

November 4, 2021

**Ms. Janet A. Encarnacion**  
Head, Disclosure Department  
The Philippine Stock Exchange, Inc.  
6/F PSE Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

**Dear Ms. Encarnacion:**

We hereby submit a copy of our SEC Form 17-Q for the period ended September 30, 2021.

Very truly yours,



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

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



SEC Number 20573  
File Number \_\_\_\_\_

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**METROPOLITAN BANK & TRUST COMPANY**

(Company's Full Name)

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

(Company's Address)

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**8898-8805**

(Telephone Number)

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**December 31**

(Fiscal year ending)

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**17-Q**

(Form Type)

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(Amendment Designation, if applicable)

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**September 30, 2021**

(Period Ended Date)

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**None**

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended : **September 30, 2021**
2. Commission 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 issuer's principal office : Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila
8. Issuer's telephone number, including area code : **(632) 8898-8805**
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding</u>	<u>Amount of Debt Outstanding (Unpaid Subscriptions)</u>
<b>Common Shares</b>	<b>4,497,415,555 shares</b>	<b>None</b>

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

**Yes [ x ]    No [ ]**

Stock Exchange : **Philippine Stock Exchange**  
Class of Securities : **Common Shares**

12. Indicate by check mark whether the registrant:

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

**Yes [ x ]    No [ ]**

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

**Yes [ x ]    No [ ]**

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

Attached are the following:

Interim Condensed Consolidated Statements of Financial Position	- Annex 1
Interim Condensed Consolidated Statements of Income	- Annex 2 (page 1 of 2)
Interim Condensed Consolidated Statements of Comprehensive Income	- Annex 2 (page 2 of 2)
Interim Condensed Consolidated Statements of Changes in Equity	- Annex 3
Interim Condensed Consolidated Statements of Cash Flows	- Annex 4
General Notes to Interim Condensed Consolidated Financial Statements	- Annex 5
Financial Indicators	- Annex 6

### Item 2. Management's Discussion and Analysis of Consolidated Financial Position and Results of Operations

- Annex 7

## PART II - OTHER INFORMATION

### I. Control of Registrant

The following stockholders own more than 5% of the total outstanding number of shares issued as of September 30, 2021:

NAME OF STOCKHOLDER	TOTAL NUMBER OF SHARES HELD	PERCENT TO TOTAL NUMBER OF SHARES ISSUED
GT Capital Holdings, Inc. <sup>a</sup>	1,670,611,010	37.15%
PCD Nominee Corporation (Filipino)* <sup>b</sup>	1,160,245,065	25.80%
PCD Nominee Corporation (Non-Filipino)*	918,629,344	20.43%

\* *There is no participant of PCD who is a beneficial owner of more than 5% of the total common shares issued by the Registrant.*

*a. Inclusive of 35,482,859 shares lodged with PCD Nominee Corp.*

*b. Net of 35,482,859 shares owned by GT Capital Holdings, Inc.*

As of September 30, 2021, public ownership on the Bank was at 48.16%. Out of the total shares issued, 20.46% represents foreign ownership.

### II. Pending Legal Proceedings

As of September 30, 2021, 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.

### III. Board Resolutions

There is no material disclosure that have not been reported under SEC Form 17-C during the period covered by this report.

**SIGNATURES**

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

**METROPOLITAN BANK & TRUST COMPANY**

By:



**RENATO K. DE BORJA, JR.**  
Senior Vice President/Controller



**JOSHUA E. NAING**  
Senior Executive Vice President/Head of  
Financial and Control Sector

November 3, 2021

**SUBSCRIBED AND SWORN** to before me at Makati City, Metro Manila this **NOV 03 2021**, affiants exhibiting to me their respective Passports with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
JOSHUA E. NAING			
RENATO K. DE BORJA, JR.			



**ATTY. MARIA SOFYA A. LOPEZ**  
Notary Public for Makati City  
Appointment No. M-264 until Dec. 31, 2021  
10/F Metrobank Plaza, Sen. Gil Puyat Ave., Makati City

Doc. No. 39 ;  
Page No. 9 ;  
Book No. 53 ;  
Series of 2021



**METROPOLITAN BANK & TRUST COMPANY  
AND SUBSIDIARIES**

**Interim Condensed Consolidated Financial Statements**

As of September 30, 2021 (Unaudited) and December 31, 2020 (Audited)  
and for the nine months ended September 30, 2021 and 2020 (Unaudited)

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(In Millions)

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
<b>ASSETS</b>		
Cash and Other Cash Items	₱ 32,048	₱ 38,469
Due from Bangko Sentral ng Pilipinas (BSP)	209,209	304,906
Due from Other Banks	47,130	38,233
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) (Note 12)	78,255	79,394
Investment Securities at Fair Value Through Profit or Loss (FVTPL)	54,206	77,551
Fair Value Through Other Comprehensive Income (FVOCI)	736,318	569,445
Amortized Cost	25,265	23,293
Loans and Receivables	1,173,833	1,252,929
Property and Equipment	25,770	24,617
Investments in Associates and a Joint Venture	6,691	6,248
Goodwill	5,193	5,199
Investment Properties	7,363	7,667
Deferred Tax Assets	13,356	14,028
Other Assets	14,091	13,184
	<b>₱ 2,428,728</b>	<b>₱ 2,455,163</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposit Liabilities</b>		
Demand	₱ 541,124	₱ 515,378
Savings	846,180	795,979
Time	428,148	450,103
Long-Term Negotiable Certificates (Note 6)	35,767	35,755
	<b>1,851,219</b>	<b>1,797,215</b>
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA) (Note 7)	65,026	139,614
Derivative Liabilities	10,709	13,465
Manager's Checks and Demand Drafts Outstanding	5,828	6,024
Income Taxes Payable	1,965	2,711
Accrued Interest and Other Expenses	11,692	9,149
Bonds Payable (Note 8)	83,924	91,397
Subordinated Debts (Note 9)	1,168	1,167
Non-equity Non-controlling Interest	10,293	8,315
Other Liabilities	60,607	52,931
	<b>2,102,431</b>	<b>2,121,988</b>
<b>EQUITY</b>		
Equity Attributable to Equity Holders of the Parent Company	317,139	324,204
Non-controlling Interest	9,158	8,971
	<b>326,297</b>	<b>333,175</b>
	<b>₱ 2,428,728</b>	<b>₱ 2,455,163</b>



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

(Unaudited)

	Quarter Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
<b>INTEREST INCOME ON</b>				
Loans and receivables	₱ 16,602	₱ 20,789	₱ 50,662	₱ 67,851
Trading and investment securities	4,371	4,254	12,746	14,680
Deposits with banks and others	839	683	2,346	1,386
	<b>21,812</b>	<b>25,726</b>	<b>65,754</b>	<b>83,917</b>
<b>INTEREST AND FINANCE CHARGES</b>				
Deposit liabilities	1,358	1,993	4,157	9,680
Bills payable and SSURA, bonds payable, subordinated debt and others	1,615	2,361	5,259	8,379
	<b>2,973</b>	<b>4,354</b>	<b>9,416</b>	<b>18,059</b>
<b>NET INTEREST INCOME</b>	<b>18,839</b>	<b>21,372</b>	<b>56,338</b>	<b>65,858</b>
<b>PROVISION FOR CREDIT AND IMPAIRMENT LOSSES</b>	<b>2,990</b>	<b>12,581</b>	<b>10,020</b>	<b>35,362</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES</b>	<b>15,849</b>	<b>8,791</b>	<b>46,318</b>	<b>30,496</b>
<b>OTHER INCOME</b>				
Service charges, fees and commissions	3,300	3,231	9,696	8,724
Trading, securities and foreign exchange gain - net	289	4,693	4,329	17,776
Miscellaneous	1,938	1,332	5,521	3,970
	<b>5,527</b>	<b>9,256</b>	<b>19,546</b>	<b>30,470</b>
<b>OTHER EXPENSES</b>				
Compensation and fringe benefits	6,330	6,404	19,058	18,554
Occupancy and equipment-related cost	489	605	1,490	1,508
Miscellaneous	8,247	7,348	23,895	23,866
	<b>15,066</b>	<b>14,357</b>	<b>44,443</b>	<b>43,928</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>6,310</b>	<b>3,690</b>	<b>21,421</b>	<b>17,038</b>
<b>PROVISION FOR INCOME TAX</b>	<b>1,828</b>	<b>1,918</b>	<b>5,142</b>	<b>5,829</b>
<b>NET INCOME</b>	<b>₱ 4,482</b>	<b>₱ 1,772</b>	<b>₱ 16,279</b>	<b>₱ 11,209</b>
<b>Attributable to :</b>				
Equity holders of the Parent Company	₱ 4,436	₱ 1,918	₱ 16,123	₱ 11,048
Non-controlling interest	46	(146)	156	161
	<b>₱ 4,482</b>	<b>₱ 1,772</b>	<b>₱ 16,279</b>	<b>₱ 11,209</b>
<b>Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 15)</b>	<b>₱ 0.99</b>	<b>₱ 0.43</b>	<b>₱ 3.59</b>	<b>₱ 2.46</b>

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions)

	Quarter Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
<b>NET INCOME</b>	<b>₱ 4,482</b>	<b>₱ 1,772</b>	<b>₱ 16,279</b>	<b>₱ 11,209</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>				
<b>Items that may not be reclassified to profit or loss:</b>				
Change in net unrealized gain (loss) on equity securities at FVOCI	37	(16)	126	(68)
Change in remeasurement gain (loss) on retirement liability	(9)	(19)	(303)	240
	<b>28</b>	<b>(35)</b>	<b>(177)</b>	<b>172</b>
<b>Items that may be reclassified to profit or loss:</b>				
Change in net unrealized gain (loss) on debt securities at FVOCI	(1,697)	(4,827)	(6,436)	3,936
Change in equity in other comprehensive gain (loss) of associates	268	(2)	61	(163)
Translation adjustment and others	1,003	185	1,503	(249)
	<b>(426)</b>	<b>(4,644)</b>	<b>(4,872)</b>	<b>3,524</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱ 4,084</b>	<b>₱ (2,907)</b>	<b>₱ 11,230</b>	<b>₱ 14,905</b>
<b>Total Comprehensive Income attributable to :</b>				
Equity holders of the Parent Company	₱ 3,984	₱ (2,799)	₱ 10,932	₱ 14,765
Non-controlling interest	100	(108)	298	140
	<b>₱ 4,084</b>	<b>₱ (2,907)</b>	<b>₱ 11,230</b>	<b>₱ 14,905</b>

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

As of September 30, 2021 and 2020  
(In Million Pesos, Except Par Value and Number of Shares)  
(Unaudited)

	Common Stock	Capital Paid in Excess of Par Value	Surplus	Surplus Reserves	Treasury Stocks	Net Unrealized Gain (Loss) on Investment Securities at FVOCI	Equity in Other Comprehensive Income (Loss) of Investees	Remeasurement Losses on Retirement Plan	Translation Adjustment and Others	TOTAL	Non-Controlling Interest	Total Equity
<b>Balance, January 1, 2021</b>	<b>₱89,948</b>	<b>₱85,252</b>	<b>₱153,282</b>	<b>₱2,260</b>	<b>(₱65)</b>	<b>₱7,611</b>	<b>(₱22)</b>	<b>(₱4,778)</b>	<b>(₱9,284)</b>	<b>₱324,204</b>	<b>₱8,971</b>	<b>₱333,175</b>
Total comprehensive income (loss) for the period	-	-	16,123	-	-	(6,315)	60	(299)	1,363	10,932	298	11,230
Transfer to surplus reserves	-	-	(121)	121	-	-	-	-	-	-	-	-
Cash dividends	-	-	(17,990)	-	-	-	-	-	-	(17,990)	(111)	(18,101)
Realized loss on sale of FVOCI	-	-	(101)	-	-	101	-	-	-	-	-	-
Acquisition of Parent Company shares held by a mutual fund subsidiary	-	-	-	-	(13)	-	-	-	-	(13)	-	(13)
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	-	-	6	-	-	-	-	6	-	6
<b>Balance, September 30, 2021</b>	<b>₱89,948</b>	<b>₱85,252</b>	<b>₱151,193</b>	<b>₱2,381</b>	<b>(₱72)</b>	<b>₱1,397</b>	<b>₱38</b>	<b>(₱5,077)</b>	<b>(₱7,921)</b>	<b>₱317,139</b>	<b>₱9,158</b>	<b>₱326,297</b>
<b>Balance, January 1, 2020</b>	<b>₱89,948</b>	<b>₱85,252</b>	<b>₱144,154</b>	<b>₱2,098</b>	<b>(₱72)</b>	<b>₱2,629</b>	<b>₱345</b>	<b>(₱5,531)</b>	<b>(₱9,269)</b>	<b>₱309,554</b>	<b>₱8,937</b>	<b>₱318,491</b>
Total comprehensive income (loss) for the period	-	-	11,048	-	-	3,862	(162)	230	(213)	14,765	140	14,905
Transfer to surplus reserves	-	-	(107)	107	-	-	-	-	-	-	-	-
Cash dividends	-	-	(4,497)	-	-	-	-	-	-	(4,497)	(108)	(4,605)
Realized gain on sale of equity securities at FVOCI	-	-	(44)	-	-	44	-	-	-	-	-	-
Acquisition of Parent Company shares held by a mutual fund subsidiary	-	-	-	-	(17)	-	-	-	-	(17)	-	(17)
<b>Balance, September 30, 2020</b>	<b>₱89,948</b>	<b>₱85,252</b>	<b>₱150,554</b>	<b>₱2,205</b>	<b>(₱89)</b>	<b>₱6,535</b>	<b>₱183</b>	<b>(₱5,301)</b>	<b>(₱9,482)</b>	<b>₱319,805</b>	<b>₱8,969</b>	<b>₱328,774</b>

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Millions)

	(Unaudited)	
	For the Nine Months Ended September 30	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income before income tax	P 21,421	P 17,038
Adjustments for :		
Provision for credit and impairment losses	10,020	35,362
Trading and securities gain on investment securities	(3,624)	(15,718)
Depreciation and amortization	3,787	3,595
Share in net income of associates and a joint venture	(519)	(507)
Profit from assets sold	(288)	(70)
Unrealized market valuation (gain)/loss on financial assets and liabilities at FVTPL	311	3,807
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure	(486)	(12)
Amortization of software cost	979	508
Amortization of discount on subordinated debt and bonds payable	269	223
Dividends	(122)	(99)
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Investment securities at FVTPL	20,278	(10,383)
Loans and receivables	68,903	222,391
Other assets	(4,157)	81
Increase (decrease) in:		
Deposit liabilities	54,004	19,692
Bills payable-deposit substitutes	(4,151)	(50,137)
Manager's checks and demand drafts outstanding	(196)	(978)
Accrued interest and other expenses	2,543	(1,542)
Non-equity non-controlling interest	1,978	103
Other liabilities	8,139	(4,938)
Net cash provided by operations	179,089	218,416
Dividends received	122	99
Income taxes paid	(4,998)	(10,627)
Net cash provided by operating activities	174,213	207,888
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Investment securities at FVOCI	(1,278,923)	(1,800,300)
Investments securities at amortized cost	(5,428)	(907)
Property and equipment	(2,403)	(2,441)
Cash dividends from investees	-	53
Proceeds from sale of:		
Investment securities	1,111,088	1,777,929
Property and equipment	303	168
Investment properties	1,214	591
Decrease (increase) in interbank loans receivable and SPURA	15,352	(18,095)
Proceeds from:		
Maturity of investment securities at amortized cost	4,477	36,045
Net cash provided by (used in) investing activities	(154,320)	(6,957)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Settlements of bills payable	(660,866)	(1,756,010)
Availments of bills payable and SSURA	590,429	1,647,318
Redemption of subordinated debts	-	(6,500)
Proceeds from issuance of bonds payable	18,845	38,827
Settlements of bonds payable	(28,050)	-
Cash dividends paid	(18,064)	(4,605)
Payment of principal portion of lease liabilities	(1,256)	(885)
Proceeds from disposal of Parent Company shares by mutual fund subsidiaries	6	-
Acquisition of Parent Company shares by a mutual fund subsidiary	(13)	(17)
Net cash used in financing activities	(98,969)	(81,872)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(79,076)</b>	<b>119,059</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
Cash and other cash items	38,469	32,956
Due from BSP	304,906	219,994
Due from other banks	38,357	54,772
Interbank loans receivable and SPURA	46,669	67,313
	428,401	375,035
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
Cash and other cash items	32,048	27,028
Due from BSP	209,209	362,747
Due from other banks	47,186	43,643
Interbank loans receivable and SPURA (Note 13)	60,882	60,676
	P 349,325	P 494,094

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**  
**GENERAL NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Corporate Information**

Metropolitan Bank & Trust Company (“Metrobank,” “the Bank” or “the Parent Company”) is a universal bank incorporated in the Philippines on April 6, 1962. The Securities and Exchange Commission (SEC) approved the renewal of its Certification of Incorporation on November 19, 2007. The Bank’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 Bank 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. The Bank, 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, credit card and trust services. Its principal place of business is at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila, Philippines.

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Groups’ annual audited financial statements as at December 31, 2020.

The unaudited interim condensed 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 unaudited interim condensed consolidated financial statements are presented in Philippine Peso (PHP), the Bank’s functional currency, and all values are rounded to the nearest million pesos (₱000,000) except when otherwise indicated.

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.

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 unaudited interim condensed consolidated financial statements include the financial statements of the Bank and of its subsidiaries and are prepared for the same reporting period as the Bank using consistent accounting policies.

The following are the wholly and majority-owned foreign and domestic subsidiaries of the Bank as of September 30, 2021:

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

\* In process of dissolution.

\*\* In process of liquidation

\*\*\* Fully liquidated in January 2021

#### Investment in MR Italia

As certified by the Camera di Commercio Roma, MR Italia's registration in Italy has been cancelled effective May 14, 2020. The company was fully liquidated in January 2021.

#### 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.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full at consolidation. 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 period, if any, are included in the unaudited interim condensed consolidated statement of income and unaudited interim condensed consolidated statement 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 retained earnings; (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 statement of income; and (g) reclassifies the Parent Company’s share of components’ gain (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% of the total shares of the Bank as of September 30, 2021 and December 31, 2020.

#### Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as of and for the year ended December 31, 2020, except for the adoption of the following amended standards, which became effective beginning January 1, 2021.

#### *Amendments*

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 interest 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
- 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

As of September 30, 2021, the amended standard does not have an impact on the financial statements of the Group.

#### Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PAS 34 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 continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting judgments and estimates of the Group have been disclosed in the 2020 audited financial statements.

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### 3. Financial Risk Management

Compared with December 31, 2020, there have been no changes in the financial risk exposures that materially affect the unaudited interim condensed consolidated financial statements of the Group as of September 30, 2021. The Group has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Related discussions below should be read in conjunction with Note 4, Financial Risk and Capital Management, of the Group's 2020 audited financial statements.

#### *Risk management framework*

The Board of Directors (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 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.

#### *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/mitigants on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, market segments, industry concentrations and treasury-related transactions; monitoring exposures in relation to such risks; and calculating expected losses, among others. 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 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 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 Bank'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.

#### 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, i.e., 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, 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.

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 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 vulnerabilities and give the management an early advice if an actual loss goes beyond what is deemed 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 ( $\Delta$ EVE) 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 (e.g., current and savings account) and items with actual maturities that could vary from contractual maturities (e.g., securities with embedded options) are assigned to repricing tenor buckets based on an analysis of historical patterns, past experience and/or expert judgment.

Earnings-at-Risk (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 parameter*

The Group calculates EaR using 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 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.  $\Delta$ EVE 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.

Aside from the EaR and  $\Delta$ EVE, the Parent Company and its subsidiaries perform regular sensitivity and stress testing analyses on their banking books to further 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.

#### 4. Fair Value Measurement

##### Financial Instruments

The methods and assumptions used by the Group in estimating the fair values of financial assets and financial liabilities have been consistently applied in the unaudited interim condensed consolidated financial statements. These 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 (e.g interest rates, Foreign Exchange (FX) rates, Credit Default Swap (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 amount of demand and savings deposit liabilities and other short-term liabilities approximates fair value considering that these are either due and demandable or with short-term maturities.

The following tables summarize the carrying amounts and fair values of the financial assets and liabilities:

	September 30, 2021 (Unaudited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
<b>Assets Measured at Fair Value</b>					
<b>Financial Assets</b>					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	₱18,605	₱18,605	₱-	₱-	₱18,605
Government	8,395	8,395	-	-	8,395
Treasury bills	5,062	5,062	-	-	5,062
Private	4,072	4,072	-	-	4,072
	36,134	36,134	-	-	36,134
Equity securities	7,511	7,511	-	-	7,511
Derivative assets					
Cross currency swaps	6,341	-	6,341	-	6,341
Currency forwards	3,061	-	3,061	-	3,061
Interest rate swaps	1,123	-	1,123	-	1,123
Put option	32	-	32	-	32
Call option	4	-	4	-	4
	10,561	-	10,561	-	10,561
	54,206	43,645	10,561	-	54,206

September 30, 2021 (Unaudited)					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
<b>Investment securities at FVOCI</b>					
Debt securities					
Treasury notes and bonds	₱431,153	₱431,153	₱-	₱-	₱431,153
Government	130,936	130,936	-	-	130,936
BSP	70,445	70,445	-	-	70,445
Treasury bills	63,014	63,014	-	-	63,014
Private	38,957	38,394	563	-	38,957
	734,505	733,942	563	-	734,505
Equity securities	1,813	1,607	206	-	1,813
	736,318	735,549	769	-	736,318
	₱790,524	₱779,194	₱11,330	₱-	₱790,524
<b>Assets for which Fair Values are Disclosed</b>					
<b>Financial Assets</b>					
Investment securities at amortized cost					
Government	₱16,993	₱17,644	₱321	₱-	₱17,965
Private	3,566	2,432	1,276	-	3,708
Treasury bills	522	518	-	-	518
Treasury notes and bonds	4,184	4,157	-	-	4,157
	25,265	24,751	1,597	-	26,348
Loans and receivable – net					
Receivables from customers					
Commercial loans	857,608	-	-	849,154	849,154
Residential mortgage loans	96,360	-	-	118,110	118,110
Auto loans	75,837	-	-	86,660	86,660
Credit card	69,971	-	-	69,971	69,971
Trade	48,863	-	-	48,863	48,863
Others	9,028	-	-	10,451	10,451
	1,157,667	-	-	1,183,209	1,183,209
Unquoted debt securities	564	-	-	580	580
Sales contract receivable	40	-	-	40	40
	1,158,271	-	-	1,183,829	1,183,829
<b>Others assets</b>					
Residual value of leased assets	757	-	-	661	661
Miscellaneous	219	-	-	264	264
	976	-	-	925	925
	₱1,184,512	₱24,751	₱1,597	₱1,184,754	₱1,211,102
<b>Liabilities Measured at Fair Value</b>					
<b>Financial Liabilities</b>					
Derivative liabilities					
Currency forwards	₱4,664	₱-	₱4,664	₱-	₱4,664
Interest rate swaps	3,224	-	3,224	-	3,224
Cross currency swaps	2,729	-	2,729	-	2,729
Put option	89	-	89	-	89
Call option	3	-	3	-	3
Non-equity Non-controlling interest	10,293	-	10,293	-	10,293
	₱21,002	₱-	₱21,002	₱-	₱21,002
<b>Liabilities for which Fair Values are Disclosed</b>					
<b>Financial Liabilities</b>					
Deposit liabilities					
Time	₱428,148	₱-	₱-	₱429,509	₱429,509
LTNCD	35,767	18,574	9,169	9,108	36,851
	463,915	18,574	9,169	438,617	466,360
Bills payable and SSURA	65,026	-	-	65,292	65,292
Bonds payable	83,924	76,918	-	8,864	85,782
Subordinated debts	1,168	-	-	1,138	1,138
Other liabilities					
Deposits on lease contracts	1,172	-	-	1,056	1,056
	₱615,205	₱95,492	₱9,169	₱514,967	₱619,628

	December 31, 2020 (Audited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
<b>Assets Measured at Fair Value</b>					
<b>Financial Assets</b>					
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
<b>Assets for which Fair Values are Disclosed</b>					
<b>Financial Assets</b>					
Investment securities at amortized cost					
Government	₱19,134	₱20,446	₱322	₱-	₱20,768
Private	3,622	2,491	1,207	-	3,698
Treasury bills	294	266	-	-	266
Treasury notes and bonds	243	284	-	-	284
	23,293	23,487	1,529	-	25,016
Loans and receivable – net					
Receivables from customers					
Commercial loans	898,309	-	-	891,872	891,872
Residential mortgage loans	103,216	-	-	130,681	130,681
Auto loans	95,735	-	-	117,075	117,075
Credit card	72,001	-	-	72,001	72,001
Trade loans	36,166	-	-	36,166	36,166
Others	26,478	-	-	28,738	28,738
	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
Others assets	208	-	-	276	276
	1,255,550	23,487	1,529	1,276,960	1,301,976
<b>Non-Financial Assets</b>					
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

	December 31, 2020 (Audited)				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
<b>Liabilities Measured at Fair Value</b>					
<b>Financial Liabilities</b>					
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
<b>Liabilities for which Fair Values are Disclosed</b>					
<b>Financial Liabilities</b>					
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

As of September 30, 2021 and December 31, 2020, there were no transfers between levels of the fair value hierarchy.

## 5. 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 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 are either 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 are either 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 interest income and interest 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 as of and for the periods ended September 30, 2021 and 2020.

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
<b>Period Ended September 30, 2021</b>							
<b>(Unaudited)</b>							
<b>Results of Operations</b>							
Net interest income (expense)							
Third party	P12,370	P24,759	P-	P11,479	P6,395	P1,335	P56,338
Intersegment	(523)	(15,597)	-	(5,250)	21,370	-	-
Net interest income after intersegment transaction	11,847	9,162	-	6,229	27,765	1,335	56,338
Non-interest income	5,340	677	144	3,504	3,918	5,444	19,027
Revenue - net of interest expense	17,187	9,839	144	9,733	31,683	6,779	75,365
Non-interest expense	15,236	3,607	12	3,043	15,458	17,107	54,463
Income (loss) before share in net income of associates and a joint venture	1,951	6,232	132	6,690	16,225	(10,328)	20,902
Share in net income of associates and a joint venture	-	12	-	-	-	507	519
Provision for income tax	(146)	(245)	-	(2,478)	(229)	(2,044)	(5,142)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(156)	(156)
<b>Net income (loss)</b>	<b>P1,805</b>	<b>P5,999</b>	<b>P132</b>	<b>P4,212</b>	<b>P15,996</b>	<b>(P12,021)</b>	<b>P16,123</b>
<b>Statement of Financial Position</b>							
Total assets	P166,504	P828,059	P-	P1,023,119	P158,772	P252,274	P2,428,728
Total liabilities	P81,190	P801,105	P-	P955,881	P260,645	P3,610	P2,102,431
<b>Other Segment Information</b>							
Capital expenditures	P228	P38	P-	P47	P25	P3,791	P4,129
Depreciation and amortization	P483	P241	P-	P40	P1,586	P2,416	P4,766
Provision for credit and impairment losses	P9,724	(P445)	P-	P-	P193	P548	P10,020
<b>Period Ended September 30, 2020</b>							
<b>(Unaudited)</b>							
<b>Results of Operations</b>							
Net interest income (expense)							
Third party	P16,757	P33,128	P-	P8,442	P4,390	P3,141	P65,858
Intersegment	(333)	(23,628)	-	(10,557)	34,518	-	-
Net interest income after intersegment transaction	16,424	9,500	-	(2,115)	38,908	3,141	65,858
Non-interest income	4,233	619	62	17,518	2,986	4,545	29,963
Revenue - net of interest expense	20,657	10,119	62	15,403	41,894	7,686	95,821
Non-interest expense	20,735	22,917	5	3,800	16,499	15,334	79,290
Income (loss) before share in net income of associates and a joint venture	(78)	(12,798)	57	11,603	25,395	(7,648)	16,531
Share in net income of associates and a joint venture	-	55	-	-	-	452	507
Benefit from (Provision for) income tax	(741)	(286)	-	(2,955)	186	(2,033)	(5,829)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(161)	(161)
<b>Net income (loss)</b>	<b>(P819)</b>	<b>(P13,029)</b>	<b>P57</b>	<b>P8,648</b>	<b>P25,581</b>	<b>(P9,390)</b>	<b>P11,048</b>
<b>Statement of Financial Position</b>							
Total assets	P133,714	P864,361	P-	P869,253	P146,211	P337,823	P2,351,362
Total liabilities	P19,856	P810,622	P-	P816,312	P278,353	P97,445	P2,022,588
<b>Other Segment Information</b>							
Capital expenditures	P266	P71	P-	P33	P27	P1,828	P2,225
Depreciation and amortization	P250	P145	P-	P38	P1,679	P1,991	P4,103
Provision for credit and impairment losses	P14,676	P19,234	P-	P-	P342	P1,110	P35,362

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain-net, and 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 cost, amortization of software costs and miscellaneous expense.

## 6. Long-Term Negotiable Certificates of Deposit (LTNCD)

As of September 30, 2021 and December 31, 2020, the total outstanding LTNCDs of the Group amounted to ₱35.77 billion and ₱35.76 billion, respectively. Significant terms of these LTNCDs have been disclosed in the 2020 audited financial statements.

## 7. Securities Sold Under Repurchase Agreement

Following are the carrying values of the investment securities pledged and transferred under SSURA transactions of the Group (included under Bills Payable and Securities Sold under Repurchase Agreements):

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Transferred Securities	SSURA	Transferred Securities	SSURA
Investment securities at				
FVTPL	₱-	₱-	₱4,804	₱4,708
Amortized cost	-	-	4,535	4,680
FVOCI	50,043	40,316	108,065	83,671
	<b>₱50,043</b>	<b>₱40,316</b>	<b>₱117,404</b>	<b>₱93,059</b>

## 8. Bonds Payable

This account consists of the following:

Issue Date	Maturity Date	Interest Rate	Face Value	Carrying value	
				September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<u>Parent Company</u>					
<u>Fixed Rate Bonds:</u>					
<u>Parent Company</u>					
April 11, 2019	April 11, 2022	6.30%	₱17,500	<b>₱17,471</b>	₱17,433
October 24, 2019	April 24, 2023	4.50%	13,750	<b>13,698</b>	13,671
June 4, 2021	September 4, 2026	3.60%	19,000	<b>18,855</b>	-
July 3, 2019	July 3, 2021	5.50%	11,250	-	11,227
June 24, 2020	September 24, 2021	3.00%	10,500	-	10,444
<u>USD Senior Unsecured Note:</u>					
July 15, 2020	January 15, 2026	2.125%	US\$500	<b>25,113</b>	23,580
				<b>75,137</b>	76,355
<u>Fixed Rate Bonds:</u>					
<u>PSBank</u>					
February 4, 2020	February 4, 2023	4.50%	4,650	<b>4,630</b>	4,619
July 24, 2019	July 24, 2021	5.60%	6,300	-	6,283
<u>ORIX Metro</u>					
November 15, 2019	November 15, 2021	4.55%	4,160	<b>4,157</b>	4,140
				<b>₱83,924</b>	₱91,397



Significant terms of these bonds have been disclosed in the 2020 audited financial statements.

*Parent Company*

*Fixed Rate Bonds due 2021*

On June 4, 2021, the Parent Company issued ₱19.0 billion fixed rate bonds with an issue price at 100% face value, which bear an interest rate of 3.60% per annum and will mature on September 4, 2026. The interest of the bonds for the entire term are payable quarterly in arrears on March 4, June 4, September 4 and December 4, of each year, commencing on September 4, 2021.

On July 3, 2021 and September 24, 2021, the Parent Company redeemed its ₱1.25 billion and ₱10.5 billion fixed rate bonds, respectively. On July 24, 2021, PSBank redeemed its ₱6.3 billion fixed rate bonds.

**9. Subordinated Debts**

As of September 30, 2021 and December 31, 2020, the total outstanding subordinated debt of the Group amounted to ₱1.17 billion and will mature on December 20, 2023. Significant terms of this Peso Note has been disclosed in the 2020 audited financial statements.

**10. Capital Stock**

As of September 30, 2021 and December 31, 2020, this account consists of (amount 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	4,497,415,555	₱89,948

As of September 30, 2021 and December 31, 2020, treasury shares totaling 1,298,146 and 1,134,147, respectively, represent shares of the Parent Company held by mutual fund subsidiary of FMIC.

Details of the Bank's cash dividend distributions from 2019 to 2021 follow:

Date of Declaration	Per Share	Total 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 (regular)	4,497	March 6, 2020	March 20, 2020
February 13, 2019	1.00 (regular)	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.

Significant information on capital issuances have been disclosed in the 2020 audited financial statements.

**11. 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.

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 others 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 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.

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, ORIX Metro and MBCL.

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 September 30, 2021 and December 31, 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 10.66% 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.

Details on significant related party transactions of the Group as of September 30, 2021, December 31, 2020 and September 30, 2020 follow (transactions with subsidiaries have been eliminated in the unaudited interim condensed consolidated financial statement):

Category	Amount	Terms and Conditions/Nature
<b>Transactions Affecting Statements of Financial Position</b>		
<b>September 30, 2021 (Unaudited)</b>		
<b>Entity with Significant Influence Over the Group</b>		
<u>Outstanding Balance:</u>		
Deposit liabilities*	<b>₱271</b>	With annual fixed interest rates ranging from 0.00% to 0.30% including time deposits with maturity terms of 16 to 23 days
Bills payable*	<b>108</b>	Peso borrowings subject to annual fixed interest rates of 0.13% with maturity term of 30 days
<u>Volume:</u>		
Deposit liabilities	<b>(1,715)</b>	Generally similar to terms and conditions above
Bills payable	<b>1</b>	Generally similar to terms and conditions above
<b>Subsidiaries</b>		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	<b>₱3,213</b>	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 0.09% to 3.26% with maturity terms from 153 to 359 days
Investment securities at		
FVTPL	<b>13</b>	Private bonds purchased from FMIC and PSBank
FVOCI	<b>640</b>	Treasury note purchased from PSBank
Receivables from customers*	<b>3,445</b>	Secured-₱194 million, unsecured-₱3.25 billion, with ECL of ₱37.1 million With annual fixed interest rates from 1.25% to 2.90% and maturity terms from 1 day to 3 years
Accounts receivable	<b>207</b>	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees
Other receivables	<b>6</b>	Accrued rent receivable from PSBank and ORIX
Derivative assets	<b>111</b>	Forward and swaps bought with various terms
Deposit liabilities*	<b>4,405</b>	With annual fixed interest rates ranging from 0.00% to 0.30% including time deposits with maturity terms of 90 days
Bills payable*	<b>40</b>	Peso borrowings subject to annual fixed interest rates ranging to 0.13% with maturity terms from 30 to 34 days
Treasury stock	<b>72</b>	Parent Company's shares held by FMIC's mutual fund subsidiary
Dividends declared	<b>849</b>	Dividend declared by PSBank
<u>Volume:</u>		
Interbank loans receivable	<b>(3,199)</b>	Generally similar to terms and conditions above
Receivables from customers	<b>(1,526)</b>	Generally similar to terms and conditions above
Accounts receivable	<b>63</b>	Generally similar to terms and conditions above
Other receivables	<b>3</b>	Generally similar to terms and conditions above
Deposit liabilities	<b>1,032</b>	Generally similar to terms and conditions above
Bills payable	<b>3</b>	Generally similar to terms and conditions above
Contingent - derivatives	<b>2,807</b>	Swaps bought with various terms
Securities transactions		
Purchases	<b>9,496</b>	Outright purchases of investment securities at FVTPL and FVOCI
Sales	<b>16,941</b>	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	<b>3,092</b>	Outright purchases of foreign currency
Sell	<b>6,961</b>	Outright sale of foreign currency

Category	Amount	Terms and Conditions/Nature
<b>Associates</b>		
<b>Outstanding Balance:</b>		
Deposit liabilities*	<b>₱2,198</b>	With annual fixed interest rates ranging from 0.00% to 0.25% including time deposits with maturity terms from 32 to 357 days
<u>Volume:</u>		
Deposit liabilities	<b>(725)</b>	Generally similar to terms and conditions above
Securities transactions		
Outright sales	<b>2,919</b>	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Sell	<b>603</b>	Outright sale of foreign currency
<b>Other Related Parties</b>		
<b>Outstanding Balance:</b>		
Receivables from customers*	<b>₱23,287</b>	Unsecured, with ECL of ₱287 million and with annual fixed interest rates ranging from 2.60% to 5.00% and maturity terms from 1 day to 5 years
Assets held under joint operations	<b>219</b>	Parcels of land and former branch sites of the Parent Company contributed to joint operations
Deposit liabilities*	<b>17,133</b>	With annual fixed rates ranging from 0.00% to 0.50% including time deposits with maturity terms from 1 to 359 days
<u>Volume:</u>		
Receivables from customers	<b>(10,718)</b>	Generally similar to terms and conditions above
Deposit liabilities	<b>(1,223)</b>	Generally similar to terms and conditions above
Bills payable	<b>(77)</b>	Generally similar to terms and conditions above
Contingent		
Unused commercial LCs	<b>11</b>	LC transactions with various terms
Foreign currency		
Sell	<b>294</b>	Outright sale of foreign currency
<b>Key Personnel</b>		
<b>Outstanding Balance:</b>		
Receivables from customers	<b>₱92</b>	Secured - ₱65.5 million, unsecured - ₱26.3 million, no impairment. With annual fixed interest rate ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years
Deposit liabilities	<b>227</b>	With various terms and with minimum annual interest rate of 0.00%
<u>Volume:</u>		
Receivable from customers	<b>9</b>	Generally similar to terms and conditions above
Deposit Liabilities	<b>(87)</b>	Generally similar to terms and conditions above
<b>December 31, 2020 (Audited)</b>		
<b>Entity with Significant Influence Over the Group</b>		
<b>Outstanding Balance:</b>		
Deposit liabilities*	<b>₱1,986</b>	With annual fixed interest rates ranging from 0.00% to 0.30% including time deposits with maturity terms from 30 to 39 days
Bills payable*	<b>107</b>	Peso borrowings subject to annual fixed interest rates of 0.88% with maturity term of 70 days
<u>Volume:</u>		
Deposit liabilities	<b>(385)</b>	Generally similar to terms and conditions above
Bills payable	<b>(105)</b>	Generally similar to terms and conditions above
<b>Subsidiaries</b>		
<b>Outstanding Balance:</b>		
Interbank loans receivable*	<b>₱6,412</b>	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
Investments securities at		
FVTPL	<b>83</b>	Treasury notes and private bonds purchased from FMIC and PSBank
FVOCI	<b>1,218</b>	Treasury note purchased from PSBank
Receivables from customers*	<b>4,971</b>	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
Accounts receivable	<b>144</b>	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees

<b>Category</b>	<b>Amount</b>	<b>Terms and Conditions/Nature</b>
Other receivables	3	Accrued rent receivable from PSBank and ORIX
Derivative assets	751	Swaps bought with various terms
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
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
Treasury stock	65	Parent Company's shares held by FMIC's mutual fund subsidiary
Dividends declared	1,103	Dividends declared by PSBank
<u>Volume:</u>		
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
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
<b>Associates</b>		
<u>Outstanding Balance:</u>		
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
<u>Volume:</u>		
Receivable 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
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
<b>Other Related Parties</b>		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱34,005	Secured - ₱5.4 million, 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
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations
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
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
<u>Volume:</u>		
Receivable 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
Contingent - unused commercial LC's	35	LC transactions with various terms
Foreign currency		
Buy	273	Outright purchases of foreign currency
Sell	95	Outright sale of foreign currency
<b>Key Personnel</b>		
<u>Outstanding Balance:</u>		
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 to 15 years
Deposit liabilities	314	With various terms and with minimum annual interest rate of 0.00%
<u>Volume:</u>		
Receivables from customers	(2)	Generally similar to terms and conditions above
Deposit liabilities	147	Generally similar to terms and conditions above

Category	Amount	Terms and Conditions/Nature
<b>Transactions Affecting Statements of Income</b>		
<b>September 30, 2021 (Unaudited) - Amount</b>		
<b>Entity with Significant Influence Over the Group</b>		
Interest expense	₱1	On deposit liabilities
<b>Subsidiaries</b>		
Interest income	₱158	On receivables from customers and interbank loans receivables
Service charges, fees and commissions	16	Income on transactional fees, including underwriting fees
Trading and securities gain - net	52	Net gain from securities transactions
Foreign exchange gain - net	3	Net gain from foreign exchange transactions
Leasing income	16	From leasing agreements with various lease terms
Miscellaneous income	133	Information technology and other fees
Interest expense	13	On deposit liabilities, bills payable and bonds payable
<b>Associates</b>		
Trading and securities gain - net	₱1	Net gain from securities transactions
Leasing income	13	From leasing agreements with various lease terms
<b>Other Related Parties</b>		
Interest income	₱207	On receivables from customers
Leasing income	6	From leasing agreements with various lease terms
Interest expense	2	On deposit liabilities and bills payable
<b>Key Personnel</b>		
Interest income	₱2	On receivables from customers

September 30, 2020 (Unaudited) - Amount

**Entity with Significant Influence Over the Group**

Interest expense	₱2	On deposit liabilities and bills payable
<b>Subsidiaries</b>		
Interest income	₱148	On receivables from customers and interbank loans receivables
Service charges, fees and commissions	19	Income on transactional fees, including underwriting fees
Trading and securities gain - net	150	Net gain from securities transactions
Foreign exchange loss - net	(22)	Net loss from foreign exchange transactions
Leasing income	21	From leasing agreements with various lease terms
Miscellaneous income	144	Information technology and other fees
Interest expense	34	On deposit liabilities, bills payable and bonds payable
<b>Associates</b>		
Interest income	₱23	On receivables from customers
Leasing income	12	From leasing agreements with various lease terms
<b>Other Related Parties</b>		
Interest income	₱866	On receivables from customers
Foreign exchange gain - net	1	Net gain from foreign exchange transactions
Leasing income	17	From leasing agreements with various lease terms
Interest expense	12	On deposit liabilities and bills payable
<b>Key Personnel</b>		
Interest income	₱2	On receivables from customers

\* including accrued interest

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. Together with the sale of investment properties; borrowings; contingent accounts including derivative transactions; outright purchases and sales of securities; foreign currency buy and sell; leasing of office premises; securing of insurance coverage on loans and property risks; and other management services rendered, these are conducted in the normal course of business, at arms-length transactions and are generally settled in cash. The amounts and related volumes and changes are presented in the summary above.

As of September 30, 2021 and December 31, 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, as of September 30, 2021 and December 31, 2020, the Parent Company has assigned to PSBank government securities with total face value of ₱3.5 billion and ₱4.1 billion, respectively, classified as 'Investment securities at FVOCI', to secure PSBank deposits to the Parent Company.

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 ₱73.9 million and ₱77.2 million for the period ended September 30, 2021 and 2020, respectively. As of September 30, 2021 and 2020, the Parent Company sold securities totaling ₱4.7 billion and ₱3.0 billion, respectively, to its related party retirement plans and recognized ₱15.3 million and ₱3.7 million trading gain, respectively, and has also purchased securities totaling ₱4.3 billion and ₱570.1 million as of September 30, 2021 and 2020, respectively. Further, as of September 30, 2021 and December 31, 2020, the total outstanding deposit liabilities of the Group to these related party retirement funds amounted to ₱114.0 million and ₱112.0 million, respectively. Interest expense on deposit liabilities amounted to ₱0.4 million and ₱1.5 million for the period ended September 30, 2021 and 2020, respectively.

As of September 30, 2021 and December 31, 2020, the related party retirement plans also hold investments in: (a) the equity shares of various companies within the Group amounting to ₱230.3 million and ₱240.3 million, respectively, with unrealized trading losses of ₱85.0 million and ₱73.4 million, respectively; (b) mutual funds and trust funds of various companies within the Group amounting to ₱505.0 million and ₱733.1 million, respectively, with unrealized trading gains of ₱0.9 million and ₱3.4 million, respectively; and (c) corporate bonds of the Parent Company amounting to ₱1.6 billion and ₱1.7 billion, with unrealized trading gains of ₱35.0 million and ₱71.9 million, respectively. Further, for the period ended September 30, 2021 and 2020, realized net trading gains for disposals of various investments in equity shares, mutual and trust funds amounted to ₱6.2 million and ₱11.0 million, respectively. The related party retirement plans also recognized dividend income of ₱1.5 million and ₱2.8 million in September 30, 2021 and 2020, respectively.

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**12. Notes to Statements of Cash Flows**

The amounts of interbank loans and receivables and SPURA, gross of allowance for credit losses, considered as cash and cash equivalents follow:

	September 30	
	2021	2020
Interbank loans receivables and SPURA	₱78,270	₱83,633
Interbank loans receivables and SPURA not considered as cash and cash equivalents	(17,388)	(22,957)
	<b>₱60,882</b>	<b>₱60,676</b>

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**13. 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 unaudited interim condensed consolidated financial statements. No material losses are anticipated to be recognized as a result of these transactions.

The following is a summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items:

	<b>September 30, 2021</b>	December 31, 2020
	<b>(Unaudited)</b>	(Audited)
Trust Banking Group accounts	<b>₱608,581</b>	₱567,841
Credit card lines	<b>193,385</b>	205,815
Unused commercial letters of credit	<b>43,006</b>	42,283
Undrawn commitments - facilities to lend	<b>16,674</b>	17,413
Bank guaranty with indemnity agreement	<b>7,473</b>	8,591
Outstanding guarantees	<b>6,606</b>	3,826
Credit line certificate with bank commission	<b>3,765</b>	4,262
Inward bills for collection	<b>1,206</b>	1,909
Outstanding shipside bonds/airway bills	<b>1,314</b>	2,594
Confirmed export letters of credits	<b>934</b>	964
Outward bills for collection	<b>780</b>	821
Late deposits/payments received	<b>352</b>	1,756
Others	<b>25,413</b>	11,488
	<b>₱909,489</b>	₱869,563

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.

#### 14. Financial Performance

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):

	<b>For the Period Ended September 30</b>		For the Year Ended December 31, 2020
	<b>2021</b>	2020	
	(Unaudited)		(Audited)
a. Net income attributable to equity holders of the Parent Company	<b>₱16,123</b>	₱11,048	₱13,831
b. Weighted average number of outstanding common shares of the Parent Company	<b>4,496</b>	4,496	4,496
c. Basic/diluted earnings per share (a/b)	<b>₱3.59</b>	₱2.46	₱3.08

As of September 30, 2021 and 2020 and December 31, 2020, there were no outstanding dilutive potential common shares.

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

	<b>For the Period Ended September 30</b>		For the Year Ended December 31, 2020
	<b>2021</b>	2020	
	(Unaudited)		(Audited)
Return on average equity	<b>6.70%</b>	4.68%	4.36%
Return on average assets	<b>0.88%</b>	0.61%	0.56%
Net interest margin on average earning assets	<b>3.41%</b>	4.11%	3.98%



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**15. Other Matters**

The Group has no significant matters to report on the following during the period ended September 30, 2021:

- a. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues;
- b. Explanatory comments about the seasonality or cyclicalities of interim 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 of the Parent Company and (b) redemption of the ₱6.3 billion fixed rate bonds of PSBank as discussed in Note 8;
- d. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payments of cash dividends by the Parent Company as discussed in Note 10; and
- e. Effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations except as discussed in Note 2.

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**16. Subsequent Event**

- a. On October 21, 2021, the BOD of PSBank declared a 7.50% regular cash dividend for the third quarter of 2021 amounting to ₱320.14 million or ₱0.75 per share payable on November 22, 2021 to all stockholders of record as of November 8, 2021.

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**  
**FINANCIAL INDICATORS**  
**AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2021 AND 2020**

RATIO	FORMULA	2021	2020
a) Liquidity Ratio	Liquid Assets	48.69%	44.75%
	Total Assets		
b) Loans to Deposits Ratio	Total Loans	65.89%	73.34%
	Total Deposit Liabilities		
c) Debt to Equity Ratio	Total Liabilities	662.94%	632.44%
	Total Equity Attributable to Equity Holders of the Parent Company		
d) Asset to Equity Ratio	Total Assets	765.82%	735.25%
	Total Equity Attributable to Equity Holders of the Parent Company		
e) Return on Average Equity	Net Income Attributable to Equity Holders of the Parent Company	6.70%	4.68%
	Average Equity		
f) Return on Average Assets	Net Income Attributable to Equity Holders of the Parent Company	0.88%	0.61%
	Average Assets		
g) Net Interest Margin on Average Earning Assets	Net Interest Income	3.41%	4.11%
	Average Earning Assets		
h) Operating Efficiency Ratio	Total Operating Expenses	58.97%	45.84%
	Net Operating Income		
i) Interest Coverage Ratio	Earnings Before Interest and Taxes	327.48%	194.34%
	Interest Expense		
j) Net Profit Margin	Net Income	19.08%	9.80%
	Total Gross Income		
k) Capital Adequacy Ratio	Total Qualifying Capital	20.66%	19.91%
	Total Risk-Weighted Assets		
l) Common Equity Tier 1 Ratio	Net Tier 1 Capital	19.79%	19.01%
	Total Risk-Weighted Assets		

**METROPOLITAN BANK & TRUST COMPANY**  
**SEC FORM 17 – Q**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

**ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF CONSOLIDATED  
FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Key Performance Indicators**

***Financial Ratios***

The following ratios measure the financial performance of the Group, the Bank, and significant subsidiaries:

	<b>For the Period Ended September 30, 2021 (Unaudited)</b>			
	<b>Group</b>	<b>Metrobank</b>	<b>FMIC</b>	<b>PSBank</b>
Earnings per share	₱3.59	₱3.59	₱1.10	₱2.95
Return on equity	6.70%	6.69%	4.76%	4.85%
Return on assets	0.88%	1.01%	2.10%	0.70%
Operating efficiency ratio	58.97%	57.09%	98.75%	58.91%
Non-performing loans ratio	2.12%	1.40%	Nil	6.59%

	<b>For the Period Ended September 30, 2020 (Unaudited)</b>			
	<b>Group</b>	<b>Metrobank</b>	<b>FMIC</b>	<b>PSBank</b>
Earnings per share	₱2.46	₱2.46	(₱0.21)	₱3.12
Return on equity	4.68%	4.60%	2.20%	5.12%
Return on assets	0.61%	0.71%	0.95%	0.81%
Operating efficiency ratio	45.84%	42.51%	121.22%	59.02%
Non-performing loans ratio	2.25%	1.37%	Nil	6.83%

**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 September 30, 2021 and 2020, the Parent Company had no shares of stock that had a dilutive effect on its basic earnings per share.

The increase in the Group’s EPS from ₱2.46 to ₱3.59 was due to the 45.94% increase in net income attributable to the equity holders of the Parent Company from ₱11.05 billion for the period ended September 30, 2020 to ₱16.12 billion for the same period in 2021.

**Return on Equity**

Return on equity (ROE) or the ratio of annualized net income to average capital funds (equity attributable to equity holders of the Parent Company) measures the return on capital provided by the stockholders.

ROE of the Group for the period ended September 30, 2021 was higher at 6.70% compared with 4.68% for the same period in 2020 due to the net effect of the 45.94% increase in the net income attributable to equity holders of the Parent Company and the 1.90% increase in the average equity.

#### Return on Assets

Return on assets (ROA) or the ratio of annualized net income to average total assets, measures the return on money provided by both stockholders and creditors, as well as how efficiently all assets are managed.

ROA went up to 0.88% for the period ended September 30, 2021 from 0.61% for the same period in 2020 due to the 45.94% increase in net income attributable to the equity holders of the Parent Company.

#### Operating Efficiency Ratio

Operating efficiency ratio represents the ratio of total operating expenses (excluding provisions for credit and impairment losses and income tax) to total operating income (excluding share in net income of associates and a joint venture).

For the period ended September 30, 2021, the Group's operating efficiency ratio went up to 58.97% from 45.84% for the same period in 2020 as a result of the 1.17% increase in operating expenses and the 21.35% decrease in operating income.

#### Non-Performing Loans Ratio

Non-performing loans (NPL) ratio represents the ratio of NPLs to gross loan portfolio, excluding interbank loans receivable.

As of September 30, 2021 and 2020, NPL ratio of the Group was at 2.12% and 2.25%, respectively.

#### 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 September 30, 2021, the contractual maturity profile shows that the Bank has at its disposal about ₱1.03 trillion of cash inflows in the next twelve months from its portfolio of cash, placements with banks, debt securities and receivable from customers. This will cover 66.01% of the ₱1.57 trillion total deposits maturing during the same period. These cash inflows exclude securities in FVTPL and FVOCI with maturities beyond one year but may easily be liquidated in an active secondary market. Inclusive of these securities, the total financial assets will cover 95.86% of the total deposits maturing during the same period. 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

These events are discussed in Annex 5 under Note 13 - Commitments and Contingent Liabilities of the General Notes to the Interim Condensed Consolidated Financial Statements.

#### Material Off-Balance Sheet Transactions, Arrangements or Obligations

The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items are discussed in Annex 5 under Note 13 - Commitments and Contingent Liabilities of the General Notes to the Interim Condensed Consolidated Financial Statements. Likewise, the summary of obligations are discussed in Note 6 - LTNCD; Note 8 - Bonds Payable; Note 9 - Subordinated Debts and Note 10 - Capital Stock.

#### Material Commitments for Capital Expenditures

For the year 2021, 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.

### **Material Events or Uncertainties**

The registrant has nothing to report on the following for the period ended September 30, 2021:

1. Any known trends or demands, commitments, events or uncertainties that will have a material impact on liquidity or that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations, except as disclosed in Annex 5 under Note 15 - Other Matters; and Note 16 - Subsequent Events of the General Notes to the Interim Condensed Consolidated Financial Statements;
2. Any seasonal aspects that had a material effect on the financial condition or results of operations; and
3. Any significant element of income or loss that did not arise from continuing operations.

### **Material Changes in Financial Statements Accounts**

#### ***Financial Condition***

#### **September 30, 2021 (Unaudited) vs. December 31, 2020 (Audited)**

The Metrobank Group posted unaudited consolidated total assets of ₱2.43 trillion and consolidated total liabilities of ₱2.10 trillion as of September 30, 2021. Compared with the audited figures as of December 31, 2020, total assets and total liabilities went down by ₱26.44 billion or 1.08% and by ₱19.56 billion or 0.92%, respectively. Moreover, equity attributable to equity holders of the Parent Company was lower by ₱7.07 billion or 2.18% from ₱324.20 billion to ₱317.14 billion.

Cash and Other Cash Items decreased by ₱6.42 billion or 16.69% due to high level of cash requirements during year-end. Due from BSP which represents 8.61% of the Group's total assets went down by ₱95.70 billion or 31.39% due to the net effect of the decrease in overnight deposit and increase in term deposit facility placement with the BSP. Due from other banks increased by ₱8.90 billion or 23.27% as a result of the net movements in the balances maintained with various local and foreign banks.

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost went up by ₱145.50 billion or 21.71%. The increase was mainly due to the net effect of the ₱166.87 billion increase in investments in FVOCI securities particularly on treasury notes and bonds; the ₱1.97 billion increase in hold-to-collect securities; and the ₱23.35 billion decrease in investment in FVTPL securities.

Net loans and receivables representing 48.33% and 51.03% of the Group's total assets as of September 30, 2021 and December 31, 2020, respectively, went down by ₱79.10 billion or 6.31% due to lower demand in corporate and consumer loans (including credit card).

Investments in Associates and a Joint Venture went up by ₱0.44 billion or 7.09% due to take up of share in net income and other comprehensive income of the associates of FMIC. Other Assets increased by ₱0.91 billion or 6.88% from ₱13.18 billion to ₱14.09 billion primarily due to the net effect of the increases in software cost and prepaid expenses and the decrease in miscellaneous asset.

Deposit liabilities represent 88.05% and 84.69% of the consolidated total liabilities as of September 30, 2021 and December 31, 2020, respectively, wherein low cost deposits accounted for 74.94% and 72.97% of the Group's total deposits, respectively. The Group's deposit level, sourced mainly by the Bank, PSBank and MBCL stood at ₱1.85 trillion as of September 30, 2021, an increase of ₱54.0 billion or 3.0% from the December 31, 2020 level coming mostly from the low cost deposits.

Bills Payable and SSURA went down by ₱74.59 billion or 53.42% due to the net effect of various settlements of interbank borrowings and the increase in SSURA. Derivative Liabilities decreased by ₱2.76 billion or 20.47%. Income taxes payable decreased by ₱0.75 billion or 27.52% due to the net

movement in corporate income tax liability after considering the impact of the new tax rate under the CREATE Law and payment of income tax liability. Accrued Interest and Other Expenses went up by ₱2.54 billion or 27.80% mainly due to the increase in accruals of other bank expenses.

Total bonds payable decreased by ₱7.47 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. Details of these bonds are discussed in Annex 5 Note 8. 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 ₱1.98 billion or 23.79% on account of the net increase in income of these mutual funds. Other Liabilities went up by ₱7.68 billion or 14.50% primarily due to the increases in marginal deposits (₱6.87 billion) and lease liabilities (₱1.19 billion).

Equity attributable to equity holders of the Parent Company decreased by ₱7.07 billion or 2.18% primarily due to the ₱17.99 billion total cash dividends paid by the Bank and the ₱6.21 billion decrease in net unrealized gain on FVOCI offset by the ₱16.12 billion net income reported during the period.

### ***Results of Operations***

#### **Quarter Ended September 2021 vs. Quarter Ended September 2020 (Unaudited)**

Net income attributable to equity holders of the Parent Company for the quarter ended September 30, 2021 amounted to ₱4.44 billion and improved by ₱2.52 billion or 131.28% from the ₱1.92 billion net income reported in the same quarter of the previous year. The improvement was driven by the following:

Interest income for the quarter ended September 30, 2021 went down by ₱3.91 billion or 15.21% from ₱25.73 billion to ₱21.81 billion mainly due to lower interest income from loans and receivables by ₱4.19 billion (volume related and interest rate cap on credit card) offset by the increases in interest income on trading and investment securities by ₱0.12 billion and in interest income on deposits with banks and others by ₱0.16 billion. Meanwhile, the decreases in interest expense on deposit liabilities by ₱0.64 billion or 31.86% and interest expense on borrowings by ₱0.75 billion or 31.60% accounted for the ₱1.38 billion or 31.72% decrease in interest expense. These resulted in a ₱2.53 billion or 11.85% decline in net interest income.

Other operating income dropped by ₱3.73 billion or 40.29% from ₱9.26 billion for the third quarter of 2020 to ₱5.53 billion for the same quarter this year on account of the decrease in net trading, securities and foreign exchange gain by ₱4.40 billion offset by the increases in fee-based income by ₱0.07 billion and miscellaneous income by ₱0.61 billion. The Group set aside provision for credit and impairment losses of ₱2.99 billion in the third quarter of 2021 or ₱9.59 billion lower compared with ₱12.58 billion provision for the same quarter of 2020. Total operating expenses slightly went up by ₱0.71 billion or 4.94% due to the increase in miscellaneous expenses by ₱0.90 billion or 12.23% reduced by the decreases in manpower cost by ₱0.07 billion or 1.16% and occupancy and equipment-related expenses by ₱0.12 billion or 19.17%. Provision for income tax was lower by ₱0.09 billion or 4.69% due to the impact of reduced income tax rate under CREATE Law.

Income attributable to non-controlling interests went up by ₱0.19 billion from a loss of ₱0.15 billion to a gain of ₱0.05 billion due to the increases in the results of operations of majority-owned subsidiaries.

Total comprehensive income went up by ₱6.99 billion from a loss of ₱2.91 billion for the third quarter of 2020 to a gain of ₱4.08 billion for the same period in 2021 on account of higher net income for the quarter ended and lower net unrealized loss on investment securities at FVOCI. This caused the total comprehensive income attributable to equity holders of the Parent Company to increase by ₱6.78 billion from a loss of ₱2.80 billion in 2020 to a gain of ₱3.98 billion for the quarter ended September 30, 2021.

**Period Ended September 2021 vs. Period Ended September 2020 (Unaudited)**

The ₱16.12 billion net income attributable to equity holders of the Parent Company for the period ended September 30, 2021 improved by ₱5.08 billion or 45.94% compared with the ₱11.05 billion net income reported for the same period in previous year, driven by the following:

14.46% or ₱9.52 billion contraction in net interest income. Interest income for the period ended September 30, 2021 went down by ₱18.16 billion or 21.64% from ₱83.92 billion to ₱65.75 billion mainly due to lower interest income from loans and receivables by ₱17.19 billion (volume related and interest rate cap on credit card) and interest income on trading and investment securities by ₱1.93 billion partially offset by the ₱0.96 billion increase in interest income on deposits with banks and others. Meanwhile, the decreases in interest expense on deposit liabilities by ₱5.52 billion or 57.06% and interest expense on borrowings by ₱3.12 billion or 37.24% accounted for the ₱8.64 billion or 47.86% decrease in interest expense.

Other operating income went down by ₱10.92 billion or 35.85% from ₱30.47 billion for the period ended September 30, 2020 to ₱19.55 billion for the same period this year on account of the lower net trading, securities and foreign exchange gain by ₱13.45 billion (due to last year's disposal of investment securities at amortized cost by the Group totaling ₱110.5 billion) mitigated by the increases in miscellaneous income by ₱1.55 billion and fee-based income by ₱0.97 billion. Total provision for credit and impairment losses of the Group amounted to ₱10.02 billion for the period ended September 30, 2021 or ₱25.34 billion lower compared with ₱35.36 billion provision for the same period of 2020. Total operating expenses was maintained at same level with slight increase of ₱0.52 billion or 1.17% on account of the ₱0.50 billion or 2.72% increase in manpower cost and ₱0.03 billion or 0.12% increase in miscellaneous expenses while occupancy and equipment-related expenses dropped by ₱0.02 billion or 1.13%. Provision for income tax was lower by ₱0.69 billion or 11.79% after considering the net impact of the new tax rate under CREATE Law.

For the period ended September 30, 2021, total comprehensive income of ₱11.23 billion went down by ₱3.68 billion from ₱14.91 billion for the same period in 2020 due mainly to the net movements in net unrealized gain on investment securities at FVOCI and loss on remeasurement of retirement plan and higher net income for the period ended September 30, 2021. This caused the total comprehensive income attributable to equity holders of the Parent Company to decrease by ₱3.83 billion from ₱14.77 billion in 2020 to ₱10.93 billion for the period ended September 30, 2021.

**METROPOLITAN BANK & TRUST COMPANY  
(CONSOLIDATED)**

**AGING OF ACCOUNTS RECEIVABLE  
(IN MILLIONS)**

**AS OF SEPTEMBER 30, 2021**

<b>NO. OF DAYS OUTSTANDING</b>	<b>AMOUNT</b>
<b>1-90</b>	<b>₱ 4,014</b>
<b>91-180</b>	<b>238</b>
<b>181-360</b>	<b>289</b>
<b>OVER 360</b>	<b>3,946</b>
<b>GRAND TOTAL</b>	<b>₱ 8,487</b>