,795**
	41,975	**32,180**	**9,795**	**–**	**41,975**

(Forward)

	Parent Company				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	**₱423,807**	**₱423,807**	**₱–**	**₱–**	**₱423,807**
Treasury bills	**18,053**	**18,053**	**–**	**–**	**18,053**
Government	**76,264**	**76,264**	**–**	**–**	**76,264**
Private	**13,633**	**13,064**	**569**	**–**	**13,633**
BSP	**29,488**	**29,488**	**–**	**–**	**29,488**
	561,245	**560,676**	**569**	**–**	**561,245**
Equity securities	**556**	**467**	**89**	**–**	**556**
	561,801	**561,143**	**658**	**–**	**561,801**
	₱603,776	**₱593,323**	**₱10,453**	**₱–**	**₱603,776**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	**₱52,116**	**₱53,811**	**₱–**	**₱–**	**₱53,811**
Government	**5,270**	**5,462**	**–**	**–**	**5,462**
	57,386	**59,273**	**–**	**–**	**59,273**
Loans and receivables - net					
Receivables from customers					
Commercial loans	**848,608**	**–**	**–**	**839,343**	**839,343**
Residential mortgage loans	**50,398**	**–**	**–**	**50,650**	**50,650**
Auto loans	**17,786**	**–**	**–**	**17,862**	**17,862**
Credit card	**75,374**	**–**	**–**	**75,374**	**75,374**
Trade loans	**48,198**	**–**	**–**	**48,198**	**48,198**
Others	**6,662**	**–**	**–**	**6,662**	**6,662**
	1,047,026	**–**	**–**	**1,038,089**	**1,038,089**
Unquoted debt securities	**198**	**–**	**–**	**198**	**198**
Sales contract receivable	**20**	**–**	**–**	**20**	**20**
	1,047,244	**–**	**–**	**1,038,307**	**1,038,307**
	1,104,630	**59,273**	**–**	**1,038,307**	**1,097,580**
Non-Financial Assets					
Investment properties	**3,171**	**–**	**–**	**8,015**	**8,015**
	₱1,107,801	**₱59,273**	**₱–**	**₱1,046,322**	**₱1,105,595**
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	**₱2,514**	**₱–**	**₱2,514**	**₱–**	**₱2,514**
Interest rate swaps	**2,528**	**–**	**2,528**	**–**	**2,528**
Currency forwards	**3,143**	**–**	**3,143**	**–**	**3,143**
Put option	**2**	**–**	**2**	**–**	**2**
Call option	**4**	**–**	**4**	**–**	**4**
	₱8,191	**₱–**	**₱8,191**	**₱–**	**₱8,191**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	**₱273,373**	**₱–**	**₱–**	**₱273,373**	**₱273,373**
LTNCD	**21,080**	**12,331**	**9,003**	**–**	**21,334**
	294,453	**12,331**	**9,003**	**273,373**	**294,707**
Bills payable and SSURA	**52,514**	**–**	**–**	**52,514**	**52,514**
Bonds payable	**75,189**	**76,283**	**–**	**–**	**76,283**
Subordinated debts	**1,168**	**–**	**–**	**1,061**	**1,061**
	₱423,324	**₱88,614**	**₱9,003**	**₱326,948**	**₱424,565**
2020					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	₱34,052	₱34,052	₱–	₱–	₱34,052
Government	14,220	14,220	–	–	14,220
Private	5,962	5,962	–	–	5,962
Treasury bills	1,848	1,848	–	–	1,848
BSP	2	2	–	–	2
	56,084	56,084	–	–	56,084
Equity securities	43	43	–	–	43

(Forward)

	Parent Company				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Derivative assets					
Cross-currency swaps	₱8,706	₱–	₱8,706	₱–	₱8,706
Currency forwards	2,080	–	2,080	–	2,080
Interest rate swaps	1,038	–	1,038	–	1,038
Put option	4	–	4	–	4
Call option	1	–	1	–	1
	11,829	–	11,829	–	11,829
	67,956	56,127	11,829	–	67,956
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	339,258	339,258	–	–	339,258
Treasury bills	81,497	81,497	–	–	81,497
Government	72,315	72,199	116	–	72,315
Private	19,037	18,501	536	–	19,037
BSP	30,049	30,049	–	–	30,049
	542,156	541,504	652	–	542,156
Equity securities	510	421	89	–	510
	542,666	541,925	741	–	542,666
	₱610,622	₱598,052	₱12,570	₱–	₱610,622
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Government	₱7,909	₱8,310	₱–	₱–	₱8,310
Loans and receivables - net					
Receivables from customers					
Commercial loans	842,636	–	–	832,318	832,318
Residential mortgage loans	53,812	–	–	54,145	54,145
Auto loans	20,932	–	–	21,045	21,045
Credit card	72,001	–	–	72,001	72,001
Trade loans	35,273	–	–	35,273	35,273
Others	11,521	–	–	11,521	11,521
	1,036,175	–	–	1,026,303	1,026,303
Sales contract receivable	54	–	–	54	54
	1,036,229	–	–	1,026,357	1,026,357
	1,044,138	8,310	–	1,026,357	1,034,667
Non-Financial Assets					
Investment properties	3,369	–	–	7,440	7,440
	₱1,047,507	₱8,310	₱–	₱1,033,797	₱1,042,107
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱5,766	₱–	₱5,766	₱–	₱5,766
Interest rate swaps	4,834	–	4,834	–	4,834
Currency forwards	1,203	–	1,203	–	1,203
Call option	10	–	10	–	10
	₱11,813	₱–	₱11,813	₱–	₱11,813
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱332,323	₱–	₱–	₱332,323	₱332,323
LTNCD	27,330	18,562	9,355	–	27,917
	359,653	18,562	9,355	332,323	360,240
Bills payable and SSURA	108,651	–	–	108,669	108,669
Bonds payable	76,355	78,607	–	–	78,607
Subordinated debts	1,167	–	–	1,232	1,232
	₱545,826	₱97,169	₱9,355	₱442,224	₱548,748

As of December 31, 2021 and 2020, there were no transfers between levels of the fair value hierarchy.

When fair values of listed equity and debt securities, as well as publicly traded derivatives at the statement of financial position date are based on quoted market prices or binding dealer price quotations, without any adjustments for transaction costs, the instruments are included within Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models. Instruments included in Level 3 include those for which there is currently no active market.

6. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to the Senior Management who is responsible for allocating resources to the segments and assessing its performance. The financial reporting basis used in the internal reporting is PFRS.

The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Investment Banking - principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and providing advisory services primarily aimed to create wealth to individuals and institutions;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities:

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
2021							
Results of Operations							
Net interest income (expense)							
Third party	**₱15,933**	**₱33,099**	**₱–**	**₱16,426**	**₱8,686**	**₱905**	**₱75,049**
Intersegment	**(686)**	**(20,912)**	**–**	**(7,029)**	**28,627**	**–**	**–**
Net interest income after intersegment transactions	**15,247**	**12,187**	**–**	**9,397**	**37,313**	**905**	**75,049**
Non-interest income	**7,413**	**962**	**251**	**4,108**	**5,341**	**7,756**	**25,831**
Revenue - net of interest expense	**22,660**	**13,149**	**251**	**13,505**	**42,654**	**8,661**	**100,880**
Non-interest expense	**18,212**	**4,939**	**57**	**3,939**	**20,456**	**23,704**	**71,307**
Income (loss) before share in net income of subsidiaries, associates and a JV	**4,448**	**8,210**	**194**	**9,566**	**22,198**	**(15,043)**	**29,573**
Share in net income of subsidiaries, associates and a JV	**–**	**44**	**–**	**–**	**–**	**524**	**568**
Provision for income tax	**(505)**	**(340)**	**–**	**(3,607)**	**(723)**	**(2,602)**	**(7,777)**
Non-controlling interest in net income of consolidated subsidiaries	**–**	**–**	**–**	**–**	**–**	**(208)**	**(208)**
Net income (loss)	**₱3,943**	**₱7,914**	**₱194**	**₱5,959**	**₱21,475**	**(₱17,329)**	**₱22,156**
Statement of Financial Position							
Total assets	**₱167,422**	**₱941,197**	**₱–**	**₱969,133**	**₱163,077**	**₱261,987**	**₱2,502,816**
Total liabilities	**₱80,472**	**₱926,853**	**₱–**	**₱873,507**	**₱263,724**	**₱30,528**	**₱2,175,084**
Other Segment Information							
Capital expenditures	**₱261**	**₱56**	**₱–**	**₱113**	**₱31**	**₱3,361**	**₱3,822**
Depreciation and amortization	**₱614**	**₱321**	**₱–**	**₱55**	**₱2,111**	**₱3,329**	**₱6,430**
Provision for credit and impairment losses	**₱10,790**	**₱8**	**₱–**	**₱–**	**₱184**	**₱852**	**₱11,834**
2020							
Results of Operations							
Net interest income (expense)							
Third party	₱20,371	₱42,058	₱–	₱12,497	₱7,127	₱4,054	₱86,107
Intersegment	(451)	(29,487)	–	(16,694)	46,632	–	–
Net interest income after intersegment transactions	19,920	12,571	–	(4,197)	53,759	4,054	86,107
Non-interest income	5,084	786	118	18,581	4,430	6,130	35,129
Revenue - net of interest expense	25,004	13,357	118	14,384	58,189	10,184	121,236
Non-interest expense	27,062	25,306	9	4,648	21,398	22,457	100,880
Income (loss) before share in net income of subsidiaries, associates and a JV	(2,058)	(11,949)	109	9,736	36,791	(12,273)	20,356
Share in net income of subsidiaries, associates and a JV	–	38	–	–	–	626	664
Provision for income tax	(574)	(398)	–	(3,838)	110	(2,346)	(7,046)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(143)	(143)
Net income (loss)	(₱2,632)	(₱12,309)	₱109	₱5,898	₱36,901	(₱14,136)	₱13,831
Statement of Financial Position							
Total assets	₱193,530	₱906,031	₱–	₱869,277	₱181,470	₱304,855	₱2,455,163
Total liabilities	₱87,922	₱874,214	₱–	₱840,692	₱289,001	₱30,159	₱2,121,988
Other Segment Information							
Capital expenditures	₱279	₱92	₱–	₱58	₱28	₱2,502	₱2,959
Depreciation and amortization	₱726	₱197	₱–	₱52	₱2,143	₱2,427	₱5,545
Provision for credit and impairment losses	₱19,005	₱20,278	₱–	₱–	₱37	₱1,440	₱40,760
2019							
Results of Operations							
Net interest income (expense)							
Third party	₱17,710	₱53,360	₱–	₱7,885	(₱5,702)	₱3,744	₱76,997
Intersegment	(663)	(41,061)	–	2,746	38,978	–	–
Net interest income after intersegment transactions	17,047	12,299	–	10,631	33,276	3,744	76,997
Non-interest income	6,476	2,042	441	7,983	5,116	6,996	29,054
Revenue - net of interest expense	23,523	14,341	441	18,614	38,392	10,740	106,051
Non-interest expense	15,359	6,977	49	2,519	22,747	20,333	67,984

(Forward)

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
Income (loss) before share in net income of subsidiaries, associates and a JV	₱8,164	₱7,364	₱392	₱16,095	₱15,645	(₱9,593)	₱38,067
Share in net income of subsidiaries, associates and a JV	–	106	–	–	–	762	868
Provision for income tax	(2,178)	(471)	–	(3,344)	(137)	(3,931)	(10,061)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(819)	(819)
Net income (loss)	₱5,986	₱6,999	₱392	₱12,751	₱15,508	(₱13,581)	₱28,055
Statement of Financial Position							
Total assets	₱119,984	₱1,199,477	₱–	₱624,354	₱162,413	₱344,585	₱2,450,813
Total liabilities	₱76,840	₱1,039,196	₱–	₱633,147	₱266,212	₱116,927	₱2,132,322
Other Segment Information							
Capital expenditures	₱649	₱538	₱–	₱95	₱35	₱3,455	₱4,772
Depreciation and amortization	₱623	₱175	₱–	₱70	₱2,451	₱2,219	₱5,538
Provision for credit and impairment losses	₱6,853	₱1,766	₱–	₱–	₱350	₱1,109	₱10,078

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain - net, foreign exchange gain (loss) - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related costs, amortization of software costs, and miscellaneous expenses.

Geographical Information

The Group operates in four geographic markets: Philippines, Asia other than Philippines, USA and Europe (Note 2).

The following tables show the distribution of Group's external net operating income and non-current assets allocated based on the location of the customers and assets, respectively, for the years ended December 31:

	Philippines	Asia (Other than Philippines)	USA	Europe	Total
2021					
Interest income	**₱83,584**	**₱3,587**	**₱6**	**₱–**	**₱87,177**
Interest expense	**10,921**	**1,205**	**2**	–	**12,128**
Net interest income	**72,663**	**2,382**	**4**	–	**75,049**
Non-interest income	**24,477**	**829**	**490**	**35**	**25,831**
Provision for credit and impairment losses	**11,601**	**232**	**1**	–	**11,834**
Total external net operating income	**₱85,539**	**₱2,979**	**₱493**	**₱35**	**₱89,046**
Non-current assets	**₱31,613**	**₱586**	**₱9**	**₱3**	**₱32,211**
2020					
Interest income	₱104,707	₱3,065	₱15	₱–	₱107,787
Interest expense	20,641	1,033	6	–	21,680
Net interest income	84,066	2,032	9	–	86,107
Non-interest income	33,796	868	428	37	35,129
Provision for credit and impairment losses	40,544	214	2	–	40,760
Total external net operating income	₱77,318	₱2,686	₱435	₱37	₱80,476
Non-current assets	₱31,946	₱661	₱15	₱3	₱32,625
2019					
Interest income	₱113,173	₱2,966	₱44	₱–	₱116,183
Interest expense	37,882	1,291	13	–	39,186
Net interest income	75,291	1,675	31	–	76,997
Non-interest income	27,493	1,108	406	47	29,054
Provision for credit and impairment losses	9,871	207	–	–	10,078
Total external net operating income	₱92,913	₱2,576	₱437	₱47	₱95,973
Non-current assets	₱32,636	₱672	₱16	₱4	₱33,328

Non-current assets consist of property and equipment excluding ROU assets, investment properties, chattel properties acquired in foreclosure, software costs and assets held under joint operations.

7. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Interbank loans receivable - net (Note 32)	**₱65,914**	₱52,741	**₱55,994**	₱41,386
SPURA	**4,533**	26,653	**–**	15,819
	₱70,447	₱79,394	**₱55,994**	₱57,205

As of December 31, 2021 and 2020, the allowance for credit losses for interbank loans receivable amounted to ₱27.6 million and ₱13.6 million, respectively, for the Group and ₱4.7 million and ₱4.6 million, respectively, for the Parent Company (Note 15).

In 2021, 2020 and 2019, the interest rates of the interbank loans receivables ranged from 0.00% to 4.90%, 0.00% to 4.65%, and 0.00% to 4.60%, respectively, for the Group, and 0.00% to 3.30%, 0.00% to 3.45%, and 0.00% to 4.00%, respectively, for the Parent Company.

8. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Investment securities at:				
FVTPL (Note 17)	**₱50,792**	₱77,551	**₱41,975**	₱67,956
FVOCI (Note 29)	**648,808**	569,445	**561,801**	542,666
Amortized cost (Note 29)	**83,810**	23,293	**57,386**	7,909
	₱783,410	₱670,289	**₱661,162**	₱618,531

Investment securities at FVTPL consist of the following:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
HFT investments				
Debt securities				
Treasury notes and bonds	**₱15,064**	₱35,828	**₱14,154**	₱34,052
Government	**11,101**	14,531	**10,901**	14,220
Private	**4,116**	6,540	**3,568**	5,962
Treasury bills	**1,867**	2,346	**1,311**	1,848
BSP	**2,199**	2	**2,199**	2
	34,347	59,247	**32,133**	56,084
Equity securities	**6,592**	6,458	**47**	43
	40,939	65,705	**32,180**	56,127
Derivative assets	**9,853**	11,846	**9,795**	11,829
	₱50,792	₱77,551	**₱41,975**	₱67,956

The following are the fair values of the Parent Company's derivative financial instruments recorded as 'Derivative assets/liabilities', together with the notional amounts. The notional amount is the amount or quantity of a derivative's underlying asset, and is the basis upon which changes in the value are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2021 and 2020 and are not indicative of either market risk or credit risk.

	Derivative Assets	Derivative Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
December 31, 2021				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	**₱2,130**	**₱33**	**USD 2,578**	**₱50.4559**
CNY	**95**	**–**	**CNY 373**	**CNY 0.1509**
EUR	**105**	**51**	**EUR 199**	**EUR 1.1377**
THB	**–**	**1**	**THB 17**	**THB 0.0306**
TWD	**–**	**38**	**TWD 5,231**	**TWD 0.0359**
CHF	**3**	**–**	**CHF 5**	**CHF 1.0818**
HKD	**–**	**–**	**HKD 50**	**HKD 0.1282**
SOLD:				
USD	**4**	**2,869**	**USD 3,279**	**₱50.3372**
CNY	**0**	**83**	**CNY 1,568**	**CNY 0.1556**
JPY	**39**	**–**	**JPY 12,628**	**JPY 0.0087**
EUR	**112**	**9**	**EUR 216**	**EUR 1.1421**
MXN	**–**	**–**	**MXN 1**	**MXN 0.0465**
THB	**–**	**–**	**THB 21**	**THB 0.0303**
CHF	**–**	**1**	**CHF 4**	**CHF 1.0897**
HKD	**–**	**–**	**HKD 139**	**HKD 0.1282**
SGD	**–**	**6**	**SGD 24**	**SGD 0.7356**
TRY	**–**	**–**	**TRY 1**	**TRY 0.0660**
DKK	**–**	**–**	**DKK 1**	**DKK 0.1524**
CAD	**–**	**43**	**CAD 87**	**CAD 0.7759**
AUD	**–**	**8**	**AUD 22**	**AUD 0.7183**
GBP	**–**	**1**	**GBP 3**	**GBP 1.3436**
NZD	**–**	**–**	**NZD 6**	**NZD 0.6832**
Interest rate swaps - PHP	**266**	**738**	**₱50,635**	
Interest rate swaps - FX	**640**	**1,790**	**USD 2,179**	
Cross-currency swaps - PHP	**1,972**	**1,288**	**₱73,936**	
Cross-currency swaps - USD	**3,982**	**931**	**USD 2,113**	
Cross-currency swaps - EUR	**360**	**187**	**EUR 226**	
Cross-currency swaps - JPY	**76**	**108**	**JPY 15,520**	
Credit default swaps - USD	**–**	**–**	**USD 1**	
Over-the-counter FX options	**11**	**6**	**USD 38**	
	₱9,795	**₱8,191**		
December 31, 2020				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	₱1	₱931	USD 2,073	₱48.6578
CNY	1	–	CNY 232	CNY 0.1532
EUR	133	–	EUR 186	EUR 1.2173
THB	4	–	THB 264	THB 0.0330
TWD	17	59	TWD 3,116	TWD 0.0348
GBP	13	2	GBP 25	GBP 1.3445
AUD	4	–	AUD 27	AUD 0.7572
JPY	16	–	JPY 5,756	JPY 0.0096
SGD	6	–	SGD 38	SGD 0.7502
CAD	0	12	CAD 58	CAD 0.7849
CHF	1	–	CHF 9	CHF 1.1269
SOLD:				
USD	1,853	1	USD 1,805	₱49.1599
CNY	–	15	CNY 729	CNY 0.1529
JPY	29	59	JPY 23,180	JPY 0.0096
EUR	1	120	EUR 163	EUR 1.2134
MXN	–	–	MXN 1	MXN 0.0464
THB	–	3	THB 261	THB 0.0331
CHF	1	–	CHF 12	CHF 1.1310
HKD	–	–	HKD 79	HKD 0.1290

(Forward)

	Derivative Assets	Derivative Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
SGD	₱–	₱–	SGD 14	SGD 0.7541
TRY	–	–	TRY 1	TRY 0.1269
DKK	–	–	DKK 2	DKK 0.1635
CAD	–	1	CAD 12	CAD 0.7793
AUD	–	–	AUD 5	AUD 0.7625
Interest rate swaps - PHP	768	594	₱41,485	
Interest rate swaps – FX	270	4,240	USD 2,181	
Cross-currency swaps – PHP	7,670	7	₱68,124	
Cross-currency swaps - USD	835	5,508	USD 1,953	
Cross-currency swaps - EUR	107	211	EUR 93	
Cross-currency swaps - JPY	94	40	JPY 9,590	
Credit default swaps - USD	–	–	USD 1	
Over-the-counter FX options	5	10	USD 193	
	₱11,829	₱11,813		

As of December 31, 2021 and 2020, the Group's derivative assets include currency forwards, FX options and cross-currency swaps entered into by the subsidiaries amounting to ₱58.4 million and ₱17.1 million, respectively. As of December 31, 2021 and 2020, the Group's derivative liabilities include currency forwards, cross-currency swaps and FX options entered into by the subsidiaries amounting to ₱158.3 million and ₱1.7 billion, respectively.

Investment securities at FVOCI as of December 31, 2021 and 2020 consist of the following:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Debt securities				
Treasury notes and bonds (Note 17)	**₱433,234**	₱342,355	**₱423,807**	₱339,258
Treasury bills	**18,053**	81,497	**18,053**	81,497
Government (Note 17)	**76,743**	76,901	**76,264**	72,315
Private	**40,483**	36,943	**13,633**	19,037
BSP	**78,469**	30,049	**29,488**	30,049
	646,982	567,745	**561,245**	542,156
Equity securities	**1,826**	1,700	**556**	510
	₱648,808	₱569,445	**₱561,801**	₱542,666

The equity securities are irrevocably designated at FVOCI as these are held for long term-strategic purpose rather than for trading. These equity securities include golf club shares and non-marketable equity securities. In 2021 and 2020, as part of its risk management, the Group disposed equity securities at FVOCI with total carrying value of ₱7.6 million and ₱85.0 million, respectively, and recognized a loss on disposal charged against 'Surplus' of ₱6.1 million and ₱44.2 million, respectively. Dividends recognized for the disposed equity securities in 2021 and 2020 amounted to nil and ₱0.5 million, respectively.

Outstanding equity securities at FVOCI as of December 31, 2021 and 2020 generated dividends amounting to ₱37.6 million and ₱45.7 million, respectively for the Group, and ₱11.1 million and ₱26.4 million, respectively, for the Parent Company.

As of December 31, 2021 and 2020, the ECL on debt securities at FVOCI (included in 'Net unrealized gain (loss) on investment securities at FVOCI') amounted to ₱357.5 million and ₱141.0 million respectively, for the Group and the Parent Company (Note 15).

As of December 31, 2021 and 2020, investment securities at FVOCI include floating and fixed rate private notes with total carrying value of USD11.2 million (with peso equivalent of ₱569.2 million and ₱536.0 million, respectively) which are pledged by the Parent Company's New York Branch in compliance with the regulatory requirements of the Federal Deposit Insurance Corporation and the Office of the Controller of the Currency in New York.

Movements in net unrealized gains/(losses), including share in net unrealized gains/(losses) of subsidiaries (Note 11), presented under 'Equity' in the statements of financial position are as follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Balance at January 1	**₱7,563**	₱2,575	**₱7,611**	₱2,629
Unrealized gain/(loss) recognized in OCI	**(8,741)**	14,089	**(8,934)**	13,830
Amounts realized in surplus	**6**	44	**6**	44
Amounts realized in profit or loss	**(3,691)**	(8,307)	**(3,676)**	(8,007)
	(4,863)	8,401	**(4,993)**	8,496
Tax (Note 28)	**1,064**	(838)	**1,242**	(885)
Balance at December 31	**(₱3,799)***	₱7,563*	**(₱3,751)**	₱7,611

**Includes share of non-controlling interest in unrealized losses amounting to ₱48.0 million as of December 31, 2021 and 2020.*

Investment securities at amortized cost as of December 31, 2021 and 2020 consist of the following:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Government (Note 17)	**₱16,961**	₱19,153	**₱5,275**	₱7,909
Private	**3,718**	3,625	**–**	–
Treasury bills	**3,947**	294	**–**	–
Treasury notes and bonds (Note 17)	**59,215**	243	**52,116**	–
	83,841	23,315	**57,391**	7,909
Less: allowance for credit losses (Note 15)	**31**	22	**5**	–
	₱83,810	₱23,293	**₱57,386**	₱7,909

In May 2020, the BOD of the Parent Company approved the change in business model for its debt securities carried at amortized cost in line with its revised balance sheet risk strategy. The Parent Company considered the pandemic a Black Swan scenario as it is unprecedented in all aspects, with the full economic and banking industry impact still unknown. This called for the Parent Company to recalibrate its balance sheet risk strategy given the drastic change in the economic landscape. The revised balance sheet strategy provides a framework for the Parent Company to assess the appropriate mix of assets, liabilities and capital under five economic scenarios, with the objective of ensuring reliable liquidity and steady stream of accruals. Upon assessment of the current economic environment, maturity profile and credit quality of loans, CASA placements and maturity profile of the investment securities portfolio, the Parent Company deemed that the existing business model is no longer appropriate since its objective of supporting a stable growth of deposit liabilities with core holdings of investment securities can no longer be met due to the effect of the global health crisis over the foreseeable future. This resulted in disposal of investment securities at amortized cost in June 2020 with total carrying value of ₱93.9 billion. Trading gains recognized from the disposal amounted to ₱6.9 billion. On July 1, 2020, the remaining debt securities with total carrying value of ₱100.3 billion and fair value of ₱103.9 billion were reclassified to investment securities at FVOCI. As of December 31, 2021 and 2020, the carrying value of the debt securities reclassified to investment securities at FVOCI amounted to ₱95.9 million and ₱56.9 billion, respectively, with net unrealized gain of ₱1.7 million ₱1.6 billion, respectively.

In 2020, PSBank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion resulting in gain on disposal of investment securities at amortized cost totaling ₱1.3 billion. The sale was made as there were changes in PSBank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the sale in 2020 is not inconsistent with PSBank's HTC business model as the sale was considered infrequent even if significant in value. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost. Further, PSBank assessed that the sale did not reflect a change in PSBank's objectives for the HTC business model.

In August 2019, the BOD of FMIC approved the disposal of its debt securities portfolio at amortized cost with total face value of ₱15.1 billion and the abandonment of the related HTC business models due to external changes that are significant to its operations. Of the ₱15.1 billion disposal, the Parent Company purchased ₱6.6 billion and has subsequently sold most of the securities. Trading gains (included in 'Trading and securities gain - net') recognized from the disposal amounted to ₱0.3 million, ₱77.1 million and ₱172.8 million in 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, the outstanding balance of the remaining securities in the Parent Company books (classified as 'Investment Securities at FVTPL) amounted to ₱2.2 million and ₱13.5 million, respectively.

Interest income on investment securities at FVOCI and at amortized cost consists of:

	Consolidated			**Parent Company**		
	2021	2020	2019	**2021**	2020	2019
Investment securities at FVOCI	**₱15,868**	₱12,285	₱5,538	**₱14,133**	₱11,488	₱4,673
Investment securities at amortized cost	**1,028**	4,808	11,035	**407**	3,797	9,105
	₱16,896	₱17,093	₱16,573	**₱14,540**	₱15,285	₱13,778

In 2021, 2020 and 2019, foreign currency-denominated trading and investment securities bear nominal annual interest rates ranging from 0.10% to 9.5% for the Group and the Parent Company while peso-denominated trading and investment securities bear nominal annual interest rates ranging from 1.38% to 18.25%, 2.13% to 18.25%, and 3.25% to 18.25%, respectively, for the Group and from 2.38% to 18.25%, 2.38% to 18.25%, and 3.25% to 18.25%, respectively, for the Parent Company.

Trading and securities gain - net consists of:

	Consolidated			**Parent Company**		
	2021	2020	2019	**2021**	2020	2019
Investment securities at FVTPL	**(₱767)**	₱1,898	₱3,362	**(₱1,046)**	₱1,951	₱2,774
Derivative assets/liabilities – net	**582**	(3,761)	(2,213)	**571**	(3,741)	(2,210)
Debt securities at FVOCI	**3,691**	8,307	4,403	**3,676**	8,007	3,788
	3,506	6,444	5,552	**₱3,201**	₱6,217	₱4,352
Income (loss) attributable to non-equity non-controlling interests (Note 21)	**(152)**	115	(230)			
	₱3,354	₱6,559	₱5,322			

Trading gains (losses) on debt securities at FVOCI represent realized gains/losses previously reported in OCI.

9. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Receivables from customers (Note 32)				
Commercial loans	**₱951,508**	₱945,483	**₱876,290**	₱871,029
Residential mortgage loans	**97,617**	105,960	**52,209**	55,391
Auto loans	**76,788**	100,286	**18,815**	21,512
Credit card	**91,792**	92,643	**91,792**	92,643
Trade loans	**52,088**	37,068	**48,715**	36,175
Others	**9,701**	15,861	**6,701**	11,568
	1,279,494	1,297,301	**1,094,522**	1,088,318
Less unearned discounts and capitalized interest	**12,870**	14,996	**9,903**	11,134
	1,266,624	1,282,305	**1,084,619**	1,077,184
Unquoted debt securities				
Private	**1,203**	451	**386**	386
Government	**198**	–	**198**	–
	1,401	451	**584**	386
Accrued interest receivable (Note 32)	**12,399**	13,727	**8,062**	8,535
Accounts receivable (Note 32)	**8,014**	11,278	**5,372**	7,004
Sales contract receivable	**41**	82	**23**	56
Other receivables	**318**	329	**5**	11
	1,288,797	1,308,172	**1,098,665**	1,093,176
Less allowance for credit losses (Note 15)	**52,726**	55,243	**41,211**	44,434
	₱1,236,071	₱1,252,929	**₱1,057,454**	₱1,048,742

Receivables from customers consist of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Loans and discounts	**₱1,222,181**	₱1,250,163	**₱1,040,551**	₱1,042,054
Less unearned discounts and capitalized Interest	**12,870**	14,996	**9,903**	11,134
	1,209,311	1,235,167	**1,030,648**	1,030,920
Customers' liabilities under letters of credit (LC)/trust receipts	**51,069**	36,092	**47,696**	35,200
Bills purchased (Note 21)	**6,244**	11,046	**6,275**	11,064
	₱1,266,624	₱1,282,305	**₱1,084,619**	₱1,077,184

Receivables from customers - others of the Group include notes receivables financed and lease contract receivables amounting to ₱139.4 million and ₱120.8 million, respectively, as of December 31, 2021 and ₱892.8 million and ₱237.2 million, respectively, as of December 31, 2020 (Note 13).

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Receivables from customers (Note 32)	**₱49,615**	₱63,705	₱72,697	**₱35,320**	₱46,314	₱56,345
Receivables from cardholders	**11,728**	15,972	15,161	**11,728**	15,972	–
Lease contract receivables	**2,585**	3,897	4,680	**–**	–	–
Customers' liabilities under LC/trust receipts	**1,137**	1,840	3,073	**1,137**	1,840	3,073
Others	**460**	276	236	**452**	155	185
	₱65,525	₱85,690	₱95,847	**₱48,637**	₱64,281	₱59,603

As of December 31, 2021 and 2020, 82.79% and 81.95%, respectively, of the total receivables from customers of the Group, and 91.46% and 91.41%, respectively, of the total receivables from customers of the Parent Company are subject to periodic interest repricing. In 2021, 2020 and 2019, the remaining peso receivables from customers earn annual fixed interest rates ranging from 3.50% to 24.00%, from 4.70% to 24.00%, and from 4.70% to 45.00%, respectively, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 0.98% to 24.00%, from 1.05% to 24.00% and from 1.32% to 45.00%, respectively.

10. Property and Equipment

The composition and movements in the account follow:

	Consolidated						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
2021							
Cost							
Balance at January 1	**₱5,802**	**₱16,109**	**₱18,722**	**₱4,839**	**₱75**	**₱5,399**	**₱50,946**
Additions	**–**	**23**	**2,705**	**48**	**453**	**2,664**	**5,893**
Disposals/early termination	**(5)**	**–**	**(2,079)**	**(13)**	**–**	**(669)**	**(2,766)**
Reclassification/others	**–**	**207**	**29**	**125**	**(309)**	**(46)**	**6**
Balance at December 31	**5,797**	**16,339**	**19,377**	**4,999**	**219**	**7,348**	**54,079**
Accumulated depreciation and amortization							
Balance at January 1	**–**	**6,990**	**13,412**	**3,802**	**–**	**2,117**	**26,321**
Depreciation and amortization	**–**	**572**	**2,147**	**286**	**–**	**1,484**	**4,489**
Disposals/early termination	**–**	**–**	**(1,885)**	**(10)**	**–**	**(628)**	**(2,523)**
Reclassification/others	**–**	**12**	**40**	**7**	**–**	**(58)**	**1**
Balance at December 31	**–**	**7,574**	**13,714**	**4,085**	**–**	**2,915**	**28,288**
Allowance for impairment losses	**–**	**8**	**–**	**–**	**–**	**–**	**8**
Net book value at December 31	**₱5,797**	**₱8,757**	**₱5,663**	**₱914**	**₱219**	**₱4,433**	**₱25,783**
2020							
Cost							
Balance at January 1	₱5,802	₱15,395	₱18,236	₱4,730	₱319	₱4,816	₱49,298
Additions	–	30	1,705	73	619	1,204	3,631
Disposals/early termination	–	(3)	(1,180)	(78)	–	(559)	(1,820)
Reclassification/others	–	687	(39)	114	(863)	(62)	(163)
Balance at December 31	5,802	16,109	18,722	4,839	75	5,399	50,946
Accumulated depreciation and amortization							
Balance at January 1	–	6,407	12,326	3,567	–	1,290	23,590
Depreciation and amortization	–	573	2,156	349	–	1,267	4,345
Disposals/early termination	–	–	(1,052)	(78)	–	(432)	(1,562)
Reclassification/others	–	10	(18)	(36)	–	(8)	(52)
Balance at December 31	–	6,990	13,412	3,802	–	2,117	26,321
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱5,802	₱9,111	₱5,310	₱1,037	₱75	₱3,282	₱24,617

	Parent Company						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
2021							
Cost							
Balance at January 1	**₱4,665**	**₱14,776**	**₱9,145**	**₱3,092**	**₱75**	**₱3,005**	**₱34,758**
Additions	**–**	**9**	**1,219**	**1**	**453**	**1,767**	**3,449**
Disposals/early termination	**(5)**	**–**	**(291)**	**(10)**	**–**	**(434)**	**(740)**
Reclassification/others	**–**	**202**	**2**	**104**	**(309)**	**(3)**	**(4)**
Balance at December 31	**4,660**	**14,987**	**10,075**	**3,187**	**219**	**4,335**	**37,463**
Accumulated depreciation and amortization							
Balance at January 1	**–**	**6,371**	**6,503**	**2,312**	**–**	**1,135**	**16,321**
Depreciation and amortization	**–**	**529**	**1,044**	**159**	**–**	**814**	**2,546**
Disposals	**–**	**–**	**(245)**	**(6)**	**–**	**(394)**	**(645)**
Reclassification/others	**–**	**8**	**11**	**(9)**	**–**	**1**	**11**
Balance at December 31	**–**	**6,908**	**7,313**	**2,456**	**–**	**1,556**	**18,233**
Allowance for impairment losses	**–**	**8**	**–**	**–**	**–**	**–**	**8**
Net book value at December 31	**₱4,660**	**₱8,071**	**₱2,762**	**₱731**	**₱219**	**₱2,779**	**₱19,222**

	Parent Company						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
2020							
Cost							
Balance at January 1	₱4,381	₱13,679	₱7,775	₱2,953	₱319	₱2,577	₱31,684
Impact of merger (Note 11)	284	389	602	78	–	80	1,433
Additions	–	17	1,003	2	619	816	2,457
Disposals/early termination	–	–	(229)	(78)	–	(429)	(736)
Reclassification/others	–	691	(6)	137	(863)	(39)	(80)
Balance at December 31	4,665	14,776	9,145	3,092	75	3,005	34,758
Accumulated depreciation and amortization							
Balance at January 1	–	5,623	5,373	2,121	–	702	13,819
Impact of merger (Note 11)	–	206	357	77	–	27	667
Depreciation and amortization	–	531	978	208	–	703	2,420
Disposals	–	–	(198)	(78)	–	(314)	(590)
Reclassification/others	–	11	(7)	(16)	–	17	5
Balance at December 31	–	6,371	6,503	2,312	–	1,135	16,321
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱4,665	₱8,397	₱2,642	₱780	₱75	₱1,870	₱18,429

As of December 31, 2021 and 2020, the cost of fully depreciated property and equipment still in use amounted to ₱7.0 billion and ₱6.5 billion, respectively, for the Group, and ₱4.3 billion and ₱3.9 billion, respectively, for the Parent Company.

11. Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries consist of:

	2021	2020
Acquisition cost		
PSBank	**₱13,076**	₱13,076
FMIC	**11,751**	11,751
MBCL	**10,079**	10,079
Circa	**837**	837
MR USA	**365**	365
ORIX Metro	**265**	265
MR Japan	**102**	102
MR UK	**31**	31
MRHL	**26**	26
MRSPL	**17**	17
Others	**25**	291
	36,574	36,840
Accumulated equity in net income		
Balance at January 1	**30,414**	44,276
Share in net income	**2,213**	1,652
Dividends	**(1,132)**	(1,103)
Liquidation	**230**	–
Impact of merger of MCC with Parent Company	**–**	(14,411)
Balance at December 31	**31,725**	30,414
Equity in net unrealized loss on investment securities at FVOCI	**(748)**	(258)
Equity in net unrealized gain on remeasurement of retirement plan and translation adjustment and others	**1,942**	252

(Forward)

	2021	2020
Excess of share in net losses of subsidiaries over cost included in 'Miscellaneous liabilities' (Note 21)	**₱–**	₱99
Equity in realized loss on sale of equity securities at FVOCI	**(172)**	(166)
Carrying value		
PSBank	**30,660**	30,377
FMIC	**20,264**	19,787
MBCL	**13,602**	12,425
ORIX Metro	**3,765**	3,557
Circa	**244**	254
MRSPL	**160**	150
MR USA	**128**	130
MRHL	**123**	129
MR Japan	**81**	79
MR UK	**40**	39
Others	**254**	254
	₱69,321	₱67,181

The following subsidiaries have material non-controlling interests as of December 31, 2021 and 2020:

	Country of Incorporation and Principal Place of Business	Principal Activities	Effective Ownership of Non-Controlling Interest	
			2021	2020
ORIX Metro	Philippines	Leasing, Financing	**40.15%**	40.15%
PSBank	Philippines	Banking	**11.62%**	11.62%

The following table presents financial information of subsidiaries with material non-controlling interests as of December 31, 2021 and 2020:

	2021		2020	
	PSBank	**ORIX Metro**	PSBank	ORIX Metro
Statement of Financial Position				
Total assets	**₱261,811**	**₱26,791**	₱219,479	₱44,623
Total liabilities	**226,943**	**17,384**	184,933	35,733
Non-controlling interest	**5,235**	**3,795**	5,197	3,586
Statement of Income				
Gross income	**17,364**	**5,474**	20,134	6,708
Operating income	**15,160**	**4,012**	16,570	4,605
Net income	**1,541**	**51**	1,106	32
Net income attributable to non-controlling interest	**179**	**20**	129	13
Total comprehensive income	**1,587**	**520**	1,343	68
Statement of Cash Flows				
Net cash provided by (used in) operating activities	**72,523**	**6,852**	12,585	8,110
Net cash provided by (used in) investing activities	**(51,194)**	**(740)**	21,756	(211)
Net cash provided by (used in) financing activities	**(1,753)**	**(16,657)**	(3,023)	(3,625)
Net increase (decrease) in cash and cash equivalents	**19,576**	**(10,545)**	31,318	4,274
Cash and cash equivalents at beginning of year	**41,553**	**11,847**	10,235	7,573
Cash and cash equivalents at end of year	**61,129**	**1,302**	41,553	11,847

Investment in FMIC

In line with its transformation initiative, the BOD of FMIC approved the proposal to return its quasi banking license with the BSP on November 24, 2020. This was approved by the BSP on March 25, 2021.

As of December 31, 2021 and 2020, the carrying amount of goodwill of the Group amounted to ₱5.2 billion, of which ₱5.0 billion pertains to the goodwill arising from the acquisition of the then Solidbank Corporation, which was merged with FMIC.

Investment in MCC
On March 13, 2019, the respective BODs of the Parent Company and MCC approved the proposal to merge MCC into the Parent Company which will unlock the value of MCC and help realize the following objectives:
a. Improve synergy and cross-sell;
b. Increase the profitability and improve capital efficiency; and
c. Enable the Parent Company to be more competitive in the credit card business.

This was ratified by the stockholders of the Parent Company on April 24, 2019, and was approved by the BSP on October 23, 2019. The SEC approved the merger of MCC into the Parent Company effective January 3, 2020.

As of January 3, 2020, the following are the assets and liabilities of MCC:

Assets	
Due from BSP	₱5,994
Due from Other Banks	744
Interbank Loans and SPURA	175
Investment Securities at FVOCI	28
Loans and Receivables	83,422
Property and Equipment	766
Investment Properties	1
Deferred Tax Assets	2,088
Other Assets	1,030
Total Assets	₱94,248
Liabilities	
Bills Payable and SSURA	₱65,389
Derivative Liabilities	307
Income Taxes Payable	608
Accrued Interest and Other Expenses	1,478
Subordinated Debts	1,166
Other Liabilities	5,819
Total Liabilities	₱74,767

The difference between the carrying value of the investment in MCC and the net assets of MCC amounting to ₱9.8 billion was recognized under ‘Translation adjustments and others’ in the statement of financial position by the Parent Company.

Investments in associates and a JV, which consist of:

	Principal Activities	Consolidated		Parent Company	
		2021	2020	**2021**	2020
Acquisition cost:					
Lepanto Consolidated Mining Company (LCMC) (13.35% effectively owned)	Mining	**₱2,527**	₱2,527		
SMFC (26.52% effectively owned)*	Financing	**610**	610		
Northpine Land, Inc. (NLI) (20.00% owned)	Real estate developer	**232**	232	**₱232**	₱232
Taal Land Inc. (TLI) (35.00% owned)	Real estate	**178**	178	**178**	178
Cathay International Resources Corporation (CIRC) (34.49% effectively owned)	Investment house	**175**	175		
Philippine AXA Life Insurance Corporation (PALIC) (27.97% owned)	Insurance	**172**	172		
SMBC Metro Investment Corporation (SMBC Metro) (30.00% owned)	Investment house	**180**	180	**180**	180
Others		**42**	42		
		4,116	4,116	**590**	590
Accumulated equity in net income:					
Balance at January 1		**2,848**	2,821	**227**	205
Share in net income		**568**	664	**38**	22
Dividends		**(708)**	(637)	**–**	–
Balance at December 31		**2,708**	2,848	**265**	227
Equity in other comprehensive income (losses)		**(121)**	(22)	**–**	3
Return of investment - SMBC Metro		**(180)**	(180)	**(180)**	(180)
Allowance for impairment losses (Note 15)		**(672)**	(514)	**(101)**	(75)
Carrying value					
LCMC		**1,241**	1,421		
SMFC		**738**	741		
NLI		**532**	496	**532**	496
TLI		**18**	21	**18**	21
CIRC		**35**	129		
PALIC		**3,229**	3,357		
SMBC Metro		**24**	48	**24**	48
Others		**34**	35		
		₱5,851	₱6,248	**₱574**	₱565

* *Represents investment in a JV of the Group and effective ownership interest of the Parent Company through PSBank.*

The principal place of business of these associates is in the Philippines.

Investment of FMIC in LCMC

FMIC has the ability to exercise significant influence through a 5-year agreement with Philex Mining Corporation to jointly vote their 16.7% ownership. As of December 31, 2021 and 2020, LCMC-A shares are trading at ₱0.140 per share and ₱0.160 per share, respectively, and LCMC-B shares are trading at ₱0.142 per share and ₱0.156 per share, respectively. As of December 31, 2021 and 2020, there has been a significant decline in the fair value of the shares compared to the acquisition cost. In 2021, the Group recognized impairment loss on the investment in LCMC amounting to ₱131.6 million (Note 3).

Investment in NLI

On November 27, 2019, the stockholders of NLI approved the shortening of its corporate term to end on December 31, 2021. Following this, the Company is no longer expected to continue its operations for the foreseeable future. Consequently, the management of NLI plans to reduce its workforce and scale-down its business operations with the objective of ceasing business operations by December 31, 2021.

The following tables present financial information of significant associates and a JV:

	Statements of Financial Position		Statements of Income and Other Comprehensive Income				
	Total Assets	Total Liabilities	Gross Income	Operating Income (Loss)	Net Income (Loss)	OCI	Total Comprehensive Income
December 31, 2021							
PALIC	**₱177,290**	**₱165,734**	**₱23,079**	**₱3,033**	**₱2,242**	**(₱282)**	**₱1,960**
LCMC	**16,539**	**11,052**	**1,180**	**(297)**	**(298)**	**–**	**(298)**
NLI	**3,676**	**1,108**	**421**	**144**	**188**	**–**	**188**
SMFC	**6,534**	**3,982**	**2,028**	**1,811**	**203**	**91**	**294**
CIRC	**2,140**	**1,662**	**67**	**(140)**	**(149)**	**–**	**(149)**
December 31, 2020							
PALIC	₱154,095	₱142,030	₱18,355	₱4,096	₱2,900	(₱517)	₱2,383
LCMC	16,410	10,624	1,487	(748)	(751)	(298)	(1,049)
NLI	3,748	1,369	392	95	112	–	112
SMFC	7,644	5,278	1,595	269	128	–	128
CIRC	2,160	1,606	270	(191)	(224)	–	(224)

Major assets of significant associates and a JV include the following:

	2021	2020
PALIC		
Cash and cash equivalents	**₱5,787**	₱4,726
Loans and receivables - net	**1,022**	844
Investment securities at FVTPL	**1,996**	1,982
Investment securities at FVOCI	**16,363**	18,163
Investment in unit-linked funds	**58**	58
Property and equipment	**683**	737
LCMC		
Inventories	**593**	551
Investments and advances	**6,497**	558
Mine exploration cost	**6,882**	6,827
Property, plant and equipment - net	**497**	6,657
NLI		
Cash and cash equivalents	**344**	411
Real estate properties	**1,669**	1770
Receivables - net	**1,588**	1,422
SMFC		
Cash and cash equivalents	**500**	813
Receivables - net	**5,533**	6,509
CIRC		
Cash and cash equivalents	**66**	93
Receivables - net	**498**	190
Property, plant and equipment - net	**1,112**	1,182
Condominium units for sale/inventories	**327**	274

Dividends declared by investee companies of the Parent Company follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2021					
Subsidiaries					
Cash Dividend					
PSBank	**January 21, 2021**	**₱0.75**	**₱320**	**February 5, 2021**	**February 22, 2021**
PSBank	**April 26, 2021**	**0.75**	**320**	**May 11, 2021**	**May 26, 2021**
PSBank	**July 22, 2021**	**0.75**	**320**	**August 6, 2021**	**August 23, 2021**
PSBank	**October 21, 2021**	**0.75**	**320**	**November 8, 2021**	**November 22, 2021**
2020					
Subsidiaries					
Cash Dividend					
PSBank	January 16, 2020	₱0.75	₱287	January 31, 2020	February 17, 2020
PSBank	April 21, 2020	0.75	320	May 7, 2020	May 21, 2020
PSBank	July 23, 2020	0.75	320	August 7, 2020	August 24, 2020
PSBank	October 22, 2020	0.75	320	November 9, 2020	November 23, 2020

Dividends declared by significant investee companies of PSBank and FMIC follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2021					
Associates					
Cash Dividend					
PALIC	**December 9, 2021**	**₱247**	**₱2,470**	**December 9, 2021**	**December 17, 2021**
SMFC	**June 25, 2021**	**1.93**	**39**	**July 12, 2021**	**July 15, 2021**
FAMI	**August 31, 2021**	**5.77**	**9**	**August 31, 2021**	**September 15, 2021**
2020					
Associates					
Cash Dividend					
PALIC	November 16, 2020	₱207.00	₱2,070	November 16, 2020	December 23, 2020
SMFC	June 26,2020	8.88	178	June 26,2020	July 17, 2020

12. Investment Properties

This account consists of foreclosed real estate properties and investments in real estate:

	Consolidated					
	2021			2020		
	Land	Buildings and Improvements	Total	Land	Buildings and Improvements	Total
Cost						
Balance at January 1	**₱5,638**	**₱4,583**	**₱10,221**	₱5,718	₱4,651	₱10,369
Additions	**272**	**580**	**852**	251	451	702
Disposals	**(522)**	**(688)**	**(1,210)**	(343)	(522)	(865)
Reclassification/others	**(1)**	**19**	**18**	12	3	15
Balance at December 31	**5,387**	**4,494**	**9,881**	5,638	4,583	10,221
Accumulated depreciation and amortization						
Balance at January 1	**–**	**1,140**	**1,140**	–	1,117	1,117
Depreciation and amortization	**–**	**127**	**127**	–	131	131
Disposals	**–**	**(127)**	**(127)**	–	(108)	(108)
Balance at December 31	**–**	**1,140**	**1,140**	–	1,140	1,140
Allowance for impairment losses (Note 15)						
Balance at January 1	**1,246**	**168**	**1,414**	1,298	192	1,490
Provision for (reversal of) impairment loss	**8**	**20**	**28**	(3)	–	(3)
Disposals	**(10)**	**(21)**	**(31)**	(9)	(24)	(33)
Reclassification/others	**–**	**3**	**3**	(40)	–	(40)
Balance at December 31	**1,244**	**170**	**1,414**	1,246	168	1,414
Net book value at December 31	**₱4,143**	**₱3,184**	**₱7,327**	₱4,392	₱3,275	₱7,667

	Parent Company					
	2021			2020		
	Land	Buildings and Improvements	Total	Land	Buildings and Improvements	Total
Cost						
Balance at January 1	**₱3,560**	**₱1,455**	**₱5,015**	₱3,571	₱1,418	₱4,989
Impact of merger (Note 11)	**–**	**–**	**–**	1	–	1
Additions	**70**	**67**	**137**	83	140	223
Disposals	**(235)**	**(113)**	**(348)**	(109)	(103)	(212)
Reclassification/others	**1**	**–**	**1**	14	–	14
Balance at December 31	**3,396**	**1,409**	**4,805**	3,560	1,455	5,015
Accumulated depreciation and amortization						
Balance at January 1	**–**	**635**	**635**	–	642	642
Depreciation and amortization	**–**	**37**	**37**	–	39	39
Disposals	**–**	**(41)**	**(41)**	–	(46)	(46)
Balance at December 31	**–**	**631**	**631**	–	635	635
Allowance for impairment losses (Note 15)						
Balance at January 1	**972**	**39**	**1,011**	1,016	40	1,056
Disposals	**(7)**	**(1)**	**(8)**	(5)	(1)	(6)
Reclassification/others	**–**	**–**	**–**	(39)	–	(39)
Balance at December 31	**965**	**38**	**1,003**	972	39	1,011
Net book value at December 31	**₱2,431**	**₱740**	**₱3,171**	₱2,588	₱781	₱3,369

As of December 31, 2021 and 2020, foreclosed investment properties still subject to redemption period by the borrowers amounted to ₱867.6 million and ₱661.4 million, respectively, for the Group, and ₱167.0 million and ₱57.6 million, respectively, for the Parent Company.

As of December 31, 2021 and 2020, aggregate market value of investment properties amounted to ₱15.0 billion and ₱14.5 billion, respectively, for the Group, and ₱8.0 billion and ₱7.4 billion, respectively, for the Parent Company, of which ₱8.9 billion and ₱8.4 billion, respectively, for the Group, and ₱7.9 billion and ₱7.3 billion, respectively, for the Parent Company were determined by independent external appraisers. Information about the fair value measurement of investment properties are also presented in Note 5.

Rental income on investment properties (included in 'Leasing income' in the statements of income) in 2021, 2020 and 2019 amounted to ₱90.0 million, ₱88.1 million and ₱85.1 million, respectively, for the Group (Note 13).

Direct operating expenses on investment properties that generated rental income (included under 'Litigation expenses') in 2021, 2020 and 2019 amounted to ₱0.1 million for the Group. Direct operating expenses on investment properties that did not generate rental income (included under 'Litigation expenses') in 2021, 2020 and 2019 amounted to ₱223.3 million, ₱156.0 million and ₱286.4 million, respectively, for the Group and ₱57.1 million, ₱63.3 million and ₱90.6 million, respectively, for the Parent Company (Note 25).

Net gains from sale of investment properties (included in 'Profit from assets sold' in the statements of income) in 2021, 2020 and 2019 amounted to ₱432.6 million, ₱229.4 million and ₱605.4 million, respectively, for the Group, and ₱117.7 million, ₱81.7 million and ₱189.5 million, respectively, for the Parent Company (Note 32).

13. **Leases**

Group as a Lessee

As of December 31, 2021 and 2020, 59.34% and 59.77%, respectively, of the Parent Company's branch sites are under lease arrangements. Also, some of its subsidiaries lease the premises occupied by their Head Offices and most of their branches. The lease contracts are for periods ranging from 1 to 29 years and some are renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 2% to 20% in 2021 and 2020. As of December 31, 2021 and 2020, the Group has no contingent rent payable.

The carrying amounts of lease liabilities (included in 'Other Liabilities' in Note 21) are as follows:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Balance at January 1	**₱3,922**	₱4,038	**₱2,248**	₱2,160
Impact of merger (Note 11)	**–**	–	**–**	55
Additions	**2,664**	1,204	**1,767**	816
Expiry/termination	**(57)**	(126)	**(57)**	(100)
Accretion of interest	**244**	252	**137**	127
Payments	**(1,718)**	(1,409)	**(929)**	(773)
Others	**29**	(37)	**19**	(37)
Balance at December 31	**₱5,084**	₱3,922	**₱3,185**	₱2,248

The Group and the Parent Company recognized the following:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Interest expense on lease liabilities	**₱244**	₱252	₱319	**₱137**	₱127	₱170
Rent expense from short-term leases and leases of low-value assets*	**813**	872	736	**612**	708	414

* *Included under 'Occupancy and equipment -related cost'*

Future minimum rentals payable under non-cancelable leases follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Within one year	**₱1,524**	₱1,213	**₱887**	₱705
After one year but not more than five years	**3,508**	2,593	**2,372**	1,606
More than five years	**613**	666	**436**	457
	₱5,645	₱4,472	**₱3,695**	₱2,768

As of December 31, 2021 and 2020, the Group and the Parent Company have undiscounted potential future rental payments arising from extension options expected not to be exercised and thus, not included in the calculation of lease liability amounting to ₱67.7 million and ₱70.8 million, respectively, for the Group, and ₱64.9 million for the Parent Company.

Group as a Lessor

The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's available office spaces and investment properties and lease agreements over various items of machinery and equipment which are non-cancelable and have remaining non-cancelable lease terms of between one to seven years. In 2021, 2020 and 2019, leasing income amounted to ₱1.9 billion, ₱2.0 billion and ₱2.1 billion, respectively, for the Group, and ₱183.2 million, ₱200.3 million and ₱210.0 million, respectively, for the Parent Company.

Future minimum rentals receivable under non-cancelable operating leases follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Within one year	**₱1,257**	₱928	**₱68**	₱86
After one year but not more than five years	**1,537**	3,263	**64**	84
More than five years	**–**	172	**–**	–
	₱2,794	₱4,363	**₱132**	₱170

Finance Leases

Lease contract receivables under finance leases, which are accounts of ORIX Metro, are due in monthly installments with terms ranging from one to seven years. These are broken down as follows (Note 9):

	2021	2020
Within one year	**₱755**	₱826
After one year but not more than five years	**2,326**	3,153
Greater than five years	**7**	172
	₱3,088	₱4,151

14. **Other Assets**

This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Investment in SPVs	**₱8,857**	₱8,857	**₱8,857**	₱8,857
Software costs - net	**2,598**	1,877	**2,153**	1,343
Customized system development cost	**1,881**	2,914	**1,881**	2,914
Prepaid expenses	**1,178**	738	**781**	373
Creditable withholding tax	**1,061**	889	**398**	276
Residual value of leased assets	**739**	930	**–**	–
Chattel properties acquired in foreclosure - net	**717**	1,527	**18**	21
Returned checks and other cash items	**640**	250	**611**	238
Documentary and postage stamps on hand	**402**	389	**323**	321
Interoffice float items	**303**	13	**377**	4
Assets held under joint operations (Note 32)	**219**	219	**219**	219
Miscellaneous (Note 27)	**3,962**	4,872	**2,545**	3,763
	22,557	23,475	**18,163**	18,329
Less allowance for impairment losses	**10,308**	10,291	**10,300**	10,282
	₱12,249	₱13,184	**₱7,863**	₱8,047

Investment in SPVs represents subordinated notes issued by Cameron Granville 3 Asset Management, Inc. and LNC 3 Asset Management, Inc. with face amount of ₱9.4 billion and ₱2.6 billion, respectively. These notes are non-interest bearing and payable over five (5) years starting April 1, 2006, with rollover of two (2) years at the option of the note issuers. The subordinated notes have gross carrying amount of ₱8.9 billion and are fully provided with allowance for impairment losses.

Movements in software costs account follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cost				
Balance at January 1	**₱6,545**	₱6,063	**₱4,415**	₱2,710
Impact of merger (Note 11)	**–**	–	**–**	1,336
Additions	**593**	532	**505**	369
Reclassification/others	**1,522**	(50)	**1,506**	–
Balance at December 31	**8,660**	6,545	**6,426**	4,415
Accumulated amortization				
Balance at January 1	**4,668**	3,983	**3,072**	1,699
Impact of merger (Note 11)	**–**	–	**–**	865
Amortization	**1,381**	680	**1,189**	498
Others	**13**	5	**12**	10
Balance at December 31	**6,062**	4,668	**4,273**	3,072
Net book value at December 31	**₱2,598**	₱1,877	**₱2,153**	₱1,343

Movements in chattel properties acquired in foreclosure follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cost				
Balance at January 1	**₱1,786**	₱1,310	**₱40**	₱57
Additions	**4,450**	4,243	**18**	10
Disposals/others	**(5,243)**	(3,767)	**(27)**	(27)
Balance at December 31	**993**	1,786	**31**	40
Accumulated depreciation and amortization				
Balance at January 1	**251**	208	**17**	23
Depreciation and amortization	**434**	389	**7**	8
Disposals/others	**(410)**	(346)	**(12)**	(14)
Balance at December 31	**275**	251	**12**	17
Allowance for impairment losses	**1**	8	**1**	2
Net book value at December 31	**₱717**	₱1,527	**₱18**	₱21

Assets held under joint operations are parcels of land and former branch sites of the Parent Company which were contributed to separate joint operations with FLI and Federal Land Orix Corporation (Note 32). These are carried at costs, which are lower than the net realizable values.

15. Allowance for Credit and Impairment Losses

An analysis of changes in the ECL allowances in 2021 and 2020 is as follows:

	Consolidated					
	Due from Other Banks	Interbank Loans Receivable	Investment Securities at FVOCI Stage 1	Stage 3	Total	Investment Securities at Amortized Cost
2021						
ECL allowance, January 1, 2021	**₱124**	**₱14**	**₱141**	**₱–**	**₱141**	**₱22**
New assets originated	**(124)**	**(14)**	**–**	**–**	**–**	**–**
Assets derecognized or repaid	**31**	**28**	**–**	**–**	**–**	**–**
Changes in assumptions	**–**	**–**	**217**	**–**	**217**	**9**
ECL allowance, December 31, 2021	**₱31**	**₱28**	**₱358**	**₱–**	**₱358**	**₱31**
2020						
ECL allowance, January 1, 2020	₱5	₱1	₱118	₱30	₱148	₱26
New assets originated	124	14	14	–	14	–
Assets derecognized or repaid	(5)	(1)	(23)	(30)	(53)	–
Changes in assumptions	–	–	32	–	32	(4)
ECL allowance, December 31, 2020	₱124	₱14	₱141	₱–	₱141	₱22

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
2021				
Commercial loans				
ECL allowance, January 1, 2021	**₱11,572**	**₱9,549**	**₱10,910**	**₱32,031**
Newly originated assets that remained in Stage 1 as at year-end	**3,923**	**–**	**–**	**3,923**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**3,396**	**1,775**	**5,171**
Assets derecognized or repaid	**(7,890)**	**(3,319)**	**(1,329)**	**(12,538)**
Amounts written off	**–**	**–**	**(186)**	**(186)**
Transfers to/(from) Stage 1	**(88)**	**–**	**–**	**(88)**
Transfers to/(from) Stage 2	**–**	**(586)**	**–**	**(586)**
Transfers to/(from) Stage 3	**–**	**–**	**984**	**984**
Changes in assumptions	**(103)**	**2,441**	**862**	**3,200**
ECL allowance, December 31, 2021	**7,414**	**11,481**	**13,016**	**31,911**

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Residential mortgage loans				
ECL allowance, January 1, 2021	₱540	₱1,281	₱769	₱2,590
Newly originated assets that remained in Stage 1 as at year-end	505	–	–	505
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	69	27	96
Assets derecognized or repaid	(641)	(243)	(145)	(1,029)
Transfers to/(from) Stage 1	275	–	–	275
Transfers to/(from) Stage 2	–	(633)	–	(633)
Transfers to/(from) Stage 3	–	–	820	820
Changes in assumptions	(257)	82	3	(172)
ECL allowance, December 31, 2021	422	556	1,474	2,452
Auto loans				
ECL allowance, January 1, 2021	1,441	1,304	1,532	4,277
Newly originated assets that remained in Stage 1 as at year-end	238	–	–	238
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	105	21	126
Assets derecognized or repaid	(268)	(307)	(454)	(1,029)
Amounts written off	–	–	(413)	(413)
Transfers to/(from) Stage 1	830	–	–	830
Transfers to/(from) Stage 2	–	13	–	13
Transfers to/(from) Stage 3	–	–	(312)	(312)
Changes in assumptions	(508)	356	1,422	1,270
ECL allowance, December 31, 2021	1,733	1,471	1,796	5,000
Credit card				
ECL allowance, January 1, 2021	2,510	2,680	4,542	9,732
Newly originated assets that remained in Stage 1 as at year-end	56	–	–	56
Assets derecognized or repaid	(45)	(90)	(121)	(256)
Amounts written off	–	–	(11,058)	(11,058)
Transfers to/(from) Stage 1	532	–	–	532
Transfers to/(from) Stage 2	–	(872)	–	(872)
Transfers to/(from) Stage 3	–	–	339	339
Changes in assumptions	(643)	916	7,992	8,265
ECL allowance, December 31, 2021	2,410	2,634	1,694	6,738
Trade loans				
ECL allowance, January 1, 2021	310	221	371	902
Newly originated assets that remained in Stage 1 as at year-end	142	–	–	142
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	18	87	105
Assets derecognized or repaid	(309)	(100)	(205)	(614)
Transfers to/(from) Stage 1	–	–	–	–
Transfers to/(from) Stage 2	–	–	–	–
Transfers to/(from) Stage 3	–	–	–	–
Changes in assumptions	–	(21)	3	(18)
ECL allowance, December 31, 2021	143	118	256	517
Other loans				
ECL allowance, January 1, 2021	46	207	615	868
Newly originated assets that remained in Stage 1 as at year-end	39	–	–	39
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	16	22	38
Assets derecognized or repaid	(12)	43	(36)	(5)
Amounts written off	–	–	(130)	(130)
Transfers to/(from) Stage 1	11	–	–	11
Transfers to/(from) Stage 2	–	(8)	–	(8)
Transfers to/(from) Stage 3	–	–	(3)	(3)
Changes in assumptions	(27)	150	241	364
ECL allowance, December 31, 2021	57	408	709	1,174
Total receivables from customers				
ECL allowance, January 1, 2021	16,419	15,242	18,739	50,400
Newly originated assets that remained in Stage 1 as at year-end	4,903	–	–	4,903
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	3,604	1,932	5,536
Assets derecognized or repaid	(9,165)	(4,016)	(2,290)	(15,471)
Amounts written off	–	–	(11,787)	(11,787)

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Transfers to/(from) Stage 1	**₱1,560**	**₱–**	**₱–**	**₱1,560**
Transfers to/(from) Stage 2	**–**	**(2,086)**	**–**	**(2,086)**
Transfers to/(from) Stage 3	**–**	**–**	**1,828**	**1,828**
Changes in assumptions	**(1,538)**	**3,924**	**10,523**	**12,909**
ECL allowance, December 31, 2021	**₱12,179**	**₱16,668**	**₱18,945**	**₱47,792**
2020				
Commercial loans				
ECL allowance, January 1, 2020	₱3,202	₱880	₱7,523	₱11,605
Newly originated assets that remained in Stage 1 as at year-end	4,479	–	–	4,479
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,840	1,670	3,510
Assets derecognized or repaid	(403)	(246)	(671)	(1,320)
Amounts written off	–	–	(98)	(98)
Transfers to/(from) Stage 1	542	–	–	542
Transfers to/(from) Stage 2	–	5,894	–	5,894
Transfers to/(from) Stage 3	–	–	709	709
Changes in assumptions	3,752	1,181	1,777	6,710
ECL allowance, December 31, 2020	11,572	9,549	10,910	32,031
Residential mortgage loans				
ECL allowance, January 1, 2020	124	186	397	707
Newly originated assets that remained in Stage 1 as at year-end	84	–	–	84
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	12	–	12
Assets derecognized or repaid	(7)	(11)	(29)	(47)
Amounts written off	–	–	(84)	(84)
Transfers to/(from) Stage 1	322	–	–	322
Transfers to/(from) Stage 2	–	624	–	624
Transfers to/(from) Stage 3	–	–	(361)	(361)
Changes in assumptions	17	470	846	1,333
ECL allowance, December 31, 2020	540	1,281	769	2,590
Auto loans				
ECL allowance, January 1, 2020	733	539	702	1,974
Newly originated assets that remained in Stage 1 as at year-end	281	–	–	281
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	43	–	43
Assets derecognized or repaid	(4)	(1)	(8)	(13)
Amounts written off	–	–	(746)	(746)
Transfers to/(from) Stage 1	1,309	–	–	1,309
Transfers to/(from) Stage 2	–	(261)	–	(261)
Transfers to/(from) Stage 3	–	–	(823)	(823)
Changes in assumptions	(878)	984	2,407	2,513
ECL allowance, December 31, 2020	1,441	1,304	1,532	4,277
Credit card				
ECL allowance, January 1, 2020	1,392	1,683	1,506	4,581
Newly originated assets that remained in Stage 1 as at year-end	198	–	–	198
Assets derecognized or repaid	(17)	(58)	(55)	(130)
Amounts written off	–	–	(5,996)	(5,996)
Transfers to/(from) Stage 1	90	–	–	90
Transfers to/(from) Stage 2	–	(525)	–	(525)
Transfers to/(from) Stage 3	–	–	435	435
Changes in assumptions	847	1,580	8,652	11,079
ECL allowance, December 31, 2020	2,510	2,680	4,542	9,732
Trade loans				
ECL allowance, January 1, 2020	149	11	107	267
Newly originated assets that remained in Stage 1 as at year-end	309	–	–	309
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	167	269	436
Assets derecognized or repaid	(83)	(7)	–	(90)
Transfers to/(from) Stage 1	–	–	–	–
Transfers to/(from) Stage 2	–	54	–	54
Transfers to/(from) Stage 3	–	–	–	–
Changes in assumptions	(65)	(4)	(5)	(74)
ECL allowance, December 31, 2020	310	221	371	902

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Other loans				
ECL allowance, January 1, 2020	₱27	₱198	₱504	₱729
Newly originated assets that remained in Stage 1 as at year-end	31	–	–	31
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	58	26	84
Assets derecognized or repaid	(12)	(2)	(3)	(17)
Amounts written off	–	–	(290)	(290)
Transfers to/(from) Stage 1	15	–	–	15
Transfers to/(from) Stage 2	–	218	–	218
Transfers to/(from) Stage 3	–	–	(232)	(232)
Changes in assumptions	(15)	(265)	610	330
ECL allowance, December 31, 2020	46	207	615	868
Total receivables from customers				
ECL allowance, January 1, 2020	5,627	3,497	10,739	19,863
Newly originated assets that remained in Stage 1 as at year-end	5,382	–	–	5,382
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	2,120	1,965	4,085
Assets derecognized or repaid	(526)	(325)	(766)	(1,617)
Amounts written off	–	–	(7,214)	(7,214)
Transfers to/(from) Stage 1	2,278	–	–	2,278
Transfers to/(from) Stage 2	–	6,004	–	6,004
Transfers to/(from) Stage 3	–	–	(272)	(272)
Changes in assumptions	3,658	3,946	14,287	21,891
ECL allowance, December 31, 2020	₱16,419	₱15,242	₱18,739	₱50,400

	Consolidated			
	Other Receivables			
	Stage 1	Stage 2	Stage 3	Total
2021				
ECL allowance, January 1, 2021	**₱474**	**₱33**	**₱1,159**	**₱1,666**
Newly originated assets that remained in Stage 1 as at year-end	**47**	**–**	**–**	**47**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**7**	**2**	**9**
Assets derecognized or repaid	**(22)**	**(21)**	**(99)**	**(142)**
Transfers to/(from) Stage 1	**(31)**	**–**	**–**	**(31)**
Transfers to/(from) Stage 2	**–**	**(9)**	**–**	**(9)**
Transfers to/(from) Stage 3	**–**	**–**	**40**	**40**
Changes in assumptions	**(3)**	**8**	**31**	**36**
ECL allowance, December 31, 2021	**₱465**	**₱18**	**₱1,133**	**₱1,616**
2020				
ECL allowance, January 1, 2020	₱5	₱12	₱1,198	₱1,215
Newly originated assets that remained in Stage 1 as at year-end	835	–	–	835
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	21	46	67
Assets derecognized or repaid	(241)	(8)	(175)	(424)
Transfers to/(from) Stage 1	(127)	–	–	(127)
Transfers to/(from) Stage 2	–	8	–	8
Transfers to/(from) Stage 3	–	–	134	134
Changes in assumptions	2	–	(44)	(42)
ECL allowance, December 31, 2020	₱474	₱33	₱1,159	₱1,666

	Consolidated			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2021				
ECL allowance, January 1, 2021	**₱1,175**	**₱306**	**₱–**	**₱1,481**
Newly originated assets that remained in		**–**	**–**	
Stage 1 as at year-end	**199**			**199**
Assets derecognized or repaid	**(205)**	**(38)**	**–**	**(243)**
Transfers to/(from) Stage 1	**29**	**–**	**–**	**29**
Transfers to/(from) Stage 2	**–**	**(17)**	**–**	**(17)**
Transfers to/(from) Stage 3	**–**	**–**	**1**	**1**
Changes in assumptions	**(372)**	**127**	**–**	**(245)**
ECL allowance, December 31, 2021	**₱826**	**₱378**	**₱1**	**₱1,205**

	Consolidated			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2020				
ECL allowance, January 1, 2020	₱825	₱7	₱–	₱832
Newly originated assets that remained in Stage 1 as at year-end	270	–	–	270
Assets derecognized or repaid	(38)	(30)	–	(68)
Transfers to/(from) Stage 1	(145)	–	–	(145)
Transfers to/(from) Stage 2	–	146	–	146
Changes in assumptions	263	183	–	446
ECL allowance, December 31, 2020	₱1,175	₱306	₱–	₱1,481

	Parent Company					
			Investment Securities at FVOCI			Investment Securities at Amortized Cost
	Due from Other Banks	Interbank Loans Receivable	Stage 1	Stage 3	Total	
2021						
ECL allowance, January 1, 2021	**₱–**	**₱5**	**₱141**	**₱–**	**₱141**	**₱–**
New assets originated	**22**	**–**	**–**	**–**	**–**	**–**
Changes in assumptions	**–**	**–**	**217**	**–**	**217**	**5**
ECL allowance, December 31, 2021	**₱22**	**₱5**	**₱358**	**₱–**	**₱358**	**₱5**
2020						
ECL allowance, January 1, 2020	₱–	₱1	₱115	₱30	₱145	₱–
New assets originated	–	5	14	–	14	–
Assets derecognized or repaid	–	(1)	(23)	(30)	(53)	–
Changes in assumptions	–	–	35	–	35	–
ECL allowance, December 31, 2020	₱–	₱5	₱141	₱–	₱141	₱–

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
2021					
Commercial loans					
ECL allowance, January 1, 2021	**₱9,524**	**₱9,165**	**₱6,467**	**₱3,013**	**₱28,169**
Newly originated assets that remained in Stage 1 as at year-end	**2,797**	**–**	**–**	**–**	**2,797**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**3,282**	**1,110**	**–**	**4,392**
Assets derecognized or repaid	**(7,312)**	**(3,102)**	**(891)**	**–**	**(11,305)**
Amounts written off	**–**	**–**	**(2)**	**–**	**(2)**
Transfers to/(from) Stage 1	**91**	**–**	**–**	**–**	**91**
Transfers to/(from) Stage 2	**–**	**(588)**	**–**	**–**	**(588)**
Transfers to/(from) Stage 3	**–**	**–**	**810**	**–**	**810**
Changes in assumptions	**(196)**	**2,457**	**574**	**263**	**3,098**
ECL allowance, December 31, 2021	**4,904**	**11,214**	**8,068**	**3,276**	**27,462**
Residential mortgage loans					
ECL allowance, January 1, 2021	**434**	**828**	**317**	**–**	**1,579**
Newly originated assets that remained in Stage 1 as at year-end	**18**	**–**	**–**	**–**	**18**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**60**	**24**	**–**	**84**
Assets derecognized or repaid	**(326)**	**(82)**	**(25)**	**–**	**(433)**
Transfers to/(from) Stage 1	**(31)**	**–**	**–**	**–**	**(31)**
Transfers to/(from) Stage 2	**–**	**(466)**	**–**	**–**	**(466)**
Transfers to/(from) Stage 3	**–**	**–**	**959**	**–**	**959**
Changes in assumptions	**1**	**56**	**41**	**–**	**98**
ECL allowance, December 31, 2021	**96**	**396**	**1,316**	**–**	**1,808**
Auto loans					
ECL allowance, January 1, 2021	**222**	**175**	**183**	**–**	**580**
Newly originated assets that remained in Stage 1 as at year-end	**35**	**–**	**–**	**–**	**35**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**96**	**11**	**–**	**107**
Assets derecognized or repaid	**(166)**	**(43)**	**(33)**	**–**	**(242)**
Transfers to/(from) Stage 1	**(19)**	**–**	**–**	**–**	**(19)**
Transfers to/(from) Stage 2	**–**	**49**	**–**	**–**	**49**
Transfers to/(from) Stage 3	**–**	**–**	**501**	**–**	**501**
Changes in assumptions	**5**	**11**	**2**	**–**	**18**
ECL allowance, December 31, 2021	**77**	**288**	**664**	**–**	**1,029**

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Credit card					
ECL allowance, January 1, 2021	**₱2,510**	**₱2,679**	**₱4,543**	**₱–**	**₱9,732**
Newly originated assets that remained in Stage 1 as at year-end	**56**	**–**	**–**	**–**	**56**
Assets derecognized or repaid	**(45)**	**(90)**	**(121)**	**–**	**(256)**
Amounts written off	**–**	**–**	**(11,058)**	**–**	**(11,058)**
Transfers to/(from) Stage 1	**532**	**–**	**–**	**–**	**532**
Transfers to/(from) Stage 2	**–**	**(872)**	**–**	**–**	**(872)**
Transfers to/(from) Stage 3	**–**	**–**	**339**	**–**	**339**
Changes in assumptions	**(643)**	**916**	**7,992**	**–**	**8,265**
ECL allowance, December 31, 2021	**2,410**	**2,633**	**1,695**	**–**	**6,738**
Trade loans					
ECL allowance, January 1, 2021	**310**	**221**	**371**	**–**	**902**
Newly originated assets that remained in Stage 1 as at year-end	**142**	**–**	**–**	**–**	**142**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**18**	**87**	**–**	**105**
Assets derecognized or repaid	**(309)**	**(100)**	**(205)**	**–**	**(614)**
Transfers to/(from) Stage 1	**–**	**–**	**–**	**–**	**–**
Transfers to/(from) Stage 2	**–**	**–**	**–**	**–**	**–**
Transfers to/(from) Stage 3	**–**	**–**	**–**	**–**	**–**
Changes in assumptions	**–**	**(21)**	**3**	**–**	**(18)**
ECL allowance, December 31, 2021	**143**	**118**	**256**	**–**	**517**
Other loans					
ECL allowance, January 1, 2021	**9**	**–**	**38**	**–**	**47**
Assets derecognized or repaid	**(8)**	**–**	**–**	**–**	**(8)**
Changes in assumptions	**(1)**	**–**	**1**	**–**	**–**
ECL allowance, December 31, 2021	**–**	**–**	**39**	**–**	**39**
Total receivables from customers					
ECL allowance, January 1, 2021	**13,009**	**13,068**	**11,919**	**3,013**	**41,009**
Newly originated assets that remained in Stage 1 as at year-end	**3,048**	**–**	**–**	**–**	**3,048**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**3,456**	**1,232**	**–**	**4,688**
Assets derecognized or repaid	**(8,166)**	**(3,417)**	**(1,275)**	**–**	**(12,858)**
Amounts written off	**–**	**–**	**(11,060)**	**–**	**(11,060)**
Transfers to/(from) Stage 1	**573**	**–**	**–**	**–**	**573**
Transfers to/(from) Stage 2	**–**	**(1,877)**	**–**	**–**	**(1,877)**
Transfers to/(from) Stage 3	**–**	**–**	**2,609**	**–**	**2,609**
Changes in assumptions	**(834)**	**3,419**	**8,613**	**263**	**11,461**
ECL allowance, December 31, 2021	**₱7,630**	**₱14,649**	**₱12,038**	**₱3,276**	**₱37,593**
2020					
Commercial loans					
ECL allowance, January 1, 2020	₱2,086	₱718	₱3,942	₱2,991	₱9,737
Newly originated assets that remained in Stage 1 as at year-end	3,242	–	–	–	3,242
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,651	994	–	2,645
Assets derecognized or repaid	(230)	(190)	(613)	–	(1,033)
Amounts written off	–	–	(1)	–	(1)
Transfers to/(from) Stage 1	463	–	–	–	463
Transfers to/(from) Stage 2	–	5,962	–	–	5,962
Transfers to/(from) Stage 3	–	–	720	–	720
Changes in assumptions	3,963	1,024	1,425	22	6,434
ECL allowance, December 31, 2020	9,524	9,165	6,467	3,013	28,169
Residential mortgage loans					
ECL allowance, January 1, 2020	70	21	253	–	344
Newly originated assets that remained in Stage 1 as at year-end	73	–	–	–	73
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	9	–	–	9
Assets derecognized or repaid	(8)	(11)	(29)	–	(48)
Transfers to/(from) Stage 1	(28)	–	–	–	(28)
Transfers to/(from) Stage 2	–	795	–	–	795
Transfers to/(from) Stage 3	–	–	82	–	82
Changes in assumptions	327	14	11	–	352
ECL allowance, December 31, 2020	434	828	317	–	1,579

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Auto loans					
ECL allowance, January 1, 2020	₱19	₱6	₱119	₱–	₱144
Newly originated assets that remained in Stage 1 as at year-end	81	–	–	–	81
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	2	–	–	2
Assets derecognized or repaid	(4)	(1)	(8)	–	(13)
Amounts written off	–	–	–	–	–
Transfers to/(from) Stage 1	(2)	–	–	–	(2)
Transfers to/(from) Stage 2	–	168	–	–	168
Transfers to/(from) Stage 3	–	–	59	–	59
Changes in assumptions	128	–	13	–	141
ECL allowance, December 31, 2020	222	175	183	–	580
Credit card					
ECL allowance, January 1, 2020	–	–	–	–	–
Impact of merger (Note 11)	1,392	1,683	1,506	–	4,581
Newly originated assets that remained in Stage 1 as at year-end	198	–	–	–	198
Assets derecognized or repaid	(17)	(58)	(55)	–	(130)
Amounts written off	–	–	(5,996)	–	(5,996)
Transfers to/(from) Stage 1	91	–	–	–	91
Transfers to/(from) Stage 2	–	(525)	–	–	(525)
Transfers to/(from) Stage 3	–	–	434	–	434
Changes in assumptions	846	1,579	8,654	–	11,079
ECL allowance, December 31, 2020	2,510	2,679	4,543	–	9,732
Trade loans					
ECL allowance, January 1, 2020	149	11	107	–	267
Newly originated assets that remained in Stage 1 as at year-end	309	–	–	–	309
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	167	269	–	436
Assets derecognized or repaid	(84)	(7)	–	–	(91)
Transfers to/(from) Stage 1	(1)	–	–	–	(1)
Transfers to/(from) Stage 2	–	54	–	–	54
Transfers to/(from) Stage 3	–	–	–	–	–
Changes in assumptions	(63)	(4)	(5)	–	(72)
ECL allowance, December 31, 2020	310	221	371	–	902
Other loans					
ECL allowance, January 1, 2020	1	–	36	–	37
Newly originated assets that remained in Stage 1 as at year-end	5	–	–	–	5
Transfers to/(from) Stage 3	–	–	1	–	1
Changes in assumptions	3	–	1	–	4
ECL allowance, December 31, 2020	9	–	38	–	47
Total receivables from customers					
ECL allowance, January 1, 2020	2,325	756	4,457	2,991	10,529
Impact of merger	1,392	1,683	1,506	–	4,581
Newly originated assets that remained in Stage 1 as at year-end	3,908	–	–	–	3,908
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,829	1,263	–	3,092
Assets derecognized or repaid	(343)	(267)	(705)	–	(1,315)
Amounts written off	–	–	(5,997)	–	(5,997)
Transfers to/(from) Stage 1	523	–	–	–	523
Transfers to/(from) Stage 2	–	6,454	–	–	6,454
Transfers to/(from) Stage 3	–	–	1,296	–	1,296
Changes in assumptions	5,204	2,613	10,099	22	17,938
ECL allowance, December 31, 2020	₱13,009	₱13,068	₱11,919	₱3,013	₱41,009

	Parent Company			
	Other Receivables			
	Stage 1	Stage 2	Stage 3	Total
2021				
ECL allowance, January 1, 2021	**₱6**	**₱22**	**₱846**	**₱874**
Newly originated assets that remained in Stage 1 as at year-end	**46**	**–**	**–**	**46**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	**–**	**4**	**2**	**6**
Assets derecognized or repaid	**(5)**	**(17)**	**(28)**	**(50)**
Transfers to/(from) Stage 1	**1**	**–**	**–**	**1**
Transfers to/(from) Stage 2	**–**	**(3)**	**–**	**(3)**
Transfers to/(from) Stage 3	**–**	**–**	**1**	**1**
Changes in assumptions	**–**	**–**	**–**	**–**
ECL allowance, December 31, 2021	**₱48**	**₱6**	**₱821**	**₱875**
2020				
ECL allowance, January 1, 2020	₱5	₱5	₱804	₱814
Newly originated assets that remained in Stage 1 as at year-end	106	–	–	106
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	3	–	3
Assets derecognized or repaid	(4)	(1)	(17)	(22)
Transfers to/(from) Stage 1	(103)	–	–	(103)
Transfers to/(from) Stage 2	–	14	–	14
Transfers to/(from) Stage 3	–	–	104	104
Changes in assumptions	2	1	(45)	(42)
ECL allowance, December 31, 2020	₱6	₱22	₱846	₱874

	Parent Company			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2021				
ECL allowance, January 1, 2021	**₱1,175**	**₱306**	**₱–**	**₱1,481**
Impact of merger	**–**	**–**	**–**	**–**
New assets originated	**199**	**–**	**–**	**199**
Assets derecognized or repaid	**(205)**	**(38)**	**–**	**(243)**
Transfers to/(from) Stage 1	**29**	**–**	**–**	**29**
Transfers to/(from) Stage 2	**–**	**(17)**	**–**	**(17)**
Transfers to/(from) Stage 3	**–**	**–**	**1**	**1**
Changes in assumptions	**(372)**	**127**	**–**	**(245)**
ECL allowance, December 31, 2021	**₱826**	**₱378**	**₱1**	**₱1,205**
2020				
ECL allowance, January 1, 2020	₱49	₱7	₱–	₱56
Impact of merger	776	–	–	776
New assets originated	270	–	–	270
Assets derecognized or repaid	(38)	(30)	–	(68)
Transfers to/(from) Stage 1	(145)	–	–	(145)
Transfers to/(from) Stage 2	–	146	–	146
Changes in assumptions	263	183	–	446
ECL allowance, December 31, 2020	₱1,175	₱306	₱–	₱1,481

The amounts of "transfers to/(from)" include the changes in the ECL on the exposures transferred from one stage to another during the year.

As of December 31, 2021 and 2020, the ECL allowances on loan commitments and financial guarantees are included in 'Miscellaneous liabilities' under 'Other liabilities' (Note 21).

In 2020, the increase in the ECL allowances was driven by the adoption of supplemental SICR rules to account for the effect of the COVID-19 pandemic on the credit risk exposures, anticipatory credit downgrades, adjustments to projected recovery rates resulting to increasing LGDs and significantly depressed macroeconomic indicators.

The ECL allowance on accounts receivables of the Group and the Parent Company based on their aging as of December 31, 2021 and 2020 follows:

	Consolidated		Parent Company	
Age of accounts receivables	**2021**	2020	**2021**	2020
Up to 1 month	**₱35**	₱218	**₱11**	₱99
> 1 to 2 months	**13**	12	**5**	12
> 2 to 3 months	**1**	4	**1**	4
More than 3 months	**3,269**	2,943	**2,727**	2,436
Total ECL	**₱3,318**	₱3,177	**₱2,744**	₱2,551

Below is the breakdown of provision for (reversal of) credit and impairment losses:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Financial assets and other credit-related exposures:						
Loans and receivables	**₱11,651**	₱40,751	₱9,627	**₱7,683**	₱32,741	₱1,645
Investment securities at FVOCI	**18**	(13)	11	–	–	–
Interbank loans receivable	**27**	13	(1)	–	4	(1)
Due from other banks	–	7	–	–	–	–
Loan commitments and financial guarantees	–	–	1	–	–	–
	11,696	40,758	9,638	**7,683**	32,745	1,644
Non-financial assets:						
Investment properties	**₱28**	(₱3)	₱–	**₱–**	₱–	₱–
Investments in associates and a joint venture	**132**	–	439	–	–	–
Other assets	**(22)**	5	1	–	–	–
	138	2	440	–	–	–
	₱11,834	₱40,760	₱10,078	**₱7,683**	₱32,745	₱1,644

With the foregoing level of allowance for credit and impairment losses, management believes that the Group has sufficient allowance to take care of any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

16. Deposit Liabilities

The LTNCDs of the Group and the Parent Company consist of the following:

BSP Approval	Interest Rate	Issue Date	Maturity Date	**2021**	2020
Parent Company					
September 18, 2014	4.25%	November 21, 2014	November 21, 2021	**₱–**	₱6,250
August 12, 2016	3.50%	September 19, 2016	September 19, 2023	**8,650**	8,650
August 12, 2016	3.88%	July 20, 2017	July 20, 2024	**3,750**	3,750
July 19, 2018	5.38%	October 4, 2018	April 4, 2024	**8,680**	8,680
				21,080	27,330
PSBank					
December 8, 2016	3.50%	January 30, 2017	April 30, 2022	**3,374**	3,369
July 13, 2018	5.00%	August 9, 2018	February 9, 2024	**5,067**	5,056
				8,441	8,425
				₱29,521	₱35,755

On September 18, 2019, the BOD of the Parent Company approved the issuance of PHP LTNCDs of up to ₱25.0 billion in one or more tranches of at least ₱2.0 billion per tranche, and tenors of 5.5 years up to 10 years, subject to market conditions. On November 25, 2019, BSP Circular 1059 was issued which placed an indefinite moratorium on the issuance of LTNCD except for those approved by the BSP within the allowable period. On January 10, 2020, the BSP approved the Parent Company's application to issue up to ₱25.0 billion LTNCD over a period of one year from BSP approval. As of

December 31, 2021, the BSP's approval has lapsed, hence, the Parent Company can no longer issue LTNCD.

As of December 31, 2021 and 2020, 17.86% and 18.59%, respectively, of the total interest-bearing deposit liabilities of the Group, and 11.10% and 14.47%, respectively, of the total interest-bearing deposit liabilities of the Parent Company are subject to periodic interest repricing. In 2021, 2020 and 2019 the remaining peso deposit liabilities (excluding LTNCDs above) earn annual fixed interest rates ranging from 0.00% to 6.59%, while the remaining foreign currency-denominated deposit liabilities of the Parent Company earn annual fixed interest rates ranging from 0.00% to 2.50%, from 0.00% to 2.50%, and from 0.00% to 3.00%, respectively.

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
CASA	**₱1,155**	₱2,193	₱2,388	**₱935**	₱1,861	₱1,987
Time	**2,803**	7,457	19,126	**749**	4,581	13,806
LTNCD	**1,544**	1,676	1,893	**1,151**	1,282	1,500
	₱5,502	₱11,326	₱23,407	**₱2,835**	₱7,724	₱17,293

<u>Reserve Requirement</u>
In 2020, BSP Circular Nos. 1082 and 1092 were issued reducing the reserve requirements against deposit and deposit substitute liabilities. Non-FCDU deposit liabilities of the Parent Company and deposit substitutes of FMIC and ORIX Metro are subject to required reserves of 12% from 14% effective reserve week April 3, 2020 while non-FCDU deposit liabilities of PSBank are subject to required reserves of 3% from 4% effective reserve week July 31, 2020. Reserves requirement for peso-denominated LTNCDs are still at 4%. The required reserves can be kept in the form of deposits maintained in the demand deposit accounts with the BSP and any government securities used as compliance until they mature. Further, in 2020, BSP Circular No. 1100 was issued allowing banks to use peso denominated loans that are granted after March 15, 2020 to (1) micro-small-and-medium-enterprises (MSMEs) and (2) large enterprises excluding banks and non-bank financial institutions with quasi-banking functions that met the definition of MSME/large enterprise as alternative compliance with the reserve requirements.

Effective March 25, 2021, FMIC is no longer required to maintain a reserve requirement per BSP Circular Letter No. CL-2021-027. The Parent Company, PSBank and ORIX Metro were in compliance with the reserve requirements as of December 31, 2021 and 2020.

The total statutory and liquidity reserves (included in 'Due from BSP' account) as reported to the BSP are as follows:

	2021	2020
Parent Company	**₱199,975**	₱141,288
PSBank	**52,427**	5,492
ORIX Metro	**855**	542
FMIC	–	433
	₱253,257	₱147,755

17. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
SSURA	**₱50,798**	₱93,059	**₱50,798**	₱93,059
Local banks	**11,320**	21,981	**556**	2,313
Foreign banks	**5,271**	17,364	**593**	11,383
Deposit substitutes	**2,945**	7,210	**567**	1,896
	₱70,334	₱139,614	**₱52,514**	₱108,651

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Deposit substitutes pertain to borrowings from the public.

The following are the carrying values of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2021		2020		**2021**		2020	
	Transferred Securities	**SSURA**	Transferred Securities	SSURA	**Transferred Securities**	**SSURA**	Transferred Securities	SSURA
Investment securities at FVOCI	**₱61,994**	**₱50,798**	₱108,065	₱83,671	**₱61,994**	**₱50,798**	₱108,065	₱83,671
Investment securities at FVTPL	–	–	4,804	4,708	–	–	4,804	4,708
Investment securities at amortized cost	–	–	4,535	4,680	–	–	4,535	4,680
	₱61,994	**₱50,798**	₱117,404	₱93,059	**₱61,994**	**₱50,798**	₱117,404	₱93,059

The Group's peso borrowings are subject to annual fixed interest rates ranging from 3.50% to 7.00%, from 0.25% to 6.50% and from 0.88% to 7.25% in 2021, 2020 and 2019, respectively, while the Group's foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.36% to 3.40%, from 0.21% to 7.00% and from 1.30% to 4.28% in 2021, 2020 and 2019, respectively. For the Parent Company, the peso borrowings are subject to annual fixed interest rates ranging from 3.50% to 7.00%, from 3.50% to 7.00% and from 0.00% to 0.00% in 2021, 2020 and 2019, respectively, and the foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.36% to 0.44%, from 0.21% to 4.28% and from 1.30% to 4.28% in 2021, 2020 and 2019, respectively.

Interest expense on bills payable (included in the 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' in the statements of income) in 2021, 2020 and 2019 amounted to ₱1.9 billion, ₱4.1 billion and ₱10.4 billion, respectively, for the Group and ₱512.7 million, ₱2.1 billion and ₱4.2 billion, respectively, for the Parent Company.

18. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Accrued interest (Note 32)	**₱1,477**	₱1,734	**₱878**	₱1,071
Accrued other expenses	**8,381**	7,415	**6,357**	5,361
	₱9,858	₱9,149	**₱7,235**	₱6,432

Accrued other expenses include accruals for compensation and fringe benefits, rentals, percentage and other taxes, professional fees, advertising and information technology expenses and other expenses.

19. Bonds Payable

This account consists of the following scripless fixed rate bonds:

				Carrying Value	
Issue Date	Maturity Date	Interest Rate	Face Value	**2021**	2020
Parent Company					
Fixed Rated Bonds					
June 4, 2021	September 4, 2026	3.60%	₱19,000	**₱18,862**	₱–
October 24, 2019	April 24, 2023	4.50%	13,750	**13,706**	13,671
April 11, 2019	April 11, 2022	6.30%	17,500	**17,485**	17,433
July 3, 2019	July 3, 2021	5.50%	11,250	–	11,227
June 24, 2020	September 24, 2021	3.00%	10,500	–	10,444
USD Senior Unsecured Notes					
July 15, 2020	January 15, 2026	2.125%	US$500	**25,136**	23,580
				75,189	76,355
Fixed Rated Bonds					
PSBank					
February 4, 2020	February 4, 2023	4.50%	4,650	**4,634**	4,619
July 24, 2019	July 24, 2021	5.60%	6,300	–	6,283
ORIX Metro					
November 15, 2019	November 15, 2021	4.55%	4,160	–	4,140
				₱79,823	₱91,397

Specific terms of these bonds follow:

Parent Company

- ₱19.0 billion fixed rate bonds issued on June 4, 2021 with issue price at 100% face value, which bear an interest rate of 3.60% per annum, payable quarterly in arrears on March 4, June 4, September 4 and December 4 of each year, commencing on September 4, 2021. The bonds will mature on September 4, 2026. Total bond issuance costs amounted to ₱156.0 million.
- ₱13.75 billion fixed rate bonds issued on October 24, 2019 with issue price at 100% face value, which bear an interest rate of 4.50% per annum, payable quarterly in arrears on January 24, April 24, July 24 and October 24 of each year, commencing on October 24, 2019. The bonds will mature on April 24, 2023. Total bond issuance costs amounted to ₱122.1 million.
- ₱17.5 billion fixed rate bonds issued on April 11, 2019 with issue price at 100% face value, which bear an interest rate of 6.30% per annum, payable quarterly in arrears on January 11, April 11, July 11 and October 11 of each year, commencing on July 11, 2019. The bonds will mature on April 11, 2022. Total bond issuance costs amounted to ₱148.47 million.
- ₱11.25 billion fixed rate bonds issued on July 3, 2019 with issue price at 100% face value, which bear an interest rate of 5.50% per annum, payable quarterly in arrears on January 3, April 3, July 3 and October 3 of each year, commencing on July 3, 2019. The bonds matured on July 3, 2021. Total bond issuance costs amounted to ₱94.55 million.
- ₱10.5 billion fixed rate bonds issued on June 24, 2020 with issue price at 100% face value, which bear an interest rate of 3.00% per annum, payable quarterly in arrears on March 24, June 24, September 24 and December 24, of each year, commencing on September 24, 2020. The bonds matured on September 24, 2021. Total bond issuance costs amounted to ₱91.5 million.

- US$500 million senior unsecured notes issued on July 15, 2020 with issue price at 99.096% face value, which bear an interest rate of 2.125% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2021. The bonds will mature on January 15, 2026. Total bond issuance costs amounted to ₱484.9 million.

PSBank
- ₱4.65 billion fixed rate bonds issued on February 4, 2020 with issue price at 100% face value, which bear an interest rate of 4.50% per annum, payable quarterly in arrears on February 4, May 4, August 4 and November 4 of each year, commencing on May 4, 2020. The bonds will mature on February 4, 2023. Total bond issuance costs amounted to ₱42.7 million.
- ₱6.30 billion fixed rate bonds issued on July 24, 2019 with issue price at 100% face value, which bear an interest rate of 5.60% per annum, payable quarterly in arrears on January 24, April 24, July 24 and October 24 of each year, commencing on July 24, 2019. The bonds matured on July 24, 2021. Total bond issuance costs amounted to ₱56.9 million.

ORIX Metro
- ₱4.16 billion fixed rate bonds issued on November 15, 2019 with issue price at 100% face value, which bear an interest rate of 4.55% per annum, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, commencing on November 15, 2019. The matured on November 15, 2021. Total bond issuance costs amounted to ₱44.2 million.

Interest expense on bonds payable (included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others') in 2021, 2020 and 2019 amounted to ₱4.4 billion, ₱5.5 billion and ₱3.6 billion, respectively, for the Group, and ₱3.8 billion, ₱4.8 billion and ₱3.4 billion, respectively, for the Parent Company. As of December 31, 2021 and 2020, unamortized bond issue costs amounted to ₱576.7 million and ₱724.9 million, respectively, for the Group, and ₱560.3 million and ₱657.0 million, respectively, for the Parent Company.

Reserve Requirement
Peso-denominated bonds are subject to reserves equivalent to 3% in 2021 and 2020. The Parent Company, PSBank and ORIX Metro were in compliance with such requirements as of December 31, 2021 and 2020.

20. Subordinated Debts

This account consists of the Parent Company's Peso Notes:

			Carrying Value		Market Value	
	Maturity Date	**Face Value**	**2021**	2020	**2021**	2020
2023	December 20, 2023	₱1,170	**₱1,168**	₱1,167	**₱1,061**	₱1,232

On April 15, 2013, of the BOD of the Parent Company approved the issuance of Basel III-compliant Tier 2 capital notes of up to USD500 million in one or more tranches, issued as part of its regulatory capital compliance and to proactively manage its capital base for growth and refinancing of maturing capital securities which was also approved by the BSP on July 26, 2013 and the amendment to the terms and conditions on January 30, 2014. Specifically, the BSP approved the issuance of up to USD500 million equivalent in either USD or PHP or combination in one or more tranches over the course of one (1) year. The Peso Notes issued by the Parent Company are unsecured and subordinated obligations.

Specific terms of these Basel III-compliant Peso Notes follow:

Parent Company 2025 Peso Notes - issued on August 8, 2014 at 100.00% of the principal amount of ₱6.5 billion

- Bear interest at 5.25% per annum from August 8, 2014 to but excluding August 8, 2020. Interest will be payable quarterly in arrears on February 8, May 8, August 8 and November 8 of each year, commencing on November 8, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at equivalent of the five-year PDST-R2 as of reset date plus a spread of 1.67% per annum and such interest will be payable commencing on August 8, 2020 (call option date) up to and including August 8, 2025. As approved by the BSP on May 7, 2020, on August 8, 2020, the Parent Company redeemed the Notes ahead of its maturity.

2023 Peso Notes - issued by MCC on December 20, 2013 at 100.00% of the principal amount of ₱1.2 billion (absorbed by the Parent Company on January 3, 2020 relative to the merger as discussed in Note 11)

- Bear interest at 6.21% per annum payable quarterly in arrears every 20th of March, June, September and December each year, commencing on March 20, 2014.
- Basel III - compliant unsecured subordinated notes qualified as Tier 2 capital as approved by the BSP on February 17, 2013.
- In case of insolvency or liquidation of MCC, the notes will be subordinated in the right of payment of principal and interest to all depositors and other creditors of MCC, except those creditors expressed to rank equally with, or behind holders of the notes.
- If a non-viability trigger event occurs, MCC shall immediately write down some or all of the notes in accordance with the BSP's determination.
- Subject to the written approval of the BSP, MCC may redeem all and not less than the entire outstanding 2023 Notes, at a redemption price equal to the face value together with the accrued and unpaid interest based on the interest rate.

As of December 31, 2021 and 2020, the Group are in compliance with the terms and conditions upon which these subordinated notes have been issued.

In 2021, 2020 and 2019, interest expense on subordinated debts included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' amounted to ₱73.7 million, ₱285.6 million and ₱983.0 million (including amortization of debt issue cost and premium of ₱1.1 million, ₱7.1 million and ₱41.9 million), respectively, for the Group, and ₱73.7 million, ₱285.6 million and ₱784.2 million, respectively (including amortization of debt issue cost and premium of ₱1.1 million, ₱7.1 million and ₱22.5 million), respectively, for the Parent Company.

21. Non-equity Non-controlling Interest and Other Liabilities

Non-equity Non-controlling Interest

This account arises when mutual funds are consolidated and where the Group holds less than 100.00% of the investment in these funds. When this occurs, the Group acquires a liability in respect of non-controlling interests in the funds of which the Group has control. Such non-controlling interests are distinguished from equity non-controlling interests in that the Group does not hold an equity stake in such funds. Further, income (loss) attributable to non-equity non-controlling interests amounting to (₱152.4 million), ₱115.0 million, and (₱229.8 million) in 2021, 2020 and 2019, respectively, is included under 'Trading and securities gain - net' in the statements of income (Note 8).

Other Liabilities
This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Accounts payable	**₱19,329**	₱20,027	**₱10,367**	₱10,991
Marginal deposits	**13,425**	5,600	**153**	398
Bills purchased - contra (Note 9)	**6,233**	10,994	**6,233**	10,990
Lease liability (Note 13)	**5,084**	3,922	**3,185**	2,248
Outstanding acceptances	**2,729**	1,328	**2,729**	1,328
Other credits	**1,635**	1,512	**1,463**	1,333
Deferred revenues (Note 25)	**1,158**	1,304	**1,158**	1,304
Deposits on lease contracts	**1,153**	1,458	**–**	–
Withholding taxes payable	**502**	390	**433**	327
Retirement liability (Note 27)	**57**	214	**–**	–
Miscellaneous (Notes 11 and 15)	**6,199**	6,182	**5,189**	5,377
	₱57,504	₱52,931	**₱30,910**	₱34,296

Deferred revenues include deferral and recognition of loyalty points program transactions and membership fees and dues for credit card business.

As of December 31, 2021 and 2020, miscellaneous liabilities of the Group include dividends payable amounting to ₱89.5 million and ₱89.6 million, respectively.

22. Maturity Profile of Assets and Liabilities

The following tables present the assets and liabilities by contractual maturity and settlement dates:

	Consolidated					
	2021			2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**₱41,302**	**₱–**	**₱41,302**	₱38,469	₱–	₱38,469
Due from BSP	**253,257**	**–**	**253,257**	304,906	–	304,906
Due from other banks	**48,862**	**–**	**48,862**	38,357	–	38,357
Interbank loans receivable and SPURA (Note 7)	**69,775**	**700**	**70,475**	79,408	–	79,408
Investment securities at FVTPL (Note 8)	**50,792**	**–**	**50,792**	77,508	43	77,551
Investment securities at FVOCI (Note 8)	**165,809**	**482,999**	**648,808**	171,275	398,170	569,445
Investment securities at amortized cost (Note 8)	**4,738**	**79,103**	**83,841**	4,537	18,778	23,315
Loans and receivables (Note 9)						
Receivables from customers	**635,890**	**643,604**	**1,279,494**	616,486	680,815	1,297,301
Unquoted debt securities	**704**	**697**	**1,401**	65	386	451
Accrued interest receivable	**12,399**	**–**	**12,399**	13,726	1	13,727
Accounts receivable	**8,014**	**–**	**8,014**	11,173	105	11,278
Sales contract receivable	**20**	**21**	**41**	48	34	82
Other receivables	**138**	**180**	**318**	211	118	329
Other assets (Note 14)						
Investments in SPVs	**8,857**	**–**	**8,857**	8,857	–	8,857
Interoffice float items	**303**	**–**	**303**	4	9	13
Returned checks and other cash items	**640**	**–**	**640**	250	–	250
Other investments	**–**	**26**	**26**	–	26	26
	1,301,500	**1,207,330**	**2,508,830**	1,365,280	1,098,485	2,463,765
Non-Financial Assets - at gross						
Property and equipment (Note 10)	**–**	**54,079**	**54,079**	–	50,946	50,946
Investments in associates and a JV (Note 11)	**–**	**6,523**	**6,523**	–	6,762	6,762
Investment properties (Note 12)	**–**	**9,881**	**9,881**	–	10,221	10,221
Deferred tax assets (Note 28)	**–**	**13,094**	**13,094**	–	14,028	14,028
Goodwill (Note 11)	**–**	**5,194**	**5,194**	–	5,199	5,199
Assets held under joint operations (Note 14)	**–**	**219**	**219**	–	219	219
Residual value of leased asset (Note 14)	**347**	**392**	**739**	402	528	930
Other assets (Note 14)	**3,043**	**15,068**	**18,111**	2,016	16,091	18,107
	3,390	**104,450**	**107,840**	2,418	103,994	106,412
	₱1,304,890	**₱1,311,780**	**2,616,670**	₱1,367,698	₱1,202,479	2,570,177

	Consolidated					
	2021			2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Less:						
Unearned discounts and capitalized interest (Note 9)			**₱12,870**			₱14,996
Accumulated depreciation and amortization (Notes 10, 12 and 14)			**35,765**			32,380
Allowance for credit and impairment losses (Notes 10, 11, 12, 14, and 15)			**65,219**			67,638
			₱2,502,816			₱2,455,163
Financial Liabilities						
Deposit liabilities						
Demand	**₱588,434**	**₱–**	**₱588,434**	₱515,378	₱–	₱515,378
Savings	**874,283**	**–**	**874,283**	795,979	–	795,979
Time	**413,269**	**24,777**	**438,046**	426,752	23,351	450,103
LTNCD (Note 16)	**3,375**	**26,146**	**29,521**	6,250	29,505	35,755
	1,879,361	**50,923**	**1,930,284**	1,744,359	52,856	1,797,215
Bills payable and SSURA (Note 17)	**62,354**	**7,980**	**70,334**	126,471	13,143	139,614
Derivative liabilities (Note 8)	**3,854**	**4,495**	**8,349**	11,839	1,626	13,465
Manager's checks and demand drafts outstanding	**5,396**	**–**	**5,396**	6,024	–	6,024
Accrued interest and other expenses	**8,875**	**–**	**8,875**	7,621	–	7,621
Bonds payable (Note 19)	**17,485**	**62,338**	**79,823**	32,094	59,303	91,397
Subordinated debts (Note 20)	**–**	**1,168**	**1,168**	–	1,167	1,167
Non-equity non-controlling interest (Note 21)	**10,619**	**–**	**10,619**	8,315	–	8,315
Other liabilities (Note 21)						
Bills purchased - contra	**6,233**	**–**	**6,233**	10,994	–	10,994
Accounts payable	**19,329**	**–**	**19,329**	19,737	290	20,027
Marginal deposits	**13,425**	**–**	**13,425**	5,600	–	5,600
Lease liability	**1,367**	**3,717**	**5,084**	1,051	2,871	3,922
Outstanding acceptances	**2,729**	**–**	**2,729**	1,328	–	1,328
Deposits on lease contracts	**614**	**539**	**1,153**	684	774	1,458
Dividends payable	**90**	**–**	**90**	90	–	90
	2,031,731	**131,160**	**2,162,891**	1,976,207	132,030	2,108,237
Non-Financial Liabilities						
Retirement liability (Notes 21 and 27)	**–**	**57**	**57**	–	214	214
Income taxes payable	**1,749**	**–**	**1,749**	2,711	–	2,711
Accrued interest and other expenses	**983**	**–**	**983**	1,528	–	1,528
Withholding taxes payable (Note 21)	**502**	**–**	**502**	390	–	390
Deferred tax and other liabilities (Notes 21 and 28)	**7,251**	**1,651**	**8,902**	7,396	1,512	8,908
	10,485	**1,708**	**12,193**	12,025	1,726	13,751
	₱2,042,216	**₱132,868**	**₱2,175,084**	₱1,988,232	₱133,756	₱2,121,988

	Parent Company					
	2021			2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**₱38,452**	**₱–**	**₱38,452**	₱35,606	₱–	₱35,606
Due from BSP	**199,974**	**–**	**199,974**	262,188	–	262,188
Due from other banks	**36,240**	**–**	**36,240**	22,742	–	22,742
Interbank loans receivable and SPURA (Note 7)	**55,299**	**700**	**55,999**	57,210	–	57,210
Investment securities at FVTPL (Note 8)	**34,844**	**7,131**	**41,975**	67,913	43	67,956
Investment securities at FVOCI (Note 8)	**84,445**	**477,356**	**561,801**	147,766	394,900	542,666
Investment securities at amortized cost (Note 8)	**160**	**57,231**	**57,391**	2,950	4,959	7,909
Loans and receivables (Note 9)						
Receivables from customers	**571,420**	**523,102**	**1,094,522**	569,996	518,322	1,088,318
Unquoted debt securities	**386**	**198**	**584**	–	386	386
Accrued interest receivable	**8,062**	**–**	**8,062**	8,534	1	8,535
Accounts receivable	**5,372**	**–**	**5,372**	7,004	–	7,004
Sales contract receivable	**15**	**8**	**23**	42	14	56
Other receivables	**5**	**–**	**5**	11	–	11
Other assets (Note 14)						
Investments in SPVs	**8,857**	**–**	**8,857**	8,857	–	8,857
Interoffice float items	**377**	**–**	**377**	4	–	4
Returned checks and other cash items	**611**	**–**	**611**	238	–	238
	1,044,519	**1,065,726**	**2,110,245**	1,191,061	918,625	2,109,686
Non-Financial Assets - at gross						
Investments in subsidiaries (Note 11)	**–**	**69,321**	**69,321**	–	67,181	67,181
Property and equipment (Note 10)	**–**	**37,463**	**37,463**	–	34,758	34,758
Investments in associates (Note 11)	**–**	**675**	**675**	–	640	640
Investment properties (Note 12)	**–**	**4,805**	**4,805**	–	5,015	5,015
Deferred tax assets (Note 28)	**–**	**11,891**	**11,891**	–	11,394	11,394
Assets held under joint operations (Note 14)	**–**	**219**	**219**	–	219	219
Other assets (Note 14)	**1,522**	**12,072**	**13,594**	970	11,132	12,102
	1,522	**136,446**	**137,968**	970	130,339	131,309
	₱1,046,041	**₱1,202,172**	**2,248,213**	₱1,192,031	₱1,048,964	2,240,995

	Parent Company					
	2021			2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Less:						
Unearned discounts and capitalized interest (Note 9)			**₱9,903**			₱11,134
Accumulated depreciation and amortization (Notes 10, 12 and 14)			**23,149**			20,045
Allowance for credit and impairment losses (Notes 10, 11, 12, 14, and 15)			**53,865**			55,817
			₱2,161,296			₱2,153,999
Financial Liabilities						
Deposit liabilities						
Demand	**₱535,847**	**₱–**	**₱535,847**	₱467,545	₱–	₱467,545
Savings	**830,247**	**–**	**830,247**	755,713	–	755,713
Time	**272,442**	**931**	**273,373**	331,788	535	332,323
LTNCD (Note 16)	**–**	**21,080**	**21,080**	6,250	21,080	27,330
	1,638,536	**22,011**	**1,660,547**	1,561,296	21,615	1,582,911
Bills payable and SSURA (Note 17)	**52,094**	**420**	**52,514**	104,256	4,395	108,651
Derivative liabilities (Note 8)	**3,696**	**4,495**	**8,191**	11,813	–	11,813
Manager's and demand drafts outstanding	**4,803**	**–**	**4,803**	5,493	–	5,493
Accrued interest and other expenses	**6,252**	**–**	**6,252**	4,904	–	4,904
Bonds payable (Note 19)	**17,485**	**57,704**	**75,189**	21,671	54,684	76,355
Subordinated debts (Note 20)	**–**	**1,168**	**1,168**	–	1,167	1,167
Other liabilities (Note 21)						
Bills purchased - contra	**6,233**	**–**	**6,233**	10,990	–	10,990
Accounts payable	**10,367**	**–**	**10,367**	10,991	–	10,991
Marginal deposits	**153**	**–**	**153**	398	–	398
Lease liability	**753**	**2,432**	**3,185**	578	1,670	2,248
Outstanding acceptances	**2,729**	**–**	**2,729**	1,328	–	1,328
	1,743,101	**88,230**	**1,831,331**	1,733,718	83,531	1,817,249
Non-Financial Liabilities						
Income taxes payable	**1,549**	**–**	**1,549**	1,992	–	1,992
Accrued interest and other expenses	**983**	**–**	**983**	1,528	–	1,528
Withholding taxes payable (Note 21)	**433**	**–**	**433**	327	–	327
Other liabilities (Note 21)	**6,347**	**1,463**	**7,810**	6,681	1,333	8,014
	9,312	**1,463**	**10,775**	10,528	1,333	11,861
	₱1,752,413	**₱89,693**	**₱1,842,106**	₱1,744,246	₱84,864	₱1,829,110

23. Capital Stock

As of December 31, 2021 and 2020, this account consists of (amounts in millions, except par value and number of shares):

	Shares	**Amount**
Authorized		
Common stock – ₱20.00 par value	**6,000,000,000**	
Preferred stock – ₱20.00 par value	**1,000,000,000**	
Common stock issued and outstanding		
Balance at January 1 and December 31	**4,497,415,555**	**₱89,948**

As of December 31, 2021 and 2020, treasury shares totaling 1,280,855 and 1,134,147, respectively, represent shares of the Parent Company held by FMIC's mutual fund subsidiary (Note 32).

Preferred shares are non-voting except as provided by law; have preference over Common Shares in the distribution of dividends; subject to such terms and conditions as may be determined by the BOD and to the extent permitted by applicable law, may or may not be redeemable; and shall have such other features as may be determined by the BOD at the time of issuance.

On March 15, 2013, the BOD of the Parent Company approved (a) the amendment of the Articles of Incorporation (AOI) to increase the authorized capital stock and (b) the declaration of 30.00% stock dividend, which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2013. These were subsequently approved by the BSP on May 15, 2013 and by the SEC on August 13, 2013. Following this, the authorized capital stock of the Parent Company increased from ₱50.0 billion to ₱100.0 billion consisting of 4.0 billion common shares and 1.0 billion preferred shares, both with par value of ₱20.00 per share. The 30.00% stock dividend equivalent to 633,415,049 common shares amounting to ₱12.7 billion represents at least the minimum 25.00% subscribed and paid-up capital for the increase in the authorized capital stock referred to above which was issued/paid on September 16, 2013 with record date on September 3, 2013. On September 10, 2013, the PSE approved the listing of such additional common shares.

On January 21, 2015, the Parent Company's BOD approved the Stock Rights Offer (SRO) by way of issuance from the unissued portion of the authorized capital stock which was noted by BSP with the issuance of a letter of no objection to the Rights Issue on February 17, 2015. On February 24, 2015, the SEC confirmed the exemption of this issuance of ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the SRC. On February 25, 2015, the PSE approved the listing of up to 500.0 million common shares to cover the SRO to all stockholders of record as of March 18, 2015. On April 7, 2015, following regulatory approvals, the Parent Company concluded the ₱32.0 billion SRO, involving 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share and listed with the PSE on the same date. The difference between the issued price and the par value is recognized as 'Capital paid in excess of par value'.

On January 17, 2018, the Parent Company's BOD approved the SRO by way of issuance of up to a maximum of 819,827,214 common shares to raise additional capital of up to ₱60.0 billion. This was noted by the BSP with the issuance of a letter of no objection to the rights issue on January 29, 2018. On April 4, 2018, following the regulatory approvals, the Parent Company concluded the ₱60.0 billion SRO, involving 799,842,250 common shares with par value of ₱20.00 priced at ₱75.00 per share and listed on the PSE on April 12, 2018. Transaction costs on the SRO amounting to ₱878.2 million were charged against 'Capital paid in excess of par value'.

On February 13, 2019, the BOD of the Parent Company approved (a) the amendment of the AOI to increase the authorized capital stock from ₱100.0 billion to ₱140.0 billion and (b) the declaration of a 13% stock dividend equivalent to 517,401,955 shares amounting to ₱10.3 billion representing the minimum 25% subscription and paid-up capital for the increase in the authorized capital stock which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 24, 2019. These were approved by the BSP on August 8, 2019 and by the SEC on October 4, 2019. Following this, the authorized capital stock of the Parent Company increased from ₱100.0 billion to ₱140.0 billion consisting of 6.0 billion common shares and 1.0 billion preferred shares, both with par value of ₱20.0 per share. On October 16, 2019, the Parent Company received the SEC Order fixing the Record Date of the 13% stock dividend on October 31, 2019. The 13% stock dividend was issued on November 26, 2019 with record date on October 31, 2019. On November 19, 2019, the PSE approved the listing of such stock dividend.

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2021 and 2020, there are 2,979 and 2,999 holders, respectively, of the listed shares of the Parent Company, with share price closed at ₱55.70 and ₱49.05 a share, respectively.

The history of share issuances during the last ten years follows:

Year	Issuance	Listing Date	Number of Shares Issued
2019	Stock dividend	November 26, 2019	517,400,519
2018	Stock rights	April 12, 2018	799,842,250
2015	Stock rights	April 7, 2015	435,371,720
2013	Stock dividend	September 16, 2013	633,415,049
2011	Stock rights	January 24, 2011	200,000,000

Details of the Parent Company's cash dividend distributions from 2019 to 2021 follow:

Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
February 17, 2021	₱1.00 (regular)	₱4,497	March 5, 2021	March 18, 2021
February 17, 2021	3.00 (special)	13,492	March 5, 2021	March 18, 2021
February 19, 2020	1.00	4,497	March 6, 2020	March 20, 2020
February 13, 2019	1.00	3,980	March 1, 2019	March 14, 2019

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

24. Surplus Reserves

This account consists of:

	2021	2020
Reserve for trust business (Note 29)	**₱1,897**	₱1,736
Reserve for self-insurance	**545**	524
	₱2,442	₱2,260

In compliance with existing BSP regulations, 10.0% of the Parent Company's income from trust business is appropriated to surplus reserves. This yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Parent Company's regulatory net worth.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of the Parent Company's personnel or third parties.

25. Other Operating Income and Expenses

Service Charges, Fees and Commissions

The table below presents the disaggregation of service charges, fees and commission by business segment:

	Consolidated			**Parent Company**		
	2021	2020	2019	**2021**	2020	2019
Consumer banking	**₱5,749**	₱5,072	₱5,724	**₱5,247**	₱4,618	₱110
Branch banking	**3,391**	3,040	3,679	**2,428**	2,306	2,589
Corporate banking	**876**	850	1,639	**801**	737	936
Investment banking/treasury	**698**	618	855	**374**	434	357
Others*	**2,704**	2,123	2,369	**1,285**	896	1,153
	₱13,418	₱11,703	₱14,266	**₱10,135**	₱8,991	₱5,145

**Others include the remittance business of the Group and the Parent Company.*

The remaining performance obligations on revenue contracts with customers of the Group under PFRS 15, which are expected to be recognized beyond one year amounting to ₱660.5 million and ₱727.2 million (included in 'Deferred revenues' under 'Other liabilities') as of December 31, 2021 and 2020, respectively, refer to the customer loyalty program of the Parent Company. The customer loyalty points have no expiration and redemptions can go beyond one year.

Miscellaneous Income and Expenses

In 2021, 2020 and 2019, miscellaneous income includes gain on initial recognition of investment properties and other non-financial assets amounting to ₱813.1 million, ₱127.1 million and ₱486.5 million, respectively, for the Group, and ₱41.0 million, ₱14.6 million and ₱33.2 million, respectively, for the Parent Company; recovery on charged-off assets amounting to ₱1.4 billion, ₱691.6 million and ₱866.8 million, respectively, for the Group, and ₱1.0 billion, ₱449.3 million and ₱12.0 million, respectively, for the Parent Company; and information technology and other fees amounting to ₱784.6 million, ₱360.5 million and ₱44.9 million, respectively, for the Group, and ₱565.5 million, ₱269.6 million and ₱38.1 million, respectively, for the Parent Company (Note 32).

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Insurance	**₱3,897**	₱3,592	₱3,420	**₱3,232**	₱2,985	₱2,764
Security, messengerial and janitorial	**3,540**	3,500	2,581	**3,110**	2,986	2,054
Information technology (Note 32)	**1,555**	1,574	1,385	**1,286**	1,379	911
Litigation (Note 12)	**985**	911	904	**469**	512	390
Supervision fees	**860**	855	776	**774**	757	675
Advertising	**809**	512	1,161	**767**	439	340
Repairs and maintenance	**625**	695	569	**316**	416	222
Communications	**624**	602	634	**364**	372	115
Management, professional and supervision fees	**611**	1,771	1,569	**446**	1,539	1,308
Stationery and supplies used	**356**	465	520	**279**	333	337
Transportation and travel	**291**	658	569	**231**	517	428
Entertainment, amusement and representation (EAR) (Note 28)	**215**	300	488	**167**	251	440
Others*	**3,528**	2,245	2,000	**2,585**	1,570	1,102
	₱17,896	₱17,680	₱16,576	**₱14,026**	₱14,056	₱11,086

** Other expenses mainly include membership fees, donation, freight charges and other business expenses.*

26. Notes to Statements of Cash Flows

The amounts of interbank loans receivable and SPURA, gross of allowance for credit losses, considered as cash and cash equivalents follow:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Interbank loans receivable and SPURA	**₱70,475**	₱79,408	₱72,175	**₱55,998**	₱57,210	₱56,153
Interbank loans receivable and SPURA not considered as cash and cash equivalents	**(14,413)**	(32,739)	(4,862)	**(9,970)**	(27,369)	(1,575)
	₱56,062	₱46,669	₱67,313	**₱46,028**	₱29,841	₱54,578

Significant non-cash transactions of the Group and the Parent Company include:

- Additions to ROU assets as disclosed in Note 10;
- Foreclosures of properties or additions to investment and chattel properties as disclosed in Notes 12 and 14, respectively;
- Reclassifications of BUC (Note 10);
- Impact of merger (Note 11); and
- Reclassifications of software cost from customized system development costs (Note 14).

The table below provides for the changes in liabilities arising from financing activities in 2021, 2020 and 2019:

	Consolidated			
	Beginning	Net Cash Flows	Others	Ending
2021				
Bills payable and SSURA (Note 17)	**₱139,614**	**(₱63,687)**	**(₱5,593)**	**₱70,334**
Bonds payable (Note 19)	**91,397**	**(13,366)**	**1,792**	**79,823**
Subordinated debts (Note 20)	**1,167**	**–**	**1**	**1,168**
Dividends payable (Note 21)	**90**	**–**	**–**	**90**
Total liabilities from financing activities	**₱232,268**	**(₱77,053)**	**(₱3,800)**	**₱151,415**
2020				
Bills payable and SSURA (Note 17)	₱238,281	(₱44,680)	(₱53,987)	₱139,614
Bonds payable (Note 19)	80,486	10,869	42	91,397
Subordinated debts (Note 20)	7,660	(6,500)	7	1,167
Notes payable (Note 21)	2,592	(2,592)	–	–
Dividends payable (Note 21)	90	–	–	90
Total liabilities from financing activities	₱329,109	(₱42,903)	(₱53,938)	₱232,268
2019				
Bills payable and SSURA (Note 17)	₱259,607	(₱29,298)	₱7,972	₱238,281
Bonds payable (Note 19)	30,743	49,499	244	80,486
Subordinated debts (Note 20)	26,618	(19,000)	42	7,660
Notes payable (Note 21)	2,600	–	(8)	2,592
Dividends payable (Note 21)	90	–	–	90
Total liabilities from financing activities	₱319,658	₱1,201	₱8,250	₱329,109

	Parent Company				
	Beginning	Net Cash Flows	Impact of Merger (see Note 11)	Others	Ending
2021					
Bills payable and SSURA (Note 17)	**₱108,651**	**(₱54,808)**	**₱–**	**(₱1,329)**	**₱52,514**
Bonds payable (Note 19)	**76,355**	**(2,906)**	**–**	**1,740**	**75,189**
Subordinated debts (Note 20)	**1,167**	**–**	**–**	**1**	**1,168**
Total liabilities from financing activities	**₱186,173**	**(₱57,714)**	**₱–**	**₱412**	**₱128,871**
2020					
Bills payable and SSURA (Note 17)	₱139,072	(₱87,421)	₱65,389	(₱8,389)	₱108,651
Bonds payable (Note 19)	70,110	6,219	–	26	76,355
Subordinated debts (Note 20)	6,494	(6,500)	1,166	7	1,167
Total liabilities from financing activities	₱215,676	(₱87,702)	₱66,555	(₱8,356)	₱186,173
2019					
Bills payable and SSURA (Note 17)	₱151,079	(₱12,007)	₱–	₱–	₱139,072
Bonds payable (Note 19)	27,826	42,135	–	149	70,110
Subordinated debts (Note 20)	22,471	(16,000)	–	23	6,494
Total liabilities from financing activities	₱201,376	₱14,128	₱–	₱172	₱215,676

Others include the effect of cash flows of liabilities arising from operating activities.

27. Retirement Plan and Other Employee Benefits

The Parent Company and most of its subsidiaries have funded non-contributory defined benefit retirement plans covering all their respective permanent and full-time employees. Benefits are based on the employee's years of service and final plan salary.

For employees of the Parent Company, retirement from service is compulsory upon the attainment of the 55th birthday or 30th year of service, whichever comes first.

The existing regulatory framework, RA No. 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company and most of its subsidiaries meet the minimum retirement benefit specified under RA No. 7641.

The principal actuarial assumptions used in determining retirement liability of the Parent Company and significant subsidiaries are shown below:

	Parent Company	**FMIC**	**PSBank**	**ORIX Metro**
As of January 1, 2021				
Average remaining working life	**9 years**	**7 to 9 years**	**10 years**	**13 to 26 years**
Discount rate	**3.58%**	**3.38% to 3.68%**	**3.56%**	**3.5% to 3.9%**
Future salary increases	**6.00%**	**4.0% to 5.0%**	**4.00%**	**7.00%**
As of January 1, 2020				
Average remaining working life	9 years	7 years	10 years	13 to 26 years
Discount rate	4.74%	4.82% to 4.84%	4.86%	5.1% to 5.2%
Future salary increases	7.00%	6.29%	5.80%	7.00%

Discount rates used in computing for the present value of the DBO of the Parent Company and significant subsidiaries as of December 31, 2021 and 2020 follow:

	Parent Company	**FMIC**	**PSBank**	**ORIX Metro**
2021	**5.06%**	**4.75% to 5.13%**	**4.94%**	**5.0% to 5.6%**
2020	3.58%	3.38% to 3.68%	3.56%	3.50% to 3.90%

The net retirement liability (asset) of the Group and the Parent Company is presented in the following accounts in the statements of financial position:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Other assets (Note 14)	**(₱1,354)**	(₱2,441)	**(₱987)**	(₱2,441)
Other liabilities (Note 21)	**57**	214	**–**	–
	(₱1,297)	(₱2,227)	**(₱987)**	(₱2,441)

The defined benefit plan exposes the Group and the Parent Company to actuarial risk, such as longevity risk, interest rate risk and market (investment risk).

The fair value of plan assets by each class as at the end of the statement of financial position date are as follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cash and cash equivalents	**₱–**	₱156	**₱–**	₱18
Deposits in banks	**129**	–	**10**	–
Investment securities				
Debt securities (Note 32)	**20,921**	22,413	**16,927**	18,692
Equity securities (Note 32)	**4,409**	5,328	**4,150**	5,111
Unit investment trust fund and others (Note 32)	**540**	734	**513**	683
Total investment securities	**25,870**	28,475	**21,590**	24,486
Other assets	**193**	238	**169**	214
Total assets	**26,192**	28,869	**21,769**	24,718
Total liabilities and expected withdrawals	**(12)**	(22)	**–**	(19)
Fair value of net plan assets	**₱26,180**	₱28,847	**₱21,769**	₱24,699

Changes in net defined benefit liability (asset) are as follows:

Consolidated	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net Retirement Liability/(Asset)**
January 1, 2021	**₱26,620**	**(₱28,847)**	**(₱2,227)**
Net benefit cost			
Current service cost	**2,070**	**–**	**2,070**
Net interest	**880**	**(967)**	**(87)**
Sub-total	**2,950**	**(967)**	**1,983**
Benefits paid	**(2,938)**	**2,938**	**–**
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	**–**	**1,150**	**1,150**
Actuarial changes arising from experience adjustments	**2,157**	**–**	**2,157**
Actuarial changes arising from changes in financial/demographic assumptions	**(3,906)**	**22**	**(3,884)**
Sub-total	**(1,749)**	**1,172**	**(577)**
Contributions paid	**–**	**(476)**	**(476)**
December 31, 2021	**₱24,883**	**(₱26,180)**	**(₱1,297)**

Parent Company	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net Retirement Liability/(Asset)**
January 1, 2021	**₱22,258**	**(₱24,699)**	**(₱2,441)**
Net benefit cost			
Current service cost	**1,689**	**–**	**1,689**
Net interest	**728**	**(815)**	**(87)**
Sub-total	**2,417**	**(815)**	**1,602**
Benefits paid	**(2,680)**	**2,680**	**–**
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	**–**	**1,065**	**1,065**
Actuarial changes arising from experience adjustments	**2,052**	**–**	**2,052**
Actuarial changes arising from changes in financial/demographic assumptions	**(3,265)**	**–**	**(3,265)**
Sub-total	**(1,213)**	**1,065**	**(148)**
December 31, 2021	**₱20,782**	**(₱21,769)**	**(₱987)**

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2020	₱25,085	(₱28,077)	(₱2,992)
Net benefit cost			
Current service cost	1,873	–	1,873
Past service cost	285	–	285
Net interest	1,071	(1,241)	(170)
Sub-total	3,229	(1,241)	1,988
Benefits paid	(1,723)	1,723	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	(744)	(744)
Actuarial changes arising from experience adjustments	(252)	–	(252)
Actuarial changes arising from changes in financial/demographic assumptions	281	(3)	278
Sub-total	29	(747)	(718)
Net acquired/(released) obligation due to employee transfers	–	15	15
Contributions paid	–	(520)	(520)
December 31, 2020	₱26,620	(₱28,847)	(₱2,227)

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2020	₱19,371	(₱23,301)	(₱3,930)
Net benefit cost			
Current service cost	1,467	–	1,467
Net interest	867	(1,053)	(186)
Sub-total	2,334	(1,053)	1,281
Past service cost	285	–	285
Benefits paid	(1,424)	1,424	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	(717)	(717)
Actuarial changes arising from experience adjustments	(173)	–	(173)
Actuarial changes arising from changes in financial/demographic assumptions	424	–	424
Sub-total	251	(717)	(466)
Net acquired/(released) obligation due to employee transfers	1,441	(1,052)	389
December 31, 2020	₱22,258	(₱24,699)	(₱2,441)

In 2021, 2020 and 2019, deferred tax on remeasurements on retirement plans credited (charged) to OCI amounted to (₱413.8 million), (₱215.6 million), and ₱872.4 million, respectively, for the Group, and (₱323.8 million), (₱139.9 million) and ₱525.7 million, respectively, for the Parent Company (Note 28).

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the balance of DBO as of December 31, 2021 and 2020, assuming all other assumptions were held constant:

	Parent Company	**FMIC**	**PSBank**	**ORIX Metro**
As of December 31, 2021				
Discount rate				
+100 basis points (bps)	**(₱1,822)**	**(₱20)**	**(₱233)**	**(₱62)**
- 100 bps	**2,111**	**23**	**265**	**73**
Salary increase rate				
+100 bps	**1,928**	**24**	**280**	**72**
- 100 bps	**(1,703)**	**(23)**	**(250)**	**(62)**
Turnover rate				
+20% of actual rate	**(320)**	**(7)**	**(24)**	**–**
-20% of actual rate	**348**	**7**	**27**	**–**

(Forward)

	Parent Company	FMIC	PSBank	ORIX Metro
As of December 31, 2020				
Discount rate				
+100 basis points (bps)	(₱1,403)	(₱24)	(₱262)	(₱88)
- 100 bps	1,595	27	300	105
Salary increase rate				
+100 bps	1,402	28	312	101
- 100 bps	(1,273)	(25)	(277)	(86)
Turnover rate				
+20% of actual rate	(433)	(12)	(54)	–
-20% of actual rate	480	14	62	–

The Group and the Parent Company expect to contribute to the defined benefit retirement plans the required funding for normal cost in 2022 amounting to ₱345.1 million and nil, respectively.

The average duration of the DBO of the Group as of December 31, 2020 and 2019 are as follows:

	Parent Company	FMIC	PSBank	ORIX Metro
2021	**12.93 years**	**9.18 to 18.64 years**	**12.12 years**	**9.4 to 11 years**
2020	12.04 years	10.49 to 14.52 years	12.50 years	10.9 to 13.1 years

Shown below is the maturity analysis of the undiscounted benefit payments:

	Parent Company	FMIC	PSBank	ORIX Metro
As of December 31, 2021				
Less than 1 year	**₱869**	**₱21**	**₱251**	**₱46**
More than 1 year to 5 years	**6,936**	**194**	**1,239**	**212**
More than 5 years to 10 years	**13,091**	**234**	**1,893**	**269**
More than 10 years to 15 years	**12,202**	**167**	**2,082**	**–**
More than 15 years to 20 years	**17,146**	**173**	**2,075**	**–**
More than 20 years	**36,350**	**249**	**1,361**	**–**
As of December 31, 2020				
Less than 1 year	₱3,144	₱27	₱260	₱26
More than 1 year to 5 years	10,113	139	1,079	148
More than 5 years to 10 years	10,794	273	1,820	342
More than 10 years to 15 years	9,652	224	1,956	–
More than 15 years to 20 years	11,278	194	2,025	–
More than 20 years	11,514	165	1,443	–

In addition, the Parent Company has a Provident Plan which is a supplementary contributory retirement plan to and forms part of the main plan, the Retirement Plan, for the exclusive benefit of eligible employees of the Parent Company in the Philippines. Based on the provisions of the plan, upon retirement or resignation, a member shall be entitled to receive as retirement or resignation benefits 100.00% of the accumulated value of the personal contribution plus a percentage of the accumulated value arising from the Parent Company's contributions in accordance with the completed number of years serviced. The Parent Company's contribution to the Provident Fund in 2021 and 2020 amounted to ₱334.9 million and ₱321.3 million, respectively.

As of December 31, 2021 and 2020, the retirement funds of the Group's employees amounting to ₱26.2 billion and ₱28.8 billion, respectively, are being managed by its trust banking unit. The Parent Company has a Trust Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the retirement plan. Certain members of the BOD of the Parent Company are represented in the Trust Committee.

28. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income), as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the Act.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's and the Parent Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulation (RR) No. 25-2020.

Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

Following are the applicable taxes and tax rates for the foreign branches of the Parent Company:

Foreign Branches	Tax Rates
USA - New York Branch	21.00% federal income tax; 8.85% state tax; 6.50% city tax
Japan - Tokyo and Osaka Branches	2021 - 23% income tax; 2020 - 23.20% income tax; Various rates for business taxes - income tax, local business, sheet value and sheet capital allocations
Korea - Seoul and Pusan Branches	Various rates; 0.50% education tax
Taiwan - Taipei Branch	20.00% income tax; 5.00% gross business receipts tax; 5.0% value-added tax

The provision for income tax consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Current:						
Final tax	**₱3,488**	₱3,991	₱3,442	**₱3,060**	₱3,627	₱2,915
RCIT*	**2,702**	7,729	6,625	**2,317**	6,696	3,772
MCIT	**2**	5	6	**–**	–	–
	6,192	11,725	10,073	**5,377**	10,323	6,687
Deferred*	**1,585**	(4,679)	(12)	**421**	(3,413)	(78)
	₱7,777	₱7,046	₱10,061	**₱5,798**	₱6,910	₱6,609

** Includes income taxes of foreign subsidiaries.*

Components of net deferred tax assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Deferred tax asset on:				
Allowance for credit and impairment losses	**₱9,140**	₱11,167	**₱7,915**	₱8,546
Unamortized past service cost	**1,943**	2,380	**1,745**	2,134
Unrealized foreign exchange losses	**1,842**	403	**1,847**	403
Accumulated depreciation of investment properties	**267**	308	**127**	156
Deferred membership/awards	**213**	305	**214**	305
Retirement liability	**15**	523	**–**	1,017
NOLCO	**–**	34	**–**	–
MCIT	**–**	9	**–**	–
Others	**899**	807	**503**	24
	14,319	15,936	**12,351**	12,585
Deferred tax liability on:				
Unrealized gain on initial measurement of investment properties	**441**	154	**122**	151
Retirement asset	**255**	–	**247**	–
Unrealized mark-to-market gains	**93**	1,420	**91**	1,040
Others	**436**	334	**–**	–
	1,225	1,908	**460**	1,191
Net deferred tax assets	**₱13,094**	₱14,028	**₱11,891**	₱11,394

In 2021 and 2020, deferred tax credited (charged) to OCI amounted to ₱650.2 million and (₱1.1 billion) respectively, for the Group, and ₱918.2 million and (₱1.0 billion), respectively, for the Parent Company.

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following temporary differences:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Allowance for credit and impairment losses	**₱10,214**	₱18,835	**₱8,857**	₱17,532
NOLCO	**912**	675	**58**	–
MCIT	**13**	10	**–**	–
	₱11,139	₱19,520	**₱8,915**	₱17,532

The Group believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders. There are no temporary differences arising from undistributed profits of subsidiaries, branches, associates and a JV.

Details of the excess MCIT credits of the Group follow:

	Amount	Used/Expired	Balance	Expiry Year
2018	₱8	8	₱–	2021
2019	6	–	6	2022
2020	5	–	5	2023
2021	2	–	2	2024
	₱21	₱8	₱13	

As of December 31, 2021, details of the Group and the Parent Company's NOLCO follow:

		Consolidated			Parent Company		
Inception Year	Expiry Year	Amount	Used/Expired	Balance	Amount	Used/Expired	Balance
2018	2021	₱281	₱281	₱–	₱–	₱–	₱–
2019	2022	272	–	272	–	–	–
2020	2025	233	–	233	–	–	–
2021	2026	407	–	407	58	–	58
		₱1,193	₱281	₱912	₱58	₱–	₱58

A reconciliation of the statutory income tax rates and the effective income tax rates follows:

	Consolidated			**Parent Company**		
	2021	2020	2019	**2021**	2020	2019
Statutory income tax rate	**25.00%**	30.00%	30.00%	**25.00%**	30.00%	30.00%
Tax effects of:						
Tax-paid, tax-exempt and other non-taxable income	**(4.68)**	(34.94)	(10.41)	**(2.72)**	(31.02)	(8.16)
Non-deductible interest expense	**2.97**	8.16	4.14	**2.86**	7.99	3.82
FCDU income	**(3.34)**	(3.24)	(1.51)	**(3.28)**	(2.90)	(1.43)
Change in unrecognized deferred tax assets	**9.62**	14.45	–	**5.19**	12.29	–
Effect of change in tax rate	**(7.29)**	–	–	**(6.31)**	–	–
Others - net	**3.52**	19.09	3.62	**–**	16.96	(5.16)
Effective income tax rate	**25.80%**	33.52%	25.84%	**20.74%**	33.32%	19.07%

29. Trust Operations

Properties held by the Parent Company and PSBank in fiduciary or agency capacity for their customers are not included in the accompanying statements of financial position since these are not their resources.

In compliance with current banking regulations relative to the Parent Company and PSBank's trust functions, the following are government securities deposited with the BSP:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Investment securities at amortized cost	**₱6,297**	₱–	**₱6,297**	₱–
Investment securities at FVOCI	**128**	6,364	**–**	6,250
	₱6,425	₱6,364	**₱6,297**	₱6,250

30. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. No material losses are anticipated as a result of these transactions. The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Trust Banking Group accounts (Note 29)	**₱589,145**	₱567,841	**₱578,216**	₱558,273
Credit card lines	**188,099**	205,815	**188,099**	205,815
Unused commercial letters of credit (Note 32)	**48,813**	42,283	**47,386**	40,930
Undrawn commitments - facilities to lend	**14,898**	17,413	**14,898**	17,393
Bank guaranty with indemnity agreement (Note 32)	**14,563**	8,591	**14,563**	8,591
Credit line certificate with bank commission	**5,116**	4,262	**5,116**	4,262
Outstanding guarantees	**4,598**	3,826	**4,598**	3,826
Inward bills for collection	**3,165**	1,909	**3,164**	1,908
Outstanding shipside bonds/airway bills	**1,208**	2,594	**1,208**	2,594
Outward bills for collection	**848**	821	**847**	819
Confirmed export letters of credits	**781**	964	**40**	39
Late deposits/payments received	**185**	1,756	**185**	1,746
Others	**25,475**	11,488	**744**	862
	₱896,894	₱869,563	**₱859,064**	₱847,058

Several suits and claims relating to the Group's lending operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

31. Earnings per Share

The basis of calculation for earnings per share attributable to equity holdings of the Parent Company follows (amounts in millions, except for earnings per share):

	2021	2020	2019
a. Net income attributable to equity holders of the Parent Company	**₱22,156**	₱13,831	₱28,055
b. Weighted average number of outstanding common shares of the Parent Company	**4,496**	4,496	4,496
c. Basic/diluted earnings per share (a/b)	**₱4.93**	₱3.08	₱6.24

32. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel (Notes 2 and 11).

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectibility and did not present other unfavorable conditions.

The Parent Company has a Related Party Transactions Committee (RPTC) and a Related Party Transactions Management Committee (RPTMC), both of which are created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Parent Company are not misappropriated or misapplied. After appropriate review, RPTMC (through RPTC) and RPTC disclose all information and endorses to the BOD with recommendations, the proposed related party transactions. The members of the RPTC are appointed annually by the BOD, composed of at least three (3) Board non-executive members, two (2) of whom should be independent directors, including the Chairman. Currently, RPTC is composed of three (3) independent directors (including the Committee's Chairman); the head of Internal Audit Group (as Resource Person); and the Compliance Officer (as the Committee Secretary) and meets bi-monthly or as the need arises. On the other hand, RPTMC members are appointed annually by the President, composed of at least four (4) members. RPTC's and RPTMC's review of the proposed related party transactions considers the following:

a. Identity and relationship of the parties involved in the transaction;
b. Terms of the transaction and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances;
c. Business purpose, timing, rationale and benefits of the transaction;
d. Approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction;
e. Valuation methodology used and alternative approaches to valuation of the transaction;
f. Information concerning potential counterparties in the transaction;
g. Description of provisions or limitations imposed as a result of entering into the transaction;
h. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;
i. Impact to a director's independence;
j. Extent that such transaction or relationship would present an improper conflict of interest; and
k. The availability of other sources of comparable products or services.

Further, no director or officer participates in any discussion of a related party transaction for which he, she, or any member of his or her immediate family is a related party, including transactions of subordinates, except in order to provide material information on the related party transaction to RPTC.

Major subsidiaries, which include FMIC, PSBank, MCC (until 2019 - see Note 11) and MBCL, have their own respective RPTCs which assist their respective BODs in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that their corporate or business resources are not misappropriated or misapplied.

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Consolidated	
Category	**Amount**	**Terms and Conditions/Nature**
2021		
Entity with Significant Influence Over the Group		
Outstanding Balance:		
Deposit liabilities*	**₱1,328**	With annual fixed interest rates ranging from 0.00% to 0.30%, including time deposits with maturity terms from 22 to 31 days (Note 16)
Bills payable*	**108**	Peso borrowings subject to annual fixed interest rates of 0.13% with maturity term of 33 days (Note 17)
Amount/Volume:		
Deposit liabilities	**(658)**	Generally similar to terms and conditions above
Bills payable	**1**	Generally similar to terms and conditions above
Interest expense	**1**	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	**8,764**	Foreign currency-denominated lending, which earn annual fixed interest rates ranging from 0.43% to 3.30% with maturity terms from 17 to 359 days (Note 7)
Investment securities at		
FVTPL	**2**	Treasury notes and private bonds purchased from FMIC
FVOCI	**20**	Treasury note purchased from PSBank
Receivables from customers*	**335**	Unsecured, with ECL of ₱1.0 million; with annual fixed interest rates ranging from 0.00% to 3.50% and maturity terms from 3 to 179 days (Note 9)
Accounts receivable	**136**	Non-interest bearing receivables on service fees, remittance, rental fees and common use service area fees (Note 9)
Other receivables	**3**	Accrued rent receivable from PSBank
Deposit liabilities*	**6,270**	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 59 days (Note 16)
Bills payable*	**40**	Peso borrowings subject to annual fixed interest rates of 0.13% with maturity terms from 30 to 31 days (Note 17)
Treasury stock	**70**	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividends declared	**1,132**	Dividend declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	**2,352**	Generally similar to terms and conditions above
Receivables from customers	**(4,636)**	Generally similar to terms and conditions above
Accounts receivable	**(8)**	Generally similar to terms and conditions above
Deposit liabilities	**2,897**	Generally similar to terms and conditions above
Bills payable	**3**	Generally similar to terms and conditions above
Interest income	**206**	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	**31**	Income on transactional fees
Trading and securities gain - net	**36**	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	**6**	Net gain from foreign exchange transactions
Leasing income	**22**	Income from leasing agreements with various lease terms
Miscellaneous income	**180**	Information technology and other fees
Interest expense	**14**	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16, 17 and 19)
Securities transactions		
Purchases	**15,071**	Outright purchases of investment securities at FVTPL and FVOCI
Sales	**20,714**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	**12,281**	Outright purchases of foreign currency
Sell	**4,295**	Outright sale of foreign currency

	Consolidated	
Category	**Amount**	**Terms and Conditions/Nature**
Associates		
Outstanding Balance:		
Receivables from customers	**₱641**	Unsecured; with annual fixed interest rates of 2.34% and maturity terms of 60 days
Deposit liabilities*	**2,104**	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms from 31 to 357 days (Note 16)
Amount/Volume:		
Receivables from customers	**635**	Generally similar to terms and conditions above
Deposit liabilities	**(819)**	Generally similar to terms and conditions above
Interest Income	**10**	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	**1**	Net gain from securities transactions (Note 8)
Leasing income	**18**	Income from leasing agreements with various lease terms
Securities transactions		
Outright purchases	**15**	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	**3,121**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Sell	**1,318**	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	**₱31,363**	Secured - ₱5.4 billion, unsecured - ₱25.9 billion, with ECL of ₱143.0 million; with annual fixed interest rates ranging from 2.50% to 5.00% and maturity terms from 30 days to 5 years (Note 9)
Assets held under joint operations	**219**	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	**22,153**	With annual fixed interest rates ranging from 0.00% to 1.83%, including time deposits with maturity terms from 1 to 182 days (Note 16)
Amount/Volume:		
Receivables from customers	**(2,642)**	Generally similar to terms and conditions above
Deposit liabilities	**3,797**	Generally similar to terms and conditions above
Bills payable	**(77)**	Generally similar to terms and conditions above
Interest income	**1,028**	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	**(59)**	Net loss from foreign exchange transactions
Leasing income	**8**	Income from leasing agreements with various lease terms
Interest expense	**2**	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Contingent		
Unused commercial LCs	**10**	LC transactions with various terms
Others	**2**	Bank guaranty with indemnity agreement
Securities transactions - outright purchases	**26**	Outright purchases of FVTPL securities and FVOCI investments
Foreign currency		
Buy	**324**	Outright purchases of foreign currency
Sell	**71,710**	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	**₱91**	Secured - ₱64.5 million, unsecured - ₱26.7 million, no impairment; with annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	**269**	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	**8**	Generally similar to terms and conditions above
Deposit liabilities	**(45)**	Generally similar to terms and conditions above
Interest income	**3**	Interest income on receivables from customers (Note 9)

	Consolidated	
Category	**Amount**	**Terms and Conditions/Nature**
2020		
Entity with Significant Influence Over the Group		
Outstanding Balance:		
Deposit liabilities*	₱1,986	With annual fixed interest rates ranging from 0.00% to 0.30%, including time deposits with maturity terms from 30 to 39 days (Note 16)
Bills payable*	107	Peso borrowings subject to annual fixed interest rates of 0.88% with maturity term of 70 days (Note 17)
Amount/Volume:		
Deposit liabilities	(385)	Generally similar to terms and conditions above
Bills payable	(105)	Generally similar to terms and conditions above
Interest expense	2	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	6,412	Foreign currency-denominated lending, which earn annual fixed interest rates ranging from 0.00% to 3.45% with maturity terms from 17 to 212 days (Note 7)
Investment securities at		
FVTPL	83	Treasury notes and private bonds purchased from FMIC and PSBank
FVOCI	1,218	Treasury note purchased from PSBank
Receivables from customers*	4,971	Unsecured, with ECL of ₱35.0 million; with annual fixed interest rates ranging from 1.13% to 1.37% and maturity terms from 1 day to 3 years (Note 9)
Accounts receivable	144	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees (Note 9)
Other receivables	3	Accrued rent receivable from PSBank and ORIX
Derivative assets	751	Swaps bought with various terms (Note 8)
Deposit liabilities*	3,373	With annual fixed interest rates ranging from 0.00% to 0.30%, including time deposits with maturity terms of 40 days (Note 16)
Bills payable*	37	Peso borrowings subject to annual fixed interest rates ranging from 0.75% to 1.00% with maturity terms from 90 to 97 days (Note 17)
Treasury stock	65	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividends declared	1,103	Dividend declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	(466)	Generally similar to terms and conditions above
Receivables from customers	(11,108)	Generally similar to terms and conditions above
Accounts receivable	(50)	Generally similar to terms and conditions above
Deposit liabilities	(856)	Generally similar to terms and conditions above
Bills payable	(102)	Generally similar to terms and conditions above
Interest income	172	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	29	Income on transactional fees, including underwriting fees
Trading and securities gain - net	38	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(31)	Net loss from foreign exchange transactions
Leasing income	27	Income from leasing agreements with various lease terms
Miscellaneous income	231	Information technology and other fees
Interest expense	34	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16, 17 and 19)
Contingent - derivatives	5,450	Swaps bought with various terms
Securities transactions		
Purchases	69,454	Outright purchases of investment securities at FVTPL and FVOCI
Sales	10,880	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	10,644	Outright purchases of foreign currency
Sell	3,833	Outright sale of foreign currency

Category	Consolidated Amount	Terms and Conditions/Nature
Associates		
Outstanding Balance:		
Deposit liabilities*	₱2,923	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms from 31 to 35 days (Note 16)
Amount/Volume:		
Receivables from customers	(1,301)	Generally similar to terms and conditions above
Accounts receivable	(1)	Generally similar to terms and conditions above
Deposit liabilities	1,508	Generally similar to terms and conditions above
Interest Income	31	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	43	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(2)	Net loss from foreign exchange transactions
Leasing income	24	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	1,124	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	5,258	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	178	Outright purchases of foreign currency
Sell	1,929	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱34,005	Secured - ₱5.4 billion, unsecured - ₱28.6 billion, with ECL of ₱220.0 million; with annual fixed interest rates ranging from 2.50% to 5.00% and maturity terms from 30 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	18,356	With annual fixed interest rates ranging from 0.00% to 1.00%, including time deposits with maturity terms from 6 days to 359 days (Note 16)
Bills payable*	77	Peso-denominated borrowings with annual fixed interest rates ranging from 0.63% to 1.13% and maturity terms from 66 to 182 days
Amount/Volume:		
Receivables from customers	1,778	Generally similar to terms and conditions above
Accounts receivable	(2)	Generally similar to terms and conditions above
Deposit liabilities	4,466	Generally similar to terms and conditions above
Bills payable	77	Generally similar to terms and conditions above
Interest income	1,484	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	–	Net gain from foreign exchange transactions
Leasing income	15	Income from leasing agreements with various lease terms
Interest expense	12	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Contingent		
Unused commercial LCs	35	LC transactions with various terms
Foreign currency		
Buy	273	Outright purchases of foreign currency
Sell	95	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱83	Secured - ₱57 million, unsecured - ₱25.8 million, no impairment; with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 1 year to 15 years (Note 9)
Deposit liabilities	314	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	(2)	Generally similar to terms and conditions above
Deposit liabilities	147	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)

	Consolidated	
Category	Amount	Terms and Conditions/Nature
2019		
Entity with Significant Influence Over the Group		
Amount		
Service charges, fees and commissions	₱129	Financial advisory fees
Interest expense	16	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Subsidiaries		
Amount		
Interest income	₱826	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	102	Income on transactional fees, including underwriting fees
Trading and securities gain - net	300	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(123)	Net loss from foreign exchange transactions
Leasing income	58	Income from leasing agreements with various lease terms
Miscellaneous income	344	Information technology and other fees
Interest expense	73	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16, 17 and 19)
Associates		
Amount		
Interest Income	₱57	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	5	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(13)	Net loss from foreign exchange transactions
Leasing income	17	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Other Related Parties		
Amount		
Interest income	₱1,025	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	2	Net gain from foreign exchange transactions
Leasing income	21	Income from leasing agreements with various lease terms
Interest expense	605	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Key Personnel		
Amount		
Interest income	₱3	Interest income on receivables from customers (Note 9)

* *Includes accrued interest*

	Parent Company	
Category	Amount	Terms and Conditions/Nature
2021		
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	**₱1,328**	With annual fixed interest rate ranging from 0.00% to 0.30%, including time deposits with maturity terms of 22 to 31 days (Note 16)
Amount/Volume:		
Deposit liabilities	**(658)**	Generally similar to terms and conditions above
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	**₱8,764**	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 0.43% to 3.30% with maturity terms from 17 to 359 days with minimal expected credit loss (Note 7)
Investment Securities at		
FVTPL	**2**	Treasury notes and private bonds purchased from FMIC
FVOCI	**20**	Treasury note purchased from PSBank
Receivables from customers*	**254**	Unsecured, with ECL of ₱1.0 million; With annual fixed interest rates ranging from 0.00% to 3.50% and maturity terms from 3 to 179 days (Note 9)
Accounts receivable	**133**	Non-interest bearing receivables on service fees, remittance, rental fees and common use service area fees (Note 9)
Other receivables	**3**	Accrued rent receivable from PSBank
Deposit liabilities*	**6,270**	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 59 days (Note 16)
Treasury stock	**70**	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividend declared	**1,132**	Dividend declared by PSBank (Note 11)

(Forward)

Category	Parent Company Amount	Parent Company Terms and Conditions/Nature
Amount/Volume:		
Interbank loans receivable	**₱2,352**	Generally similar to terms and conditions above
Receivables from customers	**(4,717)**	Generally similar to terms and conditions above
Accounts receivable	**13**	Generally similar to terms and conditions above
Deposit liabilities	**2,897**	Generally similar to terms and conditions above
Interest income	**206**	Interest income on receivables from customers and interbank loans receivables (Note 9)
Service charges, fees and commissions	**3**	Income from transactional fees
Trading and securities gain - net	**36**	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	**6**	Net gain from foreign exchange transactions
Leasing income	**6**	Income from leasing agreements with various lease terms
Miscellaneous income	**180**	Information technology and other fees (Note 25)
Interest expense	**2**	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)
Securities transactions		
Purchases	**11,800**	Outright purchases of investment securities at FVTPL and FVOCI
Sales	**20,634**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	**12,281**	Outright purchases of foreign currency
Sell	**4,295**	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivables from customers	**₱641**	Unsecured; with annual fixed interest rates of 2.34% and maturity terms of 60 days
Deposit liabilities*	**1,702**	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 34 to 357 days (Note 16)
Amount/Volume:		
Receivables from customers	**635**	Generally similar to terms and conditions above
Deposit liabilities	**(350)**	Generally similar to terms and conditions above
Interest Income	**10**	Interest income on receivables from customers (Note 9)
Leasing income	**1**	Income from leasing agreements with various lease terms
Securities transactions		
Outright purchases	**15**	Outright purchases of investment securities at FVTPL and FVOCI
Outright sales	**845**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Sell	**1,318**	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	**₱31,363**	Secured - ₱5.4 billion, unsecured - ₱25.9 billion, with ECL of ₱143.0 million; with annual fixed interest rates ranging from 2.50% to 5.00% and maturity terms from 30 days to 5 years (Note 9)
Assets held under joint operations	**219**	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	**14,665**	With annual fixed interest rates ranging from 0.00% to 0.40%, including time deposits with maturity terms of 3 to 182 days (Note 16)
Amount/Volume:		
Receivables from customers	**(2,641)**	Generally similar to terms and conditions above
Deposit liabilities	**(3,389)**	Generally similar to terms and conditions above
Interest income	**1,028**	Interest income on receivables from customers
Foreign exchange loss - net	**(59)**	Net loss from foreign exchange transactions
Leasing income	**8**	Income from leasing agreements with various lease terms
Interest expense	**1**	Interest expense on deposit liabilities (Note 16)
Contingent		
Unused commercial LCs	**10**	LC transactions with various terms
Others	**2**	Bank guaranty with indemnity agreement
Foreign currency		
Buy	**324**	Outright purchases of foreign currency
Sell	**71,710**	Outright sale of foreign currency

	Parent Company	
Category	Amount	Terms and Conditions/Nature
Key Personnel		
Outstanding Balance:		
Receivables from customers	**₱79**	Secured - ₱63.0 million and unsecured - ₱15.6 million, no impairment; with annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms of 2 to 19 years (Note 9)
Deposit liabilities	**269**	With various terms and annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	**7**	Generally similar to terms and conditions above
Deposit liabilities	**(45)**	Generally similar to terms and conditions above
Interest income	**2**	Interest income on receivables from customers (Note 9)
2020		
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	₱1,986	With annual fixed interest rate ranging from 0.00% to 0.30%, including time deposits with maturity terms of 30 to 39 days (Note 16)
Amount/Volume:		
Deposit liabilities	(385)	Generally similar to terms and conditions above
Interest expense	1	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱6,412	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 0.00% to 3.45% with maturity terms from 17 to 212 days with minimal expected credit loss (Note 7)
Investment Securities at		
FVTPL	83	Treasury notes and private bonds purchased from FMIC and PSBank
FVOCI	1,218	Treasury note purchased from PSBank
Receivables from customers*	4,971	Unsecured, with ECL of ₱35.0 million; with annual fixed interest rates ranging from 1.13% to 1.37% and maturity terms from 1 day to 3 years (Note 9)
Accounts receivable	120	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees (Note 9)
Other receivables	3	Accrued rent receivable from PSBank and Orix
Derivative assets	751	Swaps bought with various terms (Note 8)
Deposit liabilities*	3,373	With annual fixed interest rates ranging from 0.00% to 0.30%, including time deposits with maturity terms of 40 days (Note 16)
Treasury stock	65	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividend declared	1,103	Dividend declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	734	Generally similar to terms and conditions above
Receivables from customers	(11,108)	Generally similar to terms and conditions above
Accounts receivable	(16)	Generally similar to terms and conditions above
Deposit liabilities	(856)	Generally similar to terms and conditions above
Interest income	159	Interest income on receivables from customers and interbank loans receivables (Note 9)
Service charges, fees and commissions	3	Income from transactional fees
Trading and securities gain - net	28	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(31)	Net loss from foreign exchange transactions
Leasing income	5	Income from leasing agreements with various lease terms
Miscellaneous income	219	Information technology and other fees (Note 25)
Interest expense	22	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)
Contingent - derivatives	5,450	Swaps with various terms
Securities transactions		
Purchases	65,038	Outright purchases of investment securities at FVTPL and FVOCI
Sales	10,880	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	10,644	Outright purchases of foreign currency
Sell	3,833	Outright sale of foreign currency

	Parent Company	
Category	Amount	Terms and Conditions/Nature
Associates		
Outstanding Balance:		
Deposit liabilities*	₱2,052	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 31 to 35 days (Note 16)
Amount/Volume:		
Receivables from customers	(1,301)	Generally similar to terms and conditions above
Deposit liabilities	661	Generally similar to terms and conditions above
Interest Income	31	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	42	Net gain from securities transactions
Foreign exchange loss - net	(2)	Net loss from foreign exchange transactions
Leasing income	10	Income from leasing agreements with various lease terms
Securities transactions		
Outright sales	2,290	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	178	Outright purchases of foreign currency
Sell	1,929	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱34,004	Secured - ₱5.4 billion, unsecured - ₱28.6 billion, with ECL of ₱220.0 million; with annual fixed interest rates ranging from 2.50% to 5.00% and maturity terms from 30 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	18,054	With annual fixed interest rates ranging from 0.00% to 1.00%, including time deposits with maturity terms of 6 days to 359 days (Note 16)
Amount/Volume:		
Receivables from customers	1,777	Generally similar to terms and conditions above
Deposit liabilities	4,677	Generally similar to terms and conditions above
Interest income	1,484	Interest income on receivables from customers
Foreign exchange gain – net	–	Net gain from foreign exchange transactions
Leasing income	15	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Contingent		
Unused commercial LCs	35	LC transactions with various terms
Foreign currency		
Buy	273	Outright purchases of foreign currency
Sell	95	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱72	Secured - ₱55 million and unsecured - ₱17 million, no impairment; with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms of 2 to 15 years (Note 9)
Deposit liabilities	314	With various terms and annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	2	Generally similar to terms and conditions above
Deposit liabilities	147	Generally similar to terms and conditions above
Interest income	2	Interest income on receivables from customers (Note 9)
2019		
Entities with Significant Influence		
Amount		
Interest expense	₱6	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
Amount		
Interest income	₱767	Interest income on receivables from customers and interbank loans receivables (Note 9)
Service charges, fees and commissions	38	Income from transactional fees
Trading and securities gain - net	167	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(123)	Net loss from foreign exchange transactions
Leasing income	31	Income from leasing agreements with various lease terms
Miscellaneous income	305	Information technology and other fees (Note 25)
Interest expense	53	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)

Category	Parent Company Amount	Parent Company Terms and Conditions/Nature
Associates		
Amount		
Interest Income	₱57	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(13)	Net loss from foreign exchange transactions
Leasing income	3	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Other Related Parties		
Amount		
Interest income	₱1,025	Interest income on receivables from customers
Foreign exchange gain - net	2	Net gain from foreign exchange transactions
Leasing income	21	Income from leasing agreements with various lease terms
Interest expense	591	Interest expense on deposit liabilities (Note 16)
Key Personnel		
Amount		
Interest income	₱2	Interest income on receivables from customers (Note 9)

* *Includes accrued interest*

As of December 31, 2021 and 2020, government bonds with total face value of ₱60.0 million (classified as 'Investment securities at FVOCI'), are pledged by PSBank to the Parent Company to secure the latter's payroll account with PSBank. Also, the Parent Company has assigned to PSBank government securities with total face value of ₱3.5 billion (classified as 'Investment securities at amortized cost') and ₱4.0 billion (classified as 'Investment securities at FVOCI'), respectively, to secure PSBank's deposits to the Parent Company.

Receivables from customers and deposit liabilities and their related statement of financial position and statement of income accounts resulted from the lending and deposit-taking activities of the Group and the Parent Company. Together with the sale of investment properties, borrowings, contingent accounts including derivative transactions, outright purchases and sales of securities and foreign currency buy and sell, leasing of office premises, securing of insurance coverage on loans and property risk, and other management services rendered, these are conducted in the normal course of business, at arm's-length transactions and are generally settled in cash. The amounts and related volumes and changes are presented in the summary above. Terms of receivables from customers, deposit liabilities and borrowings are also disclosed in Notes 9, 16 and 17, respectively, while other related party transactions above have been referred to their respective note disclosures.

The compensation of the key management personnel of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Short-term employee benefits	**₱3,817**	₱3,879	₱3,446	**₱2,902**	₱3,120	₱2,500
Post-employment benefits	**120**	132	140	**84**	73	56
	₱3,937	₱4,011	₱3,586	**₱2,986**	₱3,193	₱2,556

Director's fees and bonuses of the Parent Company in 2021, 2020 and 2019 amounted to ₱68.0 million, ₱69.0 million and ₱66.1 million, respectively.

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of related party retirement plans pursuant to which it provides trust and management services to these plans. Certain trustees of the plans are either officers or directors of the Parent Company and/or the subsidiaries. Income earned by the Parent Company from such services amounted to ₱98.2 million, ₱99.6 million and ₱98.3 million in 2021, 2020 and 2019, respectively. In 2021, 2020 and 2019, the Parent Company purchased securities totaling ₱4.9 billion, ₱938.7 million and ₱2.1 billion, respectively, from its related party retirement plans and also sold securities totaling ₱6.1 billion, ₱3.4 billion and ₱4.5 billion, respectively, and recognized net trading gains of ₱15.1 million and ₱46.6 million in 2021 and 2020, respectively, and net trading loss of ₱11.3 million in 2019. Further, as of December 31, 2021 and 2020, the total outstanding deposit liabilities of the Group from these related party retirement funds amounted to ₱73.1 million and ₱112.0 million, respectively. Interest expense on deposit liabilities amounted to ₱0.4 million, ₱1.6 million and ₱23.7 million in 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, the related party retirement plans also hold investments in the equity shares of various companies within the Group amounting to ₱235.9 million and ₱240.3 million, respectively, with unrealized trading losses of ₱64.3 million and ₱73.4 million, respectively, and investments in mutual funds and trust funds of various companies within the Group amounting to ₱749.5 million and ₱733.1 million, respectively, with unrealized trading loss of ₱0.5 million and unrealized trading gain of ₱3.4 million, respectively. Further as of December 31, 2021 and 2020, investments in the corporate bonds of the Parent Company by the related party retirement plans amounted to ₱1.6 billion and ₱1.7 billion, respectively, with unrealized trading gains of ₱13.0 million and ₱71.9 million, respectively. In 2021, 2020 and 2019, realized trading gains amounted to ₱2.8 million, ₱11.2 million and ₱92.0 million, respectively. The related party retirement plans also recognized dividend income of ₱1.5 million, ₱2.8 million and ₱0.7 million in 2021, 2020 and 2019, respectively.

33. **Foreign Exchange**

Closing rates as of December 31 and WAR for each of the year ended December 31 are as follows:

	BAP		
	2021	2020	2019
Closing	**₱51.00**	₱48.02	₱50.64
WAR	**49.28**	49.63	51.79

34. **Other Matters**

The Group has no significant matters to report in 2021 on the following:

a. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues except that in order to anticipate the impact of COVID-19 pandemic, as required by the expected credit loss model of PFRS 9, the Group recorded provisions for credit and impairment losses by ₱11.8 billion for the year ended December 31, 2021.
b. Explanatory comments about the seasonality or cyclicality of operations.
c. Issuances, repurchases and repayments of debt and equity securities except for (a) issuance of the ₱19.0 billion fixed rate bonds and redemptions of ₱11.25 billion and ₱10.5 billion fixed rate bonds and ₱6.25 billion LTNCD of the Parent Company, (b) redemption of the ₱6.3 billion fixed rate bonds of PSBank, and (c) redemption of the ₱4.16 billion fixed rate bonds of Orix Metro, as discussed in Notes 16 and 19.
d. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payment of cash dividends by the Parent Company, as discussed in Note 23; and
e. Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations (except as discussed in Note 11).

35. Subsequent Events

a. On January 17, 2022, the BOD of PSBank declared 7.50% regular cash dividend for the fourth quarter of 2021 amounting to ₱320.14 million or ₱0.75 per share, payable on February 16, 2022 to stockholders of record as of February 2, 2022.
b. On February 23, 2022, the BOD of the Parent Company approved a new dividend policy of increasing the regular cash dividends from ₱1.00 to ₱1.60 per share for the year, payable on a semi-annual basis at ₱0.80 per share. In addition, a special cash dividend of ₱1.40 per share was also declared. The first tranche of the regular cash dividend of ₱0.80 per share and the special cash dividend of ₱1.40 per share are payable on March 31, 2022 to all stockholders of record as of March 17, 2022.

36. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the BOD on February 23, 2022.

37. Report on the Supplementary Information Required under BSP Circular No. 1074

Supplementary Information Under BSP Circular No. 1074
On January 8, 2020, the Monetary Board approved the amendments to the relevant provisions of the Manual of Regulations for Banks and Manual of Regulations for Foreign Exchange Transactions. Among the provisions is the requirement to include the following additional information to the Audited Financial Statements.

a. *Quantitative indicators of financial performance*
The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			**Parent Company**		
	2021	2020	2019	**2021**	2020	2019
Return on average equity (1)	**6.89%**	4.36%	9.47%	**6.88%**	4.29%	9.16%
Return on average assets (2)	**0.89%**	0.56%	1.20%	**1.03%**	0.65%	1.42%
Net interest margin on average earning assets (3)	**3.39%**	3.98%	3.84%	**3.14%**	3.76%	3.09%

(1) Net income attributable to equity holders of the Parent Company for the year divided by average total equity attributable to the Parent Company.
(2) Net income attributable to equity holders of the Parent Company for the year divided by average total assets.
(3) Net interest income for the year divided by average interest-earning assets.

b. *Description of capital instrument issued*
The Group and the Parent Company consider its common stock and subordinated debts as capital instruments eligible as Tier 1 and Tier 2 capitals.

c. *Significant Credit Exposures*
Significant credit exposures as to industry, gross of unearned discount and capitalized interest, follows:

	Consolidated				Parent Company			
	2021		2020		**2021**		2020	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Real estate activities	**₱226,704**	**17.72**	₱224,339	17.29	**₱186,256**	**17.02**	₱178,723	16.42
Manufacturing	**162,123**	**12.67**	161,292	12.43	**160,430**	**14.66**	159,193	14.63
Wholesale and retail trade, repair of motor vehicles and motorcycles	**160,593**	**12.55**	171,851	13.25	**152,289**	**13.91**	161,504	14.84
Financial and insurance activities	**121,358**	**9.48**	106,479	8.21	**120,308**	**10.99**	110,096	10.12
Activities of household employees	**114,104**	**8.92**	138,069	10.64	**52,427**	**4.79**	55,894	5.14
Information and communication	**91,774**	**7.17**	62,959	4.85	**91,670**	**8.38**	62,400	5.73
Electricity, gas, steam and air conditioning supply	**52,917**	**4.14**	67,987	5.24	**50,953**	**4.65**	65,856	6.05
Construction	**42,204**	**3.30**	44,922	3.46	**35,933**	**3.28**	37,111	3.41
Transportation and storage	**31,420**	**2.46**	35,515	2.74	**22,977**	**2.10**	24,659	2.26
Accommodation and food service activities	**21,742**	**1.70**	26,155	2.02	**21,399**	**1.95**	25,771	2.37
Agriculture, forestry, and fishing	**19,240**	**1.50**	22,141	1.71	**17,614**	**1.61**	19,979	1.83
Administrative and support service activities	**5,185**	**0.41**	5,788	0.45	**4,714**	**0.43**	5,150	0.47
Water supply, sewerage, waste management and remediation activities	**4,897**	**0.38**	3,181	0.25	**4,821**	**0.44**	3,102	0.29
Other service activities	**4,325**	**0.33**	8,752	0.67	**186**	**0.02**	398	0.04
Human health and social work activities	**4,130**	**0.32**	4,227	0.33	**3,688**	**0.34**	3,717	0.34
Professional scientific and technical activities	**1,363**	**0.11**	1,467	0.11	**1,124**	**0.10**	1,155	0.11
Mining and quarrying	**1,090**	**0.09**	1,999	0.15	**529**	**0.05**	1,369	0.12
Education	**817**	**0.06**	1,211	0.09	**680**	**0.06**	1,067	0.10
Arts, entertainment and recreation	**590**	**0.05**	377	0.03	**496**	**0.05**	288	0.03
Others	**212,918**	**16.64**	208,590	16.08	**166,028**	**15.17**	170,886	15.70
	₱1,279,494	**100.00**	₱1,297,301	100.00	**₱1,094,522**	**100.00**	₱1,088,318	100.00

The Group considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio.

d. *Breakdown of loans*
The following table shows information relating to receivables from customers by collateral, gross of unearned discounts and capitalized interest:

	Consolidated				Parent Company			
	2021		2020		**2021**		2020	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Secured by:								
Other securities	**₱242,086**	**18.92**	₱239,372	18.45	**₱242,086**	**22.12**	₱239,372	22.00
Real estate	**94,001**	**7.34**	101,659	7.84	**61,037**	**5.58**	66,693	6.13
Chattel	**91,882**	**7.18**	126,873	9.78	**17,796**	**1.63**	20,396	1.87
Deposit hold-out	**41,402**	**3.24**	38,098	2.94	**40,884**	**3.73**	37,472	3.44
Equity securities	**6,663**	**0.52**	26,329	2.03	**5,507**	**0.50**	5,558	0.51
Others	**10,732**	**0.84**	22,090	1.70	**304**	**0.03**	2,803	0.26
	486,766	**38.04**	554,421	42.74	**367,614**	**33.59**	372,294	34.21
Unsecured	**792,728**	**61.96**	742,880	57.26	**726,908**	**66.41**	716,024	65.79
	₱1,279,494	**100.00**	₱1,297,301	100.00	**₱1,094,522**	**100.00**	₱1,088,318	100.00

Non-performing loans (NPLs) included in the total loan portfolio of the Group and the Parent Company, as reported to the BSP, are presented below:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Gross NPLs	**₱27,354**	₱30,919	**₱16,507**	₱17,790
Less allowance for credit losses	**18,101**	17,593	**13,546**	14,194
Net carrying amount	**₱9,253**	₱13,326	**₱2,961**	₱3,596

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

e. *Information on related party loans*

In the ordinary course of business, the Group has loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI) based on BSP Circular No. 423 dated March 15, 2004, as amended. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed the respective total equity or 15.00% of the respective total loan portfolio, whichever is lower, of the Parent Company, PSBank, FMIC, and ORIX Metro.

The following table shows information on related party loans as reported to the BSP:

	2021		2020	
	DOSRI Loans	**Related Party Loans**	DOSRI Loans	Related Party Loans
Consolidated				
Total outstanding loans	**₱7,899**	**₱39,208**	₱8,732	₱47,636
Percent of DOSRI/Related Party Loans to total loan portfolio	**0.59%**	**2.93%**	0.64%	3.50%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**18.76%**	**95.12%**	17.42%	99.10%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.01%**	**0.00%**	0.01%	0.00%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.01%**	**0.00%**	0.01%	0.00%
Parent Company				
Total outstanding loans	**₱7,668**	**₱39,128**	₱8,497	₱47,521
Percent of DOSRI/Related Party Loans to total loan portfolio	**0.67%**	**3.43%**	0.75%	4.19%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**16.51%**	**95.11%**	15.33%	99.10%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.00%**	**0.00%**	0.00%	0.00%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.00%**	**0.00%**	0.00%	0.00%

BSP Circular Nos. 560 and 654 provide the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks which require that the total outstanding loans, other credit accommodations and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% while a separate individual limit of 25.00% for those engaged in energy and power generation, of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% or 12.50%, respectively, of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank as reported to the BSP. As of December 31, 2021 and 2020, the total outstanding loans, other credit accommodations and guarantees to each of the Parent Company's subsidiaries and affiliates did not exceed 10.00% of the Parent Company's net worth, as reported to the BSP, and the unsecured portion did not exceed 5.00% of such net worth wherein the total outstanding loans, other credit accommodations and guarantees to all such subsidiaries and affiliates represent 11.51% and 13.18%, respectively, of the Parent Company's net worth. The Parent Company has no outstanding loans, other credit accommodations and guarantees to subsidiaries and affiliates engaged in energy and power generation.

Total interest income on DOSRI loans in 2021, 2020 and 2019 amounted to ₱255.9 million, ₱367.8 million and ₱485.8 million, respectively, for the Group, and ₱250.3 million, ₱366.0 million and ₱468.7 million, respectively, for the Parent Company.

f. *Secured Liabilities and Assets Pledged as Security*

The following are the carrying values of government debt securities pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2021		2020		**2021**		2020	
	Transferred Securities	**SSURA**	Transferred Securities	SSURA	**Transferred Securities**	**SSURA**	Transferred Securities	SSURA
Investment securities at FVOCI	**₱61,994**	**₱50,798**	₱108,065	₱83,671	**₱61,994**	**₱50,798**	₱108,065	₱83,671
Investment securities at FVTPL	–	–	4,804	4,708	–	–	4,804	4,708
Investment securities at amortized cost	–	–	4,535	4,680	–	–	4,535	4,680
	₱61,994	**₱50,798**	₱117,404	₱93,059	**₱61,994**	**₱50,798**	₱117,404	₱93,059

g. *Contingencies and commitments arising from off-balance sheet items*

The following is a summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Trust Banking Group accounts	**₱589,145**	₱567,841	**₱578,216**	₱558,273
Credit card lines	**188,099**	205,815	**188,099**	205,815
Unused commercial letters of credit	**48,813**	42,283	**47,386**	40,930
Undrawn commitments - facilities to lend	**14,898**	17,413	**14,898**	17,393
Bank guaranty with indemnity agreement	**14,563**	8,591	**14,563**	8,591
Credit line certificate with bank commission	**5,116**	4,262	**5,116**	4,262
Outstanding guarantees	**4,598**	3,826	**4,598**	3,826
Outstanding shipside bonds/airway bills	**1,208**	2,594	**1,208**	2,594
Inward bills for collection	**3,165**	1,909	**3,164**	1,908

(Forward)

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Outward bills for collection	**₱848**	₱821	**₱847**	₱819
Confirmed export letters of credits	**781**	964	**40**	39
Late deposits/payments received	**185**	1,756	**185**	1,746
Others	**25,475**	11,488	**744**	862
	₱896,894	₱869,563	**₱859,064**	₱847,058

38. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

Supplementary Information Under RR No. 15-2010
On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported the following types of taxes for the year ended December 31, 2021 included under 'Taxes and licenses' account in the statement of income:

GRT	₱3,990
DST	1,393
Local taxes	190
Real estate tax	52
Others	351
	₱5,976

Details of the total withholding taxes remittances for the taxable year December 31, 2021 follow:

Taxes withheld on compensation	₱2,439
Final withholding taxes	2,216
Expanded withholding taxes	778
	₱5,433

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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Philippines

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Metropolitan Bank & Trust Company
Metrobank Plaza, Sen. Gil Puyat Avenue
Urdaneta Village, Makati City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metropolitan Bank & Trust Company and Subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated February 23, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier
Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
Tax Identification No. 900-322-673
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1328-AR-2 (Group A)
July 9, 2019, valid until July 8, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-069-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854341, January 3, 2022, Makati City

February 23, 2022

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Metropolitan Bank & Trust Company
Metrobank Plaza, Sen. Gil Puyat Avenue
Urdaneta Village, Makati City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metropolitan Bank & Trust Company and Subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated February 23, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
Tax Identification No. 900-322-673
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BIR Accreditation No. 08-001998-069-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854341, January 3, 2022, Makati City

February 23, 2022

EXHIBIT 5

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Other Required Schedules/Information

Metropolitan Bank & Trust Company and Subsidiaries
Schedule A - Financial Assets
December 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes (in million)	Amount shown in the balance sheet (in ₱ million)	Valued based on market quotation at end of reporting period (in ₱ million)	Income received and accrued (in ₱ million)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)				
Held-for-Trading (HFT) Securities				
Debt Securities				
Philippine Government Bonds (including its agencies)	25,450	25,609	25,609	
Other Government Bonds	4,545	4,622	4,622	
Private	3,992	4,116	4,116	
		34,347	34,347	1,198
Equity Securities	133	6,592	6,592	120
Derivative Assets		9,853	9,853	-
TOTAL FINANCIAL ASSETS AT FVTPL		50,792	50,792	1,318
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)				
Debt Securities				
Philippine Government Bonds (including its agencies)	561,745	558,351	558,351	
Other Government Bonds	46,552	48,148	48,148	
Private	40,634	40,483	40,483	
		646,982	646,982	15,868
Equity Securities	235	1,826	1,826	38
TOTAL FINANCIAL ASSETS AT FVOCI		648,808	648,808	15,906
FINANCIAL ASSETS AT AMORTIZED COST				
Debt Securities				
Philippine Government Bonds (including its agencies)	73,881	75,113	77,571	
Other Government Bonds	5,005	4,984	5,152	
Private	3,683	3,713	3,798	
TOTAL FINANCIAL ASSETS AT AMORTIZED COST		83,810	86,521	1,028
UNQUOTED DEBT SECURITIES	1,644	1,015	1,034	289

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)

December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period

NOT APPLICABLE

Note: **Transactions to these parties are made in the ordinary course of business.**

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule C - Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

December 31, 2021

(In ₱ Millions)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Current	Not Current	Balance at End of Year
			Amounts Collected	Amounts Written-Off			
First Metro Investment Corporation	12	6,986	6,991	-	7	-	7
Metropolitan Bank (China) Ltd.	6,412	16,547	14,196	-	8,763	-	8,763
ORIX Metro Leasing and Finance Corporation	4,971	2,159	6,876	-	254	-	254
Philippine Savings Bank	70	957	950	-	77	-	77
Remittance Centers:							
Metro Remittance Center, Inc.	38	-	38	-	-	-	-
Metro Remittance (USA), Inc.	-	900	867	-	33	-	33
Metro Remittance (UK) Limited	14	115	120	-	9	-	9
Metro Remittance (Hong Kong) Limited	-	4	4	-	-		-
Metro Remittance (Japan) Co. Limited	-	3	3	-	-	-	-
Others	13	168	167	-	14	-	14
Total	11,530	27,839	30,212	-	9,157	-	9,157

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2021
(in millions)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Subordinated Debt					
2023 Peso Notes issued December 20, 2013	1,170	-	1,168	6.21%	December 20, 2023
Bonds Payable					
Bonds Payable - Fixed Rate Bonds	17,500	17,485	-	6.300%	April 11,2022
Bonds Payable - Fixed Rate Bonds	4,650	-	4,634	4.500%	February 4, 2023
Bonds Payable - Fixed Rate Bonds	13,750	-	13,706	4.500%	April 24, 2023
Bonds Payable - Fixed Rate Bonds	US$500	-	25,136	2.125%	January 15, 2026
Bonds Payable - Fixed Rate Bonds	19,000	-	18,862	3.600%	September 4, 2026
Total Bonds Payable		17,485	62,338		
Bills Payable and SSURA	70,386	62,354	7,980	various	various
		79,839	71,486		

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2021

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

NOT APPLICABLE

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule F - Guarantees of Securities of Other Issuers

December 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NOT APPLICABLE

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule G - Capital Stock

December 31, 2021

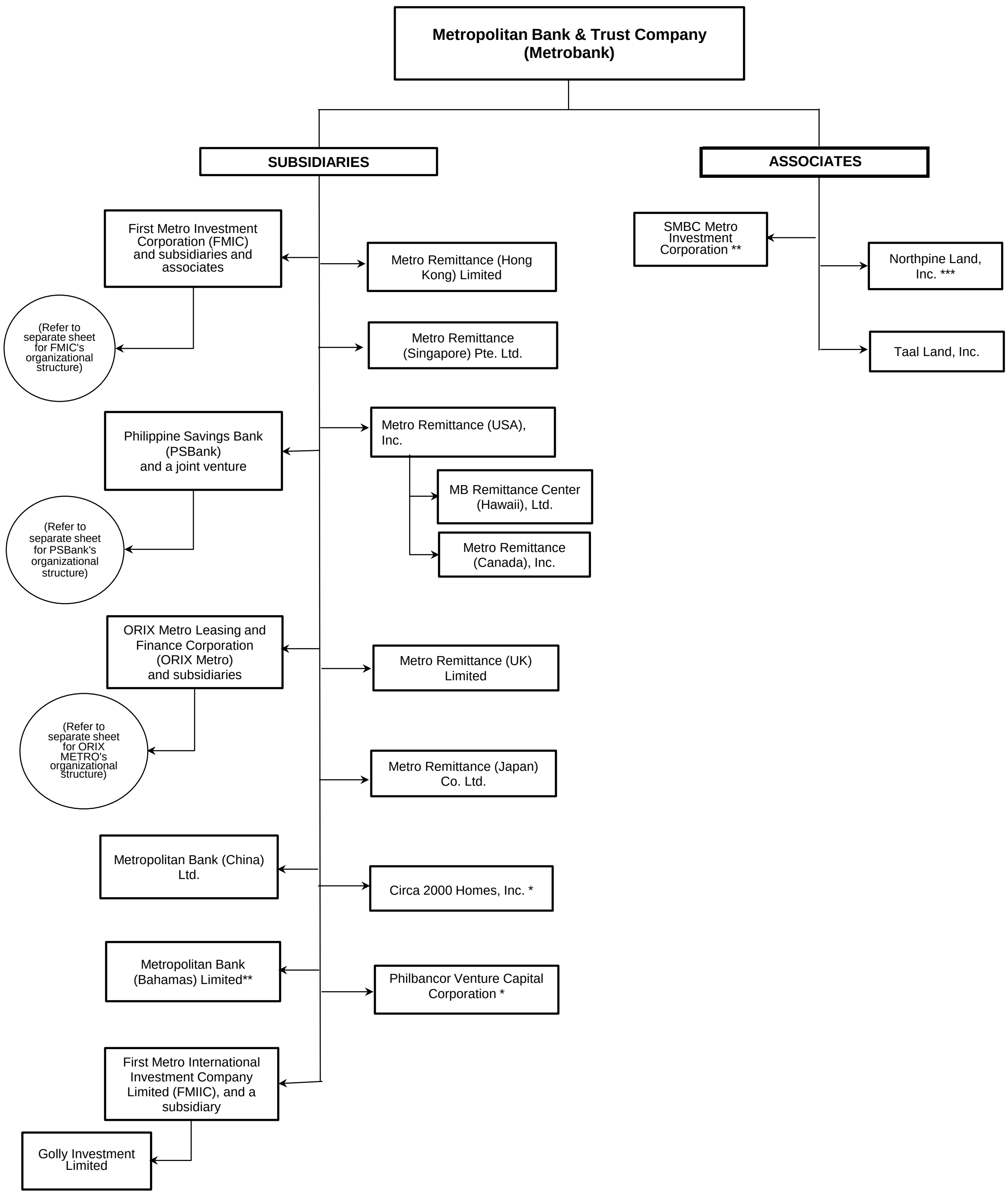
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Authorized						
Preferred stock - P20 par value	1,000,000,000					
Common stock - P20 par value	6,000,000,000					
Issued and outstanding						
Common stock - P20 par value		4,497,415,555		2,296,551,648	35,093,822	2,165,770,085

METROPOLITAN BANK & TRUST COMPANY
SURPLUS AVAILABLE FOR DIVIDENDS *
AS OF DECEMBER 31, 2021
(In ₱ Millions)

UNAPPROPRIATED SURPLUS, BEGINNING	**₱**	**153,282**
Adjustments:		
Less: Non-actual/unrealized income net of tax:		
Accumulated share in net income of subsidiaries, associates and a joint venture - net of dividends		30,871
Fair value adjustments (mark-to-market gains)		(1,061)
Recognized deferred tax asset (DTA)		11,291
Unrealized gains on foreclosure of investment properties - net of accumulated depreciation		250
		41,351
UNAPPROPRIATED SURPLUS AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION AT BEGINNING OF YEAR		**111,931**
Add: Net income actually earned/realized during the year:		
Net income during the year closed to Surplus		22,156
Less: Non-actual/unrealized income net of tax:		
Fair value adjustment (mark-to-market gains)		4,781
Movement on DTA		(1,098)
Unrealized gains on foreclosure of investment properties - net of accumulated depreciation		60
Equity in net income of subsidiaries, associates and a joint venture - net of dividends		1,119
		4,862
Net income actually earned during the year		**17,294**
Less:		
Dividend declarations during the year		17,990
Appropriations of Retained Earnings during the year		182
		18,172
UNAPPROPRIATED SURPLUS AVAILABLE FOR DIVIDENDS, END	**₱**	**111,053**

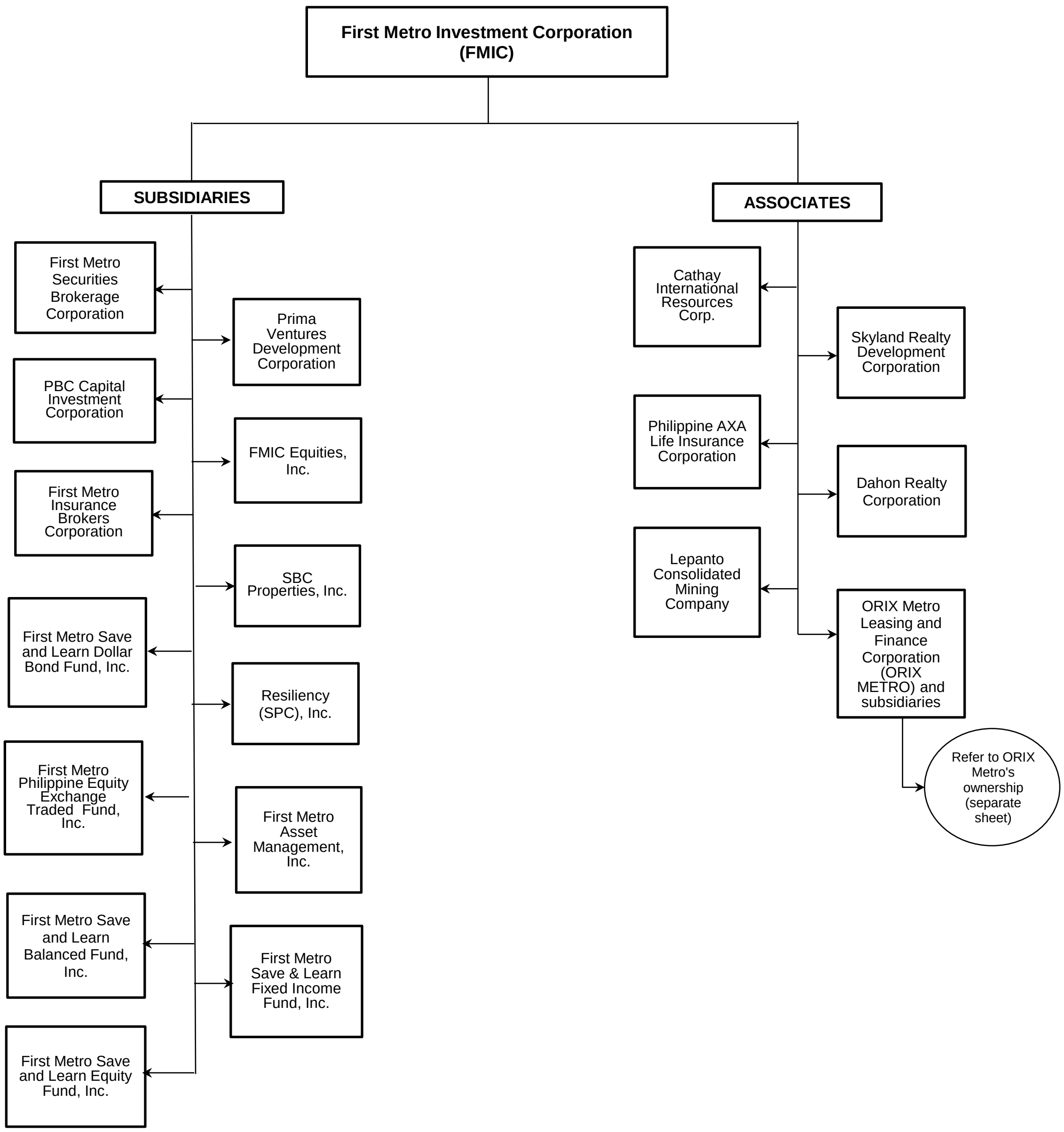
* The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following Bangko Sentral ng Pilipinas guidelines.

Metropolitan Bank & Trust Company
Subsidiaries and Associates
As of December 31, 2021

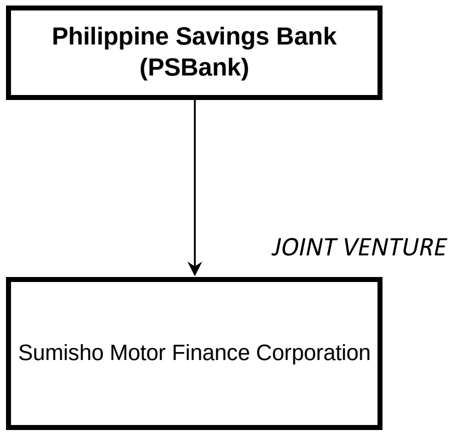


** In process of dissolution*
*** In process of liquidation*
**** On November 27, 2019, the stockholders of NLI approved the shortening of its corporate term to end on December 31, 2021. This was subsequently extended to June 2022.*

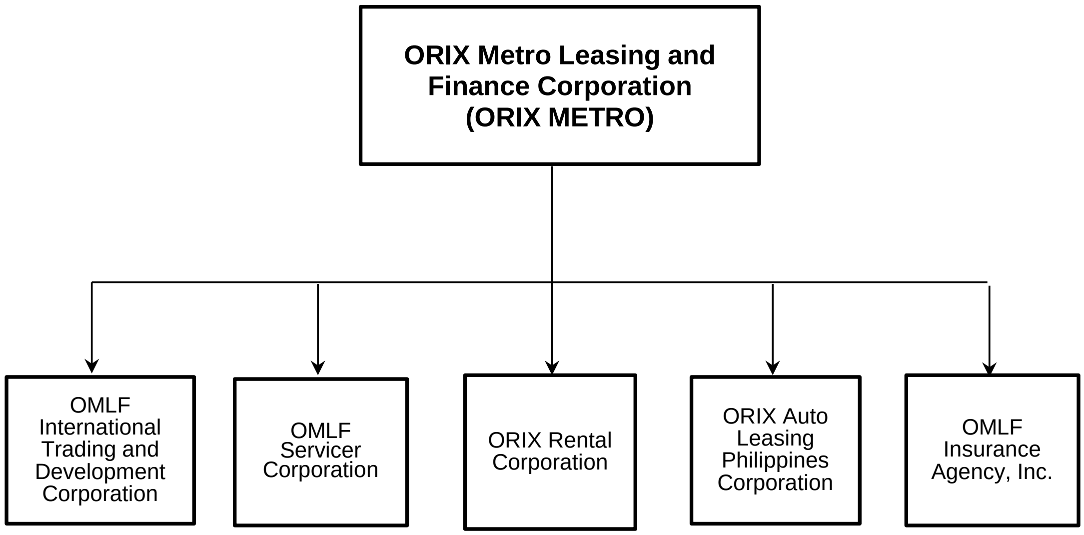
First Metro Investment Corporation
Subsidiaries and Associates
As of December 31, 2021



Philippine Savings Bank
Joint Venture
As of December 31, 2021



ORIX Metro Leasing and Finance Corporation (ORIX METRO)
Subsidiaries
As of December 31, 2021



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
FINANCIAL INDICATORS
AS OF DECEMBER 31, 2021 AND 2020

RATIO		FORMULA	2021	2020
a)	Liquidity Ratio	Liquid Assets / Total Assets	47.84%	46.08%
b)	Loans to Deposits Ratio	Total Loans / Total Deposit Liabilities	66.29%	72.18%
c)	Debt to Equity Ratio	Total Liabilities / Total Equity Attributable to Equity Holders of the Parent Company	682.90%	654.52%
d)	Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	785.80%	757.29%
e)	Return on Average Equity	Net Income Attributable to Equity Holders of the Parent Company / Average Equity	6.89%	4.36%
f)	Return on Average Assets	Net Income Attributable to Equity Holders of the Parent Company / Average Assets	0.89%	0.56%
g)	Net Interest Margin on Average Earning Assets	Net Interest Income / Average Earning Assets	3.39%	3.98%
h)	Operating Efficiency Ratio	Total Operating Expenses / Net Operating Income	58.95%	49.59%
i)	Interest Coverage Ratio	Earnings Before Interest and Taxes / Interest Expense	348.53%	196.95%
j)	Net Profit Margin	Net Income / Total Income	19.69%	9.73%
k)	Capital Adequacy Ratio	Total Qualifying Capital / Total Risk-Weighted Assets	20.13%	20.15%
l)	Common Equity Tier 1 Ratio	Net Tier 1 Capital / Total Risk-Weighted Assets	19.28%	19.28%

EXHIBIT 6

SUSTAINABILITY REPORT

Metrobank

Meaningful Sustainability

2021 Sustainability Report

CONTENTS

"We are committed to sustainable wealth creation for our customers. We ensure that our way of doing business today protects the ability of future generations to grow theirs."

ABOUT THIS REPORT

Metrobank's purpose is to empower individuals and businesses to realize their goals and reach their full potential. We create and customize financial solutions to meet our stakeholders' needs, continuously expanding our scope of reach and leading in community service. This is our way of living up to our brand promise, "You're in Good Hands," which embodies who we are and what we do.

This report describes how we live up to our purpose and promise which will ultimately lead to the sustainability of our business. Stakeholders assess our financial and non-financial performance when making decisions that are forward looking and impactful.

This is the third year since we embarked on a sustainability reporting journey and our first time to publish a stand-alone format to supplement our corporate annual report.

Scope and Boundaries

Our report follows an annual cycle from the period 1 January to 31 December. It covers the performance and management approach of Metropolitan Bank & Trust Company (Metrobank) in governing economic, environmental, social and governance issues. We also included the contributions of Metrobank Foundation, Inc., our corporate philanthropy arm. Our report does not include the performance of Metrobank's international operations and those of its subsidiaries.

To present a better picture of our Bank-wide performance, we intensified our baselining activities, specifically in measuring our environmental footprint. Before 2021, our disclosures were limited only to selected facilities. This year, we were able to expand our coverage to include all corporate centers and domestic branches.

Reporting Guidelines

We prepared the report in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and focus on topics that are most material to our business. Our report's GRI Content Index is found in pages 90-92.

We were also guided by the disclosure mandates of the Securities and Exchange Commission and Bangko Sentral ng Pilipinas.

You may access and download a digital copy of this report from our corporate website: www.metrobank.com.ph.

Our sustainability reporting is a continuing journey. Thus we value and welcome your feedback to improve our operations and reporting in the subsequent years. Please share your feedback with our Metrobank Sustainability Department: sustainability@metrobank.com.ph.

Note on Forward-Looking Statements

This report contains statements describing Metrobank's objectives, projections, estimates, and expectations, which may be "forward-looking statements" within the meaning of applicable securities laws and regulations. These statements are based on the current beliefs and expectations of the management and are subject to significant risks and uncertainties, many of which are beyond the Bank's control. Actual results could differ materially from those expressed or implied goals and targets set forth in the forward-looking statements. Important factors that could make a difference to the Bank's operations include, among others, economic conditions in the domestic and overseas markets in which the company operates, changes in government regulations, tax laws, other statutes and incidental factors, as well as the effect of the COVID-19 pandemic.

This report describes how we live up to our purpose and promise which will ultimately lead to the sustainability of our business. Stakeholders assess our financial and non-financial performance when making decisions that are forward looking and impactful.

JOINT MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT

Meaningful Banking Towards a Sustainable Future

Sustainability has been at the heart of Metrobank since we opened our doors to the Filipino public in 1962. Since then, our mission has always been to empower people to realize their goals and to reach their full potential so they can ultimately contribute to building a prosperous nation. While we help our stakeholders with wealth creation today, we must also ensure that our efforts support future generation's ability to do the same.

"You're in good hands" is not just our brand promise, but a recognition of our role in society, being one of the largest allocators of capital, as well as an institution that influences the lives of many.

"You're in good hands" is not just our brand promise, but a recognition of our role in society, being one of the largest allocators of capital, as well as an institution that influences the lives of many.

For our customers, we customize financial solutions and continuously expand our delivery channels while pioneering solutions in anticipation of their future needs.

For small and medium enterprises, which comprise about 99.5% of total businesses in the country, we champion their development — from seed capital to expansion — and nurture their entrepreneurial spirit while unlocking opportunities for the future.

For corporates, we extend financing and advisory services to support their business expansion while ensuring their sustainable growth.

As one of Asia's best employers in 2019, we continue to maintain a solid reputation as employer of choice. For the more than 13,000 people in our employ, we prepare them for the future of work. Together with their families, we look after their welfare and livelihood.

Thousands of Filipino workers abroad depend on our financial products and services, including our international network for remittances that support their families. For them, this serves as a vital lifeline, before, during, and after the pandemic, that ensures their inclusive future. In 2021 alone, we processed $7.9 billion from 1.9 million remitters that benefited 3.5 million beneficiaries, improving the well-being of their dependents and boosting the economy.

For the local communities, our Metrobank Foundation — one of the most enduring corporate foundations in the country — has been making a difference in the lives of Filipinos for decades, especially in the areas of education, arts, and public service.

ARTHUR V. TY
Chairman

The Foundation will continue to play a significant role in amplifying our goal of making meaningful social contributions and in upholding role models in social service and public trust and accountability.

While we have been consistent in the pursuit of our mission these past six decades, the stark reality is that our country continues to be beset by many economic and social problems. Majority of our countrymen still struggle to meet even the most basic of needs, such as food and shelter. The pursuit of higher learning, let alone the education of young minds, has likewise consistently taken a back seat in the face of poverty, as the Philippines still lags behind access to primary education, maternal mortality rates, and access to reproductive health care. Access to decent health facilities also remains wanting.

Because of the current global economic crisis and recent increases in unemployment and poverty incidence, the goal of reducing the proportion of people living in extreme poverty may not be achieved. As of the first semester of 2021, poverty incidence among the population was estimated at 23.7%. This translates to 26.14 million Filipinos who live below the poverty threshold. On the other hand, subsistence incidence among Filipinos, or the proportion of Filipinos whose income is not enough to meet even the basic food needs, was registered at 9.9% or about 10.94 million Filipinos.

Among families, the first semester 2021 poverty incidence was estimated at 18.0%, which is equivalent to around 4.74 million poor families. Meanwhile, the subsistence incidence among families was recorded at 7.1% or around 1.87 million food poor families as of the same period.

With the rising rate of poverty, coupled with lack of local opportunity, Filipinos continue to look for work abroad, despite the known risks. Parental overseas migration has augmented household income through remittances, but it has resulted in increasing numbers of long-term disruptions in the dynamics of Filipino families. Studies from around the world indicate that children left behind by migrating caretakers face health and psychosocial problems, resulting in deteriorating academic performance and lower school attendance, greater risk of drug abuse, early pregnancy, involvement in criminal activities and social dysfunction.

The ongoing COVID-19 global pandemic only magnifies these challenges. At the height of the pandemic in 2020, more than seven million Filipinos lost their jobs. The Philippines also saw a drastic 75% reduction in the deployment of Overseas Filipino Workers (OFWs), which constitutes the lowest deployment numbers in over three decades. Meanwhile, the number of returning OFWs reached nearly 800,000 by the end of December 2020. This return migration has conceived more challenges and issues on remittances, income, and employment against a backdrop of general economic downturn.

As we face these pressing economic and social problems, we also recognize that environmental concerns serve to compound these issues. Our country recently ranked fourth in the world for being the most at-risk from the climate crisis. In 2021, in addition to the challenges of the pandemic, our nation of close to 110 million Filipinos faced extreme weather conditions, such as Super Typhoon Odette (international name: Rai) and a restive Taal Volcano. Rising sea levels threatened to submerge our major cities and economic hubs; and increasing temperatures are harming our marine ecosystems. We have been witnessing the depletion of our forest cover, grappling with water scarcity, and facing the prospect of having rotational brownouts due to a shortage of power supply.

The sustainability agenda for a developing country like ours is a challenge. Given finite resources and the wide range of problems seemingly needing immediate attention, the call is for thoughtful solutions and nuanced prioritizations that can deliver meaningful and sustainable impact, not only to our customers, but to all stakeholders.

Thus, we anchored our sustainability commitments on the attainment of these five priority goals:

UN Sustainable Development Goals

- *No. 8: Decent Work and Economic Growth.* Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- *No. 9: Industry, Innovation and Infrastructure.* Build resilient infrastructure, promote sustainable industrialization and foster innovation
- *No. 1: No Poverty.* End poverty in all its forms everywhere
- *No. 2: Zero Hunger.* End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- *No. 4: Quality Education.* Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Since 2019 when we first published our sustainability report, we have been making considerable progress in our sustainability journey and continue to sharpen our focus on meeting our sustainability goals.

This journey has led us to the publication of our first stand-alone report to emphasize our commitment and focus on sustainability. In our 2021 Sustainability Report, we articulate our programs and initiatives to create value for our stakeholders, as well as our progress and plans. More significantly, we have widened the scope of our disclosures to enhance governance and transparency. Our coverage now extends to Metrobank's entire domestic operations, and we are able to show more metrics on our environmental and social performance. By 2022, our corporate website will have a section dedicated solely to our sustainability efforts.

We have likewise set into motion the establishment of a sustainable finance framework and put in place a robust governance structure to ensure the oversight, execution, and gradual expansion of our sustainability agenda. We have been engaging with our internal and external stakeholders to learn about topics that are important to them, and to build the capacity to monitor and report on these material topics.

Embarking on this sustainability reporting journey would not have been possible without the support of our employees nationwide. We take pride in having people who share our commitment to promote sustainability practices, and are determined to make their own meaningful contributions.

There is still more work ahead for us. As one of the largest financial institutions in the country we believe we can make a significant impact, directly through our operations and indirectly through our investment decisions. We are committed to do our part, to take actions that will ensure a sustainable future for the next generation.

Arthur V. Ty
Chairman

Fabian S. Dee
President

FABIAN S. DEE
President

CORPORATE PROFILE

Metrobank is the premier universal bank and among the foremost financial institutions in the Philippines, with a history spanning almost 60 years.

We have an extensive network that spans over 950 domestic branches and over 2,300 ATMs nationwide, as well as over 30 foreign branches, subsidiaries, and representative offices. To view our directory of branches, go to our website, www.metrobank. com.ph.

Our corporate headquarters is located at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila, Philippines.

Metrobank Milestones

6 April 1962
Incorporated in the Philippines

26 February 1981
Listed shares on the Philippine Stock Exchange

21 August 1981
Obtained a universal banking license from the Bangko Sentral ng Pilipinas

Overview of Products and Services

We have a diverse product portfolio including investment banking, thrift banking, leasing and financing, bancassurance, and credit cards.

We offer a full range of services to large local and multinational corporations, middle-market and small and medium enterprises, high net-worth individuals, and retail customers.

We employ more than 13,000 employees nationwide.

Our Core Values

- Passion for Results
- Commitment to Customer Service
- Integrity
- Heart for Community
- Teamwork

Business Segment	Description
Consumer Banking	Providing consumer-type loans and support for effective sourcing and generation of consumer business
Corporate Banking	Handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers
Investment Banking	Arranging structured financing, and providing services related to privatizations, initial public offerings, mergers and acquisitions, and advisory services primarily aimed at wealth creation for individuals and institutions
Treasury	Providing money market, trading and treasury services, as well as the management of the Group's funding operations by investing in treasury bills, government securities, and placements and acceptances with other banks, through treasury and corporate banking
Branch Banking	Handling branch deposits and providing loans and other loan-related businesses for domestic middle-market clients
Other Services	Handling other services including, but not limited to, remittances, leasing, account financing, and other support services

To view the full list of our products and services in our 2021 Annual Report go to our website, www.metrobank.com.ph.

Key Awards and Distinctions in 2021

- Strongest Bank in the Philippines, The Asian Banker
- Best Domestic Bank in the Philippines, Asiamoney
- Best Securities House (Bank Category), PDS Group
- Top Dealing Participant for Corporate Securities, PDS Group
- Top Brokering Participant - Retail Transactions, PDS Group
- Top Fixed Income Dealing Participant, PDS Group
- Top sellside firm in the secondary market, Government bonds, PHP (Rank 1), The Asset Benchmark Research
- Top sellside firm in the secondary market, Corporate bonds, PHP (Rank 1), The Asset Benchmark Research
- Top arranger - Investors' Choice for primary issues, Government bonds, PHP (Rank 1), The Asset Benchmark Research
- Top arranger - Investors' Choice for primary issues, Corporate bonds, PHP (Rank 3), The Asset Benchmark Research
- Best Local Currency Bond Individuals #1 in Trading, The Asset
- Best Local Currency Bond Individuals #2 & #3 in Sales, The Asset
- Best Local Currency Bond Individuals #4 in Research, The Asset
- Top GSED-Market Maker, The Bureau of Treasury,
- Best Fixed Income Trader (Local), Fund Managers Association of the Philippines
- Best Fixed Income Trader (Foreign) (Rank 2) ,Fund Managers Association of the Philippines
- Best Fixed Income Sales (Rank 2), Fund Managers Association of the Philippines
- Best Fixed Income Strategist (Rank 3) Fund Managers Association of the Philippines
- Best New Product Launch of the Year for Payments, 2021 Global Retail Banking Innovation Awards
- Best Talent Acquisition Team (above 1000 employees) Finalist, LinkedIn Talent Awards,
- 8th Best Workplace to Grow Your Career – Philippines, LinkedIn
- Bronze Stevie® Award in the Corporate & Community-Customer Engagement Event category, 18th Annual International Business Awards
- Outstanding Personal Information Controllers, Privacy Awareness Week Awards of the National Privacy Commission (NPC)
- Outstanding CSR Collaboration Project, CSR Guild Awards

VISION MISSION STATEMENT

To be the country's premiere financial conglomerate, empowering our individual and business clients to realize their goals and reach their full potential. By creating and customizing financial solutions in response to our stakeholders' needs, continuously expanding our scope of reach, and leading in community service, we live up to our "You're in Good Hands" promise that embodies who we are and what we do. We are Metrobank.*

WE COMMIT TO BE

THE TRUSTED FINANCIAL PARTNER

Our business relies on the principles of trust, honesty and integrity as we serve our customers and help them attain their financial goals.

THE EMPLOYER OF CHOICE

We strengthen the organization by continuously developing and enhancing the abilities of our people. We nurture them into professional individuals with integrity and passion for service and excellence. We ensure their future by providing them with fulfilling careers.

A RESPONSIBLE BANK

We adhere to the highest standards of corporate governance, exercising accountability, fairness, and transparency across all our business operations. We exercise good management to provide our shareholders with sustainable returns on their investments.

AN INSTITUTION WITH A HEART

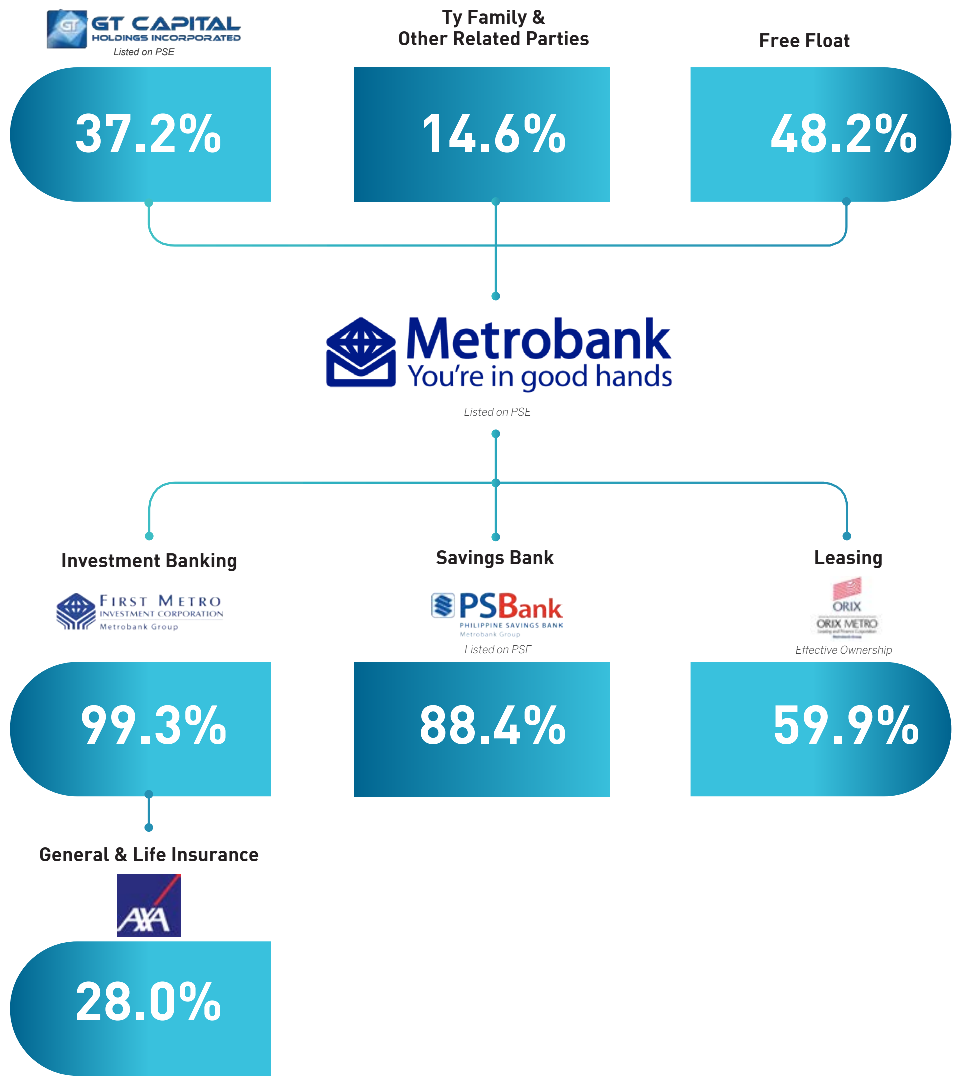
We give back to the communities we serve, committed to making meaningful contributions to the economic and social development of our nation.

*The Vision Mission Statement (VMS) was approved by the Board in January 2020

Conglomerate Map and Shareholding Structure

Metrobank has been listed on the Philippine Stock Exchange since 1981 and uses the stock symbol MBT. As of end-December 2021, 48.2% of the Bank is publicly owned while 37.2% belongs to GT Capital Holdings, Inc. and 14.6% to the Ty family and other related parties.

There are no shareholder agreements, voting trust agreement, confidentiality agreements or any such other agreements that may impact the control, ownership, and strategic direction of the Bank.



To see a detailed discussion on our conglomerate structure in the 2021 Audited Financial Statements and Definitive Information Statements go to our website, www.metrobank.com.ph.

FINANCIAL HIGHLIGHTS

P2.5 TRILLION
TOTAL ASSETS

P1.2 TRILLION
LOANS AND RECEIVABLES, NET

P318.5 BILLION
EQUITY

+60%
NET INCOME GROWTH

P1.9 TRILLION
TOTAL DEPOSITS

20.1%
CAR

Market shares[1]

12%
TOTAL ASSETS
DEPOSITS
NET LOANS
AND RECEIVABLES

[1]Derived from BSP with the Philippine banking system numbers as denominator.

AT A GLANCE: SUSTAINABILITY AT METROBANK

P87B
Economic value generated of which P83B was distributed to key stakeholders

P195B
Commercial loans to stimulate trade activities and other industry business operations

P193B
Commercial loans to develop roads, highways, commercial properties, as well as IT and telecommunications

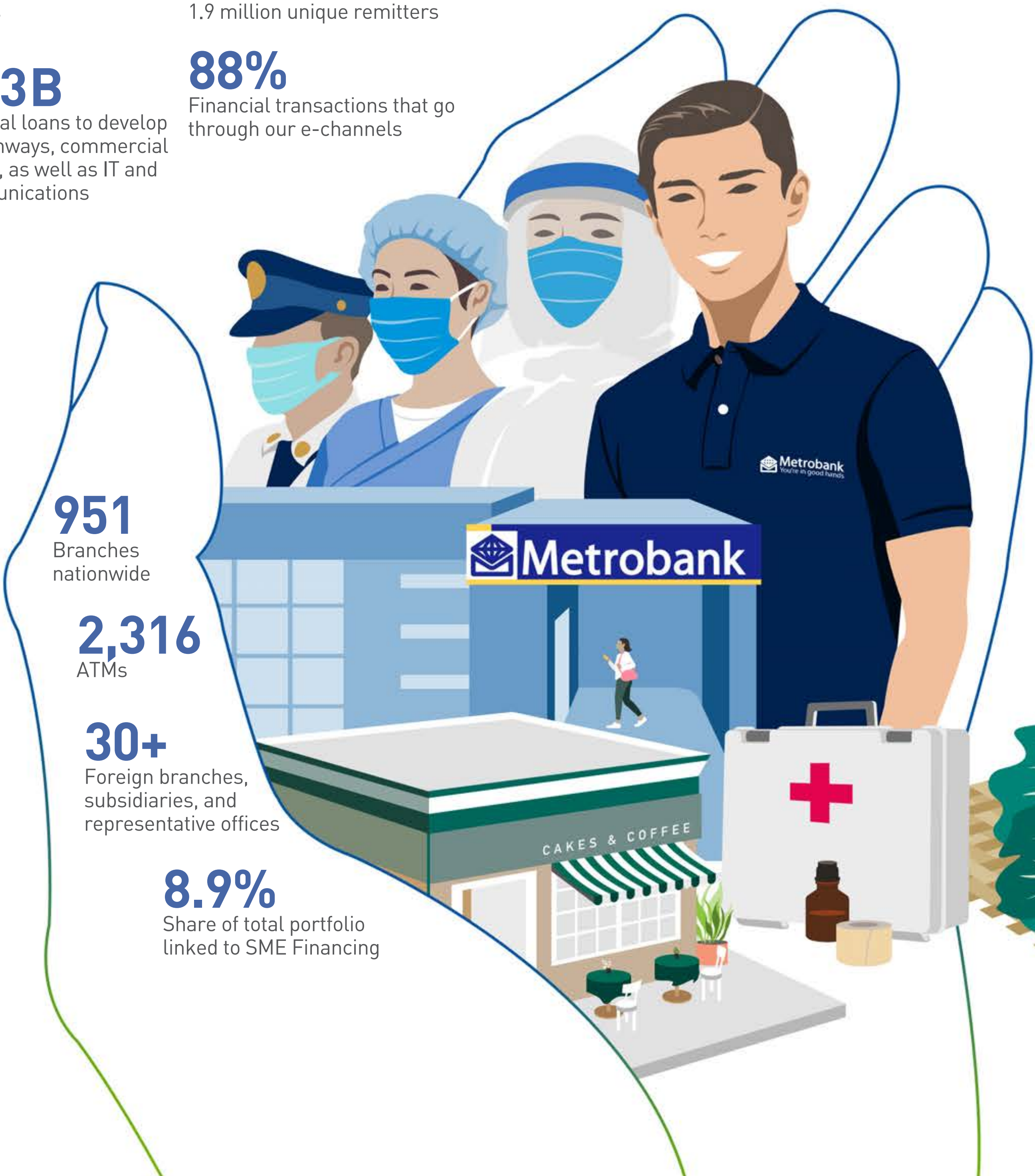
10 MILLION
Estimated no. of families benefitting from our payroll and OFW remittance services, serving 2.4 million combined accounts monthly

US$7.9B
Remittance value facilitated from 1.9 million unique remitters

88%
Financial transactions that go through our e-channels

13,565
Total employee headcount

91%
Permanent rank-and-file employees covered by CBA



951
Branches nationwide

2,316
ATMs

30+
Foreign branches, subsidiaries, and representative offices

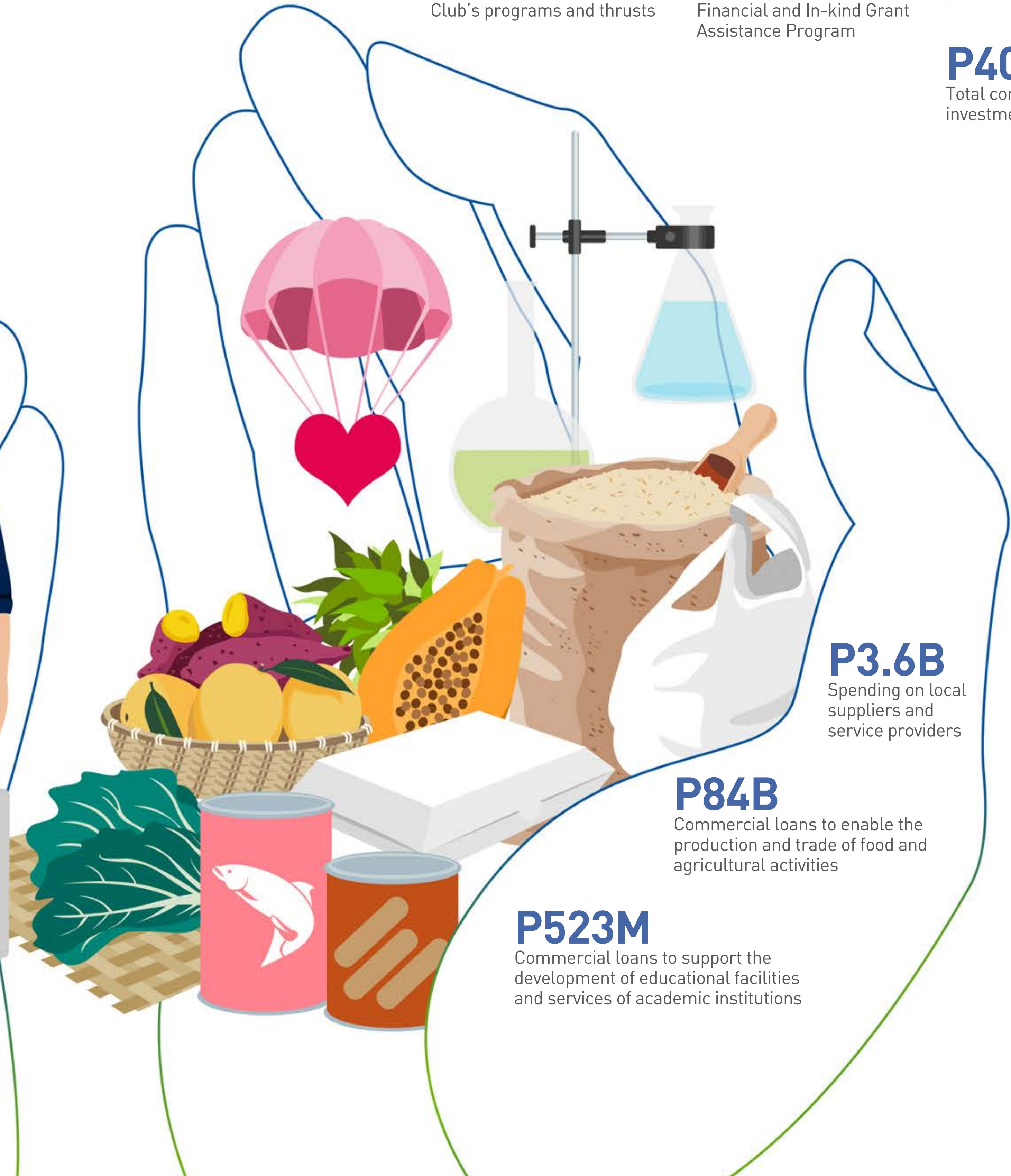
8.9%
Share of total portfolio linked to SME Financing

P13M
Total employee donations raised for Purple Hearts Club's programs and thrusts

276,000
Individuals assisted through Metrobank Foundation's Financial and In-kind Grant Assistance Program

P11B
Total payments to the government

P40M
Total community investments



P3.6B
Spending on local suppliers and service providers

P84B
Commercial loans to enable the production and trade of food and agricultural activities

P523M
Commercial loans to support the development of educational facilities and services of academic institutions

At Metrobank, sustainability is built on our founding mandate to help in nation-building.

We support the national government's AmBisyon Natin 2040, which represents the collective long-term vision and aspirations of the Filipino people to promote inclusive growth and poverty alleviation. This is the anchor of the country's development planning so that all Filipinos will enjoy a strongly rooted, comfortable, and secure life. We are committed to enable economic opportunities to contribute in addressing the foremost realities and challenges of the Philippines as a developing country. This includes, among others:

- Poverty alleviation
- Access to basic social services such education, food security, and healthcare
- Sustained national economic growth through decent livelihoods, empowered micro-, small-, and medium-sized enterprises (MSMEs), and a robust public infrastructure

Operationalizing this commitment, the Board has approved Metrobank's Sustainability Framework which captures our objective of achieving long-term returns for our shareholders and creating shared value for society. The Framework describes our overall approach to managing our impact on sustainable development.

Overview of Metrobank's Sustainability Framework

MANAGE OUR ENVIRONMENTAL IMPACT

SUPPORT SOCIAL CAUSES AND CREATE VALUE FOR CLIENTS

COMMIT TO HIGH STANDARD OF GOVERNANCE

Sustainability Focus Areas

The Philippines is one of the United Nations member states that is committed to achieving the 17 Sustainable Development Goals (SDGs) by 2030.

As one of the largest financial institutions in the country, Metrobank contributes to the achievement of the 17 SDGs, both directly and indirectly, through our business operations, products and services.

Aligned with this commitment, the Metrobank Board of Directors has chosen five focus areas or SDGs where the Bank can further contribute to fulfill the United Nations 2030 Agenda.

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

1 NO POVERTY

End poverty in all its forms everywhere

2 ZERO HUNGER

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Our key contributions on each focus area include:

a. Facilitating access to financial resources (e.g. basic banking services, payroll, and remittance business)
b. Employment generation
c. Financing for the development of basic infrastructure such as roads and highways
d. Supporting information technology and communication companies
e. Increasing access to affordable credit
f. Community development programs through Metrobank Foundation and Purple Hearts Club

Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
8 DECENT WORK AND ECONOMIC GROWTH	Achieve higher levels of economic productivity, support decent job creation, and expand access to banking, insurance, and financial services	Sustainable Finance	Contribution of commercial loans to the SDGs	• P195 billion in commercial loans to stimulate trade activities, operations of holding companies and other financial intermediaries, hotels and resorts, and professional and technical services
	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation	Economic Performance	Economic value generated and distributed	• Generated P87 billion in economic value of which P83 billion was distributed to key stakeholders
		Human Capital Development	Online learning solutions	• Launched MyLearning, an online learning platform that enables employees to access on-demand training
	Support productive activities, decent job creation, entrepreneurship, creativity and innovation through access to financial services	Financial Inclusion	Facilitating access to financial resources	• 3.6 million payroll and paycard accounts served • Facilitated $7.9 billion in remittance value • 1.8 million unique remitters supporting 3.5 million beneficiaries
	Protect labour rights and promote safe and secure working environments	Responsible Labor Practices	Collective Bargaining Agreements	• 91% of permanent rank-and-file employees are covered by collective bargaining agreements
	Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value	Workforce Diversity	Employee profile	• 13,565 total employee headcount of which 65% are women and 36% are below 30 years old • Basic salary of newly hired rank-and-file employee is 10.3% higher than local minimum wage

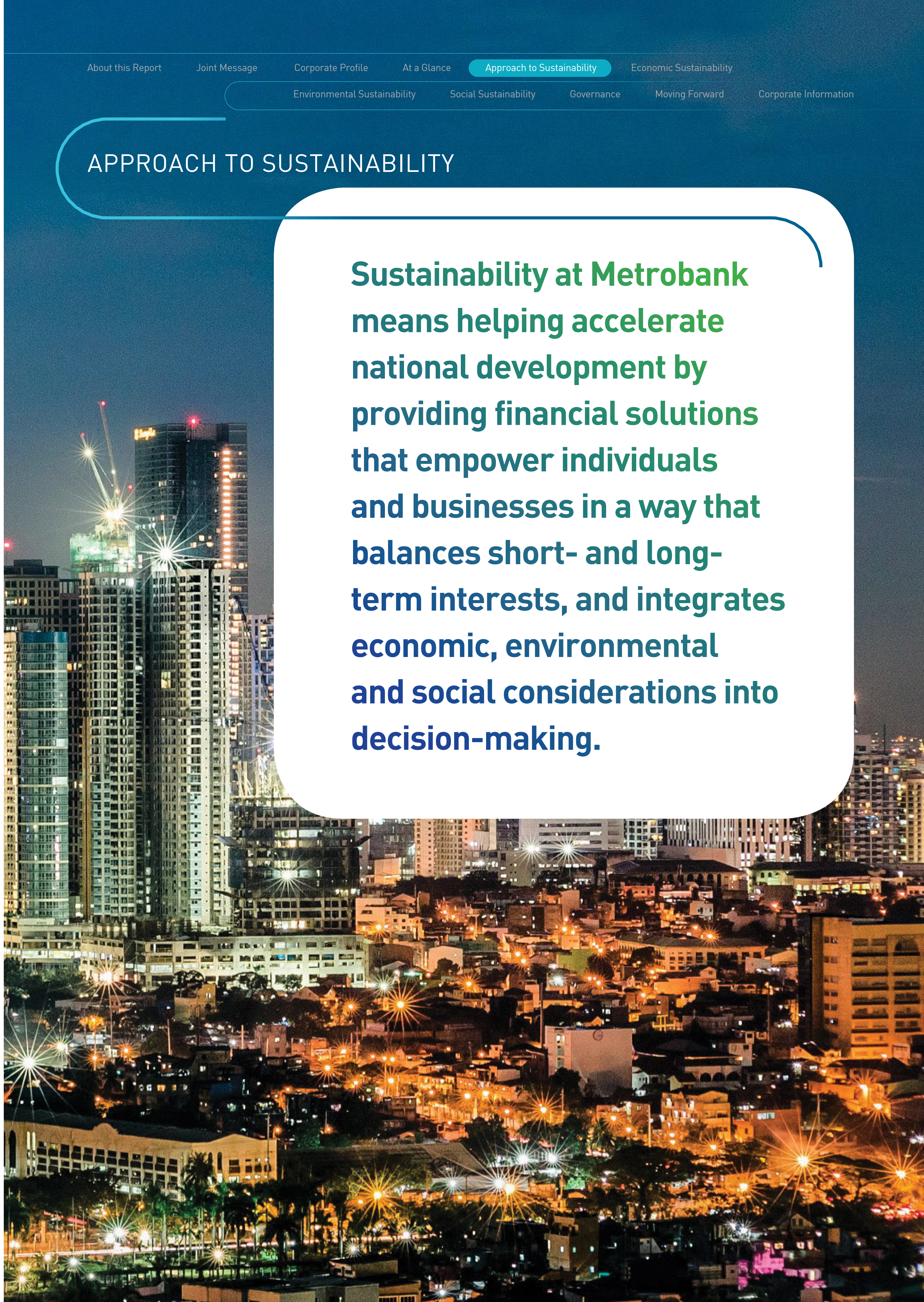
Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustainable tourism that creates jobs and promotes local culture and products	Corporate Citizenship and Philanthropy	Supporting community development	• 417 local artists and designers awarded through the Metrobank Art and Design Excellence Program since 1984
	Encourage and expand access to banking, insurance and financial services for all	Corporate Profile	Scale of operations	• 951 branches and 2,316 ATMs nationwide and over 30 foreign branches, subsidiaries, and representative offices
		Financial Inclusion	Countryside banking	• Presence in 6 out of the 7 poorest provinces in the country
			Remittances	• 142 remittance partners across 26 countries and territories abroad
			Electronic banking	• 88% of our clients' total financial transactions go through our e-channels
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Develop quality, reliable, sustainable and resilient infrastructure, increase access of small-scale enterprise to value chains and markets, upgrade infrastructure and retrofit industries, increase access to information and communications technology	Sustainable Finance	Contribution of commercial loans to the SDGs	• P193 billion in commercial loans to develop public infrastructure projects such as roads and highways and commercial properties, support manufacturing and the operations of transportation, storage, telecommunication activities
	Increase access of small-scale industrial and other enterprises to financial services and integrate them into value chains and markets	Procurement Practices	Spending on local suppliers	• More than P3.6 billion spending on local suppliers and service providers
		Financial Inclusion	Support for SMEs	• 8.9% of our total portfolio is linked to SME Financing

Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
1 NO POVERTY	Eradicate extreme poverty for all	Corporate Citizenship and Philanthropy	Supporting community development	• Assisted more than 276,000 individuals through Metrobank Foundation's Financial and In-kind Grant Assistance Program • P13 million total employee donations raised for Purple Hearts Club's programs on community development, health, education, livelihood, and disaster relief • Bags of Blessing has reached 33 sites and distributed grocery items to 18,000 families nationwide
	Ensure that all men and women have equal rights to economic resources as well as access to basic services	Economic Performance	Economic value generated and distributed	• P11 billion in payments to governments • P40 million in community investments
	Build the resilience of the poor and those in vulnerable situations and reduce their exposure to climate-related extreme events	Corporate Citizenship and Philanthropy	Supporting community development	• Assisted over 17,100 families affected by natural calamities through Metrobank Foundation's disaster relief and rehabilitation efforts
2 ZERO HUNGER	Ensure access to safe, nutritious and sufficient food, double the agricultural productivity ad incomes of small-scale food producers, ensure sustainable food production systems and implement resilient agricultural practices	Sustainable Finance	Contribution of Commercial Loans to the SDGs	• P84 billion in commercial loans to enable the production and trade of food and agricultural activities

Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
4 QUALITY EDUCATION	Ensure equal access to affordable and quality education, build and upgrade education facilities that are inclusive and effective learning environments	Sustainable Finance	Contribution of commercial loans to the SDGs	• P523 million in commercial loans to support development of educational facilities and services of academic institutions
	Ensure that all girls and boys complete primary and secondary education	Corporate Citizenship and Philanthropy	Supporting community development	• 50 grade school scholar-graduates of Metrobank Foundation's Scholarship Program
	Build and upgrade education facilities that are safe, inclusive, and effective learning environments for all	Corporate Citizenship and Philanthropy	Supporting community development	• Donated over P649,000 to support distance learning through Purple Hearts Club's education program
	Expand the number of scholarships including vocational training programs	Corporate Citizenship and Philanthropy	Supporting community development	• 109 scholar-graduates and 151 current technical-vocational scholars supported by Metrobank Foundation's Scholarship Program

APPROACH TO SUSTAINABILITY

Sustainability at Metrobank means helping accelerate national development by providing financial solutions that empower individuals and businesses in a way that balances short- and long-term interests, and integrates economic, environmental and social considerations into decision-making.



Integrating Sustainability Principles

We recognize that social inclusivity and environmental consciousness in our society is growing. We are thus integrating more economic, environmental, social, and governance (EESG) principles into our operations while striking a balance between our sustainability goals and the viability of our business. This is our vital consideration when we plan, design, and execute our strategies and operate our business.

Sustainability Framework

We established a Sustainability Framework anchored on achieving long-term shareholder value and creating shared value for a sustainable future. This Board-approved Framework is complemented by a governance structure and a sustainability roadmap.

Metrobank Sustainability Framework

The Bank continues **to embed sustainable practices to reduce the environmental impact of its business** by promoting operational eco-efficiency while contributing to a thriving, resilient national economy.

The Bank **supports social causes** in education, peace and order, and the arts, and **creates value for clients and society** through financial education initiatives and the development of responsive and innovative products.

Metrobank believes that **banking is a business of trust**. It highly esteems the trust given by customers and shareholders, and **commits to the high standards of governance** by espousing accountability, integrity and transparency.

Sustainability Governance Structure

We have adopted an effective organizational structure to ensure the attainment and continuing relevance of our sustainability objectives.

The accountability for sustainability starts with our Board of Directors. The Board provides the overall direction and oversight of the Bank's sustainability agenda. As stated in the 2021 Metrobank Corporate Governance Manual, its specific duties and responsibilities include:

- Institutionalizing the adoption of sustainability principles;
- Promoting a culture that fosters environmentally and socially responsible business decisions;
- Approving the Bank's Environmental and Social Risk Management System (ESRMS);
- Ensuring that sustainability objectives and policies are clearly communicated across the institution;
- Ensuring that adequate resources are available to attain the Bank's sustainability objectives; and
- Ensuring that the sustainability agenda is integrated in the Bank's performance appraisal system.

The Board, through the Executive Committee (EXCOM), sets the direction and performs oversight on our sustainability framework and strategy, and ensures the adoption of regulatory mandates.

The EXCOM mandates the Metrobank President, who executes the framework and strategy through the Sustainability Department.

The Sustainability Department ensures that sustainable principles are embedded into our business practices and across the organization. In collaboration with our various business units and subject matter experts, the Sustainability Department develops the policies, programs, and goals on sustainability-linked risks and opportunities.

We also have a Sustainability Technical Working Group composed of relevant business units that collaborate and assist senior management in executing our sustainability agenda.

Metrobank Sustainability Governance Structure

Sustainability Focus Areas

As one of the country's largest banks and allocators of capital, we believe that we have a role to play in in contributing to the United Nations Sustainable Development Goals (SDGs).

Through the Bank's core business and the programs of the Metrobank Foundation, we have been able to contribute directly to a number of these sustainability goals. While all the 17 SDGs are equally important, we have defined the five goals on which we can continue to create more value and have the most meaningful impact to society. These are the areas where we will focus our efforts and investments, and to innovate products and solutions that can improve the lives of the communities we serve.

Metrobank Sustainability Focus Areas

8 DECENT WORK AND ECONOMIC GROWTH — Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

1 NO POVERTY — End poverty in all its forms everywhere

2 ZERO HUNGER — End hunger, achieve food security and improved nutrition and promote sustainable agriculture

4 QUALITY EDUCATION — Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Materiality

Metrobank's material topics describe and communicate the economic, environment and social issues that the Bank and its stakeholders deem most relevant. These are anchored on the four main sustainability drivers and reported according to the GRI Standards and SEC Guidelines on Sustainability Reporting.

Our material topics are subject to change as we incorporate new guidelines from regulators such as the BSP, and anticipate and address the needs of our stakeholders. Hence, our materiality process is iterative, and our sustainability framework is to be reviewed and revised as the need arises.

Materiality Disclosure

In 2021, we adopted the EESG format in our sustainability reporting process and aligned our material topics and its relevance. Accordingly, we re-organized our material topics to align to this format.

Material Topics and Topic Boundary

Theme	Relevance	Aligned Material Topics[2]	Topic Boundary[3]
Corporate Profile	As a market player, we create shared value with our stakeholders and contribute to the country's resilient financial system through our market footprint and business performance.	• Corporate Profile (includes revenue growth and market share)	Internal
Approach to Sustainability	As a publicly listed company, we embed sustainability principles into our governance framework and risk management process.	• Integrating Sustainability Principles* • Materiality*	Internal
Economic Sustainability	As a financial institution, we strive to provide for the financial needs of our customers, whatever their aspirations may be. In addition, we continue to track our direct economic contributions by meeting our financial obligations to our key stakeholders.	• Sustainable Finance (includes thorough underwriting • Financial Inclusion (includes domestic presence, overseas activities, and financial literacy endeavors) • Economic Performance (includes community investment) • Procurement Practices* • Tax Strategy*	Internal and External (customers and suppliers)
Environmental Sustainability	We manage our environmental impact through prudent use of natural resources and compliance with environmental laws and regulations.	• Operational Eco-Efficiency (includes energy and materials efficiency) • Environmental Compliance*	Internal

[2]Topics highlighted in asterisk (*) refer to existing corporate policies and disclosures which were appended to our list of material topics.
[3]Internal refers to the Bank, its operations, and its people. External involves our relationships with other stakeholders.

Theme	Relevance	Aligned Material Topics[2]	Topic Boundary[3]
Social Sustainability	As an employer, we believe that we are able to provide exceptional experience because our employees find meaning in their work. For this reason, we invest in the health, professional growth, and personal development of our team members. As a service provider, we address our customers' various needs through our diverse and ever evolving products and services, which are accessible and reliable in numerous platforms. As a partner and corporate citizen, we listen and engage with our stakeholders to foster long-term relationships, protect their interests, and optimize our social impact.	• Workforce Diversity* • Talent Attraction and Retention (includes employee retention) • Human Capital Development (includes development and training) • Occupational Health and Safety (includes health and safety) • Responsible Labor Practices* • Consumer Financial Protection (includes customer reach, customer management, and responsible business practices) • Information Security and System Availability (includes network reliability) • Privacy Protection (includes data security and privacy) • Corporate Citizenship and Philanthropy (includes community involvement)	Internal and External (customers, suppliers, and community beneficiaries)
Governance	As a member of a highly regulated industry, we have built a stable and responsible brand with a credible and trustworthy reputation. Our track record in transparency, dependability, and accountability allows us to build lasting relationships with our stakeholders as well as entice new partners and customers.	• Governance Structure (includes good governance and integrity) • Board Matters (includes good governance and integrity) • Corporate Policies and Practices (includes good governance and integrity) • Risk and Crisis Management*	Internal

[2]Topics highlighted in asterisk (*) refer to existing corporate policies and disclosures which were appended to our list of material topics.
[3]Internal refers to the Bank, its operations, and its people. External involves our relationships with other stakeholders.

Stakeholder Engagement

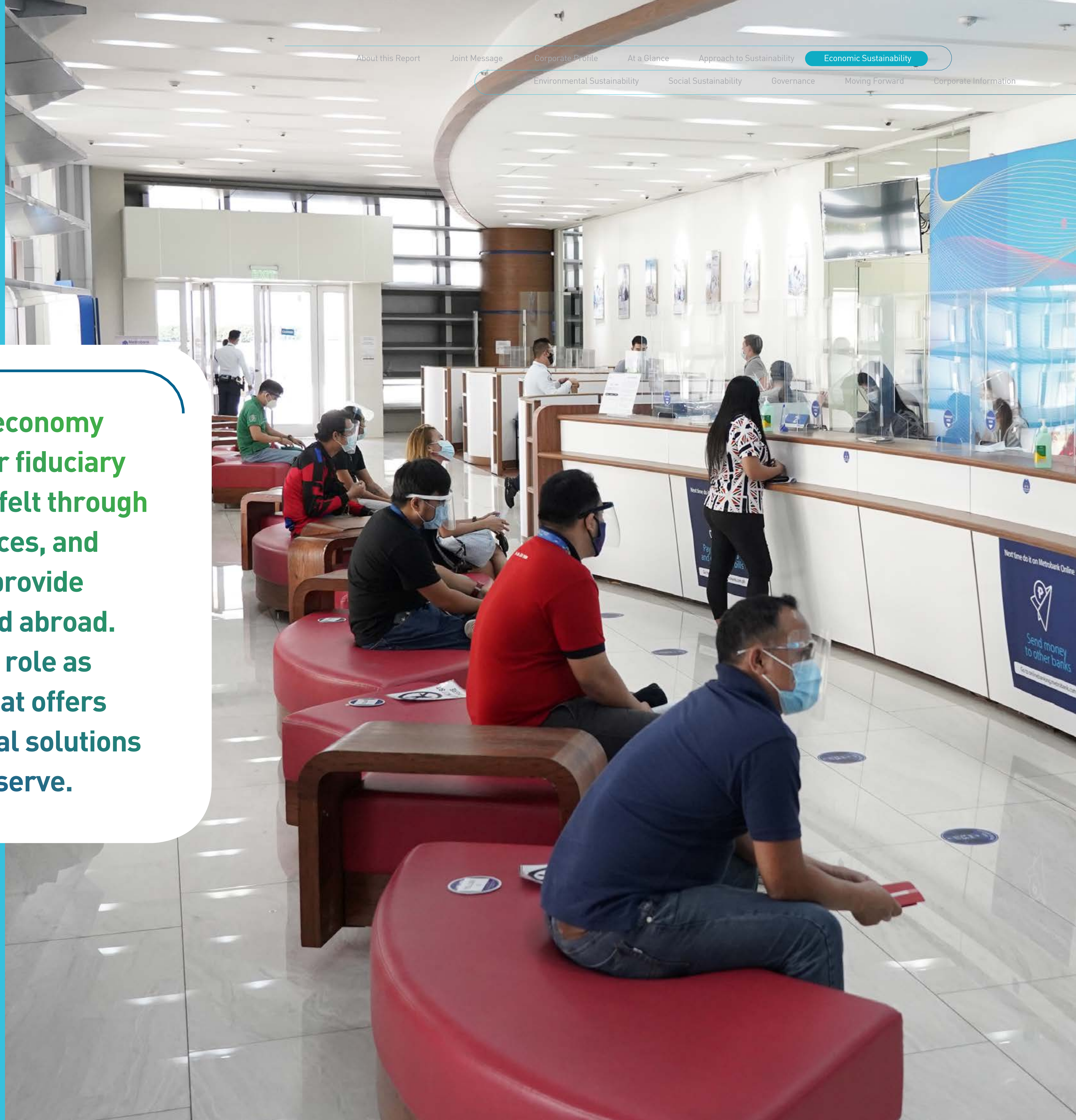
To create a more meaningful impact, we believe in collaborating and engaging with various stakeholders. This enables us to learn new things, share best practices, achieve specific objectives, set future goals, and build long-term trust with stakeholders touched by our business.

Through these various channels, we are able to understand various stakeholders' concerns and needs and encourage dialogue for resolutions.

Stakeholder Group	Engagement Platform	Concerns and Issues	Management Approach
Customers or clients Our business is to cater to the wide range financial needs of the Filipino people.	• Daily customer touchpoints with our frontline employees • Customer satisfaction surveys • Net promoter score studies	• Financial fraud • Service reliability	• Fraud awareness measures • Customer Assistance and Complaints Handling
Employees Meaningful banking is achieved through our dedicated and empowered employees.	• Employee engagement survey conducted every other year • Annual performance assessment • Workplace by Facebook • Townhall, sector meetings, and conventions	• Compensation and benefits • Health and safety	• Salary review • Occupational health and safety practices
Suppliers An extension of our business, suppliers allow us to provide innovative, seamless, and secure solutions to the community we serve.	• Vendor management process • Annual performance review	• Procurement terms	• Transparency in vendor accreditation process
Investors We uphold the interest of our shareholders.	• Annual Stockholders' Meeting • Quarterly Earnings Call • Regular meetings and teleconferences • Investor roadshows • One-on-one meetings • Regular correspondence through letters, memos, and email	• Financial performance • Growth outlook	• Timely disclosure of financial performance and prospects
Regulators The government ensures that businesses are conducted fairly and protects the rights of everyone.	• Regular correspondence through letters, memos, and emails	• Regulatory reliefs • Adequacy of risk management of significant business activities • Anti-money laundering / combating the financing of terrorism or proliferation financing • Compliance with the BSP, SEC, Securities Regulations Code, and other relevant references • Corporate governance	• Bank policies and controls in place • Annual Performance Assessments • Effective compliance and internal audit functions • Disciplinary actions
Community Through our business, we aim to contribute to the financial wellness of the community we are in by giving access to financial instruments, and boosting economic activities.	• Dialogues, feedback mechanisms, and surveys • Community outreach programs • Virtual events, activities, and webinars	• Stimulation of local economy • Program implementation • Recipients and impacts of corporate social responsibility projects	• Results-based Program Management Approach • Regular engagement • Roll-out of recognition programs and community projects • Financial support to education, arts, and culture

ECONOMIC SUSTAINABILITY

Our impact on the economy extends beyond our fiduciary responsibility. It is felt through the products, services, and initiatives that we provide our clients here and abroad. This underpins our role as a universal bank that offers meaningful financial solutions to the markets we serve.



Sustainable Finance

We recognize that banks and financial institutions have a significant role to play in helping the planet and in promoting financial inclusion through sustainable finance.

Thorough Underwriting

Our sustainability as a business hinges on our ability to sustain a strong balance sheet, good reputation, and zero credit risks. Sudden financial defaults or questionable dealings with clients would adversely impact our reputation and threaten our viability as a business.

We have thorough credit underwriting policies in selecting the right clients. We adopted a solid credit risk management system that covers credit policies, authorizations, risk evaluation, and compliance monitoring.

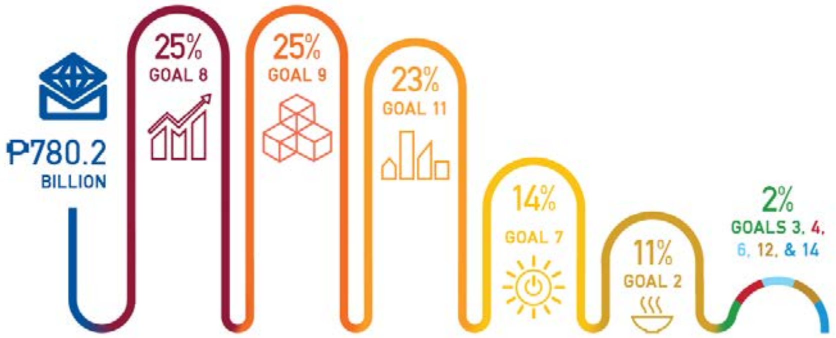
Credit policies are formulated in consultation with business units on collateral requirements, credit assessment, risk grading, reporting, and compliance with regulatory requirements. There are authorization limits for the approval and renewal of credit facilities.

We also implement prudent concentration limits in granting loans to counterparties and industries, and by issuer, in the case of investment securities.

Credit quality is monitored by analyzing and categorizing the repayment ability of a borrower through the Internal Credit Risk Rating System (ICRRS). The ten-grade rating system reflects the borrower's risk of default and availability of a collateral or other credit risk mitigation. Compliance with approved exposure limits is also closely monitored.

In line with our credit policies is the proper conduct of enhanced due diligence on certain industries and client categories under our financial crime compliance program. These industries and client categories are as follows:

- Subject to enhanced due diligence and risk-based approach: Non-resident customers, politically exposed persons (PEP) and their close family members (PEP related), close business colleague and personal advisor (PEP close associate), correspondent banks, arms, defense, military, extractive industries, precious metals and stones, regulated charities, non-government organizations, embassies or consulates, and payment service providers
- Subject to enhanced due diligence and restricted risk-based approach: Non-account customers, non-resident customers, and money or value transfer services or money services business
- Prohibited customers or industries: Shell banks, atomic power, unregulated charities, red light business or adult entertainment, virtual currencies, marijuana, and gambling.



Breakdown of Contribution of Commercial Loans to the UN Sustainable Development Goals in 2021

GOAL 8 DECENT WORK AND ECONOMIC GROWTH - Equivalent to P195 billion. Supported 206 businesses engaged in large scale retail activities, holding companies and financial institutions needing access to financial capital, hotels and restaurants, and professional and technical services | GOAL 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE - Equivalent to Php193 billion. Supported 144 businesses engaged in the development of public infrastructure such as roads and highways, highways, establishment of commercial properties, as well as manufacturing, transportation, storage, and telecommunication activities | GOAL 11 Sustainable Cities and Communities | GOAL 7 Affordable and Clean Energy | GOAL 2 Zero Hunger | GOAL 3 Good Health and Wellbeing | GOAL 4 Quality Education | GOAL 6 Clean Water and Sanitation | GOAL 12 Responsible Consumption and Production | GOAL 14 Life Below Water

Contribution of Commercial Loans to the UN Sustainable Development Goals

At Metrobank, sustainable finance covers a range of activities — from lending to green projects or investing in companies that contribute to the UN SDGs. We reviewed our commercial loan portfolio and identified those that are aligned with the attainment of the SDGs based on the purpose of the loan and the client's nature of business. The scope of the review covered accounts with an outstanding loan balance of at least P200 million. In 2021, this accounted for 87.25% of our total commercial loan portfolio, amounting to P780.2 billion.

Financial Inclusion

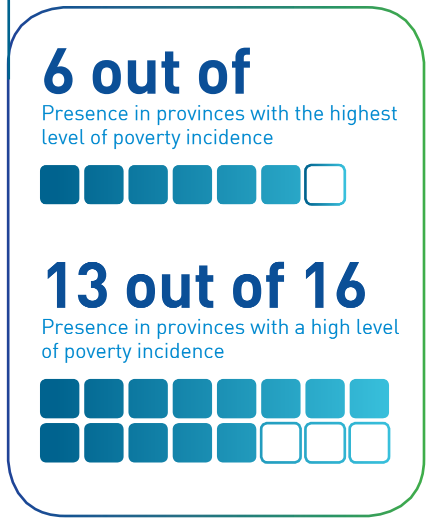
Poverty remains one of the biggest social and economic challenges in our time. The COVID-19 pandemic further exacerbated inequality in our country and in the world as many lost their jobs and livelihood due to the lockdowns.

Financial inclusion serves as a key driver to reducing poverty and a key enabler of the UN SDGs. It is presented as a target in 8 out of the 17 SDGs, aligned with our focus areas. In the case of digital finance, it can stimulate inclusive growth in developing countries such as the Philippines.

At Metrobank, we promote financial inclusion through our network of branches here and abroad. With the pandemic lockdowns, customer acceptance of our mobile app and online banking channels also grew, enabling the unbanked and underserved to access our products and services to meet their needs even without leaving the comfort of their homes.

Reaching Out to the Countryside

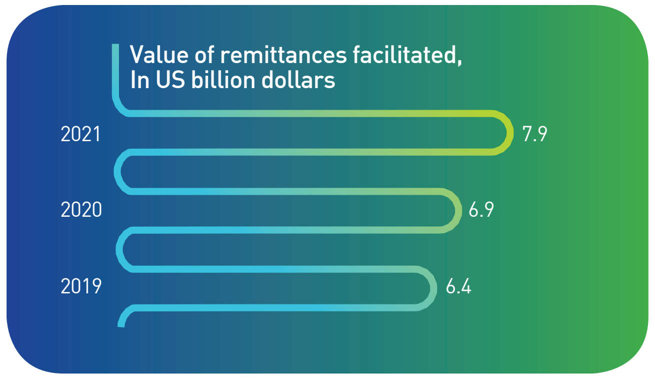
Our branches comprised 55% or 385 of our total domestic branch network as of end 2021. Located outside Metro Manila, our branches enable us to reach Filipinos in 86% or 6 out of the 7 poorest provinces in the Philippines. In addition, we are also present in 81% or 13 out of the 16 provinces belonging to the second cluster of the poorest provinces in the country.



Reaching Out to Filipinos Abroad

We respond to the financial needs of overseas Filipinos and their families through our presence in 26 countries and territories abroad. Our international network includes:

- 5 foreign branches: MB New York, MB Taipei, MB Tokyo, MB Osaka, and MB Seoul
- 6 foreign remittance subsidiaries: MRUK, MR Singapore, MR Japan (Yokohama), MR Hong Kong (6 offices), MR Canada (2 offices), and MB Remittance Center Hawaii (2 offices)
- 142 remittance partners



Through our strong presence abroad, were were able to facilitate US$7.9 billion in remittance value in 2021 from 1.9 million unique remitters supporting 3.5 million beneficiaries.

In addition to our remittance business, we also offer other financial services to the Philippine-based beneficiaries of overseas Filipinos and conduct financial literary seminars to Filipinos leaving for work abroad.

Reaching Out to Filipinos Everywhere

Adoption of digital financial services accelerated in the wake of the pandemic because of mobility restrictions that drove Filipinos to mobile apps and online banking channels.

We were able to reach out to more Filipinos wherever they are through Metrobank Online, our revamped online banking facility, and through our Metrobank Mobile App. The Cash Pick-Up feature in our mobile app enabled our clients to send up to P30,000 anywhere in the Philippines through our over 10,200 remittance partner outlets that expanded our reach.

In 2021, 88% of our total financial transactions go through our e-channels — an increase from 85% level in 2020. The total transaction value also rose by 50% year-on-year. Our mobile app downloads grew by 65% from 2020 levels.

88%
Financial transactions coursed through through our electronic channels

65%
Increase in mobile app downloads from the previous year

International Remittance Network

Region	Country
North America	USA, Canada
Europe	United Kingdom, Italy, Spain, Cyprus, Germany, Netherlands, Greece, France
Asia Pacific	Australia, New Zealand, Singapore, China, Hong Kong, Taiwan, South Korea, Japan, Malaysia
Middle East	Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain, Oman, Israel

Reaching Out to MSMEs

Micro, small and medium enterprises (MSMEs) comprise 99.5% of the total number of establishments and generate 62.6% of the total employment in our country. They also account for a quarter of our total exports revenue according to the Department of Trade and Industry.

To enable MSMEs to access funds even during the pandemic, our Business Banking Center (BBC) actively onboarded small and medium enterprises to the Metrobank Business Online Solutions (MBOS) platform.

Launched before the pandemic in 2019, MBOS is an innovative online banking system that allows corporate and commercial clients, including SMEs, to transact with Metrobank in the safety of their homes. In 2021, the value of corporate transactions that went through our digital platforms increased by 50% year-on-year. About 27% of this volume now goes through digital channels compared with 25% in 2020. In terms of usage, 39% of our corporate clients have now been onboarded in the MBOS platform. Of this, 61% are active.

To provide more Filipinos access to our digital platforms, we also slashed by half the fee on electronic fund transfers by small to large businesses. We lowered the PESONet fees on Metrobank online and Metrobank mobile app to P50 from P100 per transaction starting November 2, 2021.

PESONet is an online bank transfer solution that can be used by small to large businesses to facilitate secure and convenient payments for salaries, supplier, government goods and services, and other similar transactions. The platform allows clients to send up to P200,000 a day to electronic channels of partner BSP-supervised financial institutions.

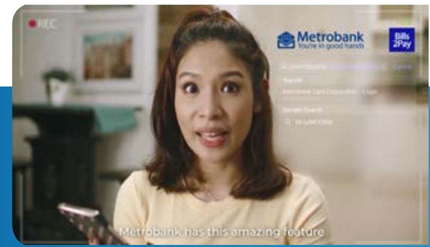
Financial Literacy

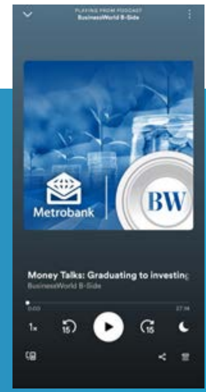
Through financial education program, we help arm our customers with the knowledge they need to make informed financial decisions.

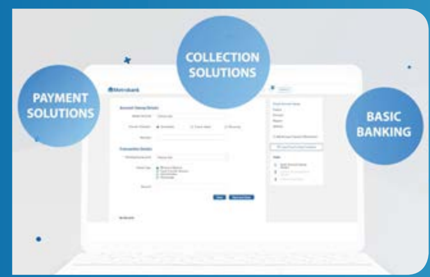
Our financial education covers fundamental principles and topics on money saving and debt management, to more complex concepts such as investments.

- Money Basics: This educational campaign was launched in 2019 and became a consistent activity of the Bank to provide and impart financial education materials. Relevant articles on money basics, from bite-sized money tips to long-term investment goals, are regularly posted on Metrobank's website: https://www.metrobank.com.ph/learn/money-basics. This is a collection of stories and practical financial tips published to help people learn from the experiences of others, and to pick out lessons on personal finance and sound money habits beyond the pandemic. The same lessons and tips are published on the Bank's Facebook and Instagram accounts to reach and to engage a wider audience.
- Earnest: This is a financial education and investing platform designed with beginner investors in mind. Users can download the app or go to the website: https://earnest.ph to learn financial basics through lesson cards and more in-depth articles and content. Earnest is available on both iOS and Android.

Key Financial Education Campaigns in 2021







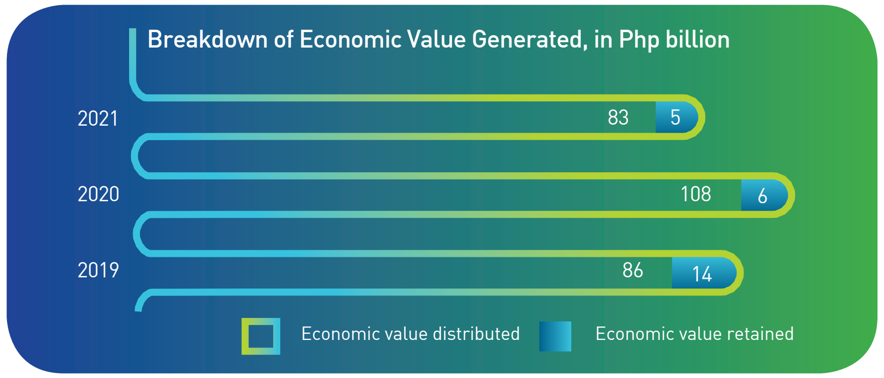
Economic Performance

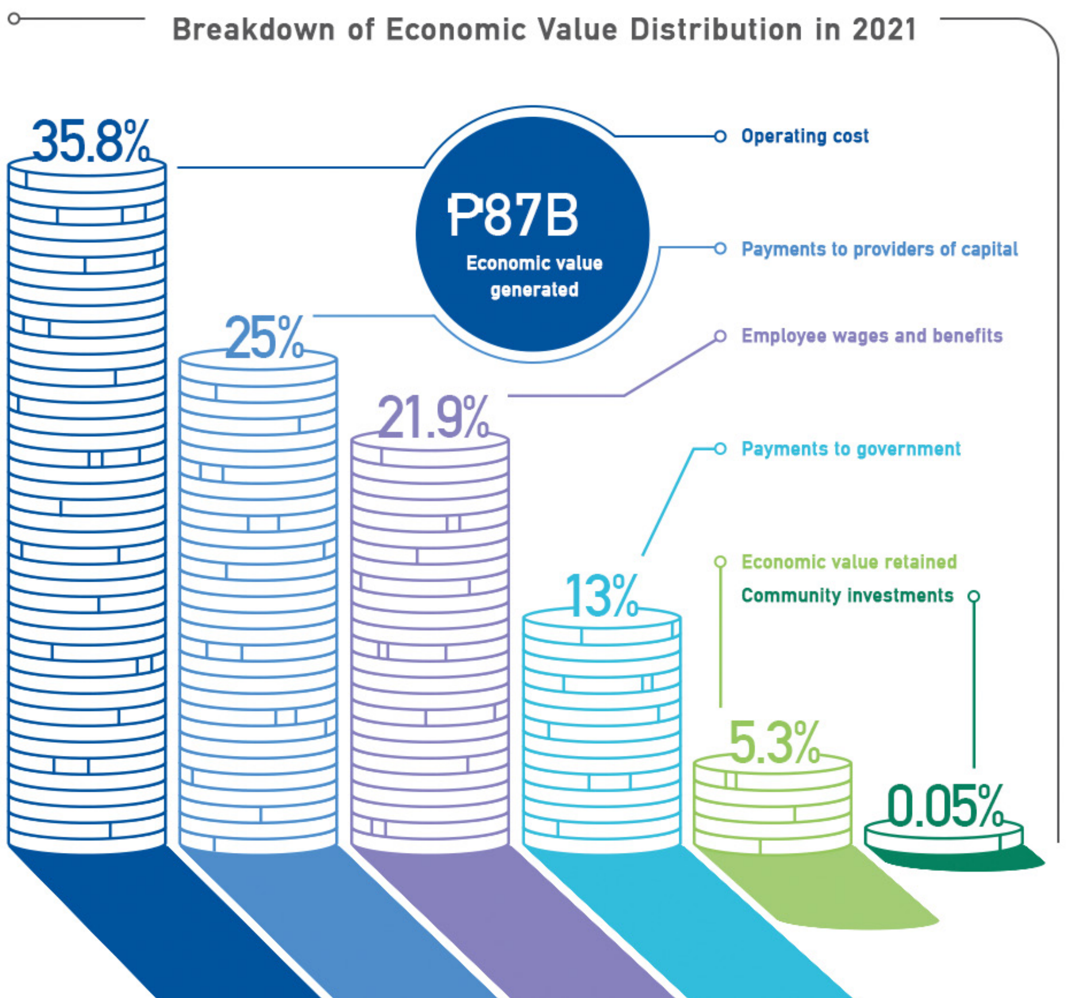
Our biggest contribution as a bank is through performing our fiduciary responsibility. This means acting in the best interests of our stakeholders by prudently managing their money and providing products and services that meet customers' financial needs. These drive our business growth and help sustain our commercial viability.

In 2021, we continued to demonstrate financial strength and resilience. Despite the lingering effects of the pandemic which continued to dampen consumer and business confidence, we managed to post a relatively strong performance.

This enabled the Bank to make the following economic contributions at the parent level:

- P87.4 billion in direct economic value
- P30.4 billion in operational expenses (mainly payments to local suppliers and service providers)
- P19.2 billion in employee remuneration, rewards and welfare
- P21.9 billion in shareholders and other capital payments
- Ph11.4 billion in taxes, licenses and other fees paid to the government
- P40 million in community investments





Procurement Practices

We conduct our business with our suppliers and partners in a fair and responsible manner. This relationship allows us to have an economic impact and promote inclusion through our local procurement practices.

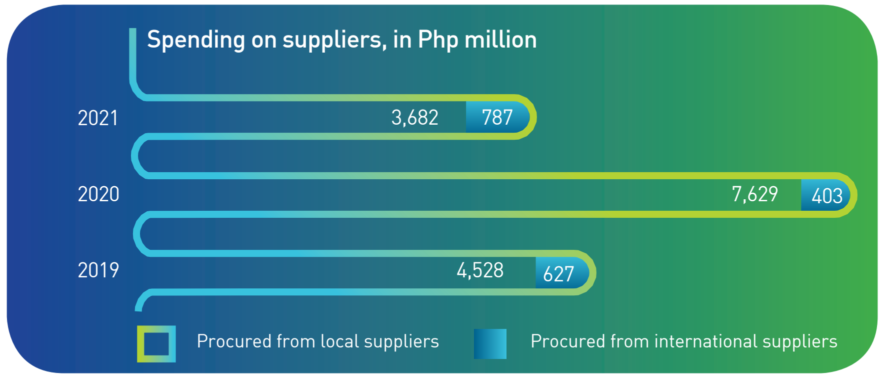
We carefully select suppliers and contractors through an accreditation/re-accreditation process that is in accordance and compliant with BSP regulations. Our General Services Group (GSG) collaborates with concerned business units for the accreditation, contracting, selection, bidding, and performance review of vendors. We have a policy on canvassing and bidding in the conduct of purchase of products or contracts for services to ensure that we secure the best deal in terms of price, quality of materials or work services, delivery time frame, and related terms and conditions.

We have an Outsourcing Policy that guides our business units in outsourcing an activity or function. The policy is aligned with the outsourcing regulations of the BSP to ensure our compliance with applicable laws.

Annual performance evaluation is conducted to determine if the contractual agreement with the vendor or supplier will be renewed or terminated. In 2021, we revised our Vendor Performance Review

Template to consider the BSP's recommendation to include our Business Continuity Plan (BCP) testing information in our periodic review of vendors with IT outsourcing contracts for our critical systems/applications.

In 2021, around 82% of our procurement spending was paid to local suppliers and service providers. There was a significant decrease in total spending from 2020 to 2021 attributed to the impact of the COVID-19 pandemic, leading to the implementation of cost-effective measures.



Tax Strategy

Transparency is an integral part of doing business responsibly. Payment of taxes gives the government with an opportunity to generate revenues, support economic growth, fund public services, and enhance social development.

In 2021, Metrobank's provision for income tax decreased to P5.8 billion from P6.9 billion in 2020. This is attributable to the net effect of the decrease in tax rate under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law and movements on temporary tax difference.

Provision for Income Tax *Figures in Php million*	Parent		
	2019	2020	2021
Current:			
Final tax	2,915	3,627	3,060
Regular corporate income tax*	3,772	6,696	2,317
Minimum corporate income tax	-	-	-
	6,687	**10,323**	**5,377**
Deferred*	(78)	(3,413)	421
	P6,609	**P6,910**	**P5,798**

*Includes income taxes of foreign subsidiaries

ENVIRONMENTAL SUSTAINABILITY

Our environmental contributions range from our active promotion and participation in conservation initiatives within our organization, in our supply chain, and in local communities where we operate, to commitments to well-recognized domestic and international standards and reporting agreements.

As our primary business is in the Philippines, among the countries most vulnerable to climate change in the world, we live the reality of extreme weather disturbances and natural disasters in our areas of operation. Thus, we are fully supportive of the Paris Agreement's goal to keep the rise in global average temperature this century to well below two degrees Celsius (2°C) and to pursue efforts to limit the temperature increase even further to 1.5°C.

However, we recognize that we cannot do it alone and addressing a challenge as big as climate change demands a collaborative, society-wide approach. We believe that smart policies from government offer solutions that can drive progress.

We are working to reduce our operational footprint on the environment through energy conservation in our offices and branches and taking environmental protection into account when making lending decisions.

Operational Eco-Efficiency

Environmental stewardship starts within our organization. We consistently strive to look for ways to improve our operations through the conservation of energy, water, and resources. We instill this environmental consciousness by optimizing the use of paper, shutting down power in our office equipment to minimize resource usage and to save on electricity costs, using vehicles for carpool, regular maintenance, and servicing vehicles to reduce transportation cost and carbon emissions.

We also continue to improve the reporting of our environmental performance. In this 2021 Sustainability Report, we have expanded the scope of our environmental performance data to include our corporate centers and domestic branches. This was a significant expansion in scope from our previous reporting that only covered selected facilities.

Use of Energy, Water, and Materials

We are keen to manage the environmental footprint of our business operations, balancing our commercial interest with our sustainability ambition. As such, we are continuously looking into ways to optimize our performance in the areas of energy and water consumption as well as materials use.

In 2021, our environmental performance changed significantly due to the work-from-home arrangement and the utilization of online platforms to cope with the lockdown restrictions. In addition, we embarked on these initiatives:

- Assessed our performance on the following areas in our operations: energy billing, operation of equipment, preventive maintenance plans, and energy audits.
- Implemented more energy conservation measures to further reduce our power consumption. These initiatives include the rewiring of lights, reduction of motor frequency, optimization of air conditioning (A/C) units operation, installation of motion sensors, scheduled light switch on/off on unused areas, continuous replacement of conventional fluorescent bulbs to LED (covered 25% of all our major centers), use of inverter A/C units for renovated branches, installation of metering devices to monitor the improvements in our utility consumption with the implementation of energy conservation projects.
- Encouraged the use of paperless processes across our client base and within our organization.

To build on our environmental contributions, we will continue to develop and implement policies, adapt new technologies, and pursue proposed sustainability projects. We will also analyze the data we gathered to determine the environmental impact of the initiatives we have taken.

Fuel Consumption

We monitor the diesel and gasoline consumption of our service vehicles and stand-by power generation sets from our corporate centers. In 2021, our total fuel consumption was 62,068.3 liters, 59% from the previous year. Approximately 67% of the total was used to operate our car fleet.

We provided free shuttle services to our employees who were affected by the pandemic, particularly during the prolonged period of enhanced community quarantine. This explains the high level of fuel consumption in 2020 as compared to 2021 and 2019.

Power Consumption

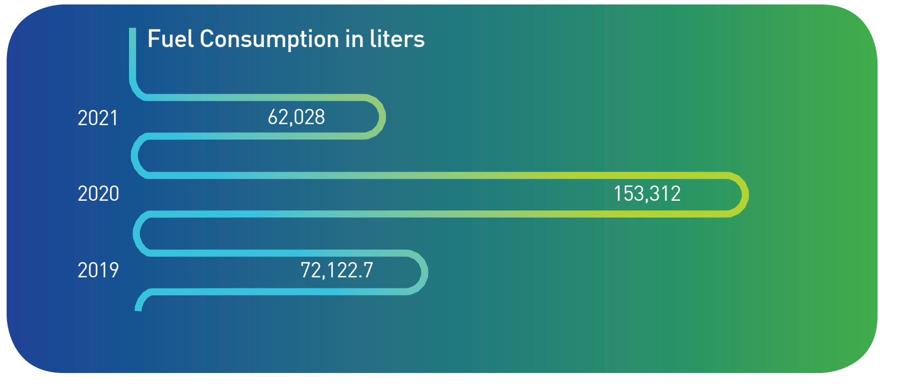
The power consumption data from our corporate centers and domestic branches reveal the pandemic's impact on our operations. As onsite reporting to our offices resume, consistent with the guidelines with the Inter-Agency Task Force for COVID-19, our power usage rose in 2021. we consumed a total of 40,036 megawatts of electricity, 6% higher than 2020 but lower by 8% from 2019.

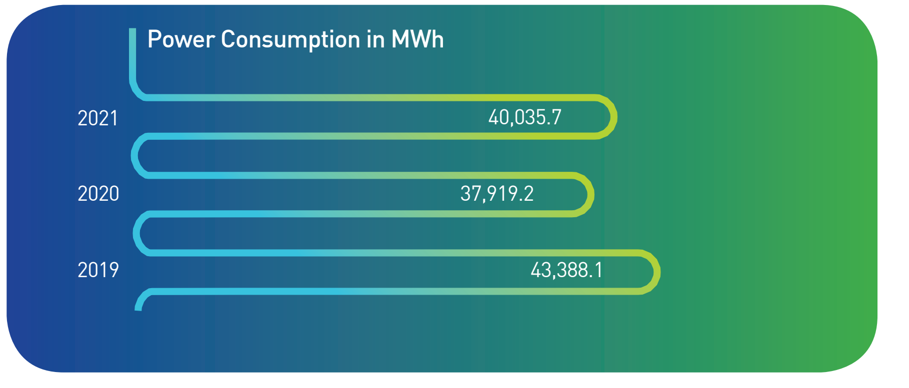
Our domestic branches contribute 57% of our total power use in 2021, which in turn is based on the annualized data of 77% of our branch network. We are working to improve the data collection and management to capture the actual power consumptions from all our sites and branches.

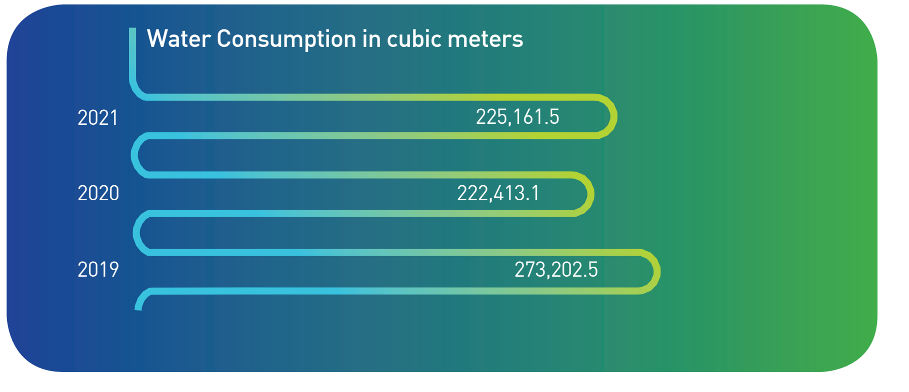
Water Consumption

We track our water consumption across our corporate centers and domestic branches to measure our impact on water scarcity. Accordingly, our total water consumption in 2021 was at 225,162 cubic meters, slightly higher than that of 2020, but 19% lower than in 2019.

Meanwhile, around 65% of our total water consumption in 2021 came from the annualized data of 71% of our branch network. We plan to include this metric in the enhancement of our data management system moving forward.



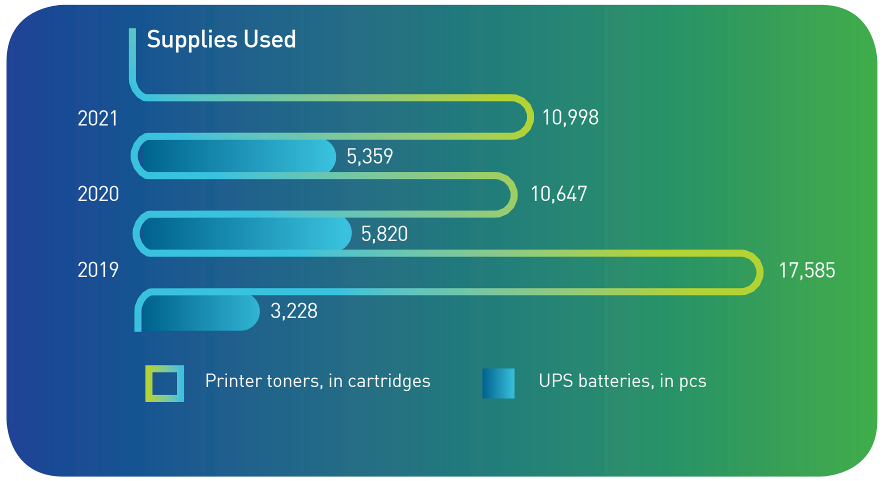




Supplies Used

We use printer toners and uninterruptible power supply (UPS) batteries in the workplace. Overall, our consumption of these two key supplies in 2021 was at par with 2020 levels.

We encourage paperless transactions, both internally and externally, in the course of doing business with our customers. We offer our clients the option to enroll in our electronic Statement of Account feature for a convenient and eco-friendly banking experience.



GHG Emissions

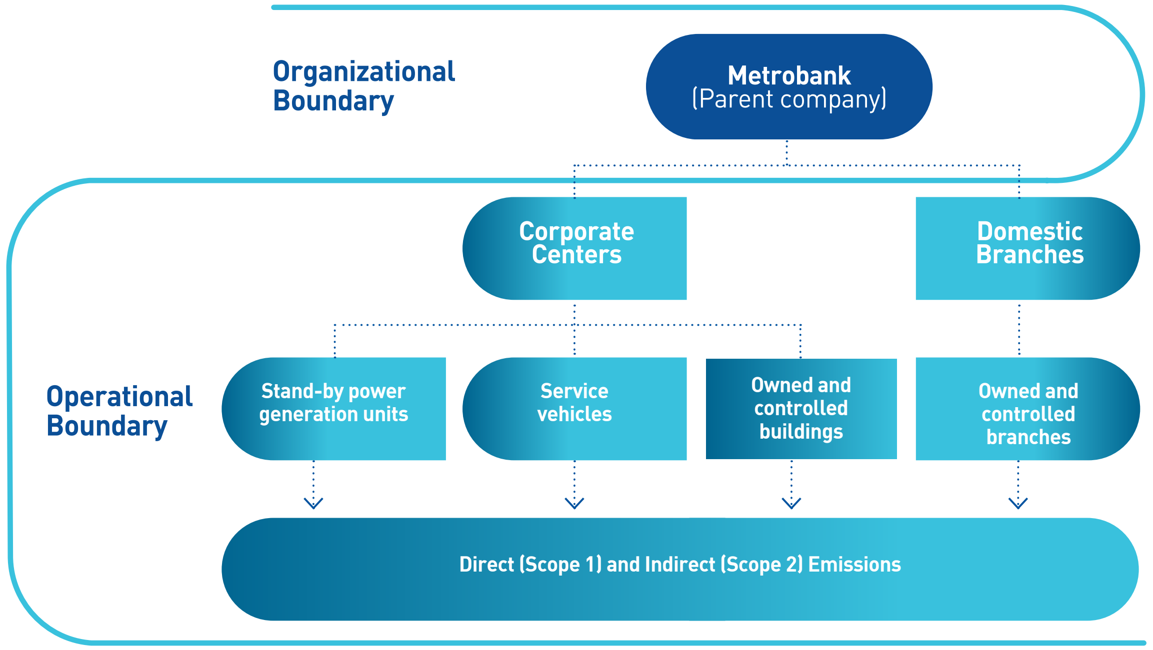
We rigorously examine the way we manage our properties as part of our resource management strategy. Our goal is to reduce our greenhouse gas (GHG) emissions that could contribute to environmental degradation.

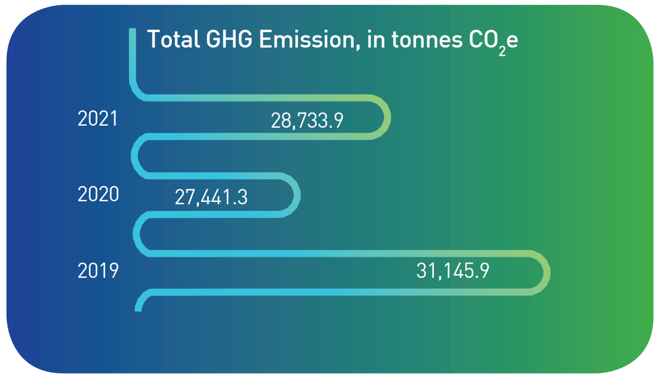
To this end, we make sure our bank vehicles and generator sets undergo regular maintenance so they remain in good condition and minimize carbon emission. These maintenance checks include change oil for vehicles and emission test of generators.

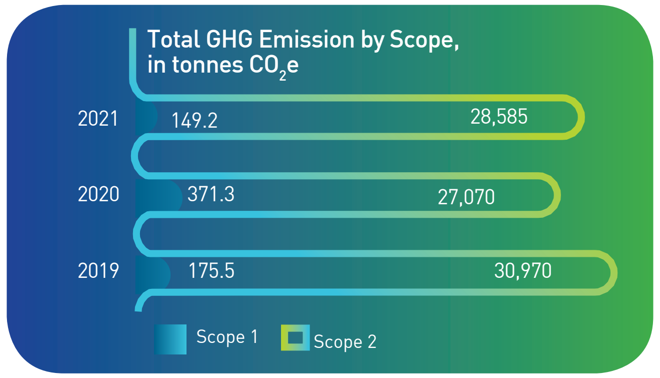
We will continue to develop policies, adapt new technologies, and embark on research and feasibility studies to identify opportunities to further reduce our carbon footprint.

Measuring our Carbon Footprint

We adopted the framework and recommendations of the GHG Protocol to measure the Bank's carbon footprint. We accounted for our GHG emissions using the financial control approach, wherein it considered 100% of the total emissions from the Bank's operations.







*For stationary and mobile sources (Scope 1 emissions): World Resources Institute GHG Emission Factors 2017; for location-based power consumption (Scope 2 emissions): Department of Energy's National Grid Emission Factors 2017

Our data on GHG emissions, derived using relevant global and national emission factors*, are directly linked to the scope of our fuel and power consumption across our operations. In 2021, we emitted 28,734 tonnes of CO_2e, up 5% from 2020 but down 8% from 2019. Our Scope 2 emissions which arose from our power consumption, accounted for 99% of our total emissions.

Moving forward, we will continue to track our fuel and power consumption, as well as implement our energy conservation projects for us to manage our direct impact on climate change. We are working to generate a stable baseline of our resource consumptions from our corporate centers and domestic branches to improve the measurement of our carbon footprint.

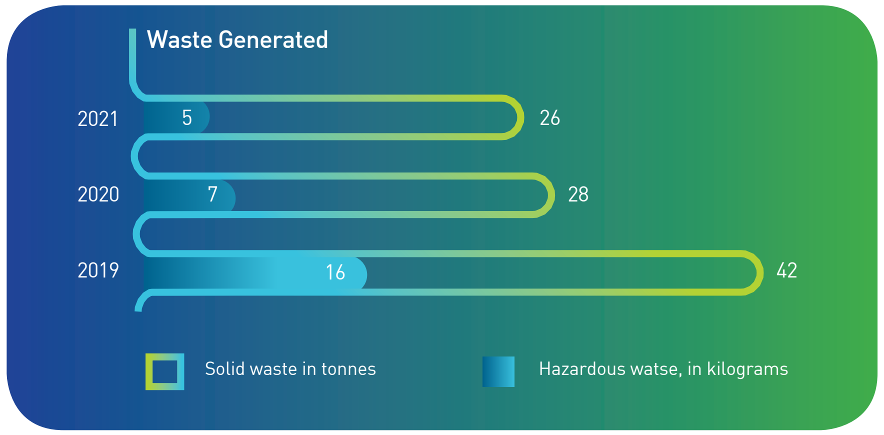
Waste Disposal

The proper management of waste is a vital part of our operations and environmental performance. Improper waste disposal can harm to our surrounding community and environment, not to mention violations of environmental laws which pose legal and reputational risks to Metrobank. Due to the work-from-home setup, our performance in this area represented a significant improvement from the previous year.

This can be attributed to these initiatives:

- Strict implementation of our Solid Waste Management Program
- Shift to paperless transactions and reuse of paper for printing
- Implementation of a "Boxing Day" program to promote recycling and proper waste disposal
- Existing Policy on Recycling and Waste Reduction Management in the Workplace

We monitor the volume of waste that we generate across our corporate centers. The graph below shows that we generated 26 tonnes of solid wastes and 5 kilograms of fluorescent tubes, a specific type of a hazardous waste. The volume of waste recorded in 2021 was smaller than the previous year.



Community Initiatives

Metrobank gives support to environmental projects across the country. One of our successful initiatives was an environmental stewardship program called "You're in Green Hands" led by our Purple Hearts Club. The program addresses environmental issues by actively supporting activities such as tree planting and mangrove restoration.

Environmental Compliance

Banking is a business built on earning trust. We safeguard our reputation in the same manner we protect our financial position and stakeholders' interests.

Among the risks we face is non-compliance with environmental laws that lead to regulatory fines and adversely affect our reputation. Thus, we ensure that we adhere to all applicable environmental laws, including the strict implementation of appointing DENR-Pollution Control Officers on our corporate centers and branches.

In 2021, we did not receive any sanctions for non-compliance with environmental laws and/or regulations, as well as any environmental case for dispute resolution.

SOCIAL SUSTAINABILITY

Founded on the principle that banking is a social business, Metrobank engages our employees, customers, and communities to optimize our social impact. As a testament to our commitment, we continue to invest in our employees, support and create shared value with our clients, and advocate social causes.

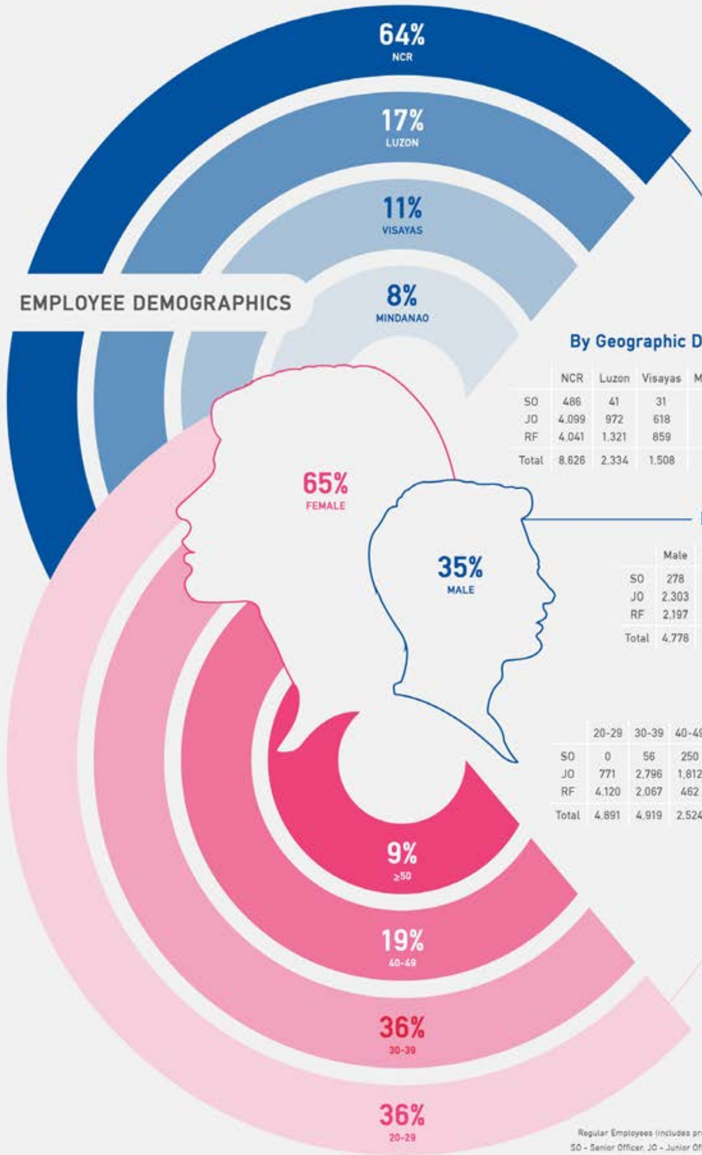
Workforce Diversity

We consider our employees as our partners in delivering meaningful banking to our customers and communities. As the pillar of our strength, they are vital in our success in delivering our strategy and sustaining our business performance over the long term.

We consistently provide an atmosphere that encourages the overall growth and productivity of Metrobankers even as they work from home. We promote diversity at work, reward them fairly commensurate with their job performance and industry standards, and provide an open learning environment for employees to improve their abilities. We consistently look out for their safety and well-being, particularly in the light of the COVID-19 pandemic.

Embedding the principles of diversity and inclusion in our organization gives us a better understanding of the needs of our people, partners, suppliers, and customers. We believe that a diverse workforce, and an inclusive and caring environment that respects and nurtures diversity, contributes to the long-term success of our business.

EMPLOYEE DEMOGRAPHICS



By Geographic Distribution

	NCR	Luzon	Visayas	Mindanao	Total
SO	486	41	31	19	577
JO	4,099	972	618	441	6,130
RF	4,041	1,321	859	637	6,858
Total	8,626	2,334	1,508	1,097	13,565

By Gender

	Male	Female	Total
SO	278	299	577
JO	2,303	3,827	6,130
RF	2,197	4,661	6,858
Total	4,778	8,787	13,565

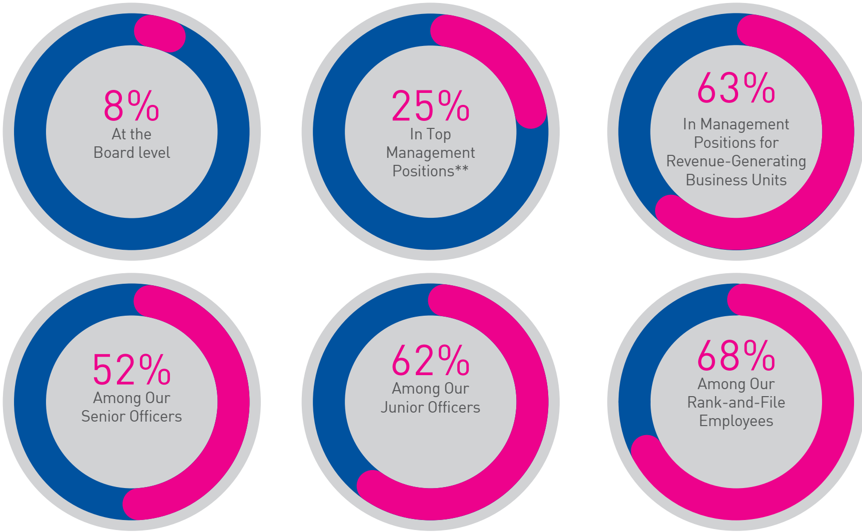
By Age

	20-29	30-39	40-49	≥50	Total
SO	0	56	250	271	577
JO	771	2,796	1,812	751	6,130
RF	4,120	2,067	462	209	6,858
Total	4,891	4,919	2,524	1,231	13,565

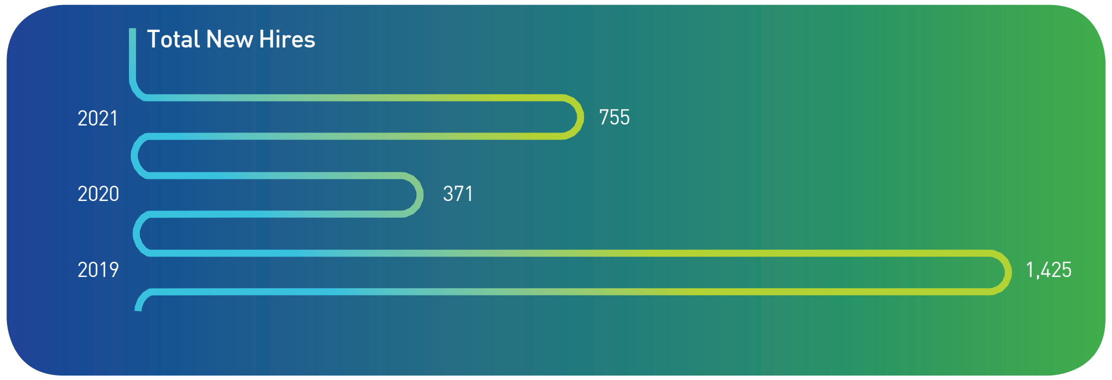
Regular Employees (includes probationary employee);
SO - Senior Officer, JO - Junior Officer, RF - Rank & File

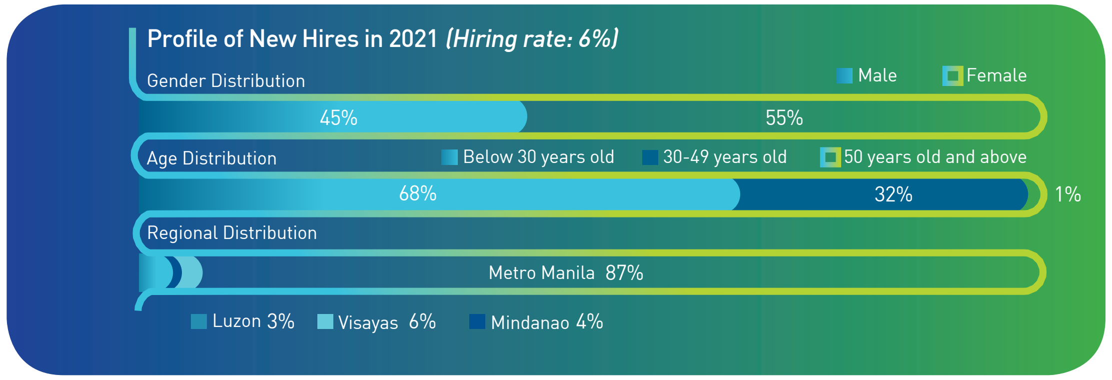
*Limited to our domestic operations

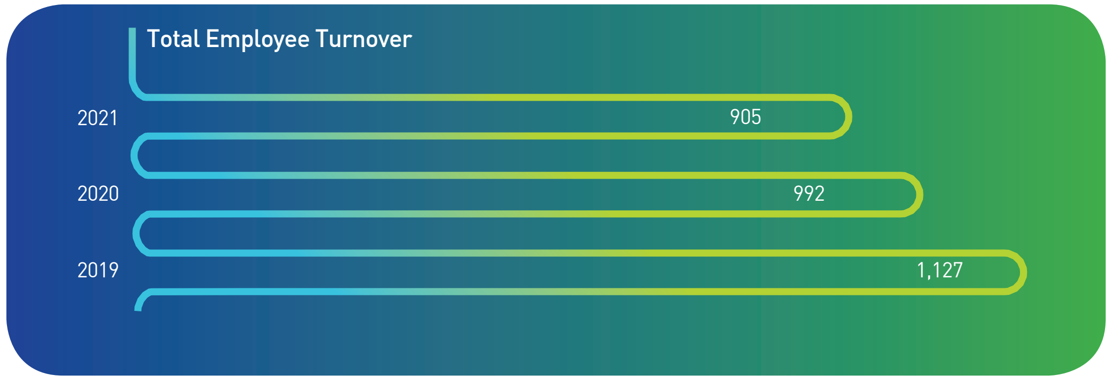
Women in the Workplace (2021 Highlights)

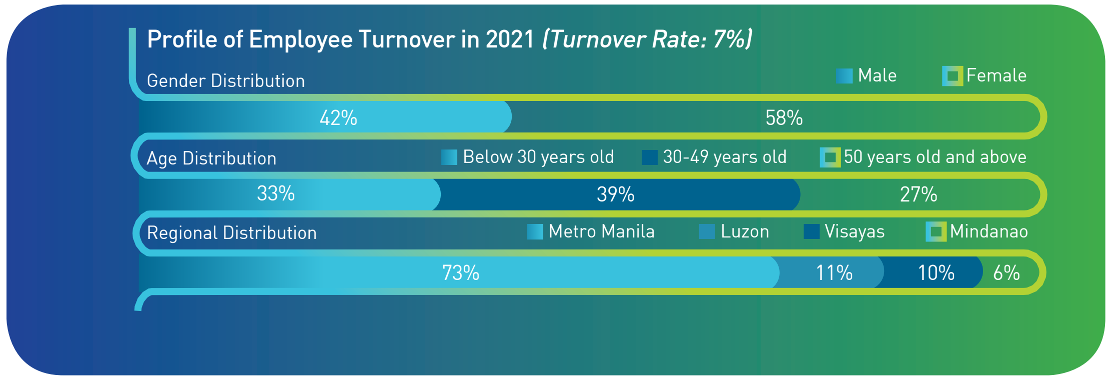


**Refers to Senior Executive and Executive Vice Presidents









Talent Attraction and Retention

Having a distinctive brand promise that focuses on care *(malasakit)* and a reputation as the strongest bank in the Philippines for 2021 *(The Asian Banker)* helps us attract talented people to our organization.

More than a slogan, "You're in Good Hands" also embodies our commitment and this is what sets us apart as an employer. People who share our values, our purpose, and our passion to be a force for good find working for us most rewarding.

To address the challenges of mobility restrictions during the pandemic, we harnessed technology and transformed our recruitment process to continue attracting talent in our bank. We shifted to conducting online interviews using video conferencing applications and to paperless processes. Endorsements and approvals of new hires were communicated via email and were made up to the level of the Management and Nominations Committee, including the Board of Directors, as appropriate.

Beyond the recruitment process, we also changed our foundational Human Resources (HR) goals, recruitment skills, and other related HR policies and processes. We standardized the application interviews across all levels, reviewed recruitment tools and policies to adapt to the industry's best practices, and re-evaluated sourcing talent from within.

We reorganized our Talent Acquisition (TA) team to streamline accountability and maintain operational excellence. The end-to-end processing from sourcing to offer acceptance replaced the sourcing and recruitment operations section. TA replaced Employee Records and Plantilla Management Department (ERPMD) in managing the onboarding processes to consolidate all application processes in one department.

HR leaders aligned their recruitment strategy with the Talent Acquisition Department after undergoing a recruitment skills training. The interview process became a training program and was given to select officers and heads of our Organizational Effectiveness and Learning Division and Human Resources Business Partner.

Compensation and Benefits

We provide compensation packages that are at par with those in our industry. Our employees receive benefits that exceed the minimum standards set by our local labor laws.

During the pandemic, we provided additional support to our employees working onsite to enable them to provide excellent and meaningful service to our clients. These include:

1. Enhanced Community Quarantine (ECQ) meal and transportation allowance
2. Overtime pay for shortened work hours in ECQ and Modified Enhanced Community Quarantine (MECQ) areas
3. Payment grace period on employee loans
4. Provident Fund car loan special package for junior officers as well as rank and file
5. Bank-sponsored shuttle service
6. Free face mask and face shield for each employee
7. Use of emergency leave for COVID-related absences

To address challenges due to mobility restrictions, we extended the Drive Car Loan benefit to our employees. This benefit is a separate and one-time special car loan program for employees who report for work onsite. The program enables employees to have new vehicles to solve their transportation concerns. It also encourages them to assist their co-employees by implementing a carpooling system which ultimately builds relationships and even helps the environment through less carbon emissions.

Broad List of Employee Benefits

- Government-mandated benefits (SSS, PhilHealth, Pag-IBIG)
- Leaves (Parental, vacation, and sick leaves)
- Medical benefits
- Housing assistance
- Retirement fund (aside from government-mandated benefit)
- Education support
- Flexible working hours

1.1:1.0
Ratio of the Bank's entrylevel wage to local minimum wage

Equal
Base entry-level salary of male and female employees

100%
Return rate of employees who availed maternity and paternity leave

91%
Rate of employees who availed the maternity benefit and are still employed 12 months after. Similarly, maleretention rate was at 93%

Availment of Employee Scholarship Program	2021 Availers		
	Female	Male	Total
Metrobank Educational Assistance for Dependents of Employees (MEADE) - College	**164**	**59**	**223**
Metrobank Educational Assistance for Dependents of Employees (MEADE) – High School	91	33	124
Metrobank Employees Graduate Assistance (MEGA) Program	6	3	9
Educational Subsidy - MBA	23	10	33
Total Availers*	**284**	**105**	**389**

*Offered only to regular employees and their direct dependents who are eligible to apply for the benefit

Human Capital Development

Organizations claim that its people are its greatest asset. This holds true for Metrobank. We recognize that our employees are the primary stakeholders that sustain our business. Their key talents are our lifeblood; their intellectual and human capital provides the operational efficiency and strategic direction to dutifully face both normal and challenging times for the institution. In this time of the pandemic, Metrobank's sustainable business meant creating more value for the people that provided meaningful banking. We enabled and empowered our employees, equipped them with the right competencies to upscale their performance, and safeguarded their health, well-being, and rights. During periods of uncertainty and volatility, investing in people is the best move to uplift communities.

We consider our employees as partners in building meaningful banking in communities and consistently look out for their well-being. We always prioritize employee safety, excellent performance, and sense of belongingness, and provide opportunities for their career development.

As one of Asia's best employers and companies to work for in 2019, Metrobank fosters a culture of caring, sharing the values of excellence, integrity, and professionalism with our employees who have now taken these to heart. Belonging to the Metrobank family is part of an inclusive work environment where harmony is nurtured in diversity.

Employee Engagement

Listening to our employees is crucial to keep them engaged and motivated. To stay attuned to their evolving needs and concerns, we provide various platforms for conversations. This includes regular check-ins with supervisors through meetings and email correspondences, discussions with assigned HR Business Partners, HR Helpdesk page in Facebook Workplace, annual performance review, townhalls, sector meetings and conventions, and through the Purple Hearts Club, our employee volunteerism arm.

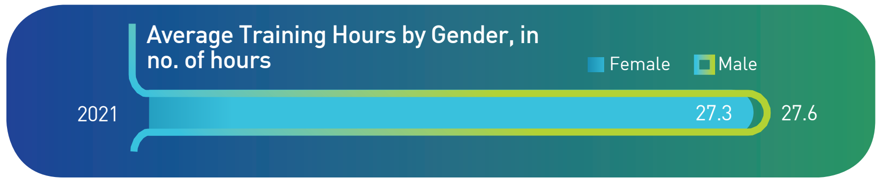
Through these engagement platforms, we are able to empower our employees to perform at their best and take part in their professional growth and development.

Training and Development

We are investing to develop the skills and capability of our people to drive performance and growth. Developing our organizational capability is critical to ensuring the sustainability of our business and responding to the needs of our customers and other stakeholders.

To this end, we established the Metrobank Academy in 2015 to empower and build our workforce capability. The Academy adopts a "70-20-10" learning approach: 70% represents learning from experience, 20% is learning through others via coaching and mentoring circles, and 10% through formal learning.

With new technologies changing how we live, work and learn, the COVID-19 crisis has accelerated our digital



transformation. Our employees demonstrated agility during this unprecedented time by shifting to remote work. To support their continued development, we created and launched an online learning platform, MyLearning. Developed with a leading digital learning agency, this platform enables every employee to access on-demand training using their desktop computer or mobile phone whenever and wherever convenient.

We also ensure that our Metrobankers are equipped with the right knowledge and skills to guide our customers and to embody what they teach. One of the education materials we developed is the series of financial education webinars on our Facebook Workplace platform. In 2021, we also launched an internal podcast series, BenefitED, which informs employees on the various benefits the Bank provides and raises awareness on how they can best manage their finances.

Career Development

We believe that investing in our people is vital to our sustainability as a business. Their competence, work ethic, commitment, and dedication fuel our ambition to achieve our goals.

In 2021, we revisited our performance management framework and processes to better monitor productivity and optimize employee performance in the light of the pandemic which posed challenges on our ability to engage with our employees. We launched an enhanced performance management program based on the principles of meritocracy, differentiation, and fairness. This allowed our managers to recognize the top performers among our employees and support their career progression.

Performance assessments are done annually and provide a venue for senior officers to provide feedback to their team members' performance. This also serves as a basis for career advancement as qualified internal employees are considered priority candidates for promotion. In 2021, approximately 96% of our total employees received a formal performance appraisal and career development review from their respective managers. This figure does not cover probationary and separated employees, as well as those who were hired after the third quarter of the reporting period.

Through our Leadership Potential Assessment, we were able to identify and evaluate the leadership traits of a Metrobank leader. These are: intellectual capacity, interpersonal skills, and intensity, regardless of age, ethnic background, or gender. These leadership markers are the parameters we use to hire, appoint, promote, and develop Metrobank leaders charged to challenge the status quo and bring the Bank to the next level of performance.

We continue to identify and develop high-performing and high-potential talent through Talent Reviews. Through a succession program, we track the career trajectory of these talents to ensure they will unleash their full potential and make meaningful contributions to our sustainable business.

Occupational Health and Safety

We aim to provide a work environment that ensures the health and safety of our employees. However, despite the controls we have put in place, our Metrobankers may still be affected by events not within our control which could lead to illness or fatalities.

With the emergence of new COVID-19 variants in 2021, we continued to remain vigilant in safeguarding the health and safety of our employees. Below are the initiatives we have undertaken:

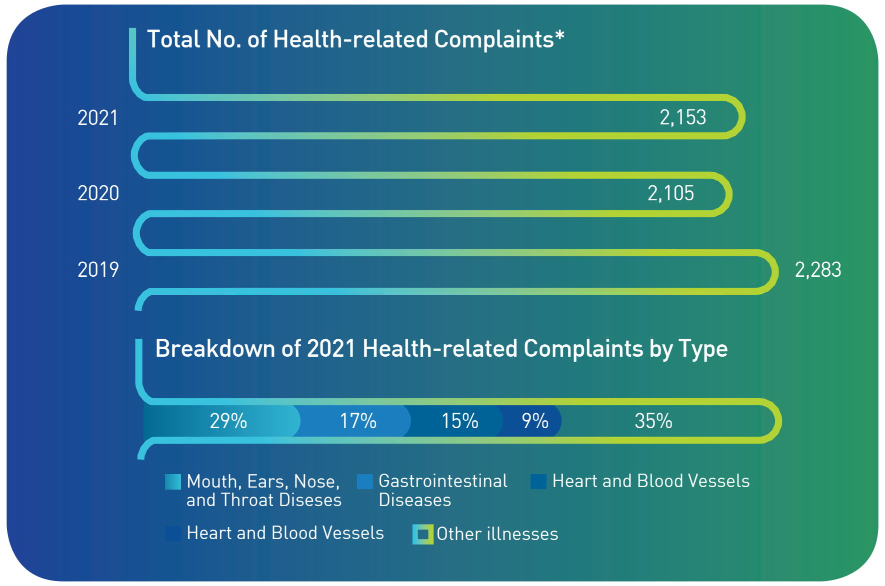
- We provided safety advisories, webinars, and health reminders to our employees to curb the spread of COVID-19. Employees and service partners were regularly kept abreast of the latest health and safety protocols of the Department of Health (DOH) and the Inter-Agency Task Force (IATF).
- All Metrobankers completed our e-learning course on COVID-19 Safety Protocols at Home in 2021.
- We launched our own COVID Vaccination Program dubbed #VaxForMetrobankers in support of the government's goal to achieve herd immunity. In 2021, it achieved a 98% vaccination rate among Metrobankers.
- We continued to partner with third-party agency ActiveOne in managing and monitoring all employees affected by COVID-19 (probable, suspect, confirmed or close contact cases) through its Telemed Services.

100%

Employees over total headcount who completed the Bank's e-learning course on COVID-19 Safety Protocols at Home

- We continued to use our internal social media platform, Facebook Workplace, and launched MetrobankCARES, a mental health and wellness program to sustain workforce productivity to counter the adverse health effects of prolonged lockdowns. An advocacy campaign on self-care and self-awareness is at the core of the program.
- To keep everyone safe even during meal breaks, our General Services Group and COVID-19 Care Team adopted spatial strategies to create safer dining areas for all employees in Metrobank Plaza, Metropark, Metrobank Center, and Metrobank Card Center. These areas provide a safer option for employees when taking meal breaks outdoors and in spaces with good ventilation.

In addition to our COVID-19 response, we also assisted Metrobankers in communities adversely affected by Super Typhoon Odette (internationally known as Rai) in Visayas and North Mindanao. We immediately mobilized our network and resources to bring much-needed relief goods, bottled water, and funds to respond to the needs of the typhoon victims.



*Does not include COV-19 infections

Responsible Labor Practices

Labor practices affect employee hiring and promotion, remuneration, disciplinary action, complaint resolution, occupational safety and health, and working conditions. Protecting the basic rights of workers and looking after their welfare is important for both companies and society.

91%

Regular rank-and-file employees covered by collective bargaining agreements

Collective Bargaining

We recognize employees' right to freedom of association and collective bargaining. As of date, our employee union has 6,249 members, representing 91% of our regular rank-and-file employees covered by the Collective Bargaining Agreement (CBA). In 2021, we concluded the CBA for Year 2022-2024.

The Bank fosters the harmonious relations between Management and labor. Human Resources Management Group regularly conducts Labor-Management Committee (LMC) meetings with the Union, MBTC Employees Union – Associated Labor Unions – Trade Union Congress of the Philippines, to discuss topics relating to labor standards and the implementation of the Collective Bargaining Agreement (CBA). These regular collaborations allowed both parties to immediately bring clarity and agree on resolutions to various concerns.

Human Rights and Non-Discrimination

We are committed to doing business with respect for people's fundamental dignity and their human rights. We also believe that everyone should be treated equally regardless of race, sex, gender identification, sexual orientation, religion, age, disability, marital status, citizenship, or any other characteristic protected by law.

We recognize that gender-based violence is a form of a human rights violation. Cognizant of our responsibility to protect the safety and interests of our female employees and their children against domestic abuse, we strongly enforce our HR policy on Anti-Violence Against Women and their Children (VAWC) implemented since 2014. This is in accordance with the provisions of Republic Act No. 9262, otherwise known as the Anti-Violence against Women and their Children Act of 2004, and its Implementing Rules and Regulations. We prohibit discrimination in any form — from pre-employment to post-employment — on employees who are or were victims of VAWC. In addition, we do not prejudice an employee who, in any form, assists a co-employee who is a victim of VAWC. We also grant paid leave benefits of up to ten days a year to a female employee who becomes a victim of VAWC. This benefit shall be used to cover the days when the affected employee needs to attend to medical and/or legal concerns related to the violence inflicted upon her or her child.

We also acknowledge our responsibility in maintaining a workplace free of sexual harassment that may dampen employee morale and productivity and pose legal risks. Since 2009, we have been implementing an Anti-Sexual Harassment Policy that defines sexual harassment and outline unacceptable behavior and its consequences. The policy also lays down the process of filing a complaint, investigating, and handling sexual harassment cases in the Bank.

In addition to these policies on VAWC and anti-sexual harassment, we also established a formal policy on HIV and AIDS Prevention and Control, a Mental Health Program, and a Hepatitis B Workplace Control Standards and Program.

Consumer Financial Protection

Our customers are the driving force of our business. As such, upholding their rights and safeguarding their data and privacy are central to our goal of becoming a sustainable business. Consumer rights contribute to a fairer, safer and healthier society, and a more equitable and efficient economy.

Customer Protection

Ensuring consumer protection and exceptional customer experience is a collective and shared responsibility of every Metrobanker. We follow an organized structure that maintains and oversees the execution of our overall customer experience strategy. We are guided by the consumer protection standards of the Bangko Sentral ng Pilipinas (BSP) and our Consumer Protection Policy Manual (CPPM).

In 2021, we instituted health and safety protocols for customers who prefer to bank in our branches. We also expanded our online platforms to enable customers to access more products and services right in the comfort and safety of their homes while ensuring the security and privacy of their personal and account data.

Our Consumer Protection Standards helps set our customer-centric culture, and is to be followed at all times. These standards ensure that:

- Our customers have a reasonable and holistic understanding of all products and services they may choose to avail. We provide full disclosure and transparency in empowering our customers to make informed financial decisions. Customers are given ready access to information that accurately represent the nature and structure of the product or service, its terms and conditions, as well as risks and fundamental benefits.
- We have a strong and reliable IT system, with well-defined protocols, secure database, and constantly re-validated procedures that safeguard the confidentiality, security, accuracy, and integrity of the customer's personal and account information. Customers are assured that their financial transactions, and any relevant personal information disclosed in every transaction, are kept confidential.
- Through our Fraud Management Division, we use several tools that prevent and mitigate fraud.
- We demonstrate at all times the principle of fair treatment towards our customers. In safeguarding their best interests, we establish the necessary resources, procedures, internal monitoring and control mechanisms. These include general rules, such as those addressing ethical staff behavior, acceptable selling practices associated with the appropriateness of regulated products.

In 2021, a total of 13,366 employees, equivalent to 99% of our total employee headcount, completed the e-learning on our customer protection policy.

Organizational Structure

While we consider the collective and shared responsibility of every Metrobanker to follow consumer protection standards and ensure exceptional customer experience (CX), we have an organized structure in place that maintains and oversees our over-all customer experience strategy.

The Board of Directors (BOD), through the Executive Committee (EXCOM), proactively oversees our Financial Customer Protection program and implementation based on the BSP's Circular on Consumer Protection.

The Senior Management through the Customer Experience Committee (CXCom) ensures that the Bank's developed Consumer Protection Policy Manual (CPPM) is diligently followed and has become fully integrated in the overall framework of its product and service lifecycle.

The Customer Engagement Group (CEG) and Service Quality Department (SQD) are responsible for enhancing our customer-centric culture, with focus on customer experience, continuous improvement, efficiency, and data-driven policies for customers to fully experience true meaningful banking. These two business units are responsible for:

- Promoting the effective implementation of the CPPM and address gaps that may arise in collaboration with the responsible units through initiatives, such as but not limited to, process improvement, people competency development or policy recommendations;
- Overseeing the effectiveness of the complaints management system where it identifies complaints, monitors the efficacy of service recovery, works with the different business units of the Bank for preventive and corrective measures and regularly report to Senior Management complaints management performance of the Bank; and
- Leading our Voice of the Customer (VOC) program, generating valuable insights in improving customer experience.

Product Enhancements

We continue to expand and enhance our online banking platform, Metrobank Online (MBO), which offers a safer, easier, and more convenient way of banking. Usage of the platform rose as the extended pandemic has made customers more comfortable with transacting and banking online. In addition, many users have been successfully migrated to MBO since the decommissioning of our old platform, assuring more customers that they can bank from home or anywhere 24/7.

We continue to listen to our customers and provide them with more convenience. We launched the electronic Statement of Account (e-SOA) that gives customers the option to go paperless with their Statements of Account (SOA) and to access it conveniently online. Credit card customers, meanwhile, are able to access their statements of account via Mobile SOA and MSOA. Metrobank also launched the Payroll Cash Advance, which allows payroll accountholders the convenience of withdrawing funds in advance of their pay days, giving them more financial reassurance.

Committed to safeguarding the accounts of our credit card customers, we provide the two-way SMS for transaction verification enabling customers to immediately identify the legitimacy of a credit card transaction billed to their account.

We also introduced Mia of Metrobank Card in Facebook Messenger as a self-service channel to assist customers with their credit card transaction needs such as balance inquiry, recent transactions, checking of rewards points, redemption of rewards and credit card application. Recognizing the need of customers to conveniently transfer funds or send money to online sellers or relatives, we launched PayNow in Mia of Metrobank Card. This credit card feature provides electronic fund transfer and payment solution services from an active credit card to select or nominated individual bank accounts real time.

Customer Experience at Touchpoints

The challenges as a result of the on-going pandemic motivated us to assist our customers in a worry-free environment so that they could focus more on their safety and the welfare of their loved ones.

Depending on localized alert levels, most branches remained open from Monday to Friday, some with reduced banking hours, to respond to the needs and concerns of customers. Health and safety protocols were observed where branches are open to safeguard both customers and bank personnel, in compliance with national and local health guidelines.

Our Contact Center remained open from Monday to Sunday to attend to all queries, concerns, and requests of customers. Additional personnel for voice operations were deployed to manage the increased volume of calls. We made sure that all pertinent information that will assist our customers during the pandemic was available and within reach through our website and social media channels.

Necessary information that would be helpful and relevant to customers is available on our website and in social media. These keep our customers informed and connected without having to visit branch or call the Contact Center, which is a convenience during this pandemic.

Our Analytics, Brand, Communications and Marketing Technology Group also ensures dissemination of pertinent bank information and marketing efforts through press releases, paid advertisements and inside the branches and offices of the Bank through banners and posters.

Teams that safeguard our reputation and engage customers work closely with Management so that all issues and concerns are managed quickly and effectively. They are guided by the Risk Management and Crisis Communication plan to ensure that any operational or reputational risk that may affect the brand can be addressed immediately.

On social media, our Community Managers address customer inquiries, feedback, and concerns in real-time.

In addition, we invested in a media intelligence platform and social listening tool to help in monitoring daily news and mentions about the Bank, enabling us to assess customer sentiment in real-time and to our relationship to the general public.

Our financial products and services are disclosed in all appropriate channels as mandated by our regulators. This includes the publication of service advisories, product information, mandatory disclosures and other marketing content on various print and digital channels.

Engagement platforms for customers, stakeholders, and the general public managed by the Digital Marketing and Omnichannels Division:

- Official website: www.metrobank.com.ph
- Social Media sites: Facebook (facebook.com/metrobank/); Twitter (twitter.com/Metrobank); Instagram (instagram.com/metrobank)
- EDMs and SMS blasts to inform clients on bank advisories, new products, and other marketing content

Policies and terms and conditions for each platform are adhered to accordingly.

Customer Relationship Management

We regard customer feedback as an opportunity to improve our relationship with our customers. To promptly respond to their demands and needs, we assure our customers that their sentiments are heard, pain points are addressed, and their overall experience with the Bank is improved. While the pandemic has scaled back the regularity of our Voice of the Customer initiatives, we continued with other avenues of customer feedback, and expanded ways of collecting responses:

- Net Promoter Score (NPS) via online survey
- Metrobank Online Customer Satisfaction (CSAT) via online survey
- Sentiment analysis via social media

Customer Assistance and Complaints Handling

Metrobank provides ready access to affordable, independent, fair, accountable, timely, and efficient ways to resolve customer complaints about their banking transactions.

Customers can lodge their complaints through a personal visit to a Metrobank branch, via sending a letter or an e-mail, calling the Metrobank hotline numbers, visiting the Bank's website or its social media channels. These complaints are received by the frontline units: Branches (local and foreign), Contact Center, Relationship Managers or Account Officers, or Social Media Community Managers.

Customers may also refer concerns or comments to the BSP's Consumer Protection and Market Conduct Office (CPMCO) through the following:

- Email consumeraffairs@bsp.gov.ph
- Message BSP Online Buddy (BOB) through BSP Webchat by visiting BSP's official website, https://www.bsp.gov.ph/, and click the webchat feature
- Talk-to-BSP SMS by sending details of the concern to 21582277 (data and SMS fees apply)
- BSP Facebook by sending a message to https://www.facebook.com/BangkoSentralngPilipinas
- BSP Telephone Number (02) 8811-1BSP (8811-1277)

Customer Complaints

In 2021, the number of complaints the Bank recorded, which now includes credit cards, declined by 8.71% to 211,200 despite the 20% growth in transaction volume. This is because complaints are promptly investigated, assessed, and resolved.

Fraud Prevention

Our Fraud Management Division utilizes several tools for fraud analysis, prevention and mitigation. In 2021, we continued to ramp up our #FightFraud education drive to keep our customers and the public informed of the latest and frequent fraud schemes they should watch out for. We also directly engaged clients through webinars and SMS and email alerts on fraud awareness and prevention.

Digital Channels
- Posting always-on fraud awareness content on Metrobank's Facebook and Instagram accounts
- Regular uploading of fraud articles on Metrobank's website (https://www.metrobank.com.ph/learn/fight-fraud)
- Partnering with industry experts like those from the media to create fraud awareness content that will reach more audiences (press releases, advertorials, video content)
- Frequent fraud advisory reminders sent to clients via SMS and email

Mainstream Media
- Frequent publishing of fraud advisory ad materials on major broadsheets
- Promoting anti-fraud reminders and Scam Proof during television interview accessible via https://www.youtube.com/watch?v=bPa2M6--ak0&t=459s

Email Security Zone
- Launched the Email Security Zone feature in our EDM marketing communications.

Scam Proof Platform
To create a safer online environment for all Filipinos, Metrobank, subsidiary PSBank, other banks and companies across industries, launched Scam Proof to educate Filipinos about the dangers of financial fraud and how to prevent it. In 2021, we conducted six fraud webinars for our clients and stakeholders as part of our Fraud Awareness and Education Program.

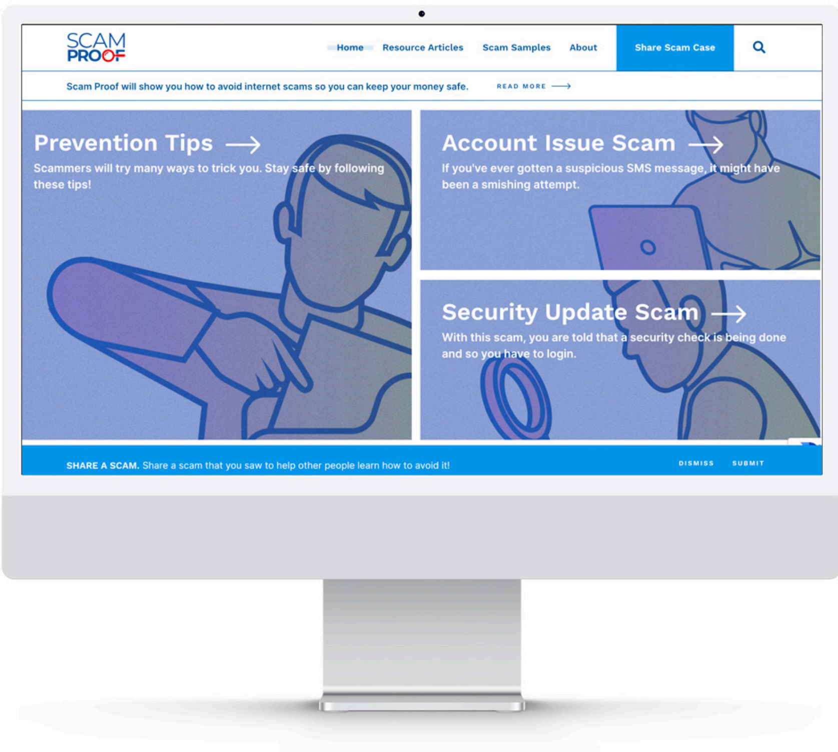
We also equip our employees with the right knowledge to raise fraud awareness among our clients and their loved ones. We regularly post fraud awareness tips, advisories and webinar materials on our Facebook Workplace and conduct quarterly implementation of e-Learning courses for all employees.

Marketing and Labeling

Part of our commitment to customer protection is ensuring that the financial products and services we offer follows the applicable rules and regulations of the BSP, the Philippine Deposit Insurance Corporation (PDIC), the Securities and Exchange Commission (SEC), the Department of Trade and Industry (DTI), BancNet, and other relevant agencies. Promotional materials, branding and mandatory information and statements and/or disclaimers are presented in a clear, concise and complete manner so our customers are fully informed of the nature of the product or service we offer.

To this end, we make sure our advertising and marketing communication materials do not make false, misleading, or deceptive statements that may materially and/or adversely affect the buying decision of the customer. These materials must also be easily readable and understandable to our customers and the general public. All our marketing communications across all channels (print and digital) adhere to the regulations of the BSP, the Ad Standards Council (ASC), the PDIC, SEC, Intellectual Property Office (IPO), DTI, and other relevant agencies.

In 2021, there were no incidents of non-compliance concerning product and service information and labeling, including marketing communications, that resulted in a fine, penalty, or warning.



Information Security and System Availability

We ensure the protection of our information and information systems from unauthorized access, use, disclosure, modification, recording, disruption, and destruction across our operations. We have an established a governance framework, policies, standards, and guidelines related to the overall management of our information assets.

Role of the Board and Senior Management

Our information technology (IT) governance framework defines the roles and responsibilities of individuals and groups involved with IT governance to ensure effective input and decision-making pertaining to IT strategy and performance, policies, standards, guidelines, processes, and procedures. It has been implemented in compliance with the rules and regulations on IT risk management of the Bangko Sentral ng Pilipinas and the Control Objectives for Information and Related Technology standards.

On behalf of the Board, a Board-level IT Steering Committee provides governance and oversight in the management of the Bank's IT resources. Its principal function is to ensure that IT strategies are consistent with the overall business objectives. Complemented by the IT Governance Committee, a management-level committee, it reviews and approves the IT Strategic and Security Plans of the Bank. It also supervises the IT Risk Management Program of the Bank and the development of policies, controls, and specific accountabilities. It regularly provides adequate information to the Board regarding the overall IT performance, status of major projects, and other significant issues related to IT risks.

Information security plans, programs, and performance metrics are regularly reported to the IT Steering Committee, IT Governance Committee, and Senior Management Committee while information security risks are reported to the Risk Oversight Committee.

Information Security Governance and Measures

The Information Security Governance defines the roles critical to the successful attainment of information security strategies and objectives, proper risk-managed environment, and efficient resource utilization.

Our Information Security Division is responsible for overseeing all information security activities of the Bank, and for establishing policies, standards, and guidelines in safeguarding its information assets to ensure protection against loss or misuse of information. It is also responsible for information security governance activities which includes, but may not be limited to, information security awareness trainings, policy and standard recommendation, formulation, or revision to address control gaps, information-based risk management, system vulnerability assessments, management of user access roles, and information security incidents.

We have a risk management framework to effectively navigate the management of its information and IT security risks. The framework provides assurance to our management and stakeholders that information security risks are being identified proactively and managed appropriately in the various risk areas of infrastructure, systems/ applications, information asset, and even engagement with third parties.

As a responsible information custodian, we protect our customers, partners, and employees by complying with all regulatory requirements, honoring our contractual obligations, and promoting greater awareness on information security threats such as phishing, malware, unauthorized physical access, and hacking.

Our Information Security Division of the Bank has adopted and implemented various checkpoints and gates to capture and immediately mitigate any risks in these areas through change requests, participation in system projects, and periodic reviews. The Unit likewise uses various review methodologies such as vulnerability assessment, penetration testing, process and control reviews, as well as third-party and contract reviews to identify information security risks in the Bank. Annually, penetration testing is conducted by an independent third party as required by regulations. In 2021, the outcome of the independent penetration testing showed no significant vulnerabilities in the Bank's external network and systems.

New or changes to the IT environment (applications and infrastructure), products and services, and internal and third-party engagements pass through the Information Security Division for review prior to implementation, engagement, or release. These reviews are then periodically revisited and control effectiveness checked through cyclical assessments that span between 12 to 24 months between each cycle.

In 2021, we fully operationalized a third-party security management framework to identify all applicable third parties, the risks they bring into the Bank, and immediately mitigate any high or medium risks. We conducted an assessment on almost 1,000 third-party service providers. Risks arising from the work-from-home set up and the new normal have been further evaluated and mitigated in 2021. Validation of compliance to system security controls was also conducted.

We have a formal Information Security Policy internally available to all employees. We put in place a comprehensive information security and cybersecurity awareness training which covers both our employees and third-party service providers, including contractual workers we engaged.

Over the past three years, we have not experienced a breach of information security or other cybersecurity incidents, including those which has affected our IT infrastructure.

99%

Proportion of employees over total headcount who completed the e-Learning courses on the Bank's information security and cybersecurity practices

Privacy Protection

We strive to safeguard personal data, pursuant to the Data Privacy Act of 2012 (DPA). We put in place a robust Privacy Policy that governs customer privacy and security. This demonstrates our compliance with data privacy and protection standards over the personal data entrusted by our stakeholders.

We are committed to obtain personal data through lawful and transparent means. We obtain an explicit consent from the data subject when required, collecting and processing personal data limited to the stated purpose. We notify data subjects in a timely manner in case of policy changes, data breach or privacy protection issues, and require third parties with whom the data is shared to comply with our Privacy Policy.

Our Privacy Policy details how we protect personal data, the types of customer data that we collect, the uses of the data, the rights of each stakeholder under the DPA, and how long we keep the data. The Policy also contains information on how customers and partners could protect their personal data and how they can contact us for concerns on data privacy. The full policy can be accessed through the corporate website (https://www.metrobank.com.ph/articles/privacy-policy).

Our Data Protection Unit (DPU) is responsible for handling privacy issues that may come from various internal and external stakeholders, via email, official complaint and other form of communications.

Customer Privacy

As part of the regular course of doing business, we collect personal data from our customers to validate, verify, and update information in our database and apply them to documents required for carrying out certain transactions with the Bank.

We have comprehensive mechanisms to ensure the effective implementation of the Privacy Policy. Metrobank has a strong IT system in place, with well-defined protocols, a secured database, and periodically re-validated procedures to protect the confidentiality, security, accuracy, and integrity of personal data. Customers are assured that their financial transactions, as well as relevant personal data disclosed in the course of the transaction, are securely kept confidential.

In 2021, we received three complaints from regulatory bodies regarding alleged breach of customer privacy. Two of these have been completely resolved and the remaining case is pending resolution with the National Privacy Commission. Metrobank did not receive any substantiated complaints from outside parties in 2021.

Data Security

Customers are assured that their financial transactions, as well as relevant personal information disclosed in the course of the transaction with the Bank, are kept confidential. Every information, regardless of the nature and kind, concerning or pertaining to a client or a potential client, his/her account, transaction and/or dealings with the Bank is declared to be confidential.

We adopt an end-to-end process that covers, among others, the array of information that will be pre-identified and collected, the purpose of gathering information, how these will be sourced from the customer, the IT security infrastructure of the Bank, and the protocols for disclosure, both within the Bank and especially to third parties, if needed.

We regularly evaluate and adjust our Information Security Program, as necessary, to address the rapidly evolving nature of banking and technology and to stay aligned with applicable laws and regulations on information security and data privacy. There was no data breach, including leaks, thefts, and losses of data in 2021.

98%

Proportion of employees over total headcount who completed the e-Learning courses on the Bank's data privacy and security practices

Awardee

One of 2021's Outstanding Personel Information Controllers, National Privacy Comission

Corporate Citizenship and Philanthropy

In the words of our late Group Chair, Dr. George S.K.Ty, Metrobank is there to do good, to help other people, and to help the country. We demonstrate our role in society by supporting social causes in education, peace and order, and the arts.

As an institution with a heart, Metrobank gives back to the communities we serve and commits to make meaningful contributions to the economic and social development of the nation. We measure our performance, not only through financial returns, but also based on the attainment of our social objectives.

Corporate Citizenship Strategy

We have comprehensive community and social responsibility programs conducted by the Metrobank Foundation, our corporate social responsibility arm, and employee volunteers through the Purple Hearts Club (PHC).

Metrobank Foundation aims to be the country's premier corporate philanthropic foundation by contributing significantly on social development. As a development organization, its aim is to uplift individuals and the sectors they represent. By creating and propagating a culture of excellence and providing solutions to stakeholder's needs, we continuously expand our scope of reach and be at the forefront in serving communities. "Excel. Engage. Empower" (3Es) is our roadmap.

We work with various stakeholder groups and establish partnerships that expand and sustain the impact of our CSR programs. By engaging our network of partners, we provide others – individuals or organizations – with links to communities and sectors that can benefit from social responsibility.

The Foundation is working to formally align its program outcomes to the relevant goals and targets of the UN Sustainable Development Goals.

For its part, PHC focused its efforts on supporting communities in the transition to the "new normal." Employees participate in a variety of corporate social responsibility (CSR) programs that focused on education, environmental stewardship, and health. PHC also collaborated with partners across industries to introduce employees to new opportunities for volunteerism that benefit and support other marginalized sectors of society.

A full discussion of our social development programs is available in the applicable section of our 2021 Annual Report.

Metrobank Foundation's Key Program Highlights

Program	Year Started	Beneficiaries or Output		
		Description	2021	To Date
Outstanding Filipinos We recognize exemplary teachers, soldiers, and police officers for rendering service above and beyond their call of duties, inspiring and influencing their peers in their respective professions, and leaving a lasting positive impact on people and to the country.	1985	**Total awardees**	**10**	**685**
		Teachers awarded	4	372
		Soldiers awarded	3	163
		Police officers awarded	3	150
Professorial Chair Lectures We aim to strengthen key professions in the areas of law, health, public service, and governance. Distinguished officials become professional chairholder in the domains of public service and governance, law, liberty, and prosperity.	1981	Professional chairholders	1	90
		Lectures held	1	134
Metrobank Art & Design Excellence (MADE) We hail Filipino artistry and creativity through the annual competitions in painting and sculpture. The Metrobank Art & Design Excellence (MADE) is the visual arts and design program of the Metrobank Foundation which has been recognizing talent and hard work of young Filipino artists and has continuously promoting the Philippine art culture.	1984	Artists and professional designers awarded	8	417
Culture & Heritage Education Program (CHEP) We aim to educate the public and create awareness of culture and heritage through exhibitions, lectures, and workshops. The lectures were recently are now held through online platforms.	2017	Lectures conducted	7	25
		Participants reached	626	5,000

Metrobank Foundation's Key Program Highlights

Program	Year Started	Beneficiaries or Output		
		Description	2021	To Date
Metrobank Scholarship Program We provide financial assistance to underprivileged but academically-deserving students, while instilling among scholars the value of 'paying-it-forward' for the gift of education they have received.	1995	**Current scholars**		
		Elementary (primary level)	50	
		High School (secondary level)	150	
		Technical-Vocational	131	
		College (tertiary level)	120	
		Scholar-graduates		
		Elementary (primary level)	50	50
		High School (secondary level)	50	50
		Technical-Vocational	222	222
		College (tertiary level)	1,068	1,068
		Scholar-graduates, by region		
		Metro Manila	450	451
		Luzon	281	281
		Visayas	178	178
		Mindanao	158	158
National Teachers' Month We encourage the different sectors of the society to pay tribute to the teaching profession in line with Presidential Proclamation No. 242 declaring September 5 to October 5 as National Teachers' Month.	2008	**National Teachers' Month**		
		Organizations engaged	72	
		Number of Initiatives	172	
		National Teachers' Day		
		Teacher participants	539,978	
Disaster Response We extend aid to survivors of natural calamities through relief and rehabilitation efforts.		Families assisted	17,166	
Financial and In-kind Grant Assistance We extend financial assistance to socio-civic and non-government organizations as well as local and national government agencies whose projects/ programs are aligned with the thrusts of the Foundation in health, education, and livelihood aligned with the attainment of select Sustainable Development Goals (SDGs).		Individuals assisted	276,549	
		No. of individual beneficiaries by thrust		
		Health	142,830	
		Education	46,592	
		Livelihood	1,297	
		Calamity assistance	85,830	

Purple Hearts Club's 2021 Highlights

Program	Beneficiaries or Output	
	Description	**2021**
Overview	**No. of PHC Chapters**	**79**
	No. of volunteers	8,293
	Volunteers who served during CSR activities	
	Bank-wide	446
	PHC Chapters	401
	Donation Drive: Volunteers who donated	
	Bank-wide	10,468
	PHC Chapters	7,719
	Total amount of donations raised, in Php thousands	13.1
	Volunteer participation rate through service and donation efforts	
	Bank-wide	77.2%
	PHC Chapters	93.1%
Thrusts	**Key Activities Conducted**	
Disaster and Relief Efforts	One MB Relief: Typhoon Odette	
	Localized/Chapter-initiated Relief Operations	
	Volunteerism and donation efforts from PHC Chapters	
	Donation amount raised, in Php thousands	3,653
Education	National Teachers' Month: iTeach 2021	
	Volunteerism and donation efforts-Brigada E-skwela: Assistance for Distance Learning	
	Donation amount raised, in Php thousands	649
Health	Metro Blood Bank	
	Chapter-initiated Health Programs	
	Volunteerism and donation efforts: For cleft lip and palate patients	
	Donation amount raised, in Php thousands	637
Community Assistance	Shoebox Project	
	Chapter-initiated Community Programs	
	Volunteerism and donation efforts: Community Pantry Assistance	
	Community Pantry Assistance	
	Donation amount raised, in Php thousands	7,008
	Partnerships with Metrobank Foundation	
	Online Gift Giving through e-cards	
Partnership with Metrobank Foundation	Bags of Blessing	
	Meaningful Anniversary Turnover Activities	
	Volunteerism and donation efforts	
	Donation amount raised, in Php thousands	291
Livelihood Programs	Metro Good Wheels	
	Volunteerism and donation efforts: Metrobank Online Christmas Bazaar	
	Revenue generated through online bazaar, in Php thousands	89

GOVERNANCE

Sound and effective corporate governance enables Metrobank to build a culture of accountability and integrity, and sustain our business amidst the rapidly evolving business environment.

Governance Structure

Integrity, accountability, fairness and transparency are the four pillars upon which our governance policies rest. Our corporate governance framework, as embodied in the Corporate Governance Manual (CGM) of the Bank, defines the roles and responsibilities, as well as the practices and procedures, to ensure that the organization is governed with the highest standards of good governance. These principles and values continue to be observed in all its operations and dealings, even during these challenging and unprecedented times.

A full discussion on our corporate governance can be found in the applicable sections of our 2021 Annual Report which is available in our website.

Board Matters

An active and competent Board of Directors (Board) is responsible for the governance of the Bank. It has collective responsibilities for leadership and control of the Bank's affairs, ensuring its long-term sustainability and success. The Board sets the corporate governance tone in the Bank by collectively directing the affairs of the Bank while meeting the appropriate interests of all stakeholders. It leads the process of developing and reviewing the Bank's strategies annually. It oversees the development, review, and approval of the Bank's vision and mission statements, a sound corporate governance framework, strategic and business plans, risk management, internal control system, financial performance and the adoption of sustainability principles, including those covering environmental and social risk areas in the Bank. The detailed responsibilities of the Board are disclosed in the CGM posted on the Corporate Governance section on the company's website.

To adequately fulfill its responsibilities, the Board has separate and independent access to the corporate secretary who manages the flow of information to the Board prior to meetings.

Board Composition

The Board is comprised of a diverse group of proficient people who combine insight and good judgment in implementing good governance. To ensure diversity in the Board, the Bank keeps a balanced representation in terms of gender, expertise, policy-making experience, ethnicity, and independence. Board members possess integrity, probity, physical and mental fitness, competence, education, financial literacy, training, diligence, knowledge and experience relevant to the banking industry.

The Bank consistently maintained a Board composition of 12 directors. Ten are non-executive directors (NEDs), of which five are independent, including one female independent director (ID). This is a deliberate stance to promote objectivity and strong element of independence in the Board. Independent directors constitute 42% of the Board, bringing focus, clear perspective, and the ability to lead objective board discussions and better decision-making.

Board members are elected annually. In accordance with the Bank's By-Laws, any stockholder may submit nominations for directorial positions to represent their interest in promoting long-term value creation.

The profiles and composition of our Board are available in our 2021 Annual Report.

Board-level Committees

The Board delegates the Bank's specific concerns to various committees that prepare and report on issues that require Board decision and approval. Specific tasks are assigned to the committees, which perform a diverse range of responsibilities.

There are ten board-level committees that assist the Board to carry out its responsibilities. Seven of the committees (Anti-Money Laundering Committee, Audit Committee, Corporate Governance and Compensation Committee, Nominations Committee, Related Party Transaction Committee, Risk Oversight Committee and Trust Committee) are chaired by independent directors. Their respective charters, which state the comprehensive details of Committee's duties and responsibilities, purposes, compositions, reporting process and other relevant information, are fully disclosed in the Bank's CGM and posted on the Bank's website.

The Anti-Money Laundering Committee helps the Board in fulfilling its oversight responsibility over the Bank's Anti-Money Laundering Compliance Management to make sure that the Bank complies with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations, and other related regulations. The Committee is composed entirely of four non-executive directors, three of whom are independent directors including the chairperson. It meets every other month and as necessary.

The Audit Committee assists the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through effective oversight of internal and external audit functions, transparency and proper reporting, compliance with laws, rules and regulations, the code of conduct, and adequate and effective internal controls. Among the committee's main responsibilities is the selection, appointment, or re-appointment and dismissal of the internal auditor, as well as the independent external auditor, based on fair and transparent criteria. The Committee is composed entirely of non-executive directors, three of whom are independent directors, including the chairperson. The committee meets monthly and as needed.

The Corporate Governance and Compensation Committee (CGCCOM) supports the Board in fulfilling its corporate governance responsibilities and in providing oversight on the implementation of the Bank's Compliance System. Among the committee's responsibilities is to establish a formal and transparent procedure in determining the remuneration of directors and officers consistent with the Bank's culture, strategy, business environment and industry practice. The Committee is fully composed of independent directors, including the committee chairperson.

The Executive Committee is primarily tasked to review and approve credit proposals and policies within its authority and limitations, and provide recommendations or conditions on lending. The Committee may also act on other matters as delegated by the stockholders and the Board within its competence and in accordance with the By-Laws of the Bank.

The Information Technology Steering Committee provides governance and oversight in managing the Bank's information technology (IT) resources. Its main role is to ensure that IT strategies are consistent with the overall business objectives. It is in-charge of the oversight of the IT Risk Management Program of the Bank and the development of policies, controls, and specific accountabilities consistent with the Bank's IT Risk Management Framework.

As delegated by the Board, it shall also approve IT-related requests and other IT-related services/ arrangements, including outsourcing/ insourcing activities. It is expected to also render periodic reports to the Board regarding the overall IT performance, status of major projects and other significant issues related to IT risks. The Committee is composed of directors, the Head of Financial Control Sector and Information Technology Group.

The Nominations Committee reviews and evaluates the qualifications of all persons nominated to the Board. It also reviews the qualifications of those nominated to other positions that require Board approval. The Committee is composed entirely of independent directors, including the chairperson.

The Overseas Banking Committee assists the Board in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries. It also oversees Metrobank expatriates assigned in countries without a foreign office but with remittance tie-up arrangements. The Committee likewise monitors compliance with the rules and regulations of their respective host countries and their adherence to the Parent Bank's business and corporate governance policies.

The Related Party Transactions Committee helps the Board in ensuring that transactions with related parties are reviewed to assess risks and that appropriate restrictions are in place. This is to assure that related party transactions are conducted within arm's-length and that the Bank's resources are not misappropriated. The Committee consists of three independent directors. It meets monthly and is supported by the Compliance Officer.

The Risk Oversight Committee, as an extension of the Board, is primarily responsible for the development and oversight of the risk management framework of the Bank, its affiliates, subsidiaries, and its Trust Banking arm. The Committee is composed of non-executive directors, majority of which are independent directors, including the chairperson. The members possess a range of risk management expertise and adequate knowledge of the Group's risk exposures.

The Trust Committee is responsible for the oversight of all Trust activities. Its mandate is within the authority provided by the pertinent rules and regulations in the exercise of fiduciary powers under the BSP Manual of Regulations for Banks and BSP Circular No. 766 - Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities.

The Committee is composed of independent directors, including the President, and the Bank's Trust Officer.

The Chairman of the Board and the President

The Chairman of the Board and the President, though independent of each other, work together for the good of the Bank. This separation balances power, responsibility, and accountability, and preserves the independence and decision-making of the Board. Each has clearly defined responsibilities in the Bank's By-Laws and CGM.

The Chairman of the Board provides leadership, makes sure the Board functions well, and initiates and maintains a relationship of trust among its members. In addition, the Chairman encourages and promotes critical discussions, and assures that dissenting views can be expressed and discussed as part of a sound decision-making process.

The President exercises direct and active management of the business and operations of the Bank based on the orders, resolutions, and instructions of the Board, and according to his own discretion whenever the same is not expressly limited by such orders, resolutions, and instructions. He communicates and implements the Bank's vision, mission, values, and long-term strategy and carries out any organizational change related to these matters. He manages and directs the officers and the employees of the Bank and sees to it that they perform their respective duties well.

2021 Board Meeting Attendance

Board	Name	Board Meetings	Executive Committee	Anti-Money Laundering Committee	Risk Oversight Committee	Trust Committee	Audit Committee
Group Chairman (NED)	Arthur Ty	12/12	(CC) 50/51	6/6			
Vice Chairman (NED)	Francisco C. Sebastian	12/12	(VC) 47/51		10/12		
President/ Director (ED)	Fabian S. Dee	12/12	47/51			12/12	
Director (NED)	Alfred V. Ty	12/12					
Director (NED)	Edmund A. Go (3)	9/9			8/8	(VC) 8/8	
Director (ED)	Vicente R. Cuna, Jr	12/12	46/51		9/12		
Independent	Jesli A. Lapus (1)	3/3			4/4		
Independent	Francisco F. Del Rosario, Jr.	12/12			(CC) 12/12		(VC) 12/12
Independent	Edgar O. Chua	12/12		6/6			(CC) 12/12
Director (NED)	Solomon S. Cua	12/12					12/12
Independent	Angelica H. Lavares	12/12		(CC) 6/6			12/12
Independent	Philip G. Soliven	12/12		4/6	4/4	(CC) 12/12	
Independent	Marcelo C. Fernando, Jr. (2)	9/9			8/8	8/8	

Board	Name	Corporate Governance and Compensation Committee	Related Party Transactions Committee	Overseas Banking Committee	Nominations Committee	IT Steering Committee
Group Chairman (NED)	Arthur Ty	(A) 3/4				(A) 5/5
Vice Chairman (NED)	Francisco C. Sebastian			(CC) 6/6		
President/ Director (ED)	Fabian S. Dee					4/5
Director (NED)	Alfred V. Ty			6/6		
Director (NED)	Edmund A. Go (3)					2/2
Director (ED)	Vicente R. Cuna, Jr					(CC) 5/5
Independent	Jesli A. Lapus (1)	1/1			4/4	
Independent	Francisco F. Del Rosario, Jr.	4/4		6/6		
Independent	Edgar O. Chua		14/14		12/12	
Director (NED)	Solomon S. Cua			6/6		
Independent	Angelica H. Lavares	(CC) 4/4	14/14			
Independent	Philip G. Soliven		(CC) 14/14		12/12	
Independent	Marcelo C. Fernando, Jr. (2)	3/3			(CC) 8/8	

Notes: (ED) Executive Director, (NED) Non-Executive Director, (CC) Committee Chairman, (VC) Committee Vice Chairman, (A) Adviser
(1) Retired in April 2021, (2) New member as of April 2021, (3) Passed away in October 2021

Board Meetings

Directors have a continuing duty to carry out their responsibilities no matter what the situation is. The pandemic forced corporate boards to change how they work. As the risk to COVID-19 exposure still exists, face-to-face meetings have not yet resumed. As such, the Bank continues to hold Board and the committee meetings virtually with the use of a videoconferencing tool. The Corporate Secretary and committee secretaries ensure that the directors attending the meeting through remote communication are able to hear and see the other participants clearly during the meeting and are actively participating in the deliberations on matters taken up. Meeting materials are provided to the directors five days ahead of the meeting and can be downloaded from our intranet to enable the directors to prepare for the meetings.
Board meetings are held to keep directors up-to-date on the Bank's performance, as well as to approve strategies, appointments, and other decisions requiring their attention. Regular Board meetings are held every second Wednesday of each month. Special meetings may be called at any time by the Chairman, or, in his absence, by the Vice Chairman, or pursuant to the written request of any of the four directors. An organizational meeting is held immediately after the Annual Stockholders' Meeting (ASM) and the Board-level committees are reconstituted during this meeting.

The Bank's Non-Executive Directors (NEDs), together with the Bank's External Auditors, Risk Officer, Compliance Officer and Chief Audit Executive, conducted their virtual meeting on 17 November 2021 without the presence of any executive directors.

The NED meeting, led by the newly appointed Lead Independent Director, Mr. Philip G. Soliven, discussed investors' perceptions and expectations, sustainable finance, and environmental, social, and governance matters. It also updated the NEDs on the compliance, risk, and internal audit areas of the Bank.

The Annual Stockholders' Meeting was held virtually on 28 April 2021 without requiring the physical presence of the Board members and shareholders. All Board members were present in the meeting.

Performance Evaluation and Self-assessment

Performance assessment of the Board, Chairman of the Board, President, Board Committees and each of the individual directors using Board-approved rating sheets through the Corporate Governance and Compensation Committee is conducted annually.

Metrobank has adopted an internal self-rating system and procedures to determine and measure compliance vis-à-vis good corporate governance principles and practices as prescribed in the Code of Corporate Governance. It uses a four-point rating scale in which: (i) each Director self-rates and collectively rates the Board, the Chairman of the Board, and the President; and (ii) the Corporate Governance, Audit, Risk Oversight and other Board committees conduct self-rating. The performance rating forms are circulated on paper or online using questionnaires that are tailor-made to the Bank's needs and objectives. This evaluation process allows the Board to consider the accomplishments of individuals and the group of individuals within the Board. This serves as an avenue to revisit existing process or areas in need of improvement within the Board.

In line with the SEC rules and best practices for Publicly-Listed Companies, the annual performance evaluation covering Year 2020 was assessed by an external facilitator, Reyes Tacandong & Co. (R&T), in February to May 2021. The principal objective of the review was to provide an independent assessment of the effectiveness of the Board, Board Committees and Chairman of the Board, and the efficiency of the execution of the roles and responsibilities of the Board in conformance with the requirements of the SEC related to the Code of Corporate Governance for Publicly Listed Companies and requirements of the BSP for Board of Directors based on the Manual of Regulations for Banks.

As reported by the external facilitator, the Bank's overall corporate governance is effective and substantially compliant with all the regulatory requirements being met by the Board of Directors, Board Committees, and Chairman of the Board.

The results of the self-assessment were presented to the Board in its May 2021 meeting and various recommendations had been addressed in the same year. As part of the improvement of the self-assessment forms and based on the recommendations of R&T, CGCCOM endorsed to the Board in its November meeting the revised self-assessment forms which will be used in the 2021 performance evaluation. The new assessment forms will use an enhanced five-point rating system.

Remuneration

The Board of Directors receive a fixed remuneration package based on market practice, experience, professional background, level of responsibilities and attendance in Board and committee meetings.

Corporate Policies and Practices

Our core values of honesty, integrity and respect for people underpin our work with our customers, employees, suppliers, and other stakeholders. We strive to live our core values, our responsibilities, and the principles and behaviors by which we do business contained in our Code of Conduct.

Code of Conduct and Ethics for Bank Directors

We have an unwavering commitment to conduct our business in the highest ethical standard of fairness, accountability and transparency, taking into account the interest of all stakeholders. These values are the guiding principles of good corporate governance adopted by the Bank in its Code of Conduct and Ethics for Directors.

The Code articulates the standards of conduct for ensuring the proper discharge of duties and responsibilities befitting their position. It imposes guidelines which meet the requirements of the organization and regulators that remind directors not to use their position to make profit, or acquire a benefit or prioritize self-interests, and avoid situations that may compromise their impartiality. It reiterates the need to maintain professional integrity, enhancement of skills and knowledge and understanding of bank-related activities.

The Code is incorporated in the Bank's Corporate Governance Manual and should be read in conjunction with our Articles of Incorporation, By-laws and applicable internal policies and procedures. The Code can be accessed by both internal and external stakeholders from our intranet and website through the Corporate Governance page.

Code of Business Conduct for Employees

The Code of Conduct for Employees emphasizes the performance of duties and responsibilities, avoidance of conflict of interest between the Bank's business and personal activities, preservation of confidential information, and the prohibition of accepting any form of gift or gratuity from any person which may influence the employees' judgement or action in performing their responsibilities.

The Human Resources Management Group (HRMG) has disseminated the Bank's Code of Conduct to all employees, including the new hires. HRMG also regularly circulates advisories to remind employees of the values the Bank wishes to foster. Both internal and external stakeholders can access our Code of Conduct for Employees posted on our intranet and website through the Corporate Governance page.

Breaches or cases against the Code include both operational (e.g., non-declaration of cash discrepancy, password sharing, forged withdrawals) and behavioral (e.g., tardiness, past due, unauthorized absences) cases. Such cases are monitored through strict reporting measures made by the Internal Audit Group (IAG) and business units (BUs) and by the efficient database management of all administrative cases (both operational and behavioral, arising from these reports) by HRMG-Employee and Industrial Relations Division. Effectively, there was no substantiated cases of breaches against the Code of Conduct in 2021.

In addition, we ran an e-Learning course on the Code of Conduct for all employee levels, including senior management. In 2021, 11,481 employees, equivalent to 85% of our total employee headcount, completed the e-learning and provided their digital acknowledgment on the Bank's Code of Conduct.

Bribery and Anti-corruption

Our Anti-Bribery and Corruption policy is contained in our Code of Conduct. The standard of conduct on the avoidance of conflict of interest states that Metrobank directors, officers and employees "adopt an anti-corruption way of life" and that "bribery, fraud, extortion, collusion, conflict of interest, and money laundering, and other corrupt practices have no role in the way the Bank conducts its affairs." Participation in corrupt practices and the acceptance or solicitation of favors, gifts or bribes from customers, vendors or business partners, constitute direct violations against our Code of Conduct.

To ensure that our employees behave in accordance with these principles, we strictly implement an Anti-Bribery and Anti-Corruption policy, which outlines the principles for conducting business in accordance with the highest possible standards of ethics, honesty, accountability and good governance. It also aims to mitigate reputational and legal risks that may arise from criminal or regulator investigations.

We monitor compliance internally and detect incidents of corruption though strict reporting measures the efficient database management of all administrative cases. Training programs on the prevention of bribery and corruption are included in the Bank's e-learning and acknowledgement on the Code of Conduct.

Conflicts of Interest

The members of the Board conduct fair business transactions with the Bank and ensure that personal interest does not result in biased decisions. All directors are expected to always act ethically, notify promptly of any material facts or potential conflict of interest, and take appropriate corrective action. Employees are expected to effectively manage their personal affairs and avoid any situation or business endeavors arising from associations, interest or relationships that may lead to conflict or potential conflict between their personal interest and of the Bank.

It is also part of the Bank's corporate governance framework that all related parties are properly identified, and related party transactions are vetted and approved either by the Related Party Transactions Management Committee (RPTMC), a management-level committee composed of senior officers; or the Related Party Transactions Committee (RPTC), a Board-level committee composed of independent directors, depending on the materiality threshold set by the Bank. Directors and officers with personal interest in the transaction abstain from the discussion, approval, and management of the transaction. No director or officer can participate in the RPTC or RPTMC or Board discussion of a related party transaction for which he, she, or any member of his or her close family or related interest is involved, including transactions of subordinates, except to provide material information on the related party transaction.

The material related party transactions that reach 10% or higher of the Bank's total consolidated assets are required to be evaluated by an appointed external independent party to ensure the fairness of the terms. All acts of the Board, including related party transactions, are confirmed by the majority vote of the Bank's stockholders during the Annual Stockholders' Meeting.

The applicable policies guiding the related party transactions are periodically updated to keep relevant and aligned with the recent regulatory issuances.

Related party transactions are discussed in the Audited Financial Statements, particularly under Notes to the Financial Statements No. 32 on Related Party Transactions.

Insider Trading

As a publicly listed company, Metrobank is regulated by measures and policies under the SEC. It dutifully complies with its Insider Trading Policy to uphold applicable laws and ensure the protection of its shareholders from individuals who may take advantage of information not readily available in the market. The policy calls for the disclosure of material, non-public information about any of the companies within the Metrobank Group or any partner on a need-to-know basis, based on a legitimate business agenda.

The policy prohibits trading during blackout periods by specific individuals which include all directors and specific employees within the Metrobank Group and their immediate family members residing in the same household; and corporations, other entities, and funds subject to their influence or control. It compels the reporting insiders to disclose their respective beneficial ownership of listed shares of stock in their various companies, if any, and report any changes on the next trading day following the date of the change, as per SEC and the PSE requirements.

The Insider Trading Policy is incorporated in the Bank's CGM and publicly disclosed on the Bank's website.

Anti-Crime

Our Anti-Money Laundering (AML) compliance program is designed to identify and mitigate business and regulatory risks based on established risk management practices. It conforms with applicable rules and regulations on the prevention of money laundering, terrorist financing, and proliferation financing.

Our sound risk management practices are well established to ensure adequate and active board and senior management oversight, acceptable policies and procedures embodied in a money laundering and terrorist financing prevention compliance program, appropriate monitoring, and management information systems, as well as comprehensive internal controls and audits. These practices, together with effective communication and training, and risk-based compliance testing, promote a robust, dynamically responsive, and appropriate compliance system along with a culture of compliance towards a sound and stable financial franchise.

Our robust and sound risk management practices, strong commitment to good corporate governance practices, and adherence to the principles of safe and sound banking practices means regulatory, money laundering, terrorist financing and proliferation financing risks are effectively managed.

The Bank's AML/CFT training program comprises various focuses based on the personnel's function and position and covers compliance oversight, risk management, customer identification process, record keeping requirements and covered and suspicious transactions reporting, preventive measures, compliance with freeze, bank inquiry and asset preservation orders, and all directives of the Anti-Money Laundering Council (AMLC), cooperation with AMLC and BSP, international standards and best practices.

For 2021, AMLD conducted the following AML/CFT online training via Webex:

- 9 sessions of AML/CFT Training for New Hire CSR-Tellers
- 7 Sessions of AML/CFT Training for CSR-New Accounts Clerks
- 1 session of AMLCFT Training for ODP-Branch Operations Officers
- 1 session of AML/CFT Training for Branch Heads
- 1 session of AML Training for ODP - Head Office Units

We conducted the 2021 annual AML/CFT e-learning course for all level of employees including senior management last October 29, 2021 to December 31, 2021. A total of 13,038 employees, equivalent to 96% of our total employee headcount, completed the Bank's e-learning on the Anti-Money Laundering Act.

Stockholders' Rights and Protection of Minority Stockholders' Interest

We treat all our shareholders fairly and equitably. We also recognize, protect, and facilitate the exercise of their rights. The Board respects the rights of the stockholders as provided for in the Revised Corporation Code. It promotes transparency and fairness in conducting annual and special stockholders' meeting. All material information about the Bank is disclosed in a timely manner to the SEC and PSE. We encourage active shareholders to participate in the meeting by sending Notice of Annual and Special Shareholders' meeting with sufficient relevant information.

Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock in his or her name. Minority stockholders have right to vote on all matters that require their consent or approval, including, but not limited to, the approval of shareholders on sale of corporate assets. Cumulative voting is allowed, provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his or her name as of the record date multiplied by the number of directors to be elected. Matters submitted to stockholders for the ratification shall be decided by the required vote of stockholders present in person or by proxy. All shareholders have the opportunity to obtain effective redress for violation of their rights.

Majority vote is required for the following: (a) approval of the minutes of the annual meeting of the stockholders; (b) ratification of corporate acts; (c) election of external auditors. On the election of directors, nominees receiving the highest number of votes shall be declared elected following the provisions of the Revised Corporation Code.

The notice for the Bank's 2021 Annual Stockholders Meeting was published and distributed to all stockholders as of record date of 12 March 2021, pursuant to the SEC rules of sending notices of at least 21 days before the meeting. Those who cannot attend were apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. Due to the COVID-19 pandemic, the meeting was held virtually on 28 April 2021. The results of the votes taken were disclosed the following working day. The Minutes of the Annual Stockholders' Meeting was made publicly available on 3 May 2021 and posted on the Bank's website.
The proxies, attendance and votes cast at the 2021 Bank's Annual Stockholders' Meeting were tabulated by the Bank's Stock Transfer Agent (the Metrobank-Trust Banking Group), and validated by SGV & Co. in its capacity as third-party validator.

External Auditor

The Audit Committee is primarily responsible for the appointment/selection, re-appointment and dismissal of the independent external auditor based on fair and transparent criteria. Sycip Gorres Velayo & Co. (SGV) has been the external

Nature of Services Rendered		Aggregate Fees (in Php millions)		
		2019	2020	2021
Audit and Audit-related Fees	Annual and interim audit of the Consolidated, Parent Company and FCDU Financial Statements in connection with statutory and regulatory filings; annual audit of the Combined Financial Statements of Trust and Managed Funds Operated by the Trust Banking Group with Supplementary Combined Information; limited review of financial statements and offering circulars based on agreed-upon procedures and issuance of comfort letters relative to the issuances of debt securities (MTN, bonds).	41.77	24.50	20.27
Tax Fees		-	-	-
All other Fees	Seminar fees and others	4.61	0.89	0.53
	Total Fees	**46.38**	**25.39**	**20.80**

auditors of the registrant since 1962. In compliance with the revised SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002 (increased to seven years effective August 2019 per Professional Regulatory Board of Accountancy Resolution No. 53, Series of 2019).

The Bank intends to retain SGV as its external auditors for the year 2021. The external auditors are appointed annually by the registrant's Board of Directors in its organizational meeting held immediately after the Annual Stockholders' Meeting.

Whistleblowing

Whistleblowing is vitally important in protecting, not only the Bank, but also our stakeholders, in any acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and control.

Our Whistleblowing Policy encourages our employees and other stakeholders to participate in an atmosphere of openness and trust in communicating their concerns about illegal or unethical practices, without the fear of retaliation. The guidelines ensure that the concerns of reporting employees and other stakeholders are addressed and the identity of the reporting entity is secured and protected from any undue retaliation. The Chief Audit Executive/ Head of the Internal Audit Group is the designated recipient of complaints from reporting employees and other stakeholders. For exceptional cases, complaints may be filed directly to the Chairman of the Board.

Our employees have continuously shown proactive stance in keeping the Bank's integrity. For 2021, we received reports on varying issues, from health and safety protocol issues, to alleged violations on Code of Conduct, among others. All other reports have been handled by the concerned business units and thoroughly reviewed and investigated, including four reports that were not substantiated.

Complaints or concerns may be filed through the Bank's website or sent via email (whistleblowing@metrobank.com.ph) or text hotline (+639427471359).

The Whistleblowing Policy is incorporated in the Bank's CGM and publicly disclosed on the Bank's website.

Compliance

We have a dynamic and responsive Compliance Risk Management System (CRMS) designed to specifically identify and mitigate risks that may erode the franchise value of the Bank such as risks of legal or regulatory sanctions, material financial loss, or loss to reputation that the Bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

Our Compliance Division implements an enterprise-wide Compliance Policy Manual developed to formalize and document the Bank's CRMS, and forms an integral part of its risk governance framework. It provides reasonable assurance that the Bank and its directors, officers and employees comply with all banking and corporate laws, regulations, rules, and standards. It also establishes a culture of compliance, anticipates, reinforces and strengthens the Bank's compliance with existing laws, rules and regulations in contributing to the maintenance of a sound and stable bank.

The Compliance Division is responsible for regulatory issuances, the interpretation of rules and regulations, and provides oversight and guidance for a stronger compliance culture. It works closely with business and support units to identify, assess, monitor, and manage possible regulatory compliance risks which may impact the Bank's operations and franchise value. It is also expected to promote effective implementation of the compliance system and address breaches that may arise. It ensures that possible compliance issues and key compliance risks are proactively identified, measured, and assessed and that sound advice and support in managing regulatory and compliance risks are given to Management. The division also regularly conducts compliance awareness trainings for all employees and issues advisories whenever needed.

The Compliance Officer (CO) who heads the Compliance Division is the lead operating officer on compliance. He oversees the identification and management of the Bank's compliance risk and supervises the compliance function staff. He exercises functional supervision over the designated Compliance Coordinators of the Head Office units and domestic branches relative to the compliance functions being performed/handled by them, as well as the Compliance Officers of the foreign branches. He also provides essential compliance oversight function on the Compliance Officers of the financial subsidiaries and affiliates. The CO reports to the Board of Directors through the Corporate Governance and Compensation Committee.

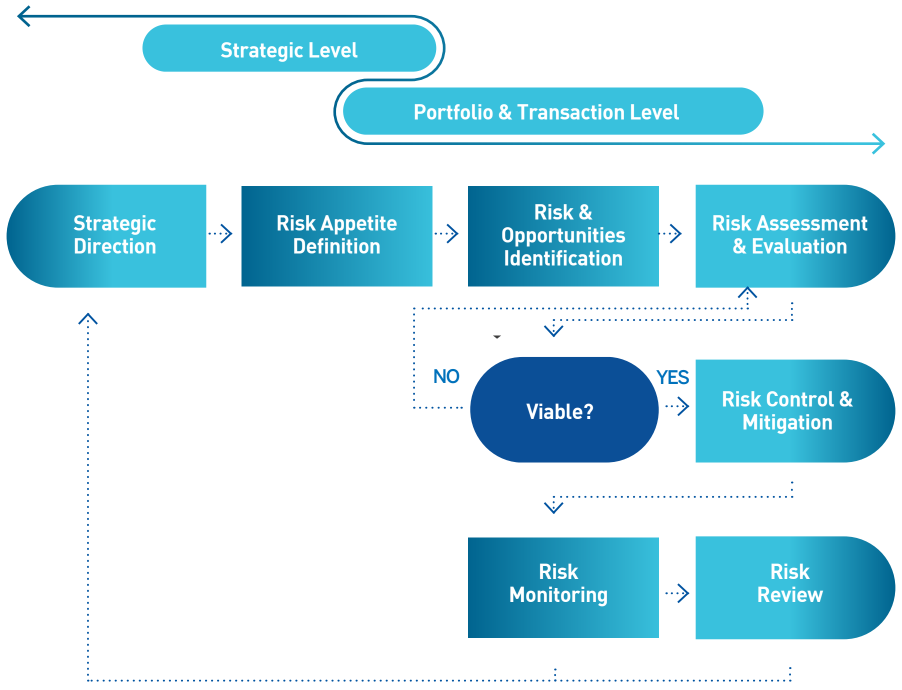
Risk and Crisis Management

Building a strong bank takes exceptional commitment in managing risks. Metrobank has been in the banking business for the past 59 years, and the success of its enterprise reflects how it responsibly safeguards the financial resources stakeholders entrust in the Bank. It only takes on risks that it understands, can manage, mitigate, or accept. It conducts its business based on a risk management framework suited to its scope and complexity, consistent with international regulatory standards.

Risk Management Principles

Balancing risk and reward translates to the following risk management principles:

1. As risk is organic to the banking business, the Bank manages risks that correspond to its goals and objectives as an ongoing business.
2. As the business landscape evolves, the Bank's risk management practices must continue to be relevant and practicable, but always aligned with standards set by its regulators.
3. The Bank must ensure that it has the right risk governance structure to mitigate risks and avoid losses while maximizing gains that may accrue from business opportunities.
4. Risk management is everyone's concern – from the Board who sets the overall tone, to the officers and staff who execute the Bank's Risk Management strategy.



Risk Management Process

A strong risk management process focuses on the interplay among business, concomitant risks, and required capital, with the goal of sustaining the franchise through the rise and ebb of the business cycle. Metrobank's robust risk management process entails the determination of its strategic goals, material risks, and appetite for such risks. By identifying, measuring, managing, and monitoring risks, financial resources are properly allocated, and capital adequacy is continuously assured.

Metrics and risk assessment tools, both adopted from regulation and best practice and internal to the Bank, are used to measure identified risks. The use of these tools enables the Bank to prevent risks from turning into serious issues, as well as recognize ahead instances that capital may be called to absorb losses.

Risk Governance

The Board of Directors, through the Risk Oversight Committee (ROC), composed primarily of independent members of the Board, plays an active role in setting the Bank's risk culture and overseeing the risk infrastructure, operating policies, and exposures to ensure a good balance between risk appetite and prudence.

The Risk Management Group (RSK) supports and reports directly to the ROC. RSK is an independent unit of the Bank that identifies, analyzes, measures, and monitors identified material risks in close coordination with other business units. It exercises oversight on the risk management units of various subsidiaries and affiliates. It convenes the Risk Management Coordinating Council quarterly to ensure compliance with relevant regulations, and implements a consistent risk management framework across the Metrobank Group.

Functionally, RSK is structured such that separate divisions are set up for a dedicated management of the Bank's largest financial risks: credit, market and liquidity, and operations. An Enterprise Risk and Strategic Support Division is likewise an integral part of RSK's infrastructure tasked to execute RSK's risk supervision mandate, manage the Bank's Internal Capital Adequacy Assessment Process (ICAAP), and provide the quantitative support in the building of models and other risk metrics.

Risk Area	Management Oversight
Credit and Credit Concentration Risks	Senior Credit Committee, Credit Committee, Non-Performing Assets Committee, Assets and Liabilities Committee, Executive Committee
Market, Interest Rate, and Liquidity Risks	Assets and Liabilities Committee
Operational risk, including legal risk	Policy Committee, IT Governance Committee, Special Action Committee, Emergency Management Committee, Manpower Committee, Security Committee
Compliance risk (including money laundering and terrorist financing)	Anti-Money Laundering Compliance Committee
Technology risk	IT Governance Committee, Emergency Management Committee
Reputational risk	Assets and Liabilities Committee*, Emergency Management Committee, Customer Experience Committee
Strategic risk	Budget Committee, Assets and Liabilities Committee, IT Governance Committee, Customer Experience Committee, Manpower Committee

*As it relates to impact on liquidity

Material Risks

As a Domestic Systemically Important Bank (DSIB), Metrobank faces a broad range of risks reflecting its status. These risks include those resulting from its lending activity, treasury operations, and extensive client-facing network, including its branches.

The Bank recognizes that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. Acceptance of some risk, therefore, is often necessary to foster growth and efficiency within business practices. At all times, however, the Bank ensures that any risk-taking activity is aligned with its corporate objectives and capabilities, and that an effective risk management process is in place.

The following are some of the material risks the Bank faces and the strategies for managing these.

Credit Risk
This is the risk that the borrower, issuer, or counterparty in a transaction may default and cause potential loss to the Bank. It arises from lending, trade finance, treasury, derivatives, and other similar activities. The Bank's appetite for this risk is low to moderate, reflective of its core business and the social responsibility that comes with being one of the financial system's largest lenders.

As a matter of general strategy, the Bank manages this risk through a system of policies, metrics, and authorities that govern the processes and practices of all credit-originating and relationship management units, as well as other units involved in the credit cycle.

To ensure that financial undertakings are balanced with prudential control in the transactional and portfolio levels, the Bank is guided by a credit process. This begins with the Bank's defined strategies and risk appetite, driving the ensuing steps of origination, evaluation, approval, availment, and monitoring. To some extent, the Bank relies on third-party credit assessments, specifically on the ratings provided by Standard & Poor's, Moody's, Fitch, and PhilRatings on exposures to Sovereigns, Multilateral Development Banks, Foreign Banks, Local Government Units, and Government Corporations and Corporates when applicable.

To address the impact of asset quality deterioration, the Bank sets up provisions for expected credit loss (ECL) arising from its credit risk exposures following accounting standards and relevant BSP regulations. During the COVID-19 pandemic, the Bank significantly increased its ECL provisions owing to the sharp decline in economic activity.

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated regularly following internal and regulatory guidelines. Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing activities. Collateral usually is not held against investment securities.

The Bank also holds collateral against loans and receivables in the form of hold-out on deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of shares, personal and corporate guaranty, and other forms of security.

The standards of acceptability, valuation, enforceability, and monitoring/reporting of sufficiency of risk mitigants are covered by Board-approved policies and procedures.

To ensure that the portfolio remains within the defined strategy and risk appetite, constant monitoring is implemented by both front and middle offices. Lending units, in coordination with the Credit Group, evaluate the performance of their accounts, and make regular presentations on watchlisted/classified accounts to the Non-Performing Assets Committee (NPAC) which provides direction on the next steps for the concerned problem accounts.

Independently, RSK-Credit Risk Division monitors the Bank's credit portfolio against set limits, and reviews sample accounts of the various business groups – focusing on credit quality and policy compliance – to provide assurance and control over the effectiveness of the credit risk management process throughout the Bank. The results of these activities are regularly reported to the ROC.

Credit Concentration Risk
This is the current and prospective negative impact to earnings and capital arising from over-exposure to specific industries and/or borrowers/counterparties. The Bank has a moderate appetite for this risk, recognizing that specific growth areas may need credit support more than others, and that lending to highly integrated customers often leads to pockets of concentration. The Bank manages this risk via adherence to processes relating to industry and counterparty assessments, observance of regulatory ceilings, and setting of internal limits.

Market Risk
This is the risk resulting from adverse movements in the general level or volatility of market rates or prices or commodity/equity prices possibly affecting the Bank's financial condition. Senior Management, through the Asset and Liabilities Committee (ALCO), sets a general business model for its trading portfolio based on macroeconomic conditions, financial markets trends, possible events/regulations, and the risk appetite set by the Board. This is implemented by the Financial Markets Sector which originates transactions and/or crafts new products needed by clients, while keeping itself updated on the financial environment and working within set limits and policies.

The Bank's appetite for this risk is low, and manages this risk via a process of identifying, analyzing, measuring and controlling relevant market risk factors, and establishing appropriate limits for the various products and exposures. Quantitative expressions of this appetite include: Value-at-Risk limit, rolling 21-day P/L trigger, rolling 21-day stop loss limit, YTD trigger/limit, product cap, sensitivity limits, tenor limits, and qualitative limits. These limits are always set against the expected returns to ensure that the risk taken is commensurate to the benefit that the Bank will reap from such trading activity. To remain relevant, these are reviewed at least annually, with possible changes within the year as dictated by the emergence of new regulations, developments in the market risk management landscape, complexity of the products being traded, and other major movements in the business environment.

The Bank maintains Limits Monitoring and Reporting Guidelines which detail how the risk measures are compared against the approved limits. Included in the guidelines are the set of standard procedures in handling excesses or breaches in limits and loss trigger hits. Daily, the RSK-Market and Liquidity Risk Division provides the limits compliance reports to key officers of the business units and RSK. The results of the limits monitoring process are also reported to ALCO on a weekly basis and to the ROC and BOD monthly.

Interest Rate Risk in the Banking Book (IRRBB)
The Interest Rate Risk in the Banking Book (IRRBB) is the current and prospective negative impact to earnings and capital arising from movements or shifts in interest rates. The risk becomes inherent in the current and prospective interest gapping of the Bank's balance sheet, as the Bank's core business involves intermediation activities such as deposit-taking and lending that inadvertently creates both maturity and rate mismatches. This translates to possible negative impact to the Net Interest Income (NII) and economic value, as interest rate movements affect interest earned/paid as well as the value of assets, liabilities, and off-balance sheet items. Thus, before embarking on any new asset and liability management (ALM) strategy, both Financial Markets Sector and RSK perform separate assessments on profitability and risks, considering the impact of movements in rates. This ensures that the strategy will not result in a risk level higher than what is deemed to be the appetite of the Bank.

The appetite for this risk is low; as such, the Bank follows a set of policies on managing its assets and liabilities to ensure that exposure to interest rate fluctuations are kept within acceptable limits. This appetite is translated into a set of limits, a major tool in monitoring and controlling the degree of interest rate risk that the banking book is exposed to at any given point in time. Limits include Earnings-at-Risk (NII-at-Risk) limit and management action trigger (MAT), Delta Economic Value of Equity (ΔEVE) limit, FVOCI MtM loss trigger, position limits, and tenor limits.

The limits are proposed by RSK, in coordination with Strategic Planning Division and Treasury Group, against the expected income and capital. This is to ensure that risk taken is commensurate to the returns the Bank will generate from its banking book positions. Also considered are the actual NII, strategies, economic forecasts, and results of stress testing.

The limits are reviewed annually or on an interim basis to ensure that these reflect the business environment, changes in strategies, and regulations.

The Bank maintains Limits Monitoring and Reporting Guidelines which detail how the related risk measures are compared against the approved limits.

Included in the guidelines are the set of standard procedures in handling excesses or breaches in limits and loss trigger hits.

The RSK-Market and Liquidity Risk Division submits the IRRBB limits compliance reports every day to key officers of the business units and RSK. ALCO receives the limits monitoring process report weekly while the ROC and BOD are provided copies on a monthly basis.

Liquidity Risk
This is the risk to earnings or capital arising from the Bank's inability to meet its obligations when they become due. The Bank considers liquidity risk as the most important considering that liquidity is the lifeline of any bank. As such, the appetite for liquidity risk is low.

The Bank's strategy for managing this risk is generally via limiting the maturity mismatch between assets and liabilities, improving the stickiness of its deposit and liabilities profile, and by holding sufficient liquid assets of appropriate quality and marketability.

The Bank's liquidity management practice is guided by a Funding Strategy Framework that serves as a blueprint for the utilization of the Bank's funding sources under both BAU and stress scenarios, while taking into consideration various internal and regulatory limits. The Bank's Macro Funding Strategy is to reduce liquidity risk by increasing the Bank's base for long-term funding, which is put into motion with the Bank's Term Funding Plan over the next three years. In terms of short-term funding, the Bank monitors various indicators of liquidity, including the Bank's usage of its BAU Funding Capacity and Intraday Liquidity. It also maintains a Contingency Funding Plan to ensure preparedness to withstand stress scenarios.
The Bank recognizes that liquidity risk is one of its most important risks, and that it must be managed promptly and properly; any mistake can lead to a bank run and possible insolvency that could potentially affect the financial industry considering its role as a DSIB. As such, it sets limits or triggers on cashflows over specific periods of time (Maximum Cumulative Outflow limit), available funding sources (Liquidity Coverage Ratio MAT, Net Stable Funding Ratio MAT, Funding Utilization MAT) and funding concentration (Funding Concentration MAT) to ensure that the level of the Bank's liquidity is adequate to always support funding requirements.

Similar with other risks, the liquidity risk limits and policy guidelines are reviewed annually or on an interim basis, as deemed necessary, to ensure that they remain prudent and relevant.

The Treasury Group-Asset & Liability Management Division (TG-ALMD) is the primary unit responsible for managing the liquidity of the Bank, its foreign branches, and selected subsidiaries. It manages and closely monitors the daily, as well as short- to medium-term liquidity positions of the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU) books. It also ensures that the Bank complies with regulatory liquidity and reserve requirements.

The RSK-Market and Liquidity Risk Division generates liquidity risk reports daily. At a minimum, the reports provide the exposures and established thresholds to determine compliance with limits and identify emerging concerns on liquidity. The exposures and profiles are provided to TG-ALMD every day and reported to the ALCO every week, and to ROC and the BOD monthly. Any breach in liquidity risk limits is reported to the appropriate level of management for immediate action.

Operational Risk
This is the risk arising from the potential that inadequate information system, operations, or transactional problems (related to service or product delivery), breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected loss.

The Bank's operational risk management framework seeks to constantly identify, assess, monitor, mitigate, and control key areas where losses would most probably materialize or where losses would be significant. It espouses a mitigation and control culture of risk management being everyone's responsibility, and is to be performed by three lines of defense:

a. First Line of Defense – Business Units
b. Second Line of Defense – RSK's Head Office Operational Risk Management Division (HOORMD) and Branch Operational Risk Management Division (BORMD)
c. Third Line of Defense – Internal Audit Group

Operational risk management tools include the following:
a. Process Risk and Control Self-Assessment (Process RCSA)
b. Risk Event Database (RED)
c. Risk Incident Report (RIR)
d. System Risk and Control Self-Assessment (System RCSA)
e. Disaster Risk Assessment
f. Business Impact Analysis (Business Unit Level and Institutional Level)

The Bank's appetite for operational risk is low and is managed via a framework involving various tools that promote a strong control environment, escalation, monitoring and reporting of risk events, and adequate mitigation of assessed risks. This appetite is manifested in the thresholds it sets for institutional and business unit level key risk indicators (KRIs) and key performance indicators (KPIs). KRIs are used to monitor main drivers of exposures associated with key risks; while KPIs give insight into the status of operational processes which may, in turn, provide an understanding of the operational weaknesses, failures, and potential losses. Both are used with escalation triggers to warn when risk levels approach or exceed acceptable ranges, and prompt mitigation plans.

Mitigation and control of the Bank's identified operational risks call for the preparation of a Risk Treatment Plan which identifies, assesses, prepares, and implements a range of risk treatment options. Depending on the availability/feasibility of preventive/corrective measures, and the benefits that come from an exposure, the Bank may choose from the following approaches to treat risks: Acceptance, Avoidance, Transfer, and Reduction.

Following the general risk management framework where risks are monitored in both individual and portfolio bases, institutional and business unit level KRIs and KPIs are regularly monitored and reported to appropriate management committees and to the Board of Directors through the Risk Oversight Committee.
As the Bank's first line of defense, business units are responsible for identifying, measuring, controlling, monitoring, managing, and reporting their operational risks on a day-to-day basis. As risk incidents affecting their area of operation occur, they are mandated to report these within 24 hours through the Risk Incident Report (RIR). The units are further assisted by their Business Risk Managers (BRMs) who are expected to effectively monitor internal controls of activities and established KRIs.

On a bank-wide level, HOORMD and BORMD monitor the operational risk profiles, material exposures, and status of established KRIs and KPIs of Head Office units and of the branches, respectively; and report these to senior management and the BOD through the ROC.

Technology Risk
This is the current and prospective negative impact to earnings arising from failure of the Bank's IT systems, including information and cybersecurity. The Bank's appetite for IT risk is low, and its strategy in managing this risk is embodied in comprehensive information technology, Information Security and IT risk management policies.

Reputational Risk
This is the current and prospective negative impact to earnings and capital arising from negative public opinion. As a bank essentially survives on its reputation, the Bank has very low appetite for reputational risk and always aims to proactively build on its good name. It considers reputational risk as a consequence of other risks. Its management therefore is tied closely to how it manages its other risks.
By ensuring effective identification, assessment, control, monitoring, and reporting of the other material risks, reputational risk is likewise effectively managed.

In line with BSP Circular No. 1114 on Reputational Risk, the Bank adopts as part of its enterprise risk management system, a Reputational Risk Management Framework covering the Metrobank Group. The primary objective of this framework is to identify potential reputational risks before they materialize or escalate beyond manageable level. The goal is to have alignment and consistency in the strength and potency of reputational risk management efforts across the Group, recognizing that the Metrobank Group is only as strong as its weakest component.

Compliance and Regulatory Risk
This is the current and prospective negative impact to earnings and capital arising from failure to comply with all applicable laws, regulations, and standards of good governance and practice. The appetite for this risk is low and is managed via the conduct of a defined Compliance program. Specific to Money Laundering & Terrorist Financing (ML/TF) Risk, the Bank has zero tolerance for the same, and is managed separately by the Bank's Anti-Money Laundering Division (AMLD) reporting directly to the Board's AML Committee.

Strategic Risk
This is the current and prospective negative impact to earnings arising from adverse business decisions, improper implementation of decisions, and/or lack of responsiveness to industry changes. The Bank's strategy in managing this risk is to embed the same in the various business functions as espoused in its strategic and business planning processes.

Contagion Risk
This is the risk that the financial difficulties encountered by a member of the conglomerate could impact the financial stability of the rest of the members or the entire group. To mitigate this risk, the Bank places importance on policies, limits structures, and monitoring of controls in dealing with RPTs, DOSRIs, and SAAs.

Risk Reporting

To ensure that exposures are within the Board-approved risk appetite, and that management can lead the Bank to the fulfillment of its strategies and targets while within acceptable risk ranges, RSK and specialized Bank units report the following risks outlined below to both management and Board.

Capital Adequacy

The primary objectives of the Bank's capital management process are two-pronged: to ensure that, on per entity and consolidated bases, it complies with regulatory capital requirements; and to maintain strong credit ratings and healthy capital ratios to support its business and to maximize shareholders' value. As with the Parent Bank, the Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its activities.

The Bank's capital planning starts with a Strategic Plan, where its strategic themes, goals and objectives are set. Following this is Financial Forecasting where goals and objectives are translated into financial forecasts (i.e., Balance Sheet, Income Statement, Interest Rate, and Regulatory Capital). The third is Risk and Capital Assessment. From the forecast, solutions to issues on capital are explored. These include capital raising and other measures to optimize profitability and capital efficiency.

Capital adequacy is assessed based on the Bank's risk profile and the available capital on an on-going basis. Actual ratios are generated by Controllership Group and reported regularly to the ROC. Early warning indicators are in place that may signal capital usage beyond what the Bank can handle.

As prescribed by Section X190.5 and Part VIII of Appendix 63b of the Manual of Regulation for Banks (MORB), the following are the pertinent risk and capital measures for Metrobank, and its subsidiaries as reported to the BSP as of December 31, 2021 and 2020.

Material Risks	Sample Risk Exposure Indicators
1. Credit risk	NPL; PD/ITL; Expected Credit Loss (ECL); Weighted Average Risk Rating (WARR)
2. Market risk	VaR; P&L; Position and sensitivity limits
3. Operational risk	Key Performance Indicators (KPIs); Key Risk Indicators (KRIs); Risk Incident Reports (RIR); Disaster Risk Assessment (DRA); Business Impact Analysis (BIA)
4. Credit concentration risk	Large exposure share; SBL; RE; Industry and country share (HHI)
5. Interest Rate Risk in the Banking Book	Interest rate repricing gap (IRRG); Earnings-at-Risk (EaR); Delta EVE
6. Liquidity risk	Maximum Cumulative Outflow (MCO); Funding utilization; Liquidity Coverage Ratio (LCR)
7. Cybersecurity risk	Various KPIs & KRIs
8. Reputational risk	Social media listening; Customer complaints
9. Compliance risk (including Money Laundering)	Compliance testing. Penalties; BSP ROE; AML reports (e.g., STRs; CTRs; red flag reports); Internal audit reports
10. Strategic risk	Scenario assessment; ICAAP runs
11. Contagion risk	Stock price movements & intragroup exposures, ICAAP runs

Php million	Consolidated		Parent Company	
	2021	2020	2021	2020
Tier 1 capital	315,542	320,958	306,812	312,194
CET 1 Capital	315,542	320,958	306,812	312,194
Less: Required deductions	32,860	33,250	93,001	91,562
Net Tier 1 Capital	282,682	287,708	213,811	220,632
Tier 2 capital	12,463	13,075	10,277	10,691
Total Qualifying Capital	295,145	300,783	224,088	231,323
Credit Risk-Weighted Assets	1,218,442	1,256,895	1,001,293	1,019,586
Market Risk-Weighted Assets	67,394	70,526	53,099	65,607
Operational Risk-Weighted Assets	180,534	165,001	122,373	99,592
Total Risk-Weighted Assets	1,466,370	1,492,422	1,176,765	1,184,785
CET 1 Ratio	19.28%	19.28%	18.17%	18.62%
Tier 1 capital ratio	19.28%	19.28%	18.17%	18.62%
Total capital ratio	20.13%	20.15%	19.04%	19.52%

Risk Management in the Time of COVID-19

We have built up our experience in managing emerging and heightened risks amidst the continuing COVID-19 pandemic. Through our Business The Bank has built up its experience in managing emerging and heightened risks amidst the continuing COVID-19 pandemic. The lessons and insights gathered through its Business Continuity Plan (BCP) Operability Assessment on WHAT-WENT-WELL and WHAT-WENT-WRONG during the earlier part of the pandemic in 2020 has served as its cornerstone in developing more robust business continuity strategies, plans and processes to ensure that the flow of financial activity remains uninterrupted and critical business operations were continued while putting the safety of its employees ahead.

The Bank's documented plans and strategies for responding to a potential infectious disease scenario were put to the test, including the execution of split-site work arrangements, setting up work-from-home capability, workplace configuration and sanitation, and transportation arrangements, among others – all while continuously adjusting and enhancing its response in order to proactively adapt to evolving risk management needs.

=Metrobank continues to strengthen its risk management processes and remains at the forefront of managing emerging and imminent risks. The use of the Bank's Risk Assessment Questionnaire (RAQ) has been maximized as the Bank continues to develop new products that cater to customers' changing financial needs during the pandemic. The RAQ is a tool that provides an understanding of a product's potential risks and existing or intended controls and is required for all Product Concept Proposals presented to the Product Governance Committee (PGCOM).

Complying with new regulatory requirements and best practices, the Bank continues to design and implement up-to-date risk management frameworks to identify and control emerging risks.

In line with BSP Circular No. 1114, the Bank has adopted as part of its enterprise risk management system a Reputational Risk Management Framework covering the Metrobank Group. The primary objective of this framework is to identify potential reputational risks before they materialize or escalate beyond manageable level.

In addition, the Bank's Crisis Communication Plan, which provides guidelines on managing communications in response to a crisis situation, has been updated and enhanced. The Bank continues to grow in its consciousness of environmental and social (E&S) risks and their potential impact to bank operations and credit strategies and has been building up its E&S Risk Management (ESRM) Framework.

The pandemic has massively transformed banking behavior and has urged the public to transact digitally and online, inevitably resulting in the proliferation of fraud on a global scale. To strengthen the management of fraud and cybersecurity risks which have intensified over the past two years, the Bank has developed and implemented more proactive controls and mitigants, significantly reducing fraud within the risk tolerance set by the Bank.

For operational risk, the Process Risk Self-Assessment (PRSA) was implemented with the objective of assessing risks arising from changes in core processes that were implemented during the pandemic. The Bank also continues to update its Business Continuity Program to improve its response to threats that may disrupt its critical operations that may impact its stakeholders, profitability, and reputation, among others.

Managing risk is a responsibility that cuts across the entire organization. Thus, the Bank continues to strengthen its risk management function through the Business Risk Managers (BRM) embedded in various business units. The BRMs ensure that existing and emerging risk exposures in their respective areas are managed and are within the Bank's risk appetite. The BRMs partner with the Risk Management Group in designing and rolling out new risk management frameworks for implementation. They continue to assist business units as they are expected to effectively observe internal controls and monitor established key risk indicators.

While economic recovery is forecasted towards the latter part of 2022, uncertainty due to the threat of new virus variants or strains still looms over the short term, along with the ever-present threat of natural disasters which may occur independently of any pandemic. Thus, the Bank maintains its strong credit risk management stance. Accounts are closely monitored along with the creditworthiness of clients amid lockdowns and community quarantine measures. Expected Credit Losses (ECL) are computed more frequently to assess the adequacy of the Bank's provisions, and forward-looking models are in place to ensure that the ECL is adequate across varying economic scenarios.

The Risk Management Group (RSK) continues to be a reliable partner to the business units it supports, providing relevant analyses and forecasts which aid in crafting balance sheet and credit strategies. For market and liquidity risk, RSK assists the Treasury Group through extensive risk assessments and market rates forecasts. For credit risk, RSK facilitates the Bank's processes for setting strategies and budgets by providing asset quality forecasts such as levels of past due loans, NPL, and ECL, among others. Such forward-looking information allows the Bank to strategize and set realistic budget targets, while establishing appropriate plans to improve asset quality, strengthen collections, and meet such targets.

Taking steps to be proactive and prudent in managing risks amidst the pandemic, the Bank has kept a healthy balance sheet with exceptional asset quality and liquidity. It has maintained

Emerging E&S Risks	Description	Impact of identified emerging risks on the business		
		People	Property	Facilities
Natural and Man-Made disasters	Threats and environmental disasters such as typhoon, hailstorm, tornado, habagat or the Southwest monsoon, earthquake, volcanic eruption, fire Other disaster scenarios that pose threats to the Bank's resources and operations such as infectious disease (pandemic), cyber threat, 3rd party vendor services disruption, acts of terrorism, sabotage, civil disturbance, labor unrest, work stoppage, and employee rally or strike	• Extended/ longer working hours (Extreme) • Insufficient manpower complement (Extreme) (absences/ infected/ hospitalized/ quarantined/ death due to sickness or declaration of community quarantine/ lock down, stranded, displaced, evacuated) • Stranded employees inside the workplace (Extreme)	• Furniture, fixtures, and equipment are damaged or are not available for use (Extreme) • Loss of property and cash due to robbery, hold-up, and looting (Extreme) • Data loss, corruption, leakage (Extreme) • Primary office or branch is inaccessible due to declaration of community quarantine/ lock down and/or contamination and/or road closure / travel restriction, damaged property, and flooding, ash-puff or ash-fall (Extreme) • Primary and secondary or tertiary sites are inaccessible due to declaration of community quarantine/ lock down and/or contamination and/ or road closure / travel restriction, damaged property, flooding, and ash-puff or ash-fall (Extreme)	• Food, water, medicine shortage (Extreme) • Power interruption or outage (Extreme) • Telecommunication interruption or outage (Extreme) • Systems interruption or outage (Extreme) • Unavailability of public transportation (Extreme) • Major roads are impassable (Extreme)

resilient operations and strong capital levels. Metrobank continues to stand its ground, relentless in its pursuit of strong and sustainable growth, even in the midst of uncertainties.

Managing Emerging Environmental and Social (E&S) Risks

Environmental and social (E&S) risks are the potential negative consequences to a business that result from its impacts on the environment or its stakeholders. Failure to effectively manage E&S issues can lead to a range of financial, legal, reputational, compliance, and regulatory consequences for the Bank.

The table above describes the the types of emerging and existing E&S risks and our internal assessments.

Governance of E&S Risks in Business Continuity Management

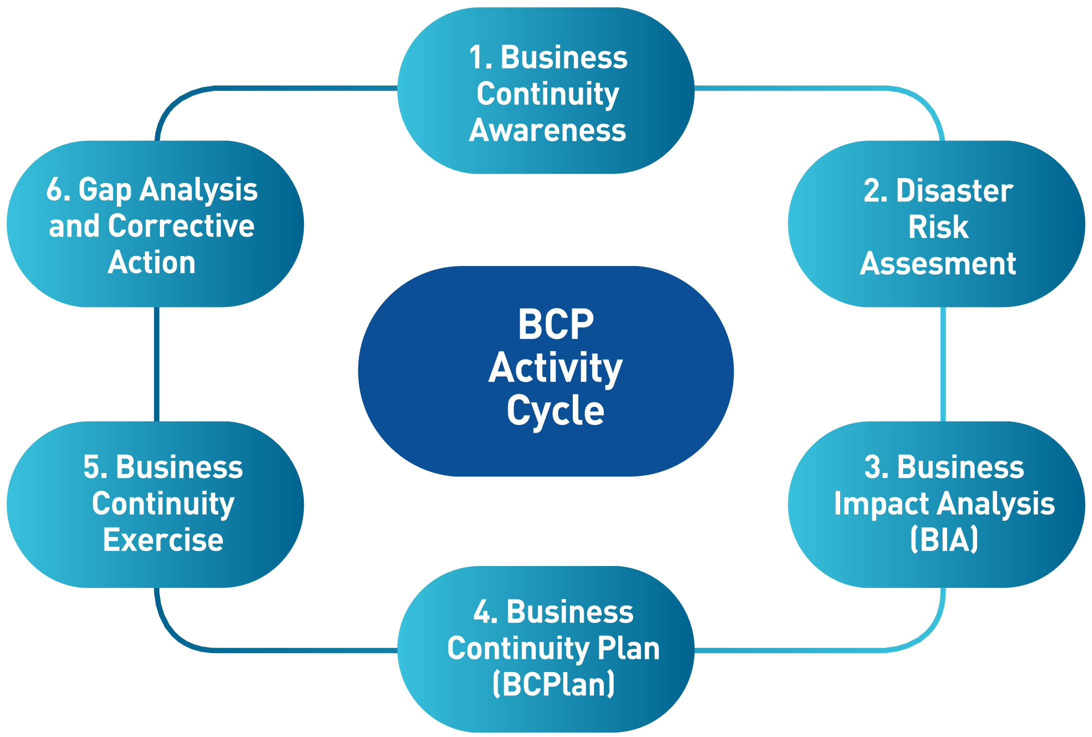
The Board of Directors, through the Risk Oversight Committee (ROC), composed primarily of independent members of the Board, plays an active role in setting the Bank's risk culture and overseeing the risk infrastructure, operating policies, and exposures to ensure a good balance between risk appetite and prudence.

The Emergency Management Committee (EMCOM) assists the Bank's Chairman and President in fulfilling its responsibilities of having a comprehensive Business Continuity Management (BCM) framework. The ROC and/or the BOD are appraised through EMCOM on any business continuity related matters.

The Risk Management Group (RSK) supports and reports directly to the ROC. RSK is an independent unit of the Bank that identifies, analyzes, measures, and monitors identified material risks in close coordination with other business units. It exercises oversight on the risk management units of various subsidiaries and affiliates. It convenes the Risk Management Coordinating Council quarterly to ensure compliance with relevant regulations, and implements a consistent risk management framework across the Metrobank Group.

Notwithstanding a defined risk management function, the Bank recognizes that the core banking activity of managing risks is not the sole responsibility of RSK. Rather, it is a function that cuts across the entire organization, as manifested in the Bank's three lines of defense: risk-taking unit, risk management, and audit functions.

To further the risk management practice in the organization, the Bank has Business Risk Managers (BRM) embedded in its various business units, with full-time BRMs functionally reporting to RSK. Such setup is central to risk management, as it expresses everyone's role in ensuring that risk exposures are managed and are within the Bank's risk appetite.



Integrating E&S Risks in Business Continuity Management

The Business Continuity Plan (BCP) Activity Cycle provides guidelines to all business units in the preparation of their BCPlans to enable them to continue the business process/es that may be affected by an emergency/ business disruption.

Building Awareness on E&S Risks

Business Continuity Awareness (Workshops, Trainings and Advisories)
Business Continuity Awareness through workshops are continuously conducted by RSK-BORMD-BCD to discuss business continuity activities, roles, responsibilities and deliverables. Participants are composed mainly of business units' BCP Team Leaders, Assistant Team Leaders and their representatives. Such roles and responsibilities are also communicated with the business units within the group.

An e-learning module is also provided for all employees and carried out during New Employees Orientation (NEO), Officers Development Program (ODP), Leap Training/Management Training, RM Training Program (RMTP), etc. In 2021, 13,358 employees, equivalent to 98% of total employee headcount, completed the Bank's e-learning on its business continuity plan.

The awareness program also covers the importance of the BCP initiatives/ activities to be performed, critical areas that should be looked into, exception handling, and sequential activities, if any.

Business Continuity Advisories are also prepared and disseminated within the Bank to create a widespread knowledge of the importance of Business Continuity Planning.

Identifying and Assessing E&S Risks

Disaster Risk Assessment (DRA)
Our DRA tool provides information that is useful in the business continuity planning process. The objective is to determine the potential impact of the threat events on our business operations. This process involves estimation of the likelihood, assumptions of a potential threat scenario, and rating for its severity impact on people, property, and facilities. The results facilitate strategies as reflected in the separate documentation of BCPlan in responding to the identified potential impact. It is performed or reviewed at least once a year, or as needed, should there be a new type of disaster recognized as additional potential threat to the Bank.

Business Impact Analysis (BIA)
The Bank's BIA tool identifies and measures (quantitatively and qualitatively) the business impact or loss of business processes in the event of a disruption. The quantitative aspect covers the assessment of the potential financial loss due to disruption, while the qualitative aspect pertains largely to the potential reputational impact of the same. From these assessments, a conclusion may be drawn as regards, among others, the following:

- Our most critical objectives, the priority of each, and the timeframe for resumption of these following an unanticipated disruption;
- The dependencies that exist both internally and externally to achieve critical objectives; and
- Information on recovery resource requirements and availability from which an appropriate recovery strategy can be determined/ recommended.

Managing and Mitigating E&S Risks

Business Continuity Plan (BCPlan)
The BCPlan is a documented plan detailing the orderly and expeditious process of recovery, resumption and restoration of business functions in the event of disruption. It should be able to cover and establish linkages amongst its multiple components, such as communication plan, crisis management plan, contingency funding plan and recovery plans (technical recovery plans, manual procedures, risk mitigation measures, work-around procedures, etc.).

- The business units determine and document their BU level BCPlans prior to an actual incident/business disruption including the manual/ detailed procedures (if applicable) in performing the identified critical processes. These are reviewed and finalized by the BUs at least once a year or as needed, with proper approval/s by their respective Sector Head / Group Head / Deputy Group Head.
- The Institutional BCPlan is a document containing the procedures, strategies, playbook which will be used by the Bank as its disaster recovery for any disaster scenario. It is reviewed and updated as applicable, at least once a year or as needed.

Emergency Procedures Manual and HRMG Emergency Response Plan
Our Emergency Procedures Manual provides operational guidelines on how to respond to various fortuitous events or emergency situations that may occur at Metrobank head offices, satellite offices, and branches. Such situations include fires, earthquakes, inclement weather, volcanic eruptions, armed robberies, and bomb threats. The manual uses a two-pronged approach

to achieve its goal:

- Preventive Measures: The manual contains measures that can be used by employees to avoid the occurrence of preventable emergency situations.
- Emergency Reference: During an emergency situation, the manual contains important administrative, logistical and procedural information to facilitate accessibility during an emergency when time is critical.

Employees are required to learn procedures outlined in the manual and are expected to adhere to the guidelines therein.

The HRMG Emergency Response Plan contains HR actions for people accounting, attendance recording, and personnel relocation under various E&S emergency situations such as typhoons, volcanic eruptions, earthquakes, infectious diseases, fires, and acts of terrorism / sabotage / civil disturbance. The plan provides HR actions for different alert levels, special cases, and the post-emergency phase.

Business Continuity Exercises

Business continuity exercises are designed to test the business continuity plans and evaluate the individual and organizational performance against approved standards and objectives. It is performed for the purpose of training and conditioning business units and validating the Business BCPlan.

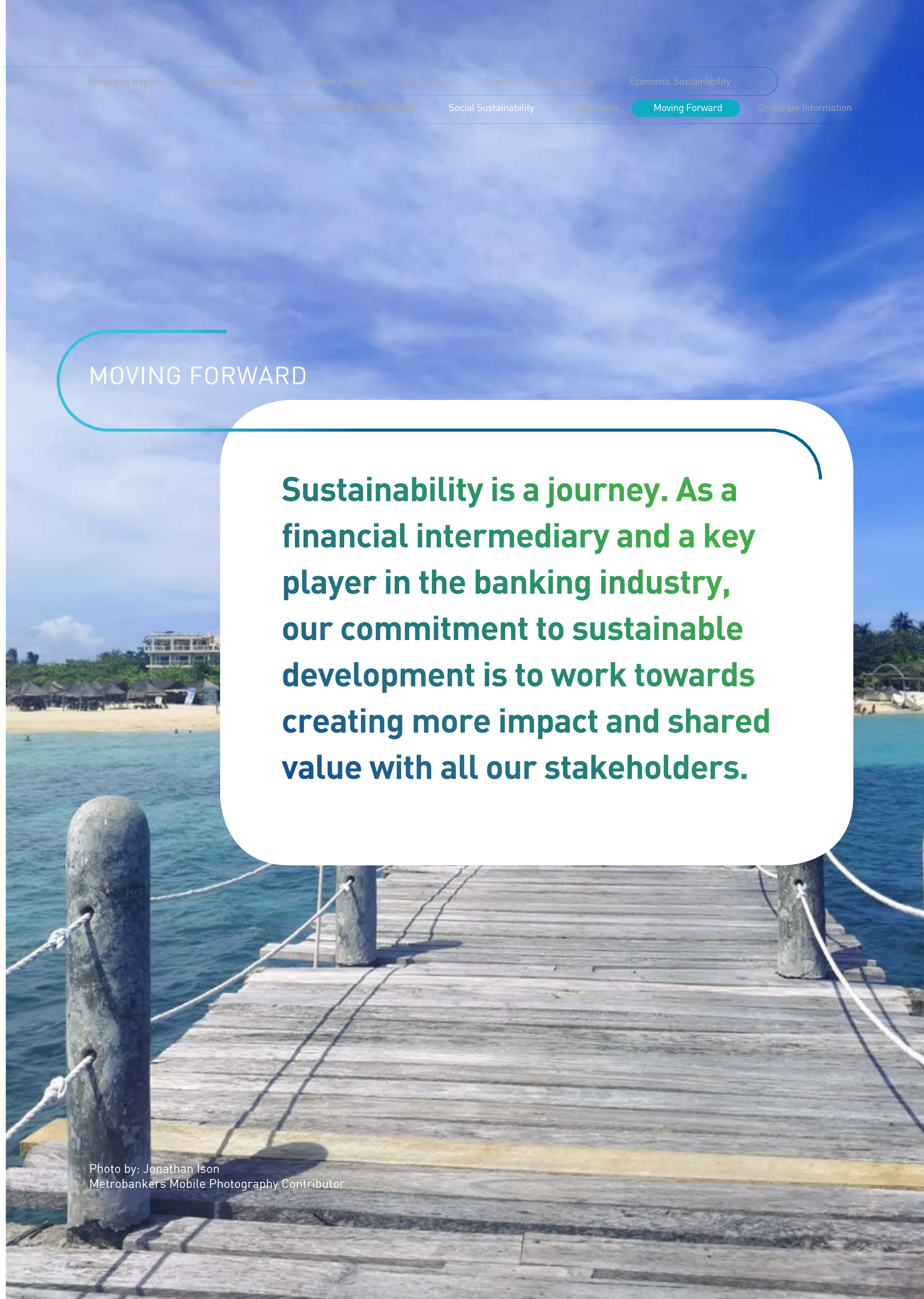
Gap Analysis and Corrective Action

This analyzes the gaps (i.e., recommendation / requirement / issues / other remarks / concerns) reported in the signed BCP Activity Report. It aims to identify what is necessary to achieve the acceptable results based on the test objectives (e.g. Recovery Time Objective (RTO) and Recovery Point Objective (RPO), etc.).

E&S Risk Exposure Metrics

The Bank maintains a risk matrix that outlines the risks, its likelihood, severity, and impact on the people, property, and facilities. Measures are in place to mitigate the impact of each risk depending on the threat scenarios identified.

Category	Risk	Monitoring of potential threat scenario
Environmental	Habagat	Rainfall warning level
	Typhoon	Tropical Gail Warning
	Earthquake	Magnitude
	Fire	Location of Fire (within or outside premises)
	Tornado	Wind speed
	Hailstorm	Hail size
	Volcanic eruption	Alert level
Societal	Infection diseases	Number of confirmed cases and alert status
	Cyber threat	Threat characterization, ease of containment, scale of impact on customers and IT system and servers
	Acts of terrorism, sabotage, or civil disturbance	Terrorism alert level, incidents of bombing and unavailability of public service utilities
	Labor unrest, work stoppage, employee rally or strike	Hours of work stoppage, media coverage, injuries and fatalities recorded, damage to property



MOVING FORWARD

Sustainability is a journey. As a financial intermediary and a key player in the banking industry, our commitment to sustainable development is to work towards creating more impact and shared value with all our stakeholders.

Photo by: Jonathan Ison
Metrobankers Mobile Photography Contributor

Moving Forward

Sustainability is a journey. As a financial intermediary and a key player in the banking industry, our commitment to sustainable development is to work towards creating more impact and shared value with all our stakeholders.

To achieve this agenda, Metrobank has laid the foundations towards becoming a more sustainable business through various capacity building initiatives. This involved defining our Sustainability Framework and Focus Areas, formalizing our governance structure, reviewing our existing processes and policies and implementing enhancements as necessary, and conducting baselining activities to further improve our disclosures.

As we gear up to further integrate sustainability principles into our business, we are making preparations to create and embed a Sustainable Finance Framework and E&S Risk Management Framework. This will involve identifying and addressing vulnerability in our operations, formulating procedures to assess climate-related risks and opportunities in our portfolio, adopting relevant policy and process enhancements, and adopting a more robust framework to align with the evolving regulations and best practices. We plan to undertake the following activities in the short and medium-term:

Promote and Build a Sustainability Culture
- Review our Sustainability Framework and materiality process
- Continue engaging with key investors and rating agencies
- Conduct trainings and provide avenues for learning and knowledge transfer
- Launch refreshed communication strategy for internal awareness and call to action

Create and Embed an Environmental and Social Risk Management System (ESRMS)
- Assess and enhance our existing policies to integrate sustainability practices
- Develop a formal E&S Policy
- Create and implement the Environmental and Social Risk Management System and Sustainable Finance Framework, which involves identifying, assessing, monitoring, and mitigating E&S risks relevant to its operations and credit portfolio
- Conduct stress testing exercises and scenario analysis

Review and Monitor Progress
- Measure, monitor, and report our progress through our disclosures
- Evaluate relevance of E&S policies, the consistency of operations, and the performance of personnel with sustainability objectives
- Improve reporting and disclosure practices
- Adhere to international standards and principles as well as relevant laws and regulations

As we continue on our journey, the Bank is fully committed to communicate our progress, as well as our challenges, with our stakeholders through future reports and disclosures in our corporate website.

MEMBERSHIP IN ASSOCIATIONS

ACI Financial Markets Association Philippines
Association of Bank Compliance Officers
Association of Bank Remittance Officers
Association of Certified Fraud Examiners
Association of Credit Executives in the Tourism Industry
Association of Philippine Correspondent Bank Officers
Bank Marketing Association of the Philippines
Bank Security Management Association
Bankers Association of the Philippines
Bankers Council for Personnel Management
Bankers Institute of the Philippines
Clearing Officers Club
Credit Card Association of the Philippines
Credit Management Association of the Philippines
Employers' Confederation of the Philippines
European Chamber of Commerce of the Philippines
Federation of Indian Chambers of Commerce Philippines
Financial Executives Institute of the Philippines
Fund Managers Association of the Philippines
GS1 Philippines
Information Security Officers Group
Information Technology and Business Process Association of the Philippines
Integrated Bar of the Philippines
Internet and Mobile Marketing Association of the Philippines
Legal Management Council of the Philippines
Makati Business Club
Management Association of the Philippines
Money Market Association of the Philippines
National Association of Securities Broker Salesmen
People Management Association of the Philippines
Philippine Association of National Advertisers
Philippine Association of Stock Transfer and Registry Agencies
Philippine Chamber of Commerce and Industry
Philippine Payments Management
Philippines-Japan Economic Cooperation Committee
The American Chamber of Commerce of the Philippines
The Japanese Chamber of Commerce and Industry of the Philippines
The Philippine Stock Exchange
Trust Officers Association of the Philippines

GRI CONTENT INDEX

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GRI 102: General Disclosures 2016	**Organizational Profile**		
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	102-41	Collective bargaining agreements	51
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	102-51	Date of most recent report	April 2021
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	102-53	Contact point for questions regarding the report	2, 93
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	102-55	GRI Content Index	90-92
	102-56	External assurance	We did not seek external assurance for any of our reported disclosures.

GRI Standard		Disclosure	Page number(s), direct answer and/or URLs
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